

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED STATEMENTS OF INCOME
U.S. dollars in thousands (except share and per share data)

	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Revenues	\$ 227,320	\$ 190,478	\$ 74,611	\$ 63,927
Cost of revenues	145,010	114,453	46,928	38,123
Gross profit	82,310	76,025	27,683	25,804
Research and development expenses, net	28,028	29,549	9,481	10,546
Selling and marketing expenses	20,724	18,124	6,615	6,183
General and administrative expenses	20,676	12,903	6,162	3,748
Other operating income, net	(2,045)	(9,757)	(1,320)	(7,417)
Total operating expenses	67,383	50,819	20,938	13,060
Operating income	14,927	25,206	6,745	12,744
Financial income (expenses), net	1,441	(1,087)	662	(352)
Income before taxes on income	16,368	24,119	7,407	12,392
Taxes on income	(3,283)	(4,062)	(588)	(2,240)
Net income	\$ 13,085	\$ 20,057	\$ 6,819	\$ 10,152
Earnings per share (basic and diluted)	\$ 0.23	\$ 0.35	\$ 0.12	\$ 0.18
Weighted average number of shares used in computing earnings per share				
Basic	57,016,883	56,618,407	57,017,032	56,623,793
Diluted	57,016,883	56,623,125	57,017,032	56,624,966

GILAT SATELLITE NETWORKS LTD.
RECONCILIATION BETWEEN GAAP AND NON-GAAP CONSOLIDATED STATEMENTS OF INCOME
FOR COMPARATIVE PURPOSES
U.S. dollars in thousands (except share and per share data)

	Three months ended September 30, 2024			Three months ended September 30, 2023		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
Gross profit	\$ 27,683	\$ 755	\$ 28,438	\$ 25,804	\$ 108	\$ 25,912
Operating expenses	20,938	(767)	20,171	13,060	6,753	19,813
Operating income	6,745	1,522	8,267	12,744	(6,645)	6,099
Income before taxes on income	7,407	1,522	8,929	12,392	(6,645)	5,747
Net income	<u>\$ 6,819</u>	<u>\$ 1,325</u>	<u>\$ 8,144</u>	<u>\$ 10,152</u>	<u>\$ (5,568)</u>	<u>\$ 4,584</u>
Earnings per share (basic and diluted)	<u>\$ 0.12</u>	<u>\$ 0.02</u>	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ (0.10)</u>	<u>\$ 0.08</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>57,017,032</u>		<u>57,017,032</u>	<u>56,623,793</u>		<u>56,623,793</u>
Diluted	<u>57,017,032</u>		<u>57,017,032</u>	<u>56,624,966</u>		<u>56,906,057</u>

(*) Adjustments reflect the effect of stock-based compensation expenses as per ASC 718, amortization of purchased intangibles, other operating income, net, other integration expenses and income tax effect on such adjustments which is calculated using the relevant effective tax rate.

	Three months ended September 30, 2024	Three months ended September 30, 2023
	Unaudited	Unaudited
GAAP net income	\$ 6,819	\$ 10,152
Gross profit		
Stock-based compensation expenses	85	108
Amortization of purchased intangibles	596	-
Other integration expenses	74	-
	<u>755</u>	<u>108</u>
Operating expenses		
Stock-based compensation expenses	696	614
Stock-based compensation expenses related to business combination	1,131	-
Amortization of purchased intangibles	248	50
Other operating income, net and other integration expenses	(1,308)	(7,417)
	<u>767</u>	<u>(6,753)</u>
Taxes on income	(197)	1,077
Non-GAAP net income	<u>\$ 8,144</u>	<u>\$ 4,584</u>

GILAT SATELLITE NETWORKS LTD.
RECONCILIATION BETWEEN GAAP AND NON-GAAP CONSOLIDATED STATEMENTS OF INCOME
FOR COMPARATIVE PURPOSES
U.S. dollars in thousands (except share and per share data)

	Nine months ended September 30, 2024			Nine months ended September 30, 2023		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
Gross profit	\$ 82,310	\$ 3,098	\$ 85,408	\$ 76,025	\$ 278	\$ 76,303
Operating expenses	67,383	(4,180)	63,203	50,819	8,049	58,868
Operating income	14,927	7,278	22,205	25,206	(7,771)	17,435
Income before taxes on income	16,368	7,278	23,646	24,119	(7,771)	16,348
Net income	<u>\$ 13,085</u>	<u>\$ 6,628</u>	<u>\$ 19,713</u>	<u>\$ 20,057</u>	<u>\$ (6,694)</u>	<u>\$ 13,363</u>
Earnings per share (basic and diluted)	<u>\$ 0.23</u>	<u>\$ 0.12</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>	<u>\$ (0.11)</u>	<u>\$ 0.24</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>57,016,883</u>		<u>57,016,883</u>	<u>56,618,407</u>		<u>56,618,407</u>
Diluted	<u>57,016,883</u>		<u>57,047,599</u>	<u>56,623,125</u>		<u>56,716,822</u>

(*) Adjustments reflect the effect of stock-based compensation expenses as per ASC 718, amortization of purchased intangibles, other operating income, net, other non-recurring expenses, other integration expenses and income tax effect on such adjustments which is calculated using the relevant effective tax rate.

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
		Unaudited		Unaudited
GAAP net income	\$	13,085	\$	20,057
Gross profit				
Stock-based compensation expenses		385		278
Amortization of purchased intangibles		2,023		-
Other non-recurring expenses		466		-
Other integration expenses		224		-
		<u>3,098</u>		<u>278</u>
Operating expenses				
Stock-based compensation expenses		2,118		1,558
Stock-based compensation expenses related to business combination		3,297		-
Amortization of purchased intangibles		772		150
Other operating income, net and other integration expenses		(2,007)		(9,757)
		<u>4,180</u>		<u>(8,049)</u>
Taxes on income		(650)		1,077
Non-GAAP net income	<u>\$</u>	<u>19,713</u>	<u>\$</u>	<u>13,363</u>

GILAT SATELLITE NETWORKS LTD.
SUPPLEMENTAL INFORMATION
U.S. dollars in thousands

ADJUSTED EBITDA:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
GAAP net income	\$ 13,085	\$ 20,057	\$ 6,819	\$ 10,152
Adjustments:				
Financial expenses (income), net	(1,441)	1,087	(662)	352
Taxes on income	3,283	4,062	588	2,240
Stock-based compensation expenses	2,503	1,836	781	722
Stock-based compensation expenses related to business combination	3,297	-	1,131	-
Depreciation and amortization (*)	10,709	9,765	3,266	3,430
Other operating income, net	(2,045)	(9,757)	(1,320)	(7,417)
Other non-recurring expenses	466	-	-	-
Other integration expenses	262	-	86	-
Adjusted EBITDA	<u>\$ 30,119</u>	<u>\$ 27,050</u>	<u>\$ 10,689</u>	<u>\$ 9,479</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Satellite Networks	\$ 149,110	\$ 115,010	\$ 51,732	\$ 40,737
Integrated Solutions	37,668	36,630	13,049	11,011
Network Infrastructure and Services	40,542	38,838	9,830	12,179
Total revenues	<u>\$ 227,320</u>	<u>\$ 190,478</u>	<u>\$ 74,611</u>	<u>\$ 63,927</u>

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	September 30, 2024	December 31, 2023
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 109,554	\$ 103,961
Restricted cash	1,192	736
Trade receivables, net	51,506	44,725
Contract assets	32,010	28,327
Inventories	39,892	38,525
Other current assets	23,304	24,299
Total current assets	257,458	240,573
LONG-TERM ASSETS:		
Restricted cash	13	54
Long-term contract assets	8,587	9,283
Severance pay funds	5,764	5,737
Deferred taxes	9,948	11,484
Operating lease right-of-use assets	4,427	5,105
Other long-term assets	8,177	9,544
Total long-term assets	36,916	41,207
PROPERTY AND EQUIPMENT, NET	70,607	74,315
INTANGIBLE ASSETS, NET	13,463	16,051
GOODWILL	54,740	54,740
<u>TOTAL ASSETS</u>	<u>\$ 433,184</u>	<u>\$ 426,886</u>

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED BALANCE SHEETS (Cont.)
U.S. dollars in thousands

	September 30, 2024	December 31, 2023
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 2,727	\$ 7,453
Trade payables	19,134	13,873
Accrued expenses	53,477	51,906
Advances from customers and deferred revenues	22,672	34,495
Operating lease liabilities	2,431	2,426
Other current liabilities	18,085	16,431
Total current liabilities	118,526	126,584
LONG-TERM LIABILITIES:		
Long-term loan	2,000	2,000
Accrued severance pay	6,547	6,537
Long-term advances from customers and deferred revenues	759	1,139
Operating lease liabilities	2,124	3,022
Other long-term liabilities	11,753	12,916
Total long-term liabilities	23,183	25,614
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,733	2,733
Additional paid-in capital	941,904	937,591
Accumulated other comprehensive loss	(5,926)	(5,315)
Accumulated deficit	(647,236)	(660,321)
Total shareholders' equity	291,475	274,688
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 433,184</u>	<u>\$ 426,886</u>

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net income	\$ 13,085	\$ 20,057	\$ 6,819	\$ 10,152
Adjustments required to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	10,542	9,597	3,209	3,375
Capital gain from sale of property	-	(2,084)	-	(2,084)
Stock-based compensation *)	5,800	1,836	1,912	722
Accrued severance pay, net	(17)	155	(77)	(41)
Deferred taxes, net	1,536	3,865	(188)	2,045
Decrease (increase) in trade receivables, net	(7,019)	3,887	10,715	(5,511)
Decrease (increase) in contract assets	(2,987)	6,110	(5,969)	(2,268)
Decrease (increase) in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents)	3,071	3,598	(2,441)	3,355
Decrease (increase) in inventories, net	(2,472)	(6,185)	(3,446)	1,710
Increase (decrease) in trade payables	5,080	(5,321)	1,501	(1,081)
Increase (decrease) in accrued expenses	2,675	(2,782)	4,904	2,257
Increase (decrease) in advances from customers and deferred revenues	(12,162)	2,646	(2,676)	(478)
Increase (decrease) in other liabilities	(1,745)	(13,392)	432	1,617
Net cash provided by operating activities	15,387	21,987	14,695	13,770
Cash flows from investing activities:				
Purchase of property and equipment	(4,095)	(8,656)	(1,445)	(2,100)
Receipts from sale of property	-	2,168	-	2,168
Net cash provided by (used in) investing activities	(4,095)	(6,488)	(1,445)	68
Cash flows from financing activities:				
Repayment of credit facility, net	(7,453)	-	-	-
Repayments of short-term debts	(4,043)	-	(2,703)	-
Proceeds from short-term debts	6,770	-	5,301	-
Net cash provided by (used in) financing activities	(4,726)	-	2,598	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(558)	(2,351)	160	(1,341)
Increase in cash, cash equivalents and restricted cash	6,008	13,148	16,008	12,497
Cash, cash equivalents and restricted cash at the beginning of the period	104,751	87,145	94,751	87,796
Cash, cash equivalents and restricted cash at the end of the period	\$ 110,759	\$ 100,293	\$ 110,759	\$ 100,293

*) Stock-based compensation including expenses related to business combination in the amounts of \$3,297 and \$1,131 for the nine months and three months ended September 30, 2024, respectively.