

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

	Twelve months ended December 31,		Three months ended December 31,	
	2022	2021	2022	2021
	Unaudited	Audited	Unaudited	As Restated (1)
Revenues	\$ 239,840	\$ 214,970	\$ 72,627	\$ 67,024
Cost of revenues	152,932	143,703	44,911	42,328
Gross profit	86,908	71,267	27,716	24,696
Research and development expenses, net	35,640	31,336	10,098	8,452
Selling and marketing expenses	21,694	21,512	5,970	5,685
General and administrative expenses	18,850	15,587	5,525	4,545
Impairment of held for sale asset	771	651	53	651
Total operating expenses	76,955	69,086	21,646	19,333
Operating income	9,953	2,181	6,070	5,363
Financial expenses, net	(2,818)	(1,722)	(102)	(264)
Income before taxes on income	7,135	459	5,968	5,099
Taxes on income	13,063	3,492	11,988	2,969
Net income (loss)	\$ (5,928)	\$ (3,033)	\$ (6,020)	\$ 2,130
Earnings (losses) per share (basic and diluted)	\$ (0.10)	\$ (0.05)	\$ (0.11)	\$ 0.04
Weighted average number of shares used in computing earnings (losses) per share				
Basic	<u>56,591,994</u>	<u>56,401,074</u>	<u>56,610,404</u>	<u>56,539,237</u>
Diluted	<u>56,591,994</u>	<u>56,401,074</u>	<u>56,610,404</u>	<u>56,627,907</u>

(1) The Company restated its previously issued condensed interim consolidated financial statements for the three months ended December 31, 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 December 31, 2022			Three months ended December 31, 2021		
	GAAP	Adjustments (*)	Non-GAAP	GAAP	Adjustments (*)	Non-GAAP
	Unaudited			As Restated (1)	Unaudited	
Gross profit	\$ 27,716	73	\$ 27,789	\$ 24,696	71	\$ 24,767
Operating expenses	21,646	(943)	20,703	19,333	(1,147)	18,186
Operating income	6,070	1,016	7,086	5,363	1,218	6,581
Income before taxes on income	5,968	1,016	6,984	5,099	1,218	6,317
Net income (loss)	<u>\$ (6,020)</u>	<u>13,896</u>	<u>\$ 7,876</u>	<u>\$ 2,130</u>	<u>3,517</u>	<u>\$ 5,647</u>
Earnings (losses) per share (basic and diluted)	<u>\$ (0.11)</u>	<u>\$ 0.25</u>	<u>\$ 0.14</u>	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ 0.10</u>
Weighted average number of shares used in computing earnings (losses) per share						
Basic	<u>56,610,404</u>		<u>56,610,404</u>	<u>56,539,237</u>		<u>56,539,237</u>
Diluted	<u>56,610,404</u>		<u>56,623,366</u>	<u>56,627,907</u>		<u>56,928,169</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 certain taxes on income adjustments (mainly one-time tax expense related to the release of historical tax-exempt earnings and one-time changes to deferred tax assets)

	Three months ended December 31, 2022	Three months ended December 31, 2021
	Unaudited	As Restated (1) Unaudited
	GAAP net income (loss)	<u>\$ (6,020)</u>
Gross profit		
Non-cash stock-based compensation expenses	73	66
Amortization of intangible assets related to acquisition transactions	-	5
	<u>73</u>	<u>71</u>
Operating expenses		
Non-cash stock-based compensation expenses	513	445
Amortization of intangible assets related to acquisition transactions	50	51
Impairment of held for sale asset	53	651
Other	327	-
	<u>943</u>	<u>1,147</u>
Taxes on income	<u>12,880</u>	<u>2,299</u>
Non-GAAP net income	<u>\$ 7,876</u>	<u>\$ 5,647</u>

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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)

	Twelve months ended December 31, 2022			Twelve months ended December 31, 2021		
	GAAP	Adjustments (*)	Non-GAAP	GAAP	Adjustments (*)	Non-GAAP As Restated (1)
	Unaudited			Unaudited		
Gross profit	\$ 86,908	303	\$ 87,211	\$ 71,267	297	\$ 71,564
Operating expenses	76,955	(3,337)	73,618	69,086	(1,882)	67,204
Operating income	9,953	3,640	13,593	2,181	2,179	4,360
Income before taxes on income	7,135	3,640	10,775	459	2,179	2,638
Net income (loss)	<u>(5,928)</u>	<u>16,478</u>	<u>10,550</u>	<u>(3,033)</u>	<u>4,478</u>	<u>1,445</u>
Earnings (losses) per share (basic and diluted)	<u>\$ (0.10)</u>	<u>\$ 0.29</u>	<u>\$ 0.19</u>	<u>\$ (0.05)</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Weighted average number of shares used in computing earnings (losses) per share						
Basic	<u>56,591,994</u>		<u>56,591,994</u>	<u>56,401,074</u>		<u>56,401,074</u>
Diluted	<u>56,591,994</u>		<u>56,650,362</u>	<u>56,401,074</u>		<u>56,878,852</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 certain taxes on income adjustments (mainly one-time tax expense related to the release of historical tax-exempt earnings and one-time changes to deferred tax assets)

	Twelve months ended December 31, 2022		Twelve months ended December 31, 2021	
	Unaudited		As Restated (1) Unaudited	
	GAAP net loss	\$ (5,928)	\$ (3,033)	
Gross profit				
Non-cash stock-based compensation expenses	293	277		
Amortization of intangible assets related to acquisition transactions	10	20		
	<u>303</u>	<u>297</u>		
Operating expenses				
Non-cash stock-based compensation expenses	1,927	1,027		
Amortization of intangible assets related to acquisition transactions	201	204		
Impairment of held for sale asset	771	651		
Other	438	-		
	<u>3,337</u>	<u>1,882</u>		
Taxes on income	<u>12,838</u>	<u>2,299</u>		
Non-GAAP net income	<u>\$ 10,550</u>	<u>\$ 1,445</u>		

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

ADJUSTED EBITDA:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	As Restated (1)		As Restated (1)	
	Unaudited		Unaudited	
GAAP net income (loss)	\$ (5,928)	\$ (3,033)	\$ (6,020)	\$ 2,130
Adjustments:				
Financial expenses, net	2,818	1,722	102	264
Taxes on income	13,063	3,492	11,988	2,969
Non-cash stock-based compensation expenses	2,220	1,304	586	511
Impairment of held for sale asset	771	651	53	651
Other	438	-	327	-
Depreciation and amortization (*)	11,832	11,214	3,063	3,848
Adjusted EBITDA	<u>\$ 25,214</u>	<u>\$ 15,350</u>	<u>\$ 10,099</u>	<u>\$ 10,373</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	As Restated (1)		As Restated (1)	
	Unaudited	Audited	Unaudited	
Satellite Networks	\$ 120,381	\$ 115,408	\$ 36,388	\$ 32,252
Integrated Solutions	61,376	50,054	16,329	16,514
Network Infrastructure and Services	58,083	49,508	19,910	18,258
Total revenues	<u>\$ 239,840</u>	<u>\$ 214,970</u>	<u>\$ 72,627</u>	<u>\$ 67,024</u>

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

	December 31,	
	2022	2021
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 86,591	\$ 81,859
Short-term deposits	-	2,159
Restricted cash	541	2,592
Trade receivables, net	50,644	39,161
Contract assets	24,971	26,008
Inventories	33,024	28,432
Other current assets	19,283	14,607
Held for sale asset	-	4,587
Total current assets	215,054	199,405
LONG-TERM ASSETS:		
Restricted cash	13	12
Long-term contract assets	11,149	12,539
Severance pay funds	5,947	6,795
Deferred taxes	18,265	17,551
Operating lease right-of-use assets	3,891	4,478
Other long-term assets	10,737	10,456
Total long-term assets	50,002	51,831
PROPERTY AND EQUIPMENT, NET	76,578	72,391
INTANGIBLE ASSETS, NET	309	640
GOODWILL	43,468	43,468
<u>TOTAL ASSETS</u>	<u>\$ 385,411</u>	<u>\$ 367,735</u>

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

	December 31,	
	2022	2021
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 20,668	\$ 19,776
Accrued expenses	50,356	49,202
Advances from customers and deferred revenues	30,531	24,373
Operating lease liabilities	1,941	1,818
Other current liabilities	22,291	13,339
Total current liabilities	125,787	108,508
LONG-TERM LIABILITIES:		
Accrued severance pay	6,580	7,292
Long-term advances from customers and deferred revenues	1,041	1,209
Operating lease liabilities	1,890	2,283
Other long-term liabilities	5,988	120
Total long-term liabilities	15,499	10,904
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,711	2,706
Additional paid-in capital	932,086	929,871
Accumulated other comprehensive loss	(6,847)	(6,357)
Accumulated deficit	(683,825)	(677,897)
Total shareholders' equity	244,125	248,323
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 385,411</u>	<u>\$ 367,735</u>

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited	Audited	Unaudited	As Restated (1)
Cash flows from operating activities:				
Net income (loss)	\$ (5,928)	\$ (3,033)	\$ (6,020)	\$ 2,130
Adjustments required to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,608	10,991	3,004	3,789
Impairment of held for sale asset	771	651	53	651
Stock-based compensation of options	2,220	1,304	586	511
Accrued severance pay, net	136	26	44	203
Deferred taxes, net	(627)	1,744	(2,450)	1,694
Decrease (increase) in trade receivables, net	(11,162)	(11,205)	1,108	(8,715)
Decrease in contract assets	2,481	21,412	4,771	78
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(3,445)	(247)	5,208	5,238
Decrease (increase) in inventories	(5,416)	2,449	614	2,796
Increase (decrease) in trade payables	(259)	(711)	(4,574)	2,007
Increase (decrease) in accrued expenses	549	(1,482)	2,316	861
Increase (decrease) in advance from customers and deferred revenue	5,929	(917)	(1,468)	(5,390)
Increase (decrease) in other liabilities	13,957	(2,079)	13,592	(681)
Net cash provided by operating activities	10,814	18,903	16,784	5,172
Cash flows from investing activities:				
Purchase of property and equipment	(12,793)	(8,933)	(3,568)	(3,909)
Repayment of (investment in) short term deposits	2,159	(2,159)	-	(2,159)
Investment in financial instrument	(1,536)	-	-	-
Receipts from sale of held for sale asset	4,006	-	4,006	-
Net cash provided by (used in) investing activities	(8,164)	(11,092)	438	(6,068)
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	32	(303)	47	(51)
Increase (decrease) in cash, cash equivalents and restricted cash	2,682	(31,495)	17,269	(947)
Cash, cash equivalents and restricted cash at the beginning of the period	84,463	115,958	69,876	85,410
Cash, cash equivalents and restricted cash at the end of the period	\$ 87,145	\$ 84,463	\$ 87,145	\$ 84,463

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