

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

| | Nine months ended | | Three months ended | |
|---|-------------------|-------------------|--------------------|-------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | As Restated (1) | | As Restated (1) | |
| | Unaudited | | Unaudited | |
| Revenues | \$ 167,213 | \$ 147,947 | \$ 60,350 | \$ 49,778 |
| Cost of revenues | 108,021 | 101,376 | 37,315 | 32,306 |
| Gross profit | 59,192 | 46,571 | 23,035 | 17,472 |
| Research and development expenses, net | 25,542 | 22,884 | 9,156 | 7,224 |
| Selling and marketing expenses | 15,724 | 15,827 | 5,414 | 5,359 |
| General and administrative expenses | 13,325 | 11,042 | 4,770 | 4,104 |
| Impairment of held for sale asset | 718 | - | 279 | - |
| Total operating expenses | 55,309 | 49,753 | 19,619 | 16,687 |
| Operating income (loss) | 3,883 | (3,182) | 3,416 | 785 |
| Financial expenses, net | (2,716) | (1,458) | (1,053) | (701) |
| Income (loss) before taxes on income | 1,167 | (4,640) | 2,363 | 84 |
| Taxes on income | 1,075 | 523 | 243 | 49 |
| Net income (loss) | \$ 92 | \$ (5,163) | \$ 2,120 | \$ 35 |
| Earnings (loss) per share (basic and diluted) | \$ 0.00 | \$ (0.09) | \$ 0.04 | \$ 0.00 |
| Weighted average number of shares used in computing earning (loss) per share | | | | |
| Basic | <u>56,585,858</u> | <u>56,355,020</u> | <u>56,608,981</u> | <u>56,525,177</u> |
| Diluted | <u>56,604,854</u> | <u>56,355,020</u> | <u>56,626,283</u> | <u>56,958,250</u> |

(1) The Company restated its previously issued condensed interim consolidated financial statements for the three and nine months ended September 30, 2021. For additional information, see Note 2 and Note 17 to the audited consolidated financial statements included in Part III, Item 18 of our 2021 Form 20-F/A filed with the U.S. Securities and Exchange Commission on September 14, 2022.

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

| | Three months ended September 30, 2022 | | | Three months ended September 30, 2021 | | |
|---|--|-----------------|-------------------|--|-----------------|-----------------------------|
| | GAAP | Adjustments (*) | Non-GAAP | GAAP As Restated (1) | Adjustments (*) | Non-GAAP As Restated (1) |
| | Unaudited | | | Unaudited | | |
| Gross profit | \$ 23,035 | 74 | \$ 23,109 | \$ 17,472 | 96 | \$ 17,568 |
| Operating expenses | 19,619 | (879) | 18,740 | 16,687 | (448) | 16,239 |
| Operating income | 3,416 | 953 | 4,369 | 785 | 544 | 1,329 |
| Income before taxes on income | 2,363 | 953 | 3,316 | 84 | 544 | 628 |
| Net income | <u>\$ 2,120</u> | <u>911</u> | <u>\$ 3,031</u> | <u>\$ 35</u> | <u>544</u> | <u>\$ 579</u> |
| Earning per share (basic and diluted) | <u>\$ 0.04</u> | <u>\$ 0.02</u> | <u>\$ 0.06</u> | <u>\$ 0.00</u> | <u>\$ 0.01</u> | <u>\$ 0.01</u> |
| Weighted average number of shares used in computing earning per share | | | | | | |
| Basic | <u>56,608,981</u> | | <u>56,608,981</u> | <u>56,525,177</u> | | <u>56,525,177</u> |
| Diluted | <u>56,626,283</u> | | <u>56,652,855</u> | <u>56,958,250</u> | | <u>57,227,810</u> |

(*) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718, amortization of intangible assets related to acquisition transactions, impairment of held for sale asset, other expenses and income tax effect on adjustments which is calculated using the blended effective tax rate on the adjustments, based on the statutory tax rates applicable to the adjustments.

| | Three months ended September 30, 2022 | Three months ended September 30, 2021 |
|---|--|--|
| | As Restated (1) | As Restated (1) |
| | Unaudited | Unaudited |
| GAAP net income | \$ 2,120 | \$ 35 |
| Gross profit | | |
| Non-cash stock-based compensation expenses | 74 | 91 |
| Amortization of intangible assets related to acquisition transactions | - | 5 |
| | <u>74</u> | <u>96</u> |
| Operating expenses | | |
| Non-cash stock-based compensation expenses | 498 | 398 |
| Amortization of intangible assets related to acquisition transactions | 51 | 50 |
| Impairment of held for sale asset | 279 | - |
| Other | 51 | - |
| | <u>879</u> | <u>448</u> |
| Income tax effect on adjustments | (42) | - |
| Non-GAAP net income | <u>\$ 3,031</u> | <u>\$ 579</u> |

(1) The Company restated its previously issued condensed interim consolidated financial statements for the three and nine months ended September 30, 2021. For additional information, see Note 2 and Note 17 to the audited consolidated financial statements included in Part III, Item 18 of our 2021 Form 20-F/A filed with the U.S. Securities and Exchange Commission on September 14, 2022.

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

| | Nine months ended September 30, 2022 | | | Nine months ended September 30, 2021 | | |
|--|---|-----------------|-------------------|---|-----------------|-------------------|
| | GAAP | Adjustments (*) | Non-GAAP | GAAP | Adjustments (*) | Non-GAAP |
| | Unaudited | | | As Restated (1) | Unaudited | As Restated (1) |
| Gross profit | \$ 59,192 | 230 | \$ 59,422 | \$ 46,571 | 226 | \$ 46,797 |
| Operating expenses | 55,309 | (2,394) | 52,915 | 49,753 | (735) | 49,018 |
| Operating income (loss) | 3,883 | 2,624 | 6,507 | (3,182) | 961 | (2,221) |
| Income (loss) before taxes on income | 1,167 | 2,624 | 3,791 | (4,640) | 961 | (3,679) |
| Net income (loss) | <u>92</u> | <u>2,582</u> | <u>2,674</u> | <u>(5,163)</u> | <u>961</u> | <u>(4,202)</u> |
| Earning (loss) per share (basic and diluted) | <u>\$ 0.00</u> | <u>\$ 0.05</u> | <u>\$ 0.05</u> | <u>\$ (0.09)</u> | <u>\$ 0.02</u> | <u>\$ (0.07)</u> |
| Weighted average number of shares used in computing earning (loss) per share | | | | | | |
| Basic | <u>56,585,858</u> | | <u>56,585,858</u> | <u>56,355,020</u> | | <u>56,355,020</u> |
| Diluted | <u>56,604,854</u> | | <u>56,659,298</u> | <u>56,355,020</u> | | <u>56,355,020</u> |

(*) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718, amortization of intangible assets related to acquisition transactions, impairment of held for sale asset, other expenses and income tax effect on adjustments which is calculated using the blended effective tax rate on the adjustments, based on the statutory tax rates applicable to the adjustments.

| | Nine months ended September 30, 2022 | | Nine months ended September 30, 2021 | |
|---|---|-------------------|---|--|
| | Unaudited | | As Restated (1) Unaudited | |
| | GAAP net income (loss) | \$ 92 | \$ (5,163) | |
| Gross profit | | | | |
| Non-cash stock-based compensation expenses | 220 | 211 | | |
| Amortization of intangible assets related to acquisition transactions | 10 | 15 | | |
| | <u>230</u> | <u>226</u> | | |
| Operating expenses | | | | |
| Non-cash stock-based compensation expenses | 1,413 | 584 | | |
| Amortization of intangible assets related to acquisition transactions | 152 | 151 | | |
| Impairment of held for sale asset | 718 | - | | |
| Other | 111 | - | | |
| | <u>2,394</u> | <u>735</u> | | |
| Income tax effect on adjustments | (42) | - | | |
| Non-GAAP net income (loss) | <u>\$ 2,674</u> | <u>\$ (4,202)</u> | | |

(1) The Company restated its previously issued condensed interim consolidated financial statements for the three and nine months ended September 30, 2021. For additional information, see Note 2 and Note 17 to the audited consolidated financial statements included in Part III, Item 18 of our 2021 Form 20-F/A filed with the U.S. Securities and Exchange Commission on September 14, 2022.

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

ADJUSTED EBITDA:

| | Nine months ended | | Three months ended | |
|--|--------------------------|------------------------|---------------------------|------------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | | As Restated (1) | | As Restated (1) |
| | Unaudited | | Unaudited | |
| GAAP net income (loss) | \$ 92 | \$ (5,163) | \$ 2,120 | \$ 35 |
| Adjustments: | | | | |
| Financial expenses, net | 2,716 | 1,458 | 1,053 | 701 |
| Taxes on income | 1,075 | 523 | 243 | 49 |
| Non-cash stock-based compensation expenses | 1,633 | 795 | 572 | 489 |
| Impairment of held for sale asset | 718 | - | 279 | - |
| Other | 111 | - | 51 | - |
| Depreciation and amortization (*) | 8,770 | 7,365 | 2,978 | 2,608 |
| Adjusted EBITDA | \$ 15,115 | \$ 4,978 | \$ 7,296 | \$ 3,882 |

(*) Including amortization of lease incentive

SEGMENT REVENUES:

| | Nine months ended | | Three months ended | |
|-------------------------------------|--------------------------|------------------------|---------------------------|------------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | | As Restated (1) | | As Restated (1) |
| | Unaudited | | Unaudited | |
| Satellite Networks | \$ 83,993 | \$ 83,157 | \$ 32,366 | \$ 23,182 |
| Integrated Solutions | 45,047 | 33,540 | 15,650 | 14,704 |
| Network Infrastructure and Services | 38,173 | 31,250 | 12,334 | 11,892 |
| Total revenues | \$ 167,213 | \$ 147,947 | \$ 60,350 | \$ 49,778 |

(1) The Company restated its previously issued condensed interim consolidated financial statements for the three and nine months ended September 30, 2021. For additional information, see Note 2 and Note 17 to the audited consolidated financial statements included in Part III, Item 18 of our 2021 Form 20-F/A filed with the U.S. Securities and Exchange Commission on September 14, 2022.

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

| | <u>September 30,</u> | <u>December 31,</u> |
|-------------------------------------|-------------------------|-------------------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>Unaudited</u> | <u>Audited</u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 68,439 | \$ 81,859 |
| Short-term deposits | - | 2,159 |
| Restricted cash | 1,425 | 2,592 |
| Trade receivables, net | 51,677 | 39,161 |
| Contract assets | 29,688 | 26,008 |
| Inventories | 33,925 | 28,432 |
| Other current assets | 24,808 | 14,607 |
| Held for sale asset | 3,997 | 4,587 |
| | <hr/> | <hr/> |
| Total current assets | 213,959 | 199,405 |
| LONG-TERM ASSETS: | | |
| Restricted cash | 12 | 12 |
| Long- term contract assets | 11,149 | 12,539 |
| Severance pay funds | 5,884 | 6,795 |
| Deferred taxes | 15,816 | 17,551 |
| Operating lease right-of-use assets | 3,857 | 4,478 |
| Other long term assets | 10,654 | 10,456 |
| | <hr/> | <hr/> |
| Total long-term assets | 47,372 | 51,831 |
| PROPERTY AND EQUIPMENT, NET | <hr/> 73,312 | <hr/> 72,391 |
| INTANGIBLE ASSETS, NET | <hr/> 364 | <hr/> 640 |
| GOODWILL | <hr/> 43,468 | <hr/> 43,468 |
| <u>TOTAL ASSETS</u> | <hr/> \$ 378,475 | <hr/> \$ 367,735 |

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

| | <u>September 30,</u> | <u>December 31,</u> |
|--|--------------------------|--------------------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>Unaudited</u> | <u>Audited</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 24,880 | \$ 19,776 |
| Accrued expenses | 46,207 | 49,202 |
| Advances from customers and deferred revenues | 31,192 | 24,373 |
| Operating lease liabilities | 1,813 | 1,818 |
| Other current liabilities | 15,430 | 13,339 |
| | <hr/> | <hr/> |
| Total current liabilities | 119,522 | 108,508 |
| | <hr/> | <hr/> |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 6,473 | 7,292 |
| Long-term advances from customers | 1,838 | 1,209 |
| Operating lease liabilities | 1,945 | 2,283 |
| Other long-term liabilities | 127 | 120 |
| | <hr/> | <hr/> |
| Total long-term liabilities | 10,383 | 10,904 |
| | <hr/> | <hr/> |
| SHAREHOLDERS' EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 2,711 | 2,706 |
| Additional paid-in capital | 931,500 | 929,871 |
| Accumulated other comprehensive loss | (7,836) | (6,357) |
| Accumulated deficit | (677,805) | (677,897) |
| | <hr/> | <hr/> |
| Total shareholders' equity | 248,570 | 248,323 |
| | <hr/> | <hr/> |
| <u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u> | <u>\$ 378,475</u> | <u>\$ 367,735</u> |

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

| | Nine months ended | | Three months ended | |
|---|-------------------|------------------|--------------------|------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | As Restated (1) | | As Restated (1) | |
| | Unaudited | | Unaudited | |
| Cash flows from operating activities: | | | | |
| Net income (loss) | \$ 92 | \$ (5,163) | \$ 2,120 | \$ 35 |
| Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 8,604 | 7,202 | 2,921 | 2,556 |
| Impairment of held for sale asset | 718 | - | 279 | - |
| Stock-based compensation of options | 1,633 | 795 | 572 | 489 |
| Accrued severance pay, net | 92 | (177) | (22) | (49) |
| Deferred taxes, net | 1,823 | (47) | 159 | (232) |
| Decrease (increase) in trade receivables, net | (12,270) | (2,490) | (387) | 4,867 |
| Decrease (increase) in contract assets | (2,290) | 21,334 | 318 | (313) |
| Increase in other assets (including short-term, long-term and deferred charges) | (8,652) | (5,485) | (889) | (1,476) |
| Increase in inventories | (6,030) | (347) | (1,955) | (2,121) |
| Increase (decrease) in trade payables | 4,315 | (2,719) | 110 | (1,929) |
| Decrease in accrued expenses | (1,767) | (2,344) | (77) | (542) |
| Increase in advance from customers and deferred revenue | 7,397 | 4,473 | 387 | 4,811 |
| Increase (decrease) in other liabilities | 365 | (1,301) | 1,175 | (1,107) |
| Net cash provided by (used in) operating activities | (5,970) | 13,731 | 4,711 | 4,989 |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment | (9,225) | (5,024) | (4,710) | (1,452) |
| Repayment of short term deposits | 2,159 | - | - | 2,159 |
| Investment in financial instrument | (1,536) | - | (1,536) | - |
| Net cash provided by (used in) investing activities | (8,602) | (5,024) | (6,246) | 707 |
| Cash flows from financing activities: | | | | |
| Dividend payment | - | (35,003) | - | - |
| Repayment of long-term loan | - | (4,000) | - | - |
| Net cash used in financing activities | - | (39,003) | - | - |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (15) | (252) | (47) | (91) |
| Increase (decrease) in cash, cash equivalents and restricted cash | (14,587) | (30,548) | (1,582) | 5,605 |
| Cash, cash equivalents and restricted cash at the beginning of the period | 84,463 | 115,958 | 71,458 | 79,805 |
| Cash, cash equivalents and restricted cash at the end of the period | \$ 69,876 | \$ 85,410 | \$ 69,876 | \$ 85,410 |

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