GILAT SATELLITE NETWORKS LTD

FORM 20-F
(Annual and Transition Report (foreign private issuer))

Filed 03/27/25 for the Period Ending 12/31/24

Address	C/O GILAT SATELLITE NETWORKS INC 1651 OLD MEADOW RD MCLEAN, VA, 22102
Telephone	7037349401
CIK	0000897322
Symbol	GILT
SIC Code	3663 - Radio and Television Broadcasting and Communications Equipment
Industry	Communications & Networking
Sector	Technology
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _________

Commission file number: 0-21218

GILAT SATELLITE NETWORKS LTD.

(Exact name of Registrant as specified in its charter)

ISRAEL
(Jurisdiction of incorporation or organization)

Gilat House, 21 Yegia Kapayim Street, Kiryat Arye, Petah Tikva, 4913020 Israel
(Address of principal executive offices)

Doron Kerbel
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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, NIS 0.20 nominal value	**GILT**	**NASDAQ Global Select Market**

Securities registered or to be registered pursuant of Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock at the close of the period covered by the annual report:

57,017,032 Ordinary Shares, NIS 0.20 nominal value per share
(as of December 31, 2024)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated file, a non-accelerated filer, or an emerging growth company. See the definitions of "accelerated filer," "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☒ U.S. GAAP	☐ International Financial Reporting Standards as issued by the International Accounting Standards Board	☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

This report on Form 20-F is being incorporated by reference into our Registration Statements on Form F-3 (Registration No. 333-266044) and on Form S-8 (Registration Nos. 333-180552, 333-187021, 333-204867, 333-210820, 333-217022, 333-221546, 333-223839, 333-231442, 333-236028, 333-253972, 333-255740, 333-264974 and 333-278802).

INTRODUCTION

We are a leading global provider of satellite-based broadband communications. We design and manufacture ground-based satellite communications equipment and provide comprehensive secure end-to-end solutions, end-to-end services for mission-critical operations, powered by our innovative technology. Our portfolio includes a satellite network platform, Very Small Aperture Terminals, or VSATs, amplifiers, high-speed modems, high-performance on-the-move antennas, and high efficiency, high power Solid State Power Amplifiers, or SSPAs, Block Upconverters, or BUCs, and Transceivers, furthermore, following the recent acquisitions of Stellar Blu Solutions LLC in January 2025 and DataPath in 2023 our portfolio also includes next-generation In-Flight Connectivity, or IFC, Satellite Communication, or SATCOM, terminal solutions and transportable and portable terminals for defense forces and field services. Our comprehensive solutions support multiple applications with a full portfolio of products to address key applications, including broadband internet access, cellular backhaul over satellite, enterprise, social inclusion solutions, IFC, maritime, trains, defense, and public safety, all while meeting the most stringent service level requirements. We have a large installed base, and currently have hundreds of active networks.

We provide managed networks and services through satellite and terrestrial networks in addition to developing and marketing ground-based satellite communications equipment. We have proven experience in delivering complex projects and services worldwide. We offer complete turnkey integrated solutions, including:

- Managed satellite network services solutions, including services over our own networks (which may include satellite capacity);
- Network planning and optimization;
- Remote network operation;
- Call center support;
- Hub and field operations;
- End-to-end solutions for mission-critical operations; and
- Construction and installation of communication networks, typically on a Build, Operate and Transfer, or BOT, or Build, Operate and Own, or BOO, contract basis.

In these BOT and BOO projects, we build telecommunication infrastructure typically using fiber-optic and wireless technologies for broadband connectivity.

On June 17, 2024, we, through our subsidiary Wavestream Corporation entered into a Membership Interest Purchase Agreement with Stellar Blu Solutions LLC, or SBS, a leading US-based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the purchase agreement, Wavestream agreed to purchase from the sellers 100% of the membership interests of SBS.

The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98 million ($108 million as adjusted) was funded through a combination of existing cash resources, and $60 million from a new secured credit agreement that we entered into with HSBC Bank USA, NA and Bank Hapoalim B.M. The total cash consideration in connection with the acquisition may increase by up to an additional $147 million payable in cash subject to achievement of future performance milestones.

We have sales and support offices worldwide, three Network Operation Centers, or NOCs, and R&D centers in Israel, the U.S. and Europe. Our products are sold to communication service providers, satellite operators, Mobile Network Operators, or MNOs, and system integrators that use satellite communications to serve enterprise, social inclusion solutions, government and residential users, MNOs and system integrators that use our technology. Our solutions and services are also sold to defense and homeland security organizations. In addition, we provide services directly to end-users in various market segments, including in certain countries in Latin America.

From 2022 through 2024, we operated in three operating segments, Satellite Networks, Integrated Solutions and Network Infrastructure and Services:

- **Satellite Networks** was focused on:
  - developing and supplying networks used as the platform that enabled the satellite constellations of High Throughput Satellites, or HTS, Very High Throughput Satellites, or VHTS and Non GEO Stationary Orbits, or NGSO opportunities worldwide;
  - providing advanced broadband satellite communication networks and associated professional services and comprehensive turnkey solutions and managed satellite network services solutions.
  - customers included service providers, satellite operators, MNOs, Telcos, large enterprises, system integrators, defense, homeland security organizations, and governments worldwide. Principal applications include In-Flight-Connectivity, cellular backhaul, maritime, social inclusion solutions, government, defense and enterprise networks and are driving meaningful partnerships with satellite operators to leverage our technology and breadth of services to deploy and operate the ground-based satellite communication networks.
  - product portfolio included a leading satellite network platform with high-speed VSATs, high-performance on-the-move antennas, BUCs, and transceivers, as well as multi-band Deployable Ku/Ka/X Earth Terminal, or DKET, terminals (a family of transportable terminal hubs), and durable, ultra-portable terminals for quick connectivity in remote locations.

- **Integrated Solutions** was focused on:
  - developing, manufacturing, and supplying products and solutions for mission-critical defense and broadcast satellite communications systems, advanced on-the-move and on-the-pause satellite communications equipment, systems, and solutions, including airborne, ground-mobile satellite systems and solutions.
  - product portfolio included leading high-efficiency, high-power SSPAs, BUCs and transceivers with a field-proven, high-performance variety of frequency bands. Our customers are satellite operators, In-Flight Connectivity service providers, defense and homeland security system integrators, NGSO satellite operators, and gateway integrators.

- **Network Infrastructure and Services** was focused on:
  - telecom operation and implementation of large-scale network projects in Peru.
  - providing terrestrial (fiber optic and wireless network) and satellite network construction and operation.
  - serving our customers through technology integration, managed networks and services, connectivity services, internet access and telephony over our own networks.
  - implementing projects using various technologies (including third-party technology), mainly based on BOT and BOO contracts.

Commencing January 1, 2025, as we increase our focus on the defense market segment and the IFC sector as primary growth engines, to better target the diverse and attractive end markets we serve, and to provide investors with greater insight into our business lines and strategic growth opportunities, we operate in three operating segments as follows:

- **Gilat Defense Division**: provides secure, rapid-deployment solutions for military organizations, government agencies, and defense integrators, with a strong focus on the U.S. Department of Defense resulting from our strategic acquisition of DataPath Inc. By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the Gilat Defense Division delivers resilient battlefield connectivity with multiple layers of communication redundancy for high availability.

- **Gilat Commercial Division**: provides advanced broadband satellite communication networks for IFC, Enterprise and Cellular Backhaul, supporting HTS, VHTS, and NGSO constellations with turnkey solutions for service providers, satellite operators, and enterprises. Our acquisition of SBS serves as the cornerstone of this division, strengthening our position in the IFC market and enabling us to provide cutting-edge connectivity solutions that meet the demands of passengers, airlines, and service providers worldwide.

- **Gilat Peru Division** : specializes in end-to-end telco solutions, including the operation and implementation of large-scale network projects. With expertise in terrestrial fiber optic, wireless, and satellite networks, the Gilat Peru Division provides technology integration, managed networks and services, connectivity solutions, and reliable internet and voice access across the region.

Our ordinary shares are traded on the NASDAQ Global Select Market under the symbol “GILT” and on the Tel Aviv Stock Exchange, or the TASE. As used in this annual report, the terms “we”, “us”, “the company”, “Company”, “our company”, “Gilat” and “our” mean Gilat Satellite Networks Ltd. and its subsidiaries, unless otherwise indicated.

“SkyEdge®”, “Wavestream®”, AeroStream®”, “Raysat®”, and “Spatial AdvantEdge™”, DataPath™” and other marks appearing in this annual report on Form 20-F are trademarks of our company and its subsidiaries. Other trademarks appearing in this Annual Report on Form 20-F are owned by their respective holders.

Cautionary Statement with Respect to Forward-Looking Statements

This annual report on Form 20-F contains various “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and within the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements reflect our current view with respect to future events and, financial results of operations. Forward-looking statements usually include the verbs, “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “projects,” “understands” and other verbs suggesting uncertainty. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual` results, performance, levels of activity, or our achievements, or industry results to be materially different from any future results, performance, levels of activity, or our achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. We have attempted to identify additional significant uncertainties and other factors affecting forward-looking statements in the Risk Factors section which appears in Item 3D: “Key Information–Risk Factors”.

Our consolidated financial statements appearing in this annual report are prepared in U.S. dollars and in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. All references in this annual report to “dollars” or “$” are to U.S. dollars and all references in this annual report to “NIS” are to New Israeli Shekels.

Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this Annual Report or to any registration statement or annual report that we previously filed, you may read the document itself for a complete description of its terms.

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PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3: KEY INFORMATION

A. Reserved

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Investing in our ordinary shares involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing in our ordinary shares. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be materially harmed. In that case, the value of our ordinary shares could decline substantially, and you could lose all or part of your investment. These risks include, but are not limited to, the following:

Risks Relating to Our Business and Our Market

A significant portion of our revenue in 2024 was attributable to a limited number of customers.

We depend on several large-scale contracts for a significant percentage of our revenues. In 2024, a significant portion of our revenue was attributable to our contracts with a major European satellite telecommunication customer, a major U.S. telecommunication customer, and a Peruvian governmental authority, PRONATEL, mainly with respect to six regions in Peru, or the PRONATEL Regional Projects. Our sales to PRONATEL accounted for approximately 15% of our revenue in the year ended December 31, 2024. Our sales to a major European satellite telecommunication customer and the major U.S. customer accounted for approximately 12%, and 11%, respectively, of our revenue in the same period. A significant portion of the revenues of our newly acquired subsidiary, Stellar Blu Solutions LLC, or SBS, is also attributable to our major U.S. satellite telecommunication customer. As a result, we expect that the percentage of our revenues attributable to that customer will increase in the future.

The PRONATEL Regional Projects, which were awarded to us in 2015 and in 2018, are of contractual value of $395 million and $154 million, respectively. The expected duration of the PRONATEL Regional Projects was significantly prolonged from their scheduled delivery dates due to continued delays in the construction phase and are expected to continue for approximately 14-16 years. In Peru, as recently as 2023, heightened tensions, protests, and social unrest emerged following a change in the country's political leadership. While Lima, the capital, has seen some protests, they have been mostly centered in the rural Andes. While demonstrations and road blockages subsided in 2023, the political situation in Peru remains complex, and there is a risk that future protests could negatively impact our operations, delaying even further existing projects and postponing PRONATEL's decision to enter new ones. If we fail to deliver in a timely manner upon any of our large contracts or if any of these or other large customers were to terminate their existing contracts with us or substantially reduce the services or quantity of products they purchase from us, our revenues and operating results could be materially adversely affected.

A failure to deliver upon our large-scale projects in an economical and a timely manner, or a delay in collection of payments due to us in connection with any such large-scale project could have a significant adverse impact on our operating results.

We have been awarded a number of large-scale projects by our customers, including foreign governments, such as the Peruvian PRONATEL Regional Projects in 2015 and in 2018 and contracts with a major U.S. satellite telecommunication company, and with a large U.S. system integrator and a government-owned Telco. As a consequence of the acquisition of SBS, we have increased the number of large-scale projects with an existing U.S. satellite telecommunication customer. While we have successfully implemented large-scale network infrastructure projects and operations in rural areas, the PRONATEL Regional Projects, as well as other projects, are complex and require the cooperation of third parties. Additionally, the delivery of our large-scale projects requires us to invest significant funds in order to obtain bank guarantees and requires us to incur significant expenses before we receive full payment from our customers. Furthermore, SBS, which until recently, was not required to meet high volume production, will now be required to meet high volume production and delivery demands. Failure to execute these projects in an economical manner within the projects' budgets and schedules could result in significant penalties, impact our ability to receive and recognize the expected revenues, reduce our cash balance, and cause us losses, which would significantly adversely impact our operating results. If we fail to complete or timely deliver in accordance with our commitments in the said large-scale projects, we could incur significant penalties which will have a significant adverse effect on our business and financial results.

Our newly acquired SBS subsidiary may face difficulties as it enters the first stages of scaling up its production and delivery capabilities.

Our newly acquired SBS will depend on its ability to meet high volume and delivery requirements for its Sidewinder IFC terminal to achieve its revenue goals. This will require SBS to ramp up production and allocate sufficient resources and management time to reach manufacturing and delivery levels it has never achieved before.

Failure to ramp up production to meet existing and growing demand may result in penalties, damage to our reputation, limitations on our ability to enter new contracts, and even the termination of existing contracts. If we fail to effectively scale our production and delivery capabilities to meet the needs of existing and future customers, our business, financial condition, and operating results could be adversely affected.

In the past, we incurred major losses and we may not be able to continue to operate profitably in the future.

We achieved net income in the fiscal years 2023 through 2024 but incurred major losses in certain years prior to 2023. In 2020, we incurred an operating loss (excluding the payment received from Comtech as described below) and in 2021 and 2022, we had a net loss of $3.03 and $5.9 million, respectively. We have an accumulated deficit of $635 million. We cannot assure you that we can operate profitably in the future. If we do not continue to operate profitably, our share price will decline, and the viability of our company will be in question.

Our available cash balance may decrease in the future if we cannot generate cash from operations.

Our cash, cash equivalents including restricted cash as of December 31, 2024 were $120.2 million compared to $104.8 million as of December 31, 2023. Our positive cash flow (including restricted cash) from operating activities was approximately $31.7 million, $31.9 million and $10.8 million in the years ended December 31, 2024, 2023 and 2022, respectively. If we do not generate sufficient cash from operations in the future, including from our large-scale projects, our cash balance will decline, and the unavailability of cash could have a material adverse effect on our business, operating results and financial condition.

The acquisition of SBS was partly funded by approximately $50 million from our available cash, which significantly reduced our available cash balance, and partly by $60 million from a new secured credit line of $100 million. The remaining $40 million of the secured credit line, along with our resources, is expected to be called upon and cover potential earn-out payments. The three-year loan bears interest at a rate of SOFR plus 2.75% to 3.5% and requires us to meet certain financial and business covenants that may restrict, among others, the usage of available cash. Additionally, SBS is expected to require significant working capital funding while ramping up its production, which may significantly reduce our available cash balance, adversely affecting our cash flow and operational results.

The delivery of our large-scale projects requires us to invest significant funds in order to obtain bank guarantees and surety bonds and may require us to incur significant expenses before we receive full payment from our customers. For example, the 2015 and 2018 PRONATEL Regional Projects, which had initial contractual values of $395 million and $154 million, respectively, with an additional $17 million for the 2023 expansion of the Amazons project. The revenues from these projects are expected to be generated over an additional period of 15-11 years. We have used the advance payments received from PRONATEL as well as internal cash resources in order to finance the PRONATEL Regional Projects. We have used surety bonds and our internal resources in order to provide the required bank guarantees for the PRONATEL Regional Projects, which were approximately $62.1 million in the aggregate as of December 31, 2024. If we fail to obtain such funds on favorable terms in the future, we will not be able to meet our commitments and our cash flow and operational results may be adversely affected.

If the GEO satellite communications markets fail to grow, and we fail to increase our foothold in the NGSO market, our business could be materially harmed.

The movement towards Non-Geostationary Satellite Orbit (NGSO) satellite constellation networks, particularly SpaceX's Starlink and Amazon's Project Kuiper, may significantly reduce the market size for geostationary satellite (GEO) technology and services. These NGSO networks offer high-speed, low-latency internet services globally, including in underserved and remote areas, posing a substantial competitive threat to our customers.

Starlink has rapidly expanded its presence, with over 4.6 million active customers at the end of 2024. Its ability to provide competitive bandwidth and latency at reasonable prices has disrupted traditional internet service providers, compelling them to reevaluate their pricing structures and upgrade existing infrastructure. This disruption poses a substantial risk to our customers, who may struggle to maintain their market positions and profitability in the face of such aggressive competition.

Amazon's Project Kuiper is expected to launch its global commercial service in 2027, with plans to deploy over 3,000 satellites in low Earth orbit. Project Kuiper aims to offer competitive pricing and diverse service options, targeting a broad customer base, including underserved communities. The anticipated rollout and expansion of Kuiper could further intensify the competitive landscape, challenging our customers' ability to retain their market share and attract new users.

In addition, any significant improvement or increase in the amount of terrestrial capacity, particularly with respect to the existing fiber optic cable infrastructure and point-to-point microwave, may cause our fixed networks' customers to shift their transmissions to terrestrial capacity or make it more difficult for us to obtain new customers. Fiber optic cable networks or other terrestrial-based high-capacity transmission systems, when available, are generally less expensive than satellite capacity. As terrestrial-based telecommunications services expand, demand for some fixed satellite-based services may be reduced.

If the markets for commercial satellite communications products fail to grow, or if we fail to further expand our penetration into the NGSO market, our business could be materially harmed. Conversely, growth in this market could come at the expense of geostationary satellite capacity markets, which in turn could materially harm our business and impair the value of our shares. Specifically, we derive most of our revenues from sales of satellite-based communications networks and related equipment and the provision of services related to these networks and products. A significant decline in this market or the replacement of VSAT and other satellite-based technologies by an alternative technology could materially harm our business and impair the value of our shares.

Because we compete for large-scale contracts in competitive bidding processes, losing a small number of bids or a decrease in the revenues generated from our large-scale projects could have a significant adverse impact on our operating results.

A significant portion of our revenue is derived from large-scale contracts that we are awarded from time to time in competitive bidding processes. The bidding process sometimes requires us to make significant investments upfront, while the final award is not assured. These large-scale contracts sometimes involve the installation of thousands of VSATs or massive fiber-optic transport and access networks or production of customized products. The number of major bids for these large-scale contracts in any given year is limited and the competition is intense. Losing or defaulting on a relatively small number of bids each year could have a significant adverse impact on our operating results.

A large portion of our large-scale contracts are with governments or large governmental agencies in Latin America and any volatility in the political or economic climate or any unexpected unilateral termination or suspension of payments could have a significant adverse impact on our business.

In March and December 2015, the Peruvian government awarded us the PRONATEL Regional Projects under four separate bids for the construction of networks, operation of the networks for a defined period and their transfer to the government. In 2018, we were awarded two additional PRONATEL Regional Projects with initial contractual values of $395 million and $154 million, respectively and an additional $17 million for the Amazonas project expansion, awarded in 2023. The revenues from these projects are expected to be generated over a period of 14-16 years. Any resumption of political turmoil in Peru could negatively impact our operations there, causing further delays to existing projects and potentially postponing PRONATEL's decision to enter into new ones.

Agreements with governments typically include unilateral early termination clauses and involve other risks, such as the imposition of new government regulations and taxation that could pose additional financial burdens on us. Changes in the political or economic situation in Latin America could result in the early termination of our business there, or materially adversely affect our ability to successfully complete our projects. Any termination of our business in this region or breach of contractual obligations by our customers could have a significant adverse impact on our business.

In January 2025 and in November 2023, we acquired SBS and DataPath, and we may enter into additional acquisition agreements; such acquisitions could be difficult to integrate, disrupt our business and dilute shareholder value.

In January 2025, we completed the acquisition of SBS, a leading US-based provider of next-generation SATCOM terminal solutions. Additionally, in November 2023, we acquired DataPath, a US based expert systems integrator in trusted communications for the U.S. Department of Defense or DoD Military and Government sectors, and we may, from time to time seek to acquire additional businesses that enhance our capabilities and add new technologies, products, services and customers to our existing businesses. We may not be able to identify acquisition candidates on commercially reasonable terms or at all. If we make additional business acquisitions or enter into a merger agreement, we may not be able to successfully consummate and close the merger agreement or obtain any necessary regulatory approval, or integrate the SBS and DataPath businesses or any other business acquired in the future or we might not realize the benefits anticipated from these acquisitions or sales, including sales growth, cost synergies and improving margins. Furthermore, we might not be able to obtain additional financing for business acquisitions since such additional financing could be restricted or limited by the terms of our debt agreements or due to unfavorable capital market conditions. Once integrated, acquisitions may not achieve comparable levels of revenues, profitability, or productivity as our existing business or otherwise perform as expected. The occurrence of any of these events could harm our business, financial condition or results of operations.

The risks associated with mergers or acquisitions by us include the following, any of which could seriously harm our results of operations or the price of our shares:

- issuance of equity securities as consideration for acquisitions that would dilute our current shareholders' percentages of ownership;
- significant acquisition costs;
- decrease of our cash balance;
- the incurrence of debt and contingent liabilities;
- difficulties in the assimilation and integration of operations, personnel, technologies, products and information systems of the acquired companies;
- diversion of management's attention from other business concerns;
- contractual disputes;
- compliance with additional regulatory requirements;
- risks of entering geographic and business markets in which we have no or only limited prior experience;
- potential loss of key employees of acquired organizations or loss of customers;
- the possibility that business cultures will not be compatible;
- the difficulty of incorporating acquired technology and rights into our products and services;
- unanticipated expenses related to integration of the acquired companies; and
- difficulties in implementing and maintaining uniform standards, controls and policies.

Any of these events would likely result in a material adverse effect on our results of operations, cash flows and financial position.

Failure to protect against cyber-attacks, natural disasters or terrorist attacks, and failures of our information technology systems, infrastructure and data could have an adverse effect on our business.

Failure to protect against cyber-attack*s,* unauthorized access or network security breaches, inclement weather, natural or man-made disasters, earthquakes, explosions, terrorist attacks, acts of war, floods, fires, computer viruses, power loss, telecommunications or equipment failures, transportation interruptions, accidents or other disruptive events or attempts to harm our systems may cause equipment failures or disrupt our systems, products, networks and operations. Actual and threatened security breaches or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, have increased in recent years and have become more complex. Criminal hackers may develop and deploy viruses, worms and other malicious software programs, some of which may be specifically designed to attack our products, systems, computers or networks. Additionally, external parties may induce our employees or users of our products to disclose sensitive information in order to gain access to our data or our customers' data. We have been subject, and will likely continue to be subject, to attempts to breach the security of our networks and Information Technology, or IT, infrastructure, and our products and services, through cyber-attack, malware, computer viruses, social engineering, email phishing attacks and other means of unauthorized access. Techniques used in such attempted or actual breaches and cyber-attacks are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected until a substantial period has elapsed thereafter, or not at all. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for us to entirely mitigate this risk. Since we provide products and services to communications companies, we may face an added risk of a security breach or other significant disruption to certain of our products used by some of our customers and related customer systems relating to wireless carriers as well as government functions. While none of these actual or attempted attacks has had a material impact on our operations or financial condition, we cannot provide any assurance that our business operations will not be negatively materially affected by such attacks in the future.

Any disruption, disabling, or attack affecting our equipment and systems, products and the hardware, software and infrastructure on which we rely could result in a security or privacy breach. Whether such event is physical human error or malfeasance (whether accidental, fraudulent or intentional) or electronic in nature (such as malware, virus, or other malicious code) such an event could result in our inability to operate our facilities or continually operate our networks, which, even if the event is for a limited period of time, may result in significant expenses and/or loss of market share to other competitors in the market. While we maintain insurance coverage for some of these events, which could offset some of the losses, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Any of the events described above could result in litigation and potential liability or fines for us, a material impact to our operations or financial condition, damage our brand and reputation or otherwise harm our business.

Regulators globally have adopted privacy regulations and regulations imposing greater obligations and monetary fines for privacy violations. For example, the General Data Protection Regulation, or GDPR, adopted by the European Union and became effective in 2018. The GDPR establishes requirements regarding the handling of personal data, and non-compliance with the GDPR may result in monetary penalties of up to 4% of worldwide revenue. Other examples are the California Consumer Privacy Act, or CCPA, followed by the California Privacy Rights Act, or CPRA, which provides California residents new rights restricting collection, use, and sharing of their "Personal Information", and the Australian Privacy Act and the Australian Privacy Principles.The Israeli Privacy Protection Regulations of 2017 also impose high penalties and sanctions on violations. In addition, violation of applicable local privacy laws may entail criminal consequences. The GDPR, CCPA, CPRA and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we operate. Further, if we fail to comply with the GDPR, CCPA and other privacy regulations applicable to us we may incur high monetary and other penalties, which may have significant adverse effect on our business. Additionally, local privacy laws have been introduced or enacted in other jurisdictions as part of an overall trend, including in Brazil, Canada, Guernsey, India and Singapore. For example, the Indian Parliament passed the Digital Personal Data Protection (DPDP) Act in August 2023 - the first comprehensive cross-sectoral law on personal data protection in India - for which the government has not yet set an effective date. In the United States, there are numerous federal, state and local data privacy and security laws, rules and regulations. For example, apart from the CCPA, we are subject to the rules and regulations promulgated under the authority of the U.S. Federal Trade Commission, which regulates unfair or deceptive acts or practices (including with respect to data privacy and security). The U.S. Congress also has considered, is currently considering, and may in the future consider, various proposals for comprehensive federal data privacy and security legislation, to which we may become subject if passed. A growing number of other states have enacted, or are considering enacting, their own comprehensive data privacy laws. In addition, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach. Noncompliance with our legal obligations relating to privacy and data protection could result in penalties, fines, legal proceedings by governmental entities or others, loss of reputation, legal claims by individuals and customers and significant legal and financial exposure, and could affect our ability to retain and attract customers.

DataPath's continued participation in classified U.S. governmental projects, requires us to adhere with Foreign Ownership, Control, or Influence mitigation requirements.

In November 2023, we completed the acquisition of DataPath, a U.S. based expert systems integrator in trusted communications for the U.S. DoD Military and Government sectors. Due to our foreign ownership of DataPath, its operations are subject to Foreign Ownership, Control, or Influence ("FOCI") mitigation measures. These measures are designed to protect the integrity of classified information and ensure that foreign ownership does not compromise it. Failure to adhere to these FOCI mitigation restrictions could result in the discontinuation of DataPath's Facility Security Clearance, adversely impacting DataPath's ability to perform on classified contracts. This could have a significant negative effect on our business operations, financial condition, and results of operations.

Actual results could materially differ from our estimates because of the percentage-of-completion method.

In order to prepare our financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP"), our management is required to make estimates and assumptions, as of the date of the financial statements, which affect the reported values of assets and liabilities, revenues and expenses, and disclosures of contingent assets and liabilities Our actual results could materially differ from, and could require adjustments to, those estimates.

In particular, we recognize revenues generated from some projects using the percentage-of-completion method. Under this method, estimated revenue is recognized by applying the percentage of completion of the contract for the period (based on the ratio of costs incurred to total estimated costs of the contract) to the total estimated revenue for the contract. As a result, revisions made to the estimates of revenues and profits are recorded in the period in which the conditions that require such revisions become known and can be estimated.

Under generally accepted accounting principles, unexpected cost over-runs can change the percentage completion estimates and result in reduced profit margins and the reversal of previously recognized profits in addition to reducing future period profits. Although we believe that our profit margins are fairly stated and that adequate provisions for losses for fixed-price contracts are recorded in our financial statements, as required under U.S. GAAP, there can be no assurance that our contract profit margins will not decrease or that any loss provisions will not increase in the future.

Tax authorities may disagree with our provisions and payments related to income taxes, deduction of withholding taxes, intercompany charges, cross-jurisdictional transfer pricing or other matters which could result in our being assessed additional taxes.

We are subject to taxation in the United States, Israel, Latin America (mainly in Peru) and numerous other jurisdictions, including with respect to income taxes, obligations to withhold taxes and other tax matters. Determining our provision for the various taxes requires significant management judgment. In addition, our provision for income taxes could be adversely affected by many factors, including, among other things, changes to our operating structure, changes in the amounts of earnings in jurisdictions with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. We are subject to ongoing tax examinations and audits in various jurisdictions Tax authorities may disagree with our intercompany charges, claimed credits, cross-jurisdictional transfer pricing, deduction of withholding taxes or other matters and assess additional taxes. While we regularly evaluate the likely outcomes of these examinations to determine the adequacy of our provision for income taxes, there can be no assurance that the outcomes of such examinations will not have a material impact on our results of operations and cash flows. While we follow the guidelines of the relevant tax authority, where available, there is no assurance that such guidelines will ultimately be determined to be binding by the relevant authorities or acceptable in the local courts of law. Although we believe our tax estimates are reasonable, the final determination of any tax audit or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our results of operations or cash flows in the period or periods for which a determination is made. Further, subsequent legislations, guidance, court rulings or regulations that differ from our prior assumptions and interpretations, or other factors which were not anticipated at the time we estimated our tax provision, payments and deduction of withholdings could have a material adverse effect on our business, cash flow, results of operations or financial condition.

Our insurance coverage may not be sufficient for every aspect or risk related to our business.

Our business includes risks, only some of which are covered by our insurance. For example, in our satellite capacity agreements, we do not have a backup for satellite capacity, and we do not have indemnification or insurance in the event that our supplier's satellite malfunctions or data is lost. Liabilities in connection with our products, services, managed network services, premises, construction and deployment projects, or in connection with risks associated with potential cyber-attacks may not be covered by insurance or may be covered only to a limited extent. Our third-party suppliers do not always have back-to-back liability or insurance coverage to the same extent guaranteed by us towards our customers. In addition, our insurance does not provide coverage for acts of fraud or theft. Our business, financial condition and operating results could be materially adversely affected if we incur significant costs resulting from these exposures.

We operate in a highly competitive industry and may be unsuccessful in competing effectively in the future.

We operate in a highly competitive network communications industry, both in the sales of our products and our services. Due to the rapid technological changes that characterize our industry, we face intense worldwide competition to capitalize on new opportunities, introduce new products, and obtain proprietary and standard technologies perceived by the market as superior to those of our competitors.

The network communication market is dominated by larger corporations. As part of the consolidation trend in the market, we are in competition with greater consolidated corporations. Some of our competitors have greater financial resources, providing them with greater research and development and marketing capabilities. Our competitors may also be more experienced in obtaining regulatory approvals for their products and services and marketing them. Our relative position in the network communications industry may place us at a disadvantage in responding to our competitors' pricing strategies, technological advances and other initiatives. Our principal competitors in the supply of VSAT networks are Hughes Network Systems, LLC (owned by EchoStar Corporation), or HNS, ViaSat Inc., or ViaSat, Singapore Technologies Engineering Ltd., or ST Engineering iDirect, Comtech Telecommunications Corp, or Comtech, and Kratos Defense & Security or Kratos. Our primary competitors with respect to our BUCs and other Wavestream products are Communications & Power Industries LLC, or CPI, General Dynamics Satcom Technologies, Paradise Datacom, Comtech Xicom Technology Inc., or Xicom, and Mission Microwave Technologies, or Mission.

Our low-profile in-motion ground, aero, and maritime antennas target a competitive market with multiple players such as Thales, Honeywell, Astronics AeroSat Corporation, or AeroSat, Qest Quantum Electronic Systems GmbH or Qest, Tecom Industries, Inc., or Tecom, and Thinkom Solutions Inc., or Thinkom. Competitors in the defense sector include General Dynamics Satcom Technologies, Orbit Communication Systems, or Orbit, Elbit Systems Ltd., or Elbit, Get Sat Communication Ltd. or GetSat, and L3Harris Technologies, Inc. or L3Harris Tampa Microwave LLC, or Tampa. Multiple additional competitors are entering the low-profile in-motion arena and specifically the electronically steered antenna market, some with new and advanced technologies (for example, GetSat, Satixfy, HNS, and Intellian Ltd., or Intellian). If these new entrants and/or new technologies are able to penetrate the market significantly, our business could be negatively affected.

In addition, ViaSat and HNS have launched their own satellites, which enable them to offer vertically integrated solutions to their customers. This may further change the competitive environment in which we operate and could adversely affect our business. In the SSPA market, we compete with Mission, CPI, and XICOM.

In areas where we operate public rural telecom services (voice, data, and internet) and are engaged in the construction of fiber-optic transport and access networks based on wireless systems, we typically encounter competition on government-subsidized bids from various service providers, system integrators, and consortiums. Some of these competitors offer solutions based on VSAT technology and some on terrestrial technologies (typically, fiber-optic and wireless technologies). In addition, as competing technologies such as cellular networks and fiber optics become available in rural areas where not previously available, our business could be adversely affected. We may not be able to compete successfully against current or future competitors. Such competition may adversely affect our future revenues and, consequently, our business, operating results and financial condition.

Our lengthy sales cycles could harm our results of operations if forecasted sales are delayed or do not occur.

The length of time between the date of initial contact with a potential customer or sponsor and the execution of a contract with such potential customer or sponsor may be lengthy and vary significantly depending on the nature of the arrangement. During any given sales cycle, we may expend substantial funds and management resources and not obtain significant revenue, resulting in a negative impact on our operating results. In some cases, we have seen longer sales cycles in all of the regions in which we do business. In addition, we have seen projects delayed or even canceled, which would also have an adverse impact on our sales cycles. As a result, it may be difficult for us to accurately forecast sales due to the uncertainty around these projects and their award and starting periods.

If we are unable to competitively operate within the network communications market and respond to new technologies, our business could be adversely affected.

Our company operates in the rapidly evolving network communications market, targeting products in the domain of cloud-based technologies and 5G Non-Terrestrial Networks standards. Our success hinges on our ability to keep pace with technological changes and industry standards and to continually innovate and meet market needs.

Staying competitive requires us to anticipate technological shifts, market demands, and industry standards, and to continually develop and enhance our products, applications, and services. Our competitiveness in the satellite ground equipment, low-profile antenna, and high-power transceivers markets depends on our ability to advance our technology in line with our competitors' new and improved products.

Due to the current nature of the high-throughput satellite, or HTS solution, where the initial investment in ground-based satellite communication gateway equipment is relatively high, ground-based satellite communication equipment effectively becomes tightly coupled to the specific satellite technology. As such, there may be circumstances where it is difficult for competitors to compete with the incumbent VSAT vendor using the particular HTS satellite. If this occurs, the market dynamics may change to favor a VSAT vendor partnering with the satellite service provider, which may decrease the number of vendors who may be able to succeed. We believe that this trend will intensify as the market moves toward very high-throughput satellite, or VHTS, and NGSO constellation networks. If we are unable to forge such a partnership our business could be adversely affected.

Although we have entered the HTS market with what we believe to be leading HTS VSAT technology, we expect that our penetration into that market will be gradual, and our success is not assured. In addition, our competitors, who are producing large numbers of VSATs, may benefit from cost advantages. If we are unable to reduce our VSAT costs sufficiently, we may not be competitive in the international market. We also expect that competition in this industry will continue to increase.

Emerging communications networks integrating satellites in low or medium earth orbits could significantly challenge our current networks, potentially reducing our products' market prices and success until we adapt our technology to support NGSO satellites. If we fail to respond cost-effectively and timely to technological advances, or if our new products or applications are not market-accepted, our business, financial condition, and operating results could be adversely affected.

We are dependent upon a limited number of suppliers for key components that are incorporated in our products and may be significantly harmed if we are unable to obtain such components on favorable terms or on a timely basis. We are also affected by global supply chain disruptions and price increases and may be affected if hostilities in Israel and the Middle East continue.

Several of the components required to build our products are manufactured by a limited number of suppliers. Although we have managed to solve the difficulties we experienced in the past with our suppliers with respect to the availability of components, we cannot assure the continued availability of key components or our ability to forecast our component requirements sufficiently in advance. Although we are working with our suppliers to obtain components for our products on favorable terms, there is no assurance that our efforts will be successful. In the past, the COVID-19 outbreak had caused certain delays and world-wide disruptions in manufacturing, supply chain, labor shortages, travel and shipping disruption and shutdowns, as well as cost increase of raw material and electronic components, which adversely affected our operations. Recently, terrorist groups in Yemen have threatened to limit the movement of marine shipments through the Red Sea. We have also witnessed an increase in components' prices and labor costs, while we may not be able to increase our products' prices to cover these increased costs. Although the disruption in components supply was not material to the overall activity of our Company, it may adversely affect our ability to procure the necessary volume of materials in the future. If we are unable to obtain the necessary volume of components at sufficiently favorable terms or prices, we may be unable to produce our products at competitive prices. As a result, these supply chain issues may increase our costs, disrupt or reduce production and sales of our products may be lower than expected, which could have a material adverse effect on our business, financial condition and operating results. In addition, our suppliers are not always able to meet our requested lead times. If we are unable to satisfy customers' needs on time, we could lose their business.

Certain of the significant components required to build almost all of our VSAT units, our hub systems as well as our other products are manufactured by external suppliers, sometimes by a sole manufacturer. Some of our suppliers had terminated the line of products that we use as components in our products, and other may do so in the future as well. Such dependency exposes us to certain risks in connection with the availability of the respective component, which could include failure in meeting timetables and production requirements and may expose us to material price increases which may affect our ability to provide competitive prices or require us to re-design some of our products. We estimate that the replacement of a manufacturer would, if required, take a substantial period of time.

We receive manufacturing services from global manufacturers in Israel. The manufacturers have assured us that the operations of their plants have not been interrupted by the war and hostilities and that they have a recovery plan in place. Nevertheless, there is no assurance that negative developments in this area in the future will not disrupt and materially adversely affect our business.

We are dependent upon a limited number of suppliers of space segment or transponder capacity and may be significantly harmed if we are unable to obtain the space segment for the provision of services on favorable terms or on a timely basis.

There are a limited number of suppliers of satellite transponder capacity and a limited amount of space segments available (although space segment availability is expected to gradually increase over the next few years and prices are expected to decrease as a result). We are dependent on these suppliers for our provision of services mainly in Peru, Mexico and U.S. be assured of the continuous availability of space segments, the pricing upon renewals of space segments and the continuous availability and coverage in the regions where we supply services. If we are unable to secure contracts with satellite transponder providers with reliable service at competitive prices, or if such satellite capacity becomes unavailable due to a satellite anomaly or other reason, our services business could be adversely affected. We rely on satellite capacity providers, who commit to certain key performance indicators, or KPIs, in connection with the operation of our managed networks and services. Such KPIs are limited and do not always reflect the same level of KPIs guaranteed by us towards our customers.

Our failure to obtain or maintain authorizations under the U.S. Israeli or other applicable export control and trade sanctions laws and export regulations and restrictions could have a material adverse effect on our business.

The export of some of our satellite communication products, related technical information and services may be subject to U.S. State Department, Commerce Department and Treasury Department regulations, including the International Traffic in Arms Regulations, or ITAR, and the Export Administration Regulations, or EAR. Under these laws and regulations, our non-U.S. employees, including employees of our headquarters in Israel, might be barred from accessing certain information of our U.S. subsidiaries, including DataPath and Wavestream, unless appropriate licenses are obtained. In addition to the U.S. export control laws and regulations applicable to us, some of our subcontractors and vendors may also be subject to U.S. export control laws and regulations and required to flow down requirements and restrictions imposed on products and services we purchase from them. If we do not maintain our existing authorizations or obtain necessary future authorizations under the export control laws and regulations of the U.S., including potential requirements related to entering into technical assistance agreements to disclose technical data or provide services to non-U.S. persons, we may be unable to export technical information or equipment to non-U.S. persons and companies, including to our own non-U.S. employees, as may be required to fulfill contracts we may enter into. We may also be subjected to export control compliance audits in the future that may uncover improper or illegal activities that would subject us to material remediation costs, civil and criminal fines, penalties or an injunction.

In addition, in order to participate in classified U.S. government programs, we may have to obtain security clearances from the U.S. Department of Defense for one or more of our subsidiaries that want to participate. For example, such clearance is required for the participation of DataPath in such U.S. government programs. To that end, we were required to enter into a special security agreement with the U.S. government, which limit our ability to control the operations of the subsidiary, and which imposes substantial administrative requirements in order for us to comply. Further, if we materially violate the terms of the special security agreement or a similar arrangement, the subsidiary holding the security clearance may be suspended or debarred from performing any government contracts, whether classified or unclassified. If we fail to maintain or obtain the necessary authorizations under the U.S. export control and national security laws and regulations, we may not be able to realize our market focus and our business could be materially adversely affected.

The United States has adopted economic sanctions against certain persons and entities, including certain Russian and Chinese entities operating in the financial, energy and defense sectors. These sanctions restrict, among other things, exports and transfer of technologies to these entities. The Russian-Ukraine crisis has led to additional expanded sanctions on Russia. In addition, recent events, including policies introduced by the current and past U.S. administrations, have resulted in substantial regulatory uncertainty regarding international trade and trade policy. For example, substantial changes to trade agreements have increased tariffs on certain goods imported into the United States and could lead to further imposition of significant tariff increases. The announcement of unilateral tariffs on imported products has triggered retaliatory actions from certain foreign governments, including China and Russia, and may trigger retaliatory actions by other foreign governments, resulting in what is largely referred to as a "trade war." While we do not believe that the tariff increases or actions of foreign governments have had an adverse effect on our business to date, we cannot predict the extent to which the United States or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of our products in the future, a "trade war" of this nature or other similar governmental actions and economic sanctions could have an adverse impact on demand for our services, sales and customers and affect the economies of the United States and various countries, having an adverse effect on our business, financial condition and results of operations.

Against the backdrop of the military conflict between Russia and Ukraine and the rising tensions between the U.S. and other countries, on the one hand, and Russia, on the other hand, major economic sanctions and export controls restrictions on Russia and various Russian entities were imposed by the U.S., European Union and the United Kingdom commencing February 2022, and additional sanctions and restrictions may be imposed in the future. These sanctions have led to our decision to withdraw our operation from Russia, which affected our 2024 financial results.

Furthermore, our export of military products and "dual use" products (items that are typically sold in the commercial market but that may also be used in the defense market) and related technical information is also subject to enhanced Israeli export laws and regulation by the Ministry of Defense and Ministry of Economy. Some of our products may include features, such as encryption, that require an export license. The Israeli Ministry of Defense and Ministry of Economy may change the classification of our existing commercial products or may determine that new products we develop are not exempt from Israeli Ministry of Defense or Ministry of Economy export control. This would place such products subject to the Israeli Ministry of Defense or Ministry of Economy export control regulations as military products or "dual use" items, which would impose stringent constraints on our sales process in relation to each sale transaction and limit our markets. If we do not maintain our existing authorizations and exemptions or obtain necessary future authorizations and exemptions under the export control laws and regulations of Israel, including export licenses for the sale of our equipment and the transfer of technical information, we may be unable to export technical information or equipment outside of Israel, we may not be able to realize our market projections and our business could be materially adversely affected. We may also be subjected to export control compliance audits or actions in the future that may uncover improper or illegal activities that would subject us to material remediation costs, civil and criminal fines, penalties or an injunction.

Due to our foreign (non-U.S.) status, DataPath's operations are subject to FOCI mitigation measures. These measures are designed to protect the integrity of classified information and ensure that foreign ownership does not compromise it. Failure to adhere to these FOCI mitigation restrictions could result in the discontinuation of DataPath's Facility Security Clearance, adversely impacting DataPath's ability to perform on classified contracts. This could have a significant negative effect on our business operations, financial condition, and results of operations.

We are dependent on our management team, especially managers of our large entities around the world, as well as on our key employees, and the loss of one or more of them could harm our business and prevent us from implementing our business plan in a timely manner.

Our success depends in part upon the continued services of our executive officers and other key members of management, and especially managers of our large entities around the world. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives. Such changes in our executive management team may be disruptive to our business.

Our success also depends in part on sales, marketing and development personnel and our continuing ability to attract and retain highly qualified personnel, including with respect to our acquired companies. There is an increasing competition for the services of such personnel in Israel and elsewhere. The loss of the services of senior or mid-level management and qualified personnel and the failure to attract highly qualified personnel in the future may have a negative impact on our business. Moreover, our competitors may hire and gain access to the expertise of our former employees or our former employees may compete with us. There is no assurance that former employees will not compete with us or that we will be able to find replacements for departing key employees in the future.

We may be unable to adequately protect our proprietary rights, which may limit our ability to compete effectively.

Our business is based mainly on our proprietary technology and related products and services. We establish and protect proprietary rights and technology used in our products by the use of patents, trade secrets, copyrights and trademarks. We also utilize non-disclosure and intellectual property assignment agreements. Because of the rapid technological changes and innovation that characterize the network communications industry (for example – shift to Cloud and 5G Non-Terrestrial Networks, or 5G NTN standards), our success will depend in large part on our ability to protect and defend our intellectual property rights. Our actions to protect our proprietary rights in our VSATs, hubs, SSPAs, and antenna technology, as well as other products may be insufficient to protect our intellectual property rights and prevent others from developing products similar to our products. In addition, the laws of many foreign countries do not protect our intellectual property rights to the same extent as the laws of the U.S., or we may have failed to enter into non-disclosure and intellectual property assignment agreements with certain persons, or the agreements we entered into may be found inadequate or we may encounter difficulties in enforcing our legal or contractual rights. If we are unable to protect our intellectual property, our ability to operate our business and generate expected revenues may be harmed.

Our international sales and business expose us to changes in foreign regulations and tariffs, tax exposures, inflation, political instability and other risks inherent to international business, any of which could adversely affect our operations.

We sell and distribute our products and provide our services internationally, particularly in the United States, Latin America, Asia, Asia Pacific and Europe. We also operate our business and manufacture our products internationally. A component of our strategy is to continue and expand in international markets. Our operations can be limited or disrupted by various factors known to affect international trade. These factors include the following:

- imposition of governmental controls, regulations and taxation which might include a government’s decision to raise import tariffs or license fees in countries in which we do business;
- government regulations that may prevent us from choosing our business partners or restrict our activities;
- the U.S. Foreign Corrupt Practices Act, or the FCPA, and applicable anti-corruption laws in other jurisdictions, which include anti-bribery provisions. Our policies mandate compliance with these laws. Nevertheless, we may not always be protected in cases of violation of the FCPA or other applicable anti-corruption laws by our employees or third-parties acting on our behalf. A violation of anti-corruption laws by our employees or third-parties during the performance of their obligations for us may have a material adverse effect on our reputation, operating results and financial condition;
- tax exposures in various jurisdictions relating to our activities throughout the world;
- political and/or economic instability in countries in which we do or desire to do business or where we operate or manufacture our products. Such unexpected changes could have an adverse effect on the gross margin of some of our projects. This includes similar risks from potential or current political and economic instability as well as volatility of foreign currencies in countries such as Israel, Peru, Colombia, Brazil, certain countries in Eastern Europe and East Asia and other countries in which we will conduct business in the future;
- difficulties in staffing and managing foreign operations that might mandate employing staff in various countries to manage foreign operations. This requirement could have an adverse effect on the profitability of certain projects;
- adverse economic conditions and general uncertainty about economic recovery or growth, including recession, depression and inflation concerns;
- longer payment cycles and difficulties in collecting accounts receivable;
- foreign exchange risks due to fluctuations in local currencies relative to the dollar;
- relevant zoning ordinances that may restrict the installation of satellite antennas and might also reduce market demand for our service. Additionally, authorities may increase regulation regarding the potential radiation hazard posed by transmitting earth station satellite antennas’ emissions of radio frequency energy that may negatively impact our business plan and revenues; and
- rising inflation may put upward pressure on interest rates, increase our exposure to currency exchange risks and cause an increase in our expenses, mainly related to costs of supplies and human resources, which could in turn adversely affect our business.

Any decline in commercial business in any country may have an adverse effect on our business as these trends often lead to a decline in technology purchases or upgrades by private companies. We expect that in difficult economic periods, countries in which we do business will find it more difficult to raise financing from investors for the further development of the telecommunications industry and private companies will find it more difficult to finance the purchase or upgrade of our technology. Any such changes could adversely affect our business in these and other countries.

We also have facilities for research and development and manufacturing of components for our low-profile antennas at a single location in Bulgaria as well as research and development centers in Moldova, Poland and Spain and research and development, engineering and manufacturing facilities in California, and Texas which include the engineering centers of SBS, our newly acquired subsidiary. Fire, natural disaster, lockdowns, or any other cause of material disruption in our operations in any of these locations could have a material adverse effect on our business, financial condition and operating results.

Unfavorable global and regional economic, political and health conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by global or regional economic, political and health conditions. A global financial crisis or global or regional political and economic instability (including changes in inflation, interest rates and overall economic conditions and uncertainties), wars, terrorism (such as, the October 7th terror attack on Israel by Hamas and the war and hostilities that followed between Israel, Hamas, Hezbollah, the Houthi movement and Iran), civil unrest, outbreaks of disease (for example, COVID-19), and other unexpected events, such as supply chain constraints or disruptions, could cause extreme volatility, increase our costs and disrupt our business. Business disruptions could include, among others, disruptions to our commercial activities, including due to supply chain or distribution constraints or challenges, as well as temporary closures of our facilities and the facilities of suppliers or contract manufacturers in our supply chain. For example, these macroeconomic factors could affect the ability of our current or potential future manufacturers, sole source or single source suppliers, licensors or licensees to remain in business, or otherwise manufacture or supply components, materials or services relevant to our products. Any failure by any of them to remain in business could affect our ability to manufacture products or meet demand for our products. In addition, if inflation or other factors were to significantly increase our business costs, we may be unable to pass through price increases to our customers. Interest rates and the ability to access credit markets could also adversely affect the ability of our customers to purchase our products.

Also, as a result of the current geopolitical tensions and conflict between Russia and Ukraine, and the invasion by Russia of Ukraine, the governments of the United States, EU, Japan and other jurisdictions have announced the imposition of sanctions on certain industry sectors and parties in Russia and certain impacted regions, as well as enhanced export controls on certain products and industries. These and any additional sanctions and export controls, as well as any counter responses by the governments of Russia or other jurisdictions, could adversely affect, directly or indirectly, the global supply chain, with negative implications on the availability and prices of raw materials and components, as well as the on global financial markets and financial services industry.

We are impacted by inflationary increases in wages, benefits and other costs. In all countries in which we operate, wage and benefit inflation, whether driven by competition for talent, or ordinary course pay increases and other inflationary pressure, may increase our cost of providing services and reduce our profitability. Furthermore, as a result of our global operations, wage increases in emerging markets may increase at a faster rate than wages in developed markets, which increases our exposure to inflation risks. If we are not able to pass increased wages and other costs resulting from inflation onto our clients, our profitability may decline.

Damage to our public image and reputation could adversely impact our results of operations and financial position.

Our public image and reputation are important to maintaining our strong brands. Our results of operations and financial position could be adversely impacted by a negative perception regarding our products or company practices, positions or public statements, even if unfounded, negative claims and comments in social media or the press or a data breach.

Furthermore, stakeholders are increasingly scrutinizing companies' environmental, social and governance (“ESG”) practices, and stakeholders’ expectations regarding ESG practices are diverse and rapidly changing. We may not be able to align our ESG practices with such evolving expectations within the timeframes expected by stakeholders or without incurring significant costs. In addition, we may not be able to achieve our aspirational goals related to our ESG initiatives, which are and may continue to be impacted by many complexities and variables, such as renewable energy infrastructure and availability, changes to the labor market, a challenging economic environment, changes to our operations, changes to our portfolio of businesses via acquisitions or divestitures, and adjustments to our job levels and managerial headcount. A failure or perceived failure by us in this regard may damage our reputation and adversely impact our results of operations and financial position.

We may face difficulties in obtaining regulatory approvals for our telecommunication services and products, which could adversely affect our operations.

Certain of our telecommunication operations and connectivity products require licenses and approvals by the Israeli Ministry of Communication, the Federal Communications Commission in the U.S., or FCC, and by regulatory bodies in other countries. In Israel, the U.S. and other countries, the operation of satellite earth station facilities and VSAT systems such as ours are prohibited except under licenses issued by the Israeli Ministry of Communication, the FCC in the U.S., and other regulatory bodies in other countries. Our airborne products require licenses and approvals by the Federal Aviation Agency, or FAA, or the Luftfahrt-Bundesamt, or LBA and the European Union Aviation Safety Agency, or EASA, or other regional aviation authorities which are obtained by our customers, Wavestream, or SBS our subsidiaries. We must also obtain approval of the regulatory authority in each country in which we propose to provide network services or operate VSATs or connectivity terminals. The approval process in Latin America and elsewhere can often take a substantial amount of time and require substantial resources.

In addition, any licenses and approvals that are granted may be subject to conditions that may restrict our activities or otherwise adversely affect our operations. Also, after obtaining the required licenses and approvals, the regulating agencies may, at any time, impose additional requirements on our operations. Failure to obtain the required license where such license is required may result in high monetary and other penalties. We cannot assure you that we will be able to comply with any new requirements or conditions imposed by such regulating agencies on a timely or economically efficient basis.

Our products are also subject to requirements to obtain certification of compliance with local regulatory standards. Delays in receiving such certification could also adversely affect our operations.

Currency exchange rates and fluctuations of currency exchange rates may adversely affect our results of operations, liabilities, and assets.

Currency exchange rates and fluctuations may adversely affect our results of operations, liabilities, and assets. Operating in several countries, we are impacted by various currency exchange rates. Although partially mitigated by hedging activities, we are affected in several ways:

- A significant portion of our expenses, mainly salaries, are incurred in NIS and other non-U.S. dollar currencies, while we report in U.S. dollars and generate significant revenue in U.S. dollars. Recent years have seen both revaluation and devaluation trends of the U.S. dollar against the NIS. Failure to hedge properly can increase the U.S. dollar value of our expenses in Israel, adversely affecting our results.

- Some international sales are denominated in non-U.S. dollar currencies, including but not limited to the Euro, Israeli Shekel, Peruvian Sol, Brazilian Real, exposing us to devaluation risks relative to the dollar, which could negatively impact our revenues.

- We have assets and liabilities in non-U.S. dollar currencies, so significant fluctuations in these currencies could affect our results.

- A portion of our U.S. dollar revenues comes from customers operating in different local currencies. Devaluation of these local currencies relative to the U.S. dollar could lead to order cancellations, decreased orders, or delayed payments.

We also face other foreign currency risks, including repatriation restrictions in certain countries, particularly in Latin America. While we enter hedging transactions to limit the impact of currency fluctuations, these may only provide partial protection, leaving some exchange rate-related losses and risks uncovered. Therefore, our business and profitability may be harmed by such fluctuations.

We may not be compliant, currently or in the future, with the requirements for Benefited Enterprise status and may be denied benefits. Israeli government programs and tax benefits may be terminated or reduced in the future.

We participate in programs of the Israel Innovation Authority and the Israel Authority for Investments and Development of the Industry and Economy, for which we receive tax and other benefits as well as funding for the development of technologies and products. Our company chose 2011 as the year of election in order to receive tax benefits as a “Benefited Enterprise”. Our period of benefits as a Benefitted Enterprise under the 2011 election expired in 2023. From time to time, the government of Israel has discussed reducing or eliminating the benefits available under such programs, and therefore these benefits may not be available in the future at current levels or at all.

We may be subject to claims by third parties alleging that we infringe intellectual property owned by them. We may be required to commence litigation to protect our intellectual property rights. Any intellectual property litigation may continue for an extended period and may materially adversely affect our business, financial condition and operating results.

There are numerous patents, both pending and issued, in the network communications industry. We may unknowingly infringe on a patent and may be notified of claims that we are infringing on third-party intellectual property rights. While we do not believe we have infringed in the past or are currently infringing, we cannot assure you that we will not face such claims or that damages will not be awarded against us.

We may also need to litigate to protect our intellectual property rights, determine the validity and scope of others' proprietary rights, or defend against claims of invalidity or infringement. An adverse litigation result could force us to pay substantial damages, stop using certain technologies, spend significant resources to develop alternatives, obtain licenses, or compensate our customers. We may not be able to develop alternative technology or find licenses on satisfactory terms. Such litigation could result in substantial costs, diversion of resources, and materially affect our business, financial condition, and operating results.

Potential liability claims relating to our products or services could have a material adverse effect on our business.

We may be subject to liability claims relating to the products we sell or services we provide. Potential liability claims could include, among others, claims for exposure to electromagnetic radiation from the antennas we provide or use. We endeavor to include in our agreements with our business customers provisions designed to limit our exposure to potential claims. We also maintain a product liability insurance policy. However, we may fail to include limitations of our liability in our contracts, or our contractual limitations of liability may be rejected or limited in certain jurisdictions. Additionally, our insurance does not cover all relevant claims, such as claims for exposure to electromagnetic radiation, and does not provide sufficient coverage. To date, we have not been subject to any material product liability claim. Our business, financial condition and operating results could be materially adversely affected if costs resulting from future claims are not covered by our insurance or exceed our coverage.

Environmental laws and regulations may subject us to significant liability.

Our operations are subject to various Israeli, U.S. federal, state and local as well as certain other foreign environmental laws and regulations within the countries in which we operate relating to the discharge, storage, treatment, handling, disposal and remediation of certain materials, substances and wastes used in our operations.

New laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements may require us to incur a significant amount of additional costs in the future and could decrease the amount of cash flow available to us for other purposes, including capital expenditures, research and development and other investments and could have a material adverse effect on our business, financial condition, results of operations, cash flows and future prospects. We may identify deficiencies in our compliance with local legislation within countries in which we operate. Failure to comply with such legislation could result in sanctions by regulatory authorities and could adversely affect our operating results. Examples of these laws and regulations include the E.U. Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive, and the E.U. Waste Electrical and Electronic Equipment Directive.

Risks Related to Ownership of Our Ordinary Shares

If we are unable to maintain effective internal control over our financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the reliability of our financial statements may be questioned, and our share price may suffer.

The Sarbanes-Oxley Act of 2002 imposes certain duties on us and on our executives and directors. To comply with this statute, we are required to document and test our internal control over financial reporting, and our independent registered public accounting firm must issue an attestation report on our internal control procedures, and our management is required to assess and issue a report concerning our internal control over financial reporting. We incur general and administrative expenses due to our efforts to comply with these requirements as well as diversion of management time and attention, and we expect these efforts to require the continued commitment of significant resources. We identified material weaknesses in our internal control over financial reporting as of December 31, 2021, with respect to revenue recognition relating to our regional projects in Peru. While in 2022, we implemented a remediation plan to improve our internal controls and procedures, we may in the future identify material weaknesses or significant deficiencies in our assessments of our internal controls over financial reporting. Failure to maintain effective internal control over financial reporting could result in investigation or sanctions by regulatory authorities, and could adversely affect our operating results, investor confidence in our reported financial information and the market price of our ordinary shares.

Our share price has been highly volatile and may continue to be volatile and decline.

The trading price of our shares as well as the market generally has fluctuated widely in the past and may continue to do so in the future as a result of a number of factors, many of which are outside our control. During the period from January 2, 2024, to March 19, 2025, our ordinary shares traded in a range from $4.07 to a high of $7.78, based on the closing price, and the daily trade volume on NASDAQ ranged from 42,087 shares to 3,216,372 shares. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many technology companies, particularly telecommunication and internet related companies, and that have often been unrelated or disproportionate to the operating performance of these companies or stimulated by market rumors. These broad market fluctuations could adversely affect the market price of our shares. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. Securities class action litigation against us could result in substantial costs and a diversion of our management's attention and resources.

Our operating results may vary significantly from quarter to quarter and from year to year and these quarterly and yearly variations in operating results, as well as other factors, may contribute to the volatility of the market price of our shares.

Our operating results have and may continue to vary significantly from quarter to quarter. The causes of fluctuations include, among other things:

- the timing, size and composition of requests for proposals or orders from customers;
- the timing of introducing new products and product enhancements by us and the level of their market acceptance;
- the mix of products and services we offer;
- the level of our expenses;
- the changes in the competitive environment in which we operate; and
- our ability to supply the goods ordered within the quarter.

The quarterly variation of our operating results, may, in turn, create volatility in the market price for our shares. Other factors that may contribute to wide fluctuations in our market price, many of which are beyond our control, include, but are not limited to:

- economic instability;
- announcements of technological innovations;
- customer orders or new products or contracts;
- competitors' positions in the market;
- changes in financial estimates by securities analysts;
- conditions and trends in the VSAT and other technology industries relevant to our businesses;
- our earnings releases and the earnings releases of our competitors; and
- the general state of the securities markets (with particular emphasis on the technology and Israeli sectors thereof).

In addition to the volatility of the market price of our shares, the stock market in general and the market for technology companies in particular has been highly volatile and at times thinly traded. Investors may not be able to resell their shares during and following periods of volatility.

We may in the future be classified as a passive foreign investment company, or PFIC, which would subject our U.S. investors to adverse tax rules.

U.S. holders of our ordinary shares may face income tax risks. There is a risk that we will be treated as a "passive foreign investment company" in the future. Our treatment as a PFIC could result in a reduction in the after-tax return to the holders of our ordinary shares and would likely cause a reduction in the value of such shares. A foreign corporation will be treated as a PFIC for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of "passive income," or (2) at least 50% of the average value of the corporation's gross assets are of a type that produces, or is held for the production of, such types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income". If we are treated as a PFIC, U.S. Holders of shares (or rights) would be subject to a special adverse U.S. federal income tax regime with respect to the distributions they receive from us, and the gain, if any, they derive from the sale or other disposition of their ordinary shares (or rights). In particular, any dividends paid by us, if any, would not be treated as "qualified dividend income" eligible for preferential tax rates in the hands of non-corporate U.S. shareholders, and could be subject to an "interest" charge under the "excess distributions regime". We believe that we were not a PFIC for the 2022, 2023 or 2024 taxable years. However, since PFIC status depends upon the composition of our income and the market value of our assets from time to time, there can be no assurance that we will not become a PFIC in any future taxable year. Our treatment as a PFIC could result in a reduction in the after-tax return to the holders of our ordinary shares and would likely cause a reduction in the value of such shares. U.S. Holders should carefully read Item 10E. "Additional Information – Taxation" for a more complete discussion of the U.S. federal income tax risks related to owning and disposing of our ordinary shares (or rights).

Future sales of our ordinary shares and the future exercise of options may cause the market price of our ordinary shares to decline and may result in a substantial dilution.

In July 2022, we filed a shelf registration statement with the Securities and Exchange Commission allowing for our issuance and sale of up to $150 million of ordinary shares and other securities. In addition, in the past our significant shareholders sold a significant amount of shares. We cannot predict what effect, if any, future sales of our ordinary shares by our significant shareholders, or the availability for future sale of our ordinary shares, including shares issuable upon the exercise of our options, will have on the market price of our ordinary shares.

Sales of substantial amounts of our ordinary shares in the public market by our company or our significant shareholders, or the perception that such sales could occur, could adversely affect the market price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price you deem appropriate.

Certain of our shareholders beneficially own a substantial percentage of our ordinary shares.

The Phoenix Holdings Ltd., or Phoenix, our largest shareholder, holds approximately 18.56% of our outstanding ordinary shares. This concentration of ownership of our ordinary shares could delay or prevent mergers, tender offers, or other purchases of our ordinary shares that might otherwise give our shareholders the opportunity to realize a premium over the then-prevailing market price for our ordinary shares. This concentration could also accelerate these same transactions in lieu of others depriving shareholders of opportunities. This concentration of ownership may also cause a decrease in the volume of trading or otherwise adversely affect our share price.

No assurance can be given that we will distribute dividends in the future.

In April 2019 we distributed a cash dividend in the amount of $0.45 per share (approximately $24.9 million in the aggregate). Following receipt of the settlement amount from Comtech in December 2020, we distributed a cash dividend of $0.36 per share and in January 2021 (following the receipt of court approval) we distributed a cash dividend of $0.63 per share (approximately $20 million and $35 million, respectively). We have not adopted a general policy regarding the distribution of dividends and make no statements as to the distribution of dividends in the foreseeable future. The terms of some of our financing arrangements require us to meet certain financial covenants regarding minimum cash balance and the distribution of dividends requires prior approval of certain banks which provide us with credit facilities and guarantees. Any future dividend distributions are subject to the discretion of our board of directors and will depend on various factors, including our operating results, future earnings, capital requirements, financial condition, and tax implications of dividend distributions on our income, future prospects and any other factors deemed relevant by our board of directors. The distribution of dividends is also limited by Israeli law, which permits the distribution of dividends by an Israeli corporation only out of its retained earnings as defined in Israel's Companies Law, 5759-1999, or the Companies Law, provided that there is no reasonable concern that such payment will cause us to fail to meet our current and expected liabilities as they become due, or otherwise with the court's approval (as we obtained for the January 2021 dividend). You should not invest in our company if you seek a secured dividend income from your investment. For information regarding taxation of dividend, see ITEM 10.E – "Additional Information - Taxation - Israeli Tax Consequences of Holding Our Shares - Dividends".

Our ordinary shares are traded on more than one market and this may result in price variations.

Our ordinary shares are traded on the NASDAQ Global Select Market and on the TASE. Trading in our ordinary shares on these markets is made in different currencies (U.S. dollars on the NASDAQ Global Select Market, and NIS on the TASE), and at different times (resulting from different time zones, different trading days and different public holidays in the U.S. and Israel). Consequently, the trading prices of our ordinary shares on these two markets often differ. Any decrease in the trading price of our ordinary shares on one of these markets could cause a decrease in the trading price of our ordinary shares on the other market.

Risks Related to Our Location in Israel

Political and economic conditions in Israel, including the ongoing war and hostilities between Israel and Hamas, the Houthi movement and Iran, may limit our ability to produce and sell our products. This could have a material adverse effect on our operations and business condition, harm our results of operations and adversely affect our share price.

We are incorporated under the laws of the State of Israel, where we also maintain our headquarters and most of our manufacturing and research and development facilities. As a result, political, economic and military conditions affecting Israel directly influence us. Any major hostilities involving Israel, a full or partial mobilization of the reserve forces of the Israeli army, the interruption or curtailment of trade or air traffic between Israel and its trading partners, or a significant downturn in the economic or financial condition of Israel could adversely affect our business, financial condition and results of operations.

In October 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. Since the war in Gaza with Hamas commenced, the Israel Defense Force, or the IDF, has called up more than 350,000 of its reserve forces to serve. A small number of our management and non-management employees have been called to serve. In addition, the family members of many of our Israeli team members were called to serve in the IDF. Our operations could be disrupted by a significant absence of one or more of our key employees or a significant number of other employees.

Following the attack by Hamas on Israel’s southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in Israel. In response to these attacks, the IDF has carried out a military operation in Lebanon, including raids on territories controlled by Hezbollah in Lebanon and strikes on sites belonging to Hezbollah in Lebanon. On a separate border, Israel was required to take limited preemptive military actions in Southern Syria in light of the fall of the Assad regime and the takeover of Syria by the Syrian rebels.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region could negatively affect our business conditions and harm our results of operations.

The intensity and duration of Israel’s current military endeavors in multiple fronts are difficult to predict, as are the economic implications on our business and operations in particular and on Israel's economy in general.

Conflicts in North Africa and the Middle East, have resulted in continued political uncertainty and violence in the region. Efforts to improve Israel's relationship with the Palestinian Authority have failed to result in a permanent solution, and there have been numerous periods of hostility in recent years. In addition, relations between Israel and Iran continue to be seriously strained, especially following Iran's missile attacks on Israel during 2024 and Israel's counterattacks in Iran, Iran's nuclear program and targeted cyber-attacks against Israeli entities. Such instability may affect the economy, could negatively affect business conditions and, therefore, could adversely affect our operations. Furthermore, the ongoing conflict in Yemen, particularly the Houthi rebel group's missile attacks on Israel and on commercial vessels in the Red Sea, presents another layer of risk. These incidents, which have led major shipping companies to avoid the area, could disrupt global trade routes and potentially impact our supply chain or delivery timelines. To date, these matters have not had any material effect on our business and results of operations; however, the regional security situation and worldwide perceptions of it are outside our control and there can be no assurance that these matters will not negatively affect our business, financial condition and results of operations in the future.

The Abraham Accords signed since September 2020 between Israel and the UAE, Morocco, Sudan and Bahrain have opened new markets for the company that were historically inaccessible, but there are a number of countries, primarily in the Middle East, as well as Malaysia and Indonesia that restrict business with Israel or Israeli companies, and we are precluded from marketing our products to these countries directly from Israel. Restrictive laws or policies directed towards Israel or Israeli businesses may have an adverse impact on our operations, our financial results or the expansion of our business. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods. Such actions, particularly if they become more widespread, may adversely impact our ability to sell our products.

Furthermore, the Israeli current elected government is pursuing extensive changes to Israel's judicial system. Actual or perceived instability with respect to the current public dispute over changes to the Israeli legal systems or the impact thereof, may individually or in the aggregate adversely affect the Israeli economy and our ability to do business, financial condition, results of operations, growth prospects, and share price.

Your rights and responsibilities as a shareholder are governed by Israeli law and differ in some respects from those under Delaware law.

Because we are an Israeli company, the rights and responsibilities of our shareholders are governed by our Articles of Association and by Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in a Delaware corporation. In particular, a shareholder of an Israeli company has a duty to act in good faith towards the company and other shareholders and to refrain from abusing his, her or its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable to shareholder votes on, among other things, amendments to a company's articles of association, increases in a company's authorized share capital, mergers and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness towards the company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

As a foreign private issuer whose shares are listed on the NASDAQ Global Select Market, we follow certain home country corporate governance practices instead of certain NASDAQ requirements, which may not afford shareholders with the same protections that shareholders of domestic companies have.

As a foreign private issuer whose shares are listed on the NASDAQ Global Select Market, we are permitted to follow certain home country corporate governance practices instead of certain requirements of The NASDAQ Marketplace Rules. We follow Israeli law and practice instead of The NASDAQ Marketplace Rules with respect to the director nominations process and the requirement to obtain shareholder approval for the establishment or material amendment of certain equity-based compensation plans and arrangements. As a foreign private issuer listed on the NASDAQ Global Select Market, we may also follow home country practice with regard to, among other things, the requirement to obtain shareholder approval for certain dilutive events (such as for an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company). A foreign private issuer that elects to follow a home country practice instead of NASDAQ requirements must submit to NASDAQ in advance a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. In addition, a foreign private issuer must disclose in its annual reports filed with the SEC each such requirement that it does not follow and describe the home country practice followed by the issuer instead of any such requirement. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

You may not be able to enforce civil liabilities in the U.S. against our officers and directors.

We are incorporated in Israel. All of our directors and executive officers reside outside the U.S., and a significant portion of our assets and the personal assets of most of our directors and executive officers are located outside the U.S. Therefore, it may be difficult to effect service of process upon any of these persons within the U.S. In addition, a judgment obtained in the U.S. against us, or against such individuals, including but not limited to judgments based on the civil liability provisions of the U.S. federal securities laws, may not be collectible within the U.S.

Additionally, it may be difficult for an investor or any other person or entity, to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws on the ground that Israel is not the most appropriate forum in which to bring such a claim. Even if an Israeli court agrees to hear a claim, it may determine that Israeli law is applicable to the claim. Certain matters of procedures will also be governed by Israeli law.

Under current Israeli law, U.S. law and the laws of other jurisdictions, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We currently generally include non-competition clauses in the employment agreements of our employees in certain regions. The provisions of such clauses prohibit our employees, if they cease working for us, from directly competing with us or working for our competitors for a certain period of time. Israeli labor courts have required employers, seeking to enforce non-compete undertakings against former employees, to demonstrate that the competitive activities of the former employee will cause harm to one of a limited number of material interests of the employer recognized by the courts (for example, the confidentiality of certain commercial information or a company's intellectual property). In the event that any of our employees chooses to leave and work for one of our competitors, we may be unable to prevent our competitors from benefiting from the expertise of our former employee obtained from us, if we cannot demonstrate to the court that our interests as defined by case law would be harmed. Non-competition clauses may be unenforceable or enforceable only to a limited extent in other jurisdictions as well.

ITEM 4: INFORMATION ON THE COMPANY

A. History and Development of the Company

We were incorporated in Israel in 1987 and are subject to the laws of the State of Israel. We are a public limited liability company under Israel's Companies Law and operate under that law and associated legislation. Our corporate headquarters, executive offices and main research and development and engineering facilities, as well as facilities for product assembly are located at Gilat House, 21 Yegia Kapayim Street, Kiryat Arye, Petah Tikva 4913020, Israel. Our telephone number is (972) 3-925-2000. Our address in the U.S. is c/o Wavestream Corporation at 545 West Terrace Drive, San Dimas, California 91773. Our website address is www.gilat.com. The information on our website, or that can be accessed through, is not incorporated by reference into this Annual Report.

We are a leading global provider of satellite-based broadband communications. We design and manufacture ground-based satellite communications equipment and provide comprehensive solutions and end-to-end services powered by our innovative technology. Our portfolio includes a cloud-based satellite network platform, VSAT terminals, amplifiers, high-speed modems, high-performance on-the-move antennas, IFC ESA antennas, high efficiency, high power SSPA amplifiers, BUCs and transceivers. Our comprehensive solutions support multiple applications with a full portfolio of products to address key applications including broadband internet access, cellular backhaul, enterprise, social inclusion solutions, In-Flight Connectivity, maritime, trains, defense, and public safety, all while meeting stringent service level requirements. We also provide connectivity services, internet access and telephony to enterprise, government and residential customers over networks built using our own equipment and over other networks that we install, mainly based on BOT and BOO contracts. We build telecommunication infrastructure in these projects, typically using fiber-optic and wireless technologies for broadband connectivity. Following the acquisition of DataPath, our newly owned subsidiary, our portfolio also includes defense ground systems, and field services.

Our products are primarily sold to satellite operators, communication service providers, MNOs and system integrators that use satellite communications for their customers and to government organizations and system integrators that use our technology. We are particularly active in the following market sectors: enterprise and government broadband applications, consumer broadband access, cellular connectivity, national telecommunication connectivity, defense and homeland security and mobility applications for air, land and sea. We provide services directly to end-users in various market sectors including in certain countries in Latin America and provide managed network services in certain countries, such as Australia, Peru, Mexico, Philippines and the U.S., over a satellite network owned by a third party. We have sales and support offices worldwide, three network operations centers and R&D centers in Israel, the U.S. and Europe.

We shipped our first generation VSAT in 1989 and since then, we have been among the technological leaders in the satellite ground equipment industry. Our continuous investment in research and development has resulted in the development of new and industry leading products and our intellectual property portfolio includes 68 issued patents (50 U.S. and 18 foreign) relating to our VSAT and other systems as well as 9 issued patents in the U.S. relating to our satellite communication on the move antenna solutions and 13 issued patents (3 U.S. and 10 foreign) for our high power SSPAs.

On June 17, 2024, we, through our subsidiary Wavestream Corporation entered into a Membership Interest Purchase Agreement with Stellar Blu Solutions LLC, a leading U.S. based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the Purchase Agreement, Wavestream agreed to purchase from the sellers 100% of the membership interests of SBS.

The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98 million ($108 million as adjusted), was funded through a combination of existing cash resources, and $60 million from a new secured credit line we entered into with HSBC Bank USA, NA and Bank Hapoalim B.M., as described below. The total cash consideration in connection with the acquisition may increase by up to an additional $147 million payable in cash subject to achievement of future performance milestones.

In connection with the consummation of the acquisition, we entered into a senior secured credit agreement with HSBC Bank USA, NA and Bank Hapoalim B.M., as lenders, and with HSBC Bank USA, NA, as Administrative Agent and Sole Lead Arranger and Sole Bookrunner. We used $60 million of the credit facility to fund a portion of the initial cash consideration required to close the SBS acquisition and may draw down additional amounts from the credit facility to fund potential future performance milestone payments under the terms of the purchase agreement. The credit agreement contains a number of covenants that, under certain circumstances may limit us and Wavestream's ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness and make dividends and other distributions. The loan matures on January 6, 2028.

On March 8, 2023, we signed a definitive agreement to acquire 100% of the shares of DataPath, Inc., a U.S.-based expert systems integrator in trusted communications for the U.S. DoD Military and Government sectors. We completed the acquisition in November 2023, following the receipt of certain regulatory approvals, including the receipt of clearance of the Committee on Foreign Investment in the United States or CFIUS.

B. Business Overview

We are a leading provider of ground-based satellite communications and other network communications solutions and services. We believe in the right of all people to be connected. Our mission is to create and deliver deep technology solutions for satellite, ground and new space connectivity.

We design and manufacture ground-based satellite networking communications equipment, which we sell to our customers either as network components (modems, BUCs, antennas) or as complete network solutions (which include hubs and related terminals and services) or turnkey projects. We develop the equipment that includes commercial VSAT systems, defense and homeland security satellite communications systems, SSPAs, BUCs, transceivers, low-profile antennas, IFC ESA antennas, on-the-Move and on-the-Pause terminals and modems. Our equipment is used by satellite operators, service providers, telecommunications operators, MNOs, system integrators, government and defense organizations, large corporations and enterprises. We sell and distribute our products and provide our services internationally in Latin America, Asia, Asia Pacific, North America, Africa, and Europe. In particular, we provide connectivity services, internet access and telephony, to enterprise, government and residential customers over our own networks, built using both our equipment and equipment purchased from other manufacturers in various technologies and over other networks that we install, mainly based on BOT and BOO contracts. We build telecommunication infrastructure in these projects, typically using fiber-optic and wireless technologies for broadband connectivity. We also provide NOC services and hub services. Following the acquisition of DataPath, our newly owned subsidiary, our portfolio also includes defense ground systems and field services.

We have diversified revenue streams that result from both sales of products, which include construction of networks, and services. In the year ended December 31, 2024, approximately 63% of our revenues were derived from sales of products and 37% from services. During the same period, we derived 48%, 17% and 5% of our revenues from the U.S., Peru and Israel, respectively.

Industry Overview

There is a global demand for satellite-based communications solutions for several reasons. Primarily, satellite-based communication is still truly ubiquitous networking solution. Secondly, satellite communications are readily available anywhere as compared to alternative terrestrial communications networks. Lastly, satellite communications solutions offer rapidly deployed secure broadband connectivity and broadband communications on the move.

A two-way broadband satellite communications solution is comprised of the following elements:

- Communications satellite – a satellite in geostationary orbit (synchronized with the earth's orbit) or NGSO (MEO or LEO).

- Satellite communications ground station equipment – These are devices that have a combination of data communications and Radio Frequency, or RF elements designed to deliver data via communication satellites. Examples of ground station equipment are remote site terminals, such as VSATs, central hub station systems, amplifiers, BUCs and antennas.

- A VSAT is comprised of the following elements:

  - Modem – This is the device that modulates the digital data into an analog RF signal for delivery to the upconverter and demodulates the analog signals from the downconverter back into digital data. The modem, which is typically located indoors, performs data processing functions such as traffic management and prioritization and provides the digital interfaces (Ethernet port/s) for connecting to the user's equipment (PC, switch, etc.).

  - Amplifiers and BUCs – These are the components that connect the ground station equipment with the antenna. The purpose of the amplifiers and BUCs is to amplify the power and convert the frequency of the transmitted RF signal.

  - Antenna – Antennas can vary quite significantly in size, power and complexity depending on the ground equipment they are connected to, and their application. For example, antennas connected to remote sites generally are in the range of one meter in diameter while those connected to the central hub system can be in the range of ten meters in diameter. Antennas used on moving platforms need to be compact and have a mechanically or electronically auto-pointing mechanism so that they can remain locked onto the satellite during motion.

Broadband satellite networks are comprised of ground stations at multiple locations that communicate through a satellite, providing continent-wide wireless connectivity. Satellite broadband networks are used to provide a variety of traffic types such as broadband data, video and voice. The value chain of satellite network services consists of the following main elements: Satellite Manufacturers, Satellite Operators, Ground Equipment Providers, Communication Service Providers (CSPs), System Integrators, and End-users.

Satellite operators provide satellite capacity (a portion of the satellite's bandwidth and power which is used to establish one or more communication channels). A typical GEO satellite can cover a geographic area the size of the continental U.S. or larger. NGSO satellite constellations are global and can cover most of the earth area. The satellite receives information from the ground station equipment, amplifies it and transmits it back to earth on a different frequency. Satellite operators sell the capacity in a variety of leasing agreements to their customers. Our technology is compatible with GEO and NGSO satellites, C band, Ku band, Ka-band, MIL Ka and satellites including special extended C-band and extended Ku-band satellites. Some of the leading satellite operators are Intelsat, SES, Telesat, Hispasat and Eutelsat. New large NGSO satellite constellation operators include SES (O3b mPOWER), SpaceX (Starlink), Amazon (Kuiper), Telesat (Lightspeed), and Eutelsat OneWeb.

Ground equipment providers manufacture network equipment for both satellite communications networks and broadcast markets. Satellite communications systems connect a large central earth station, called a hub, with multiple remote sites equipment, called VSATs (ranging from tens to thousands of sites), which communicate via satellite. We are a leading ground equipment provider for hubs, VSATs, high-power amplifiers and low-profile antennas for satellite communications on-the-move.

Communication service providers buy equipment from ground equipment providers, install and maintain such equipment, lease capacity from satellite operators and sell a full package of communication services to the end user. Several satellite operators have diversified their portfolio by incorporating managed services, thereby entering direct competition with traditional communication service providers.

System integrators are companies that provide customized solutions to end users by integrating the necessary equipment and services. For example, defense organizations often work with specialized system integrators that integrate various components, such as power amplifiers and low-profile antennas, into a satellite terminal.

End users are customers that use satellite communications equipment and services. Examples of end users range from enterprises to government ministries and defense organizations, to residential consumers.

Satellite broadband networks are typically systems deployed in a hub-and-spoke configuration, with remote locations connecting via satellite to a central hub station. Satellite communications networks have a diverse range of uses and applications, and provide communication services as a stand-alone, alternative, or complementary service to terrestrial networks.

We believe that the advantages of satellite communications networks include:

- Universal availability – Satellite communications provide service to any location within a satellite footprint.
- Timely implementation – Large satellite communications networks with thousands of remote sites can be deployed within a few weeks.
- Broadcast and multicast capabilities – Satellite is an optimal solution for broadcast and multicast transmission as the satellite signal is simultaneously received by any group of users in the satellite footprint.
- Reliability and service availability – Satellite communications network availability is high due to the satellite and ground equipment reliability, the small number of components in the network and terrestrial infrastructure independence.
- Scalability – Satellite communications networks scale easily from a single site to thousands of locations.
- Cost-effectiveness – The cost of satellite communications networks is independent of distance and therefore it is a cost-effective solution for networks comprised of multiple sites in remote locations.
- Applications delivery – Satellite communications networks offer a wide variety of customer applications such as e-mail, virtual private networks, video, voice, internet access, distance learning, cellular backhaul and financial transactions.
- Portability and Mobility – Satellite communications solutions can be mounted on moving platforms for communications on the move or deployed rapidly for communications in fixed locations and then relocated or moved as required.

Given the technological and implementation benefits afforded by satellite communications networks, we believe that the market for satellite communications products and services will continue to grow. According to a 2024 report from Analysys Mason (formerly NSR), a leading international telecom market research and consulting firm, the revenue growth for broadband equipment (VSAT, IFC ESA Antennas and RF Chains), is expected to grow at a compounded annual growth rate, or CAGR, of 12% through 2033.

Further, according to the 2024 Analysis Mason report, aggregated satellite capacity has grown significantly in recent years and is forecast to grow further in the coming years. According to the report, the growing availability of satellite capacity has resulted in significant reduction in the cost of satellite capacity.

In addition, satellite communication is an effective solution for mobility, especially for maritime applications and for international flights.

New communications networks that integrate satellites operating in low or medium earth orbits have been launched and additional ones are scheduled to be launched in the coming years and are forecasted to account for a significant portion of the aggregated satellite capacity and of the equipment unit shipments to broadband satellite sites, platforms and subscribers.

The availability of auto-pointing satellite antennas designed for in-motion two-way communications has created market demand from both commercial and government/defense segments. These antennas are usually mounted on a moving platform (airplane, boat, train, unmanned aerial vehicles, or UAVs) and connected to a satellite terminal within or on the platform. An important requirement for these applications is that they have light-weight and low-profile antennas, to minimize air drag and fuel consumption. We believe that the demand for light-weight, low-profile antenna systems will increase as well.

Another important requirement emerging is for next generation SSPA’s able to provide high output power, greater efficiency and field-proven reliability in smaller, lighter weight product packages suitable for fixed, mobile, and airborne antenna systems. These amplifiers designed and thoroughly tested for use in extreme environments, help provide uninterrupted connectivity to support mission-critical defense operations, as well as demanding inflight connectivity and consumer broadband applications.

There are six primary market categories that require broadband satellite products and services:

Enterprise. End-users include large companies and organizations, Small Medium Enterprises, or SMEs, and Small Office/Home Office (SOHO) users. For enterprises, satellite communications networks offer network connectivity and deliver voice, data and video within corporations (known as corporate intranets), internet access, transaction-based- connectivity that enables online data delivery such as -point-of-sale- (credit and debit card authorization), inventory control and real time stock exchange trading.

Cellular Backhaul. Cellular networks comprised of backhaul connections to connect the cellular base stations that serve multiple customers. Cellular backhaul connectivity requires more demanding network performance. These requirements usually include a high level of quality of service, or QoS, high speed connectivity, and more control over the network. Satellite backhaul applications include both primary and backup connectivity.

Rural Telecommunications (digital inclusion). The rural telecommunications market is comprised of communities throughout the world that require telephone, and internet access in areas that are unserved or underserved by existing telecommunications services. These communication services are usually provided to the rural population via government subsidized initiatives. This market sector is comprised of "Build Operate" projects, in which governments subsidize the establishment and the operation of a rural network to be served by a satellite, wireless or cellular service provider that is usually selected in a bid process. In other instances, local communications operators have universal service obligations, which require them to serve rural areas lacking terrestrial infrastructure. Some local communications operators elect to fulfill this obligation by hiring third parties in a model known as BOT. In these instances, the network is established and made operational by a third-party service provider, which operates it for a certain period of time and then it is transferred to the operator.

Consumer. The consumer market consists of residential users. These users require a high-speed internet connection similar to a digital subscriber line, or DSL, or cable modem service. Internet connectivity in all reaches of the world is a means to provide equal opportunity to all and digital inclusion, which is part of our vision and mission.

Defense and Government. The defense and government sector consists of homeland security and military users. The versatility, reliability, and resiliency of satellite broadband networks, the in-motion low profile antennas and the lightweight SSPAs are a perfect fit for security and armed forces. For example, low power lightweight satellite communications systems can be quickly deployed in disaster areas, as a replacement for destroyed wireless or wire line networks, providing communication services to emergency personnel and law enforcement units.

Digital Inclusion - Another growing government-related market is the digital inclusion market, characterized by government initiatives providing internet connectivity to un-connected communities.

Mobility. The mobility market is comprised of on the move platforms, on land at sea and in the air, such as aircraft, ships, trains and vehicles, that require broadband connectivity. Satellite-based solutions for these platforms include ground network platform, modems, on-the-move antennas and transceivers.

In-Flight Connectivity. The In-Flight Connectivity, or IFC market addresses the growing demand for seamless internet access during air travel. As passenger expectations evolve, reliable and high-speed connectivity has become a critical component of the in-flight experience. IFC technology enables passengers to stay connected for work, entertainment, and communication, transforming air travel into a more productive and enjoyable experience. To that end, IFC service providers require transparent switchover between beams, satellites and gateways. Broadband solutions for IFC will often include high-performance modems, airborne transceivers, and antennas. Key end-users of IFC technology include commercial airlines, private jet operators, and business travelers who require uninterrupted internet access.

Our Competitive Strengths

We are a leading provider of satellite communication and networking products and services. Our competitive strengths include:

Market leadership in large and growing markets. Since our inception, we have sold more than 1.6 million satellite terminals (VSATs) and over 40,000 BUCs, SSPAs and Transceivers and many other products, to customers in approximately 100 countries. Our customer base includes a large number of satellite based- communications service providers, system integrators and operators worldwide. In addition, we are one of the largest satellite communications service providers to rural communities in Latin America.

Technology leadership. We have been at the forefront of satellite communications technology and services for nearly 40 years and continue to be an innovator and developer of new satellite technologies. Our customizable satellite communications technology enables us to provide a wide range of broadband, internet, voice, data and video solutions to our customers. We offer hubs and optimized satellite terminals (VSATs), which can attain a rate of up to 1.5 Gbps. Our product and operations infrastructure are capable of running hubs with greater than 99.8% availability while rolling out thousands of new VSAT site locations each month. In the beginning of 2022, we launched SkyEdge IV our next generation system for VHTS and NGSO that will join our successful proven SkyEdge product family. SkyEdge IV is targeted as a solution for the latest state-of-the art VHTS Software Defined Satellites, or SDS, that will be launched in the coming decade. SkyEdge IV provides extremely high performance and space segment efficiency. Our product lines are known for their durability and resilience. We provide advanced on-the-move terminals, including all components such as antennas, BUCs and modems. Our low-profile, satellite communications on-the-move solutions antennas provide reliable broadband communications for commercial and defense applications. Our SSPAs provide high performance, even at the extreme end of temperature and environmental performance specifications. X-Architecture, our cloud-based distributed architecture, and our Electronically-Steered Array/Phased Array Antenna, or ESA, and following the acquisition of SBS, in January 2025, SBS next-generation SATCOM terminal solutions, as it’s Sidewinder, are our leading innovations that, we believe, have positioned us as a leader in providing satellite communications technology. With SkyEdge IV we introduced our next generation Elastix-Architecture that provides substantial improvements in scalability and performance. Our research, development and engineering teams, located in several locations worldwide, enable us to rapidly develop new features and applications. Moreover, by directly serving end-users through our service organizations, we are able to quickly respond to changing market conditions and maintain our position in the market.

Global presence and local support. We have sold our products in over 100 countries on six continents. Our products and services are used by a large and diverse group of customers including some of the largest enterprises in the world, several government agencies and many rural communities. We have 16 sales and service offices worldwide. Through our network of offices, we are able to maintain a two-tier customer support program offering local support offices and a centralized supply facility.

Complementary business lines for turnkey solutions. Our operating segments are able to provide a full turnkey solution to our customers by integrating a diverse range of value-added products and services. Our product and service offerings include satellite communications network equipment, , power amplifiers, low-profile satellite communications on-the-move terminals, antennas, ESA antennas, installation, operation and maintenance. We provide communication services ranging from broadband, internet, voice, data, and video to managed solutions that can be customized and are flexible. Our business model enables us to be attuned to our customers’ needs and to adapt to changing market trends. Our satellite communications-based networks sometimes serve as platforms for the delivery of complete systems, providing versatile solutions for enterprises, government agencies, SMEs, rural communities, digital inclusion, SOHOs and consumers.

Diversified revenue streams and customer base. In the year ended December 31, 2024, approximately 63% of our revenues were generated from equipment sales and 37% of our revenues were generated from services. Our equipment sales are generally independent equipment orders that often generate maintenance contracts and additional opportunities for future equipment sales and also include the revenues from the construction phase of large-scale projects. Our service sales are characterized by long-term contracts that provide a recurring revenue base. In the year ended December 31, 2024, our three operating segments, Satellite Networks, Integrated Solutions and Network Infrastructure and Services, accounted for 65%, 18% and 17% of our revenues, respectively.

Delivery Capabilities. Over the years we have demonstrated our ability to deploy communication networks in the most remote areas, which are difficult both to reach and service. This experience enhances both our ability to plan and implement sophisticated communication networks in remote areas, as well as in challenging terrain, and our ability to meet technological challenges like a lack of electrical power infrastructure or a lack of any physical infrastructure. Our teams are proficient in delivering solutions in these areas.

Experienced management team. Our management is comprised of an experienced executive team. Our Company’s leadership is comprised of highly skilled senior managers who have extensive experience each in her or his field of expertise, including significant expertise in cutting-edge technology and field proven success in the development of our business and organization.

Our Growth Strategy

Effective January 1, 2025, the Company adopted a new organizational structure and reporting segments. This restructuring aims to better align with the diverse and attractive end markets we serve and to enhance investor insight into our business lines and strategic growth opportunities. Starting January 1, 2025, the Company will report its financial results based on the following three divisions: Gilat Defense, Gilat Commercial, and Gilat Peru.

Gilat Defense Division. Our defense division aims to provide secure, rapid-deployment solutions for military organizations, government agencies, and defense integrators, with a strong emphasis on the U.S. Department of Defense, following our strategic acquisition of DataPath Inc. By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the division is uniquely positioned to deliver resilient battlefield connectivity with multiple layers of communication redundancy to ensure high availability.

Gilat Commercial Division. Our commercial division offers advanced broadband satellite communication networks for In-Flight Connectivity, or IFC, Enterprise, and Cellular Backhaul, supporting High Throughput Satellites, or HTS, Very High Throughput Satellites, or VHTS, and Non-Geostationary Satellite Orbit, or NGSO constellations. Our acquisition of SBS is expected to serve as the cornerstone of this division, bolstering our position in the IFC market and enabling us to provide cutting-edge connectivity solutions that meet the demands of passengers, airlines, and service providers worldwide.

Gilat Peru Division. Our Peru division specializes in end-to-end telecommunications solutions, including the operation and implementation of large-scale network projects. With expertise in terrestrial fiber optic, wireless, and satellite networks, Gilat Peru offers technology integration, managed networks and services, connectivity solutions, and reliable internet and voice access across the region.

Our objective is, through the new organizational structure and our three divisions, to leverage our technology and services capabilities in order to:

Continue to serve as a key partner of VHTS, HTS and NGSO satellite operators – We intend to continue to serve as a prime partner of VHTS and HTS satellite operators, leveraging our new SkyEdge IV system which is a leading technology in this market (Elastix-Architecture for multi orbit and Software Defined Satellites) and our breadth of services to deploy and operate both GEO and NGSO ground-based satellite communication networks.

Expand our presence in the IFC market – We continue to develop our hub and modem technology and our Ka and Ku airborne BUCs, Transceivers, Frequency Converter Units, or FCU and Power supplies to serve the connectivity needs of aviation service providers. We are also placing a focus on developing a flat Electronically Steered antenna leveraging our unique in-house developed ally technology. Following the recent acquisition of SBS in January 2025, our portfolio also includes next-generation Satcom terminal solutions, such as SBS' Sidewinder terminal, that includes scalable subarrays and can support GEO and LEO. These solutions are designed to serve the high growth of IFC services in commercial aviation and business aviation markets.

Fortify our leadership position in the 4G/LTE and 5G cellular backhaul market – We intend to continue to leverage our technology, as well as our experience, to serve mobile network operators' 4G/LTE and 5G connectivity needs in rural, metro-edge and metro areas with long term projects.

Expand our presence in the defense market – We are increasing our focus on this growing market segment both in the United States and globally. Our acquisition of DataPath Inc. an U.S. based expert systems integrator for the U.S. DoD Military and Government sectors is a realization of this growth strategy. We are also focusing efforts on emerging opportunities both with products applicable for commercial and defense applications. We increased our investment in this market as we believe its global growth will contribute to our business. We believe that the SkyEdge IV system provides our satellite operator customers an attractive offering for defense and government agencies.

Provide broadband internet to rural areas in governmental projects – We intend to build on our experience in bringing broadband internet to rural areas in Latin America and Asia and identify additional markets in which to expand.

Our Businesses in 2024

Satellite Networks Segment

Our Satellite Networks operating segment provides satellite communications network systems and associated professional and in certain instances, managed satellite network services, to satellite operators, governments, Telcos and service providers worldwide. Our operational experience in deploying large networks together with our global network of local offices enables us to work closely and directly with those providers. We provide equipment, solutions and services to the commercial, mobile, government, enterprise, social inclusion solutions and consumer markets. We provide solutions tailored to the requirements of individual industries. Based on our open SkyEdge platforms, our solutions provide added value to operators through better performance and integration as well as simpler deployment.

Our SkyEdge product family, including our SkyEdge II-c and SkyEdge IV products, allow us to deliver efficient, reliable and affordable broadband connectivity such as internet, voice, data and video. Both platforms support multiple applications such as Broadband Access, Enterprise connectivity; Cellular Backhaul and Mobility applications.

We also support satellite networking through professional services, training and a full range of turnkey solutions and outsourced network operations. We are also addressing the defense market using our VSAT platforms; Single Channel Per Carrier, or SCPC modems and DataPath, our subsidiary that sells into the U.S. department of defense.

Our Antenna systems are a significant element of our offering to the Communication on the Move, or COTM market, and address the COTM land and air markets.

Products and Solutions

SkyEdge Family of Network Systems

Our SkyEdge II-c, multi-service hub platforms let service providers support any application in any market. Powered by Gilat's distributed and highly scalable X-Architecture, the cloud-based SkyEdge II-c platform enables efficient and robust ground segment deployment to support single beam or multi-beam satellites.

SkyEdge IV is our next generation multi-service platform built with our new, advanced Elastix-Architecture. SkyEdge IV's single platform for multi-orbit operation enables deployment on GEO Very High Throughput Satellites as well as Non-GEO Stationary constellations and operates a single and unified multi-orbit network.

SkyEdge II-c and SkyEdge IV systems support large-scale broadband services for enterprise, cellular backhaul, IFC, maritime and consumer, applications, including fast web browsing, high-speed trunking, video streaming, internet Protocol Television, or IPTV, Voice Over internet Protocol, or VoIP, and other bandwidth-intensive services. Our SkyEdge II-c system and SkyEdge IV system also support cellular backhauling of 2G, 3G, 4G/ LTE and 5G technologies. The SkyEdge II-c system designed with highest scalability supporting multi satellite multi beam networks, with any number of gateways and user terminals. The SkyEdge II-c platform supports three VSAT types: Gemini, Capricorn, and Taurus. It includes a unified, centralized network management system, or Total NMS which manages all hub elements at all gateways from a central NOC location and enables the definition of different types of virtual network operators to support different types of business models and services in multiple regions. Enhanced Fault-Management, Configuration, Accounting, Performance, and Security, or FCAPS functions, a network management framework created by the International Organization for Standardization and the electronic machine to machine interface, enable full visibility, control and seamless integration with the operator's operations support system/business support system, or OSS/BSS, environment. As part of our road map to support multi-service capabilities and very high speed (up to 1.5 Gbps) services we launched SkyEdge IV which uses a new VSAT platform the Aquarius in addition to Gemini, Capricorn and Taurus. Our plan is to gradually support segments that are currently supported by SkyEdge II-c, including mobility, enterprise, cellular backhaul.

Our VSATs provide operational simplicity and reduced operational expenditures. They provide simple VSAT installation that expedites deployment and reduces costs. The VSAT customer premises equipment, or CPE, includes an intuitive graphical user interface that guides the installer step by step through the installation and service activation process.

SkyEdge II-c Gemini is a family of compact high-throughput routers, designed to enable high speed broadband services while meeting cost efficiencies required by residential customers and businesses. Gemini enables fast web browsing, video streaming, IPTV, VoIP, and other bandwidth intensive services. This solution comes in variations for enterprise applications such as retail, banking, automatic teller machines, or ATMs, lotteries and USO/USF government-funded programs aimed to expand broadband connectivity to underserved regions. Our Gemini VSATs also operate on SkyEdge IV 4.

SkyEdge II-c Capricorn, is a family of ultra-high-performance satellite routers that are used for corporate services, 2G/3G/4G/5G cellular backhauling, IP trunks and mobility services. For IP trunks and mobility, Capricorn delivers acceleration and packet-per-second performance that support hundreds of users per VSAT. For LTE cellular backhauling, Capricorn includes our patented (granted in Japan, U.S., China, Belgium, France, Germany and U.K) cellular data acceleration technology that enables full LTE speeds of up to 400Mbps for cellular handheld devices. Capricorn VSATs also operate on SkyEdge IV.

SkyEdge II-c Taurus used for in-flight satellite communication connectivity with simultaneous support for broadband IFC and internet Protocol Television and is a key component of our Ku and Ka aeronautical satellite communication solution, as our ultra-high-performance aero-modem manager, or MODMAN for in-flight connectivity. Taurus is supported by SkyEdge IV and will allow continuous operations of IFC between the SkyEdge IV and SkyEdge II-c systems. The Taurus-M VSAT address the military market.

SkyEdge IV Aquarius is a new family of VSATs that we introduced which support higher speeds of up to 1.5 Gbps. The Aquarius VSAT family is based on next generation technology that support the demands of 5G, and very high speeds for mobility and maritime. It features a new capability that allows roaming between NGSO and GEO networks for example SES mPOWER NGSO and GEO Satellites. In line with our strategy, we had released in 2023 the Aquarius Pro for enterprise, mobility and cellular backhaul indoor use, and in 2024 we introduced the Aquarius Outdoor for enterprise, mobility, cellular backhaul outdoor use, Aquarius Pro SCPC for SCPC symmetric applications and Aquarius-E for lower cost enterprise application.

GLT-1000/MLT-1000/GLT 1500 is a modem line of products for SCPC and Multi-Channel Per Carrier, or MCPC applications. The MLT-1000, constructed in accordance with rigorous military standards, delivers a robust and secure waveform suitable for demanding link conditions in both fixed and mobile applications. GLT 1500, to be released in 2025, is our new Software Defined Radio modem, or SDR designated for defense applications.

C-Series and Q-Series Portables is a family of man-portable terminal designed and marketed by DataPath Inc. our subsidiary, that provides on-the-go reliable, high-performance satellite communication capabilities. The C-Series terminals feature a wide azimuth travel range, continuous duty-cycle high-speed servo drives, antenna control with Ephemeris data ingest, and RF payloads for both LEO and MEO broadband communication constellations. Both feature commercial and governmental (Mil-std-810G) solutions.

DKET 3400 and DKET 3421 Transportable are a family of Deployable Ku/Ka/X Earth Terminal, or DKET, terminal hubs in the form of a single-skid earth terminal, designed and marketed by DataPath. our recently acquired subsidiary that provides customers with a multiband transportable hub node that delivers the operational flexibility, capacity, connectivity and control required to ensure success anywhere in the world. The DKET family enables X, Ku and Ka band operation, as scalable modem architecture, up to 32 modems, flexibility to leverage available satellite assets, interchangeability between military and commercial networks, and easy to transport over air, land or sea.

IFC Terminals and Antenna Products

ESR family of products: ESR 2030 – Electronically Steered Antenna is an ultra-slim, low-profile antenna for business aviation that operates in LEO constellations.

SR300, BRP 60, BR71, BR72 and ER5000. SR 300 and ER 5000 are COTM antennas that are used for commercial defense and government applications. BRP 60, BR71 and BR72 are used for UAV applications.

Sidewinder *(part of our product portfolio following the acquisition of SBS on January 6, 2025).* A full ESA terminal solution that is novel in its open architecture optimized to enable the performance and cost advantages of multi-orbit service LEO and GEO . It has already been selected by satellite operators, and airlines to provide next-generation satcom solution offerings. Through these collaborations, Sidewinder has been embraced by some of the world's largest airlines.

System Integration and Turnkey Implementation

We have expanded our business beyond core VSAT networks to deliver complete and comprehensive solutions to meet our customers' needs even where VSATs are not the main part of the solution. We see a growth in market demand for vendors capable of fully delivering integrated solutions for interdisciplinary, communication-based projects.

In certain other situations, we are required to provide our VSAT solutions in a turnkey mode where we are responsible for the complete end-to-end solution. In the case of turnkey solutions, and occasionally in projects requiring system integrations, we provide our customers with a full and comprehensive solution including:

- Project management – accompanying the customer through all stages of a project and ensuring that the project objectives are within the predefined scope, time and budget.
- Satellite network design – translating the customer's requirements into a system to be deployed, performing the sizing and dimensioning of the system and evaluating the available solutions.
- Deployment logistics – transportation and rapid installation of equipment in all of the network sites.
- Implementation and integration – combining our equipment with third party equipment such as solar panel systems and surveillance systems as well as developing tools to allow the customer to monitor and control the system.
- Operational services – providing professional services, program management, network operations and field services.
- Maintenance and support – providing 24/7 helpdesk services, on-site technician support and equipment repairs and updates.
- Space segment – where applicable, providing space capacity with back to back agreements with the satellite operators.

Manufacturing, Customer Support and Warranty

Our products are designed and tested at our facilities in Israel as well as our number of other R&D facilities around the world. We outsource a significant portion of the VSAT and hub products manufacturing to third parties. We also work with third-party vendors for the development and manufacture of components integrated into our products, as well as for the assembly of components for our products.

We offer a customer care program for our products, which we refer to as SatCare or SkyCare, and professional services programs that improve customer network availability through ongoing support and maintenance cycles.

As part of our professional services, we provide:

- Outsourced operations such as VSAT installation, service commissioning and hub operations.
- Proactive troubleshooting, such as periodic network analysis, to identify symptoms in advance.
- Training and certification to ensure customers and local installers are proficient in VSAT operation.

We typically provide a one-year warranty to our customers as part of our standard contract.

Marketing and Sales

We use both direct and indirect sales channels to market our products, solutions and services. Our Fixed Networks segment has organized its sales activities by geographic areas, with groups or subsidiaries covering most regions of the world. Our sales teams are comprised of account managers and sales engineers who establish account relationships and determine technical and business requirements for the customer's network. These teams also support the other distribution channels with advanced technical capabilities and application experience. Sales cycles in the VSAT network market vary significantly, with some sales requiring 18 months and even more, from an initial lead through signing of the contract, while sales stemming from an immediate need for product delivery can be completed within two to three months. The sales process includes gaining an understanding of customer needs, several network design iterations and network demonstrations.

Customers and Markets

We provide our Satellite Communication solutions mainly to satellite operators, governments, MNOs telecommunication service providers, ISPs, and homeland security and defense agencies. Our customers benefit from:

- a single accountable partner for all of their satellite communication network needs.
- high credibility and experience.
- local presence and partnerships.
- industry-leading technology and system integration.
- flexibility and customization.
- proven ability to deliver innovative end-to-end solutions.

We sell and distribute our products and provide services internationally, particularly in Latin America, Asia, Asia Pacific, the U.S., Africa and Europe.

Satellite operators - are using our products for HTS and VHTS GEO and NGSO satellite networks. In this case our platforms are used for a variety of applications and services. For example, we provide to SES platforms for GEO and MEO constellations. Our products are used for the IFC and maritime markets.

Governments - Some of the rural communication projects are for government customers. Examples of our rural telecom customers include Telefonica in Peru, and SCT in Mexico. Our platforms are used for projects of social inclusion that are funded by governments.

Mobile Network Operators, or MNOs and Telecommunication Service Providers - MNOs are using our solutions to increase cellular coverage and as a solution for emergency situations. Service providers serving the rural communications market are typically public telephony and internet operators providing telephony and internet services. In some markets, existing telecom operators are mandated by the government to provide universal services. Providing these services in remote areas is a challenge to these operators, and they sometimes outsource these services to rural telecom service providers.

ISPs - We sell VSAT communications networks and solutions primarily to service providers that mostly serve the enterprise consumers, government agencies and the mobility market. We have hundreds of such customers worldwide.

Enterprise Customers - Use our networks for internet access, broadband data, voice and video connectivity and for applications such as credit card authorizations, online banking, corporate intranet, interactive distance learning, lottery transactions, retail point of -sale, inventory control and supervisory control, and data acquisition, or SCADA services.

Homeland Security and Defense Agencies – Our products and solutions are used for Homeland security and defense agencies to provide connectivity and control in the net-centric battlefield. That includes VSATs, Modems and Antennas.

Mobility Solutions & IFC

Our IFC portfolio includes VSAT network platforms, SkyEdge II-c and SkyEdge IV network systems, high-speed modems, the Taurus family, high performance on-the-move antennas and high efficiency, ESA antennas for commercial aviation for LEO and multi orbit LEO and GEO networks; high power SSPAs and BUCs.

Mobility Solutions - Raysat Low-Profile Satellite Communication on the Move Antenna Systems

Our RaySat series consists of low-profile, in-motion, two-way antennas for satellite communication on the move. Compact, aerodynamic and vehicle-mounted, RaySat antennas deliver mission-critical data, voice and video in real-time. Our RaySat products operate in Ku and Ka bands and are intended for both civilian and military satellite communication on the move applications such as:

- In-Flight Connectivity and UAS – Single and Dual Band solutions for commercial, business and military aviation including panel based high efficiency antennas. In early 2022, we successfully demonstrated with Airbus a flat ESA antennas with no moving parts.
- Train Data Connectivity – Reliable and wide band alternative to cellular based data connectivity for trains over satellite supporting high-speed trains. Provides access in remote and rural places with smooth coverage and cross-country access with no roaming limitation.
- Military – Strategic military advantage by supporting the transfer of real-time intelligence while on-the-move with a small, low profile, hard to track antenna.
- Digital satellite news gathering - Always on, no set up time, real-time streaming video;
  First responders - supports vehicles' mobility, agility and stability required for teams to be the first to reach the scene.
- Search and exploration teams, close-to-shore vessels etc.

A full suite of two-way, low-profile antennas is available with multiple onboard tracking sensors, enabling accurate tracking, short initial acquisition and instantaneous reacquisition. RaySat antenna products are designed, manufactured and assembled at our facilities in Bulgaria.

Integrated Solutions Segment

Overview

Our Integrated Solution operating segment designs and manufactures next generation SSPA's for mission-critical defense and broadcast satellite communications systems. Our innovative, patented Spatial AdvantEdge™ technology provides higher output power, greater reliability and lower energy usage in more compact packages than traditional amplifier solutions. Integrated Solutions product line meets the growing demand for greater efficiency and significant lifecycle cost reductions for satellite communications systems worldwide.

Our Integrated Solutions headquarters, research and development, engineering and manufacturing facilities are located in San Dimas, California, with additional research and development centers in Israel, and Bulgaria. The Integrated Solutions product line is manufactured in our San Dimas facility.

Products and Solutions

RF power amplifiers, BUCs and transceivers

The Integrated Solutions product line consists of RF amplifiers, Block Up Converters, or BUCs, transceivers and Frequency Control Units, or FCU that use solid-state sources to produce high power at microwave and millimeter-wave frequencies. Our patented Spatial AdvantEdge™ technology allows us to create more compact product packages that provide higher power, greater reliability and improved efficiency for any mission-critical applications. The spatially power combined amplifier employs a different technique for combining the transistor outputs than traditional Monolithic Microwave Integrated Circuit, or MMIC based amplifiers. Rather than combining in multiple steps, increasing loss and size with each combining stage, all transistor outputs are combined in a single step. Many amplifying elements synchronously amplify the input signal, and their outputs are combined in free space for very high combining efficiency.

Our Integrated Solutions patented technology allows us to create amplifiers and BUCs with high output power in more compact product packages that generate less heat, use less energy, and reduce lifecycle costs. Our Integrated Solutions products help customers meet the stringent power requirements for mission-critical communications systems. We perform full factory acceptance testing on every unit we manufacture and deliver, ensuring each product has guaranteed performance over the full temperature range and over extended frequency bands.

We believe that we have established a leadership position with our compact, highly efficient SSPAs with a field-proven family of high to medium powered Ka, Ku, and X band products. Our Integrated Solutions line of products are designed and tested to meet strenuous requirements for temperature, shock and vibration over the full range of frequency and at the extremes of environmental performance specifications. Our Integrated Solutions field-proven technology and reputation for innovation and quality drive solutions for multiple applications targeting military, aerospace, commercial and broadcast satellite systems.

Our product lines include SSPAs in different size and power specifications including for example: EnduroStream, PowerStream®, TerraStream, Aerostream ®, and Microstream.

AeroStream®

The AeroStream® is a state-of-the-art transceiver for challenging in-flight satellite communications environments. AeroStream™ products meet RTCA/DO-160G, Boeing, Airbus and ARINC specifications for commercial aircraft as well as MIL-STD requirements for military aircraft. The AeroStream® transceiver has been certified through the process with the FAA. The AeroStream® incorporates Integrated Solutions next generation Spatial AdvantEdge™ technology to provide high power output with greater efficiency and reliability for airborne satellite communications applications. The AeroStream® transceiver offers all necessary interfaces to work seamlessly with leading modems and Antenna Control Units, or ACUs, to provide a convenient turnkey solution. We offer fully integrated solutions based on our own technology and components. Our integrated solutions feature the highest standards of reliability and efficiency combining our own VSAT/modems, antennas and BUCs. We leverage our innovative and industry-leading technological capabilities from R&D centers around the world.

Customers and Markets

The Integrated Solutions product line addresses the following applications and markets:

Defense & Government

Defense - satellite-based airborne and highly secured point-to-point. This market is typically categorized by customers requiring high quality products, at times for mission critical communications in extreme environmental conditions. The satellite terminals (*e.g*., VSAT, Single Channel Per Carrier, or SCPC) are usually provided to the defense agencies via system integrators and not directly from the power amplifier suppliers.

Government - public safety, emergency response and disaster recovery. Similar to the market for defense agencies, though usually less demanding in terms of environmental conditions, these terminals are provided to various local, state and federal agencies that need to manage. emergency communications. The satellite terminals (e.g., VSAT, SCPC) are usually provided via system integrators or service providers and not directly from the power amplifier suppliers.

IFC - A high power amplifier is used in conjunction with high-end VSAT terminals for airborne IFC terminals/antennas in commercial and business airplanes. These terminals provide high speed internet access for passengers and airlines alike.

Gateway - The SSPAs are used for Gateways in large NGSO and GEO constellations where there is a need for very high throughput and high reliability. Terminals/antennas are usually provided via system integrators, or service providers.

Integrated Solutions customers include the U.S. Army, Tampa Microwave, General Dynamics Satcom Mission Systems, SAFRAN, ThinKom, Honeywell International Inc., L-3/Harris, Fisica Applied Technologies Inc. and Hughes Networks System LLC, Anuvu. Integrated Solutions' customers include also our subsidiaries DataPath, and SBS.

Network Infrastructure and Services Segment

We provide network infrastructure construction of the fiber and wireless network of PRONATEL in Peru mainly through BOT and BOO contracts subsidized by the government. Accordingly, we build the infrastructure, act as a licensed telecommunications operator for a defined period and in some of the cases, then transfer the network to the customer which is a governmental entity.

We have been awarded large-scale government contracts to build and operate, and in certain cases, to, transfer fiber and wireless networks of PRONATEL in Peru, namely the Peru Regionals Projects. We expect to continue to generate additional revenues from the PRONATEL Regional Projects to be operated by us by enabling cellular carriers and other service providers to acquire capacity over these networks to address the growing needs for voice, data, and internet in these regions, as well as the development of platforms for e-learning, e-health and similar applications.

In March and December 2015, we were awarded four PRONATEL Regional Projects by the Peruvian government with expected revenues of $395 million over approximately 14-16 years, for the construction of fiber-optic transport network and access networks based on wireless technologies, operation of the networks for a defined period and their transfer to the government. We have completed the construction phase of the four PRONATEL Regional Projects awarded to us in 2015 and are in the operation phase of the access network. We will operate the access networks for 10 years, prior to transferring them to the Peruvian government.

In 2018, we were awarded two additional PRONATEL Regional Projects for the construction and operation of networks with a contractual value of approximately $154 million. The construction phase was prolonged due to continued delays and due to preventative measures taken by Peruvian governmental authorities with respect to COVID-19 pandemic. As a result, the expected total duration of these projects is expected to be 15 years. Under these PRONATEL Regional Projects we will deliver transport networks and operate them for up to eighteen months before transferring them to the Peruvian government. The access networks, which we will operate for 10 years, will be owned by us.

Our Peruvian subsidiary has offices in Lima, Peru as well as in the principal cities in the regions awarded.

Competition

The telecommunications industry operates in a competitive, rapidly changing market. In some cases, our competitors can also be our customers or partners. Accordingly, maintaining an open and cooperative relationship is essential.

In the equipment market, we face competition from providers of satellite communications systems, products and services, such as HNS, ViaSat, ST Engineering iDirect, Comtech, Kratos and a few other smaller providers.

We compete in some HTS and VHTS markets with competitors such as HNS that have launched high throughput satellites. Although we have entered the HTS and VHTS market with competitive technology, we expect competition in this market will continue to increase.

Due to the nature of the satellite solution, the VSAT technology is, at times, commercially tied to the satellite technology itself, and consequently, there may be circumstances where it is difficult for competitors to compete with an incumbent VSAT vendor using the particular satellite.

Our low-profile on the move and ESA antennas compete with products from competitors such as GetSat, QEST; Orbit, Thales, HNS, Intellian, Thinkom, C-Com Satellite Systems Inc., .

Our primary competitors with respect to our BUCs and other Integrates Solutions products are CPI, Xicom, Mission, General Dynamics Satcom Technologies and Paradise Datacom..

Where we primarily operate public rural telecom services (voice, data and internet) and are engaged in construction of fiber-optic transport and access networks based on wireless systems, we typically encounter competition on government subsidized bids from various service providers, system integrators and consortiums. Some of these competitors offer solutions based on VSAT technology and some on terrestrial technologies (typically, fiber-optic and wireless technologies). In addition, as competing technologies such as cellular network and fiber-optic become available in rural areas where not previously available, our business could be adversely affected. We may not be able to compete successfully against current or future competitors. Such competition may adversely affect our future revenues and, consequently, our business, operating results and financial condition.

Certain consolidations and acquisitions have occurred during the last few years among key players in the market, such as SES and Intelsat (closing is expected in 2025), Intelsat and Gogo, Viasat and RigNet, Viasat and Inmarsat, Eutelsat and OneWeb, and Hispasat and Axess. These market changes affect the competitive landscape and position our company in rivalry with more significant consolidated corporations with comprehensive resources. On the other hand, such changes may lead to new opportunities for our business.

Geographic Distribution of Our Business

The following table sets forth our revenues from operations by geographic area for the periods indicated below as a percent of our total sales:

	Years Ended December 31,		
	2024	**2023**	**2022**
U.S	48%	39%	40%
Peru.	17%	20%	24%
Israel	5%	2%	1%
Other	30%	39%	35%
Total	100%	100%	100%

Environmental, Social and Governance, or ESG, Practices

Social Practices

For over 35 years, we have worked to fulfil our vision to make connectivity accessible and available to individuals, corporations and community institutions in the unserved and underserved regions of the globe, thus bridging the digital divide via satellite communication. As a global company, we are committed to fulfil our vision alongside our commitment to act responsibly considering our community and the world we live in. As part of this commitment we set our guidelines and policies on various subjects, and we are continuously learning and looking at ways to improve our ESG strategy.

Social Investment and Volunteer Statement. As part of our standards for corporate responsibility, we acknowledge the importance of social contribution, and therefore participate and encourage our employees to participate in different volunteering and donation activities in the communities in which our employees reside on a regular basis.

Human rights and Labor Policy. We are committed to protect human rights and conduct our businesses without infringing human rights. We are further committed to conduct fair labor standard, and to create a safe working environment that contributes to our employees' well-being, where they can feel empowered, challenged, and have the tools to thrive. We also acknowledge the importance of our employees' health, and have adopted a health, safety and environment policy.

Workforce Diversity and Equality Statement. We are a global company, operating in multiple countries around the world. The scope and nature of our projects and business activities often require the involvement and collaboration of employees with various backgrounds, from different jurisdictions. We find this multicultural diversity approach as a way to help the company and our employees to develop and succeed.

Training Policy. We implement organizational learning processes and invest in the professional knowledge and development of our employees, in order to improve their work skills and achievements, and encourage their desire for success. Such approach is aligned with our values, and we believe that it will contribute to our businesses as well.

Anti-Slavery Policy. We firmly condemn any kind of modern slavery or any human trafficking.

Environmental Standards

We recognize the increasing importance of protecting the environment and fighting climate change, and therefore we have taken actions and are working on additional actions that may help ensuring the sustainability of the world's resources and environment.

Environmental Policy. We have adopted a Conflict Minerals Policy and encourage our suppliers and sub-contractors to comply with the foregoing as well.

Corporate Governance

Corporate governance guidelines. We have adopted Corporate Governance Guidelines to assist our board of directors and its committees in the exercise of their duties and responsibilities and to serve the best interests of our company, in a manner consistent with applicable laws and stock exchange rules and the company's articles of association.

Committee Charters. We have adopted written charters specifying the duties and responsibilities of each of our Audit Committee and Compensation Committee to assist the committee members in carrying out their responsibilities.

Clawback Policy. We have adopted a written compensation recovery, or "clawback" policy, in accordance with the requirements of the SEC and Nasdaq. A copy of our clawback policy is filed as exhibit 4.31 to this Annual Report.

Ethics

Code of Ethics. As a leader in satellite networking technology, solutions and services, we are committed to conduct our business ethically, and in accordance with applicable laws and regulations. We expect such behavior and conduct from all of our directors, officers and employees (including those of our subsidiaries). Our written public policy sets our standards and expectations.

Privacy Policy

We respect and value the privacy of data subjects whose personal information we may process. Our privacy policies *inter alia* describe how we (including our subsidiaries) collect, use, process and share personal information of data subjects in our premises, website and during our business activities, and also explain the rights data subject may have in relation to their personal information.

Whistleblower Procedure

In order to support and ensure compliance with our standards, practices and policies, we have in placed a mechanism that allows our employees to anonymously report actual or suspected misconduct through designated channels. We find this mechanism important in order to maintain higher standard of ethical conduct.

Insider Trading Policy

Our insider trading policy applies to our personnel and personnel of our subsidiaries worldwide and provides guidelines relating to improper conduct by anyone that is employed by the company or otherwise associated with our company with respect to transactions in the securities of and non-disclosure of information regarding our company and its business. Please also see Item 16J of this Annual Report. A copy of our insider trading policy is filed as exhibit 11.1 to this Annual Report.

Anti-Corruption and anti-Bribery Policy

Our policy prohibiting bribery and corruption applies to our directors, officers, and employees, and also to our business partners worldwide. We have also adopted anti-corruption guidelines that apply to all our commercial transactions and commitments, including our subsidiaries and officers worldwide.

C. Organizational Structure

Significant Subsidiaries	Country/State of Incorporation	% Ownership
1. Wavestream Corporation	Delaware (U.S.)	100%
2. Gilat Networks Peru S.A	Peru	100%
3. DataPath Inc.	Georgia (U.S)	100%
4. Stellar Blu LLC	Delaware (U.S.)	100%

D. Property, Plants and Equipment

Our headquarters are located in a modern office park which we own in Petah Tikva, Israel. This facility consists of approximately 380,000 square feet, a substantial part of which are currently used by us and the remainder is subleased or offered for sublease to third parties.

We have local and Global NOC sites in Australia, Moldova and Peru, from which we perform network services and customer support functions.

We own 13,500 square feet of research and development facilities and rent 12,200 square feet of manufacturing facilities in Sofia, Bulgaria, which lease will expire on June 1, 2027 and rent 17,300 square feet in Moldova for research and development, global services and global NOC activities, which lease will expire on December 30, 2026. Our Wavestream subsidiary currently leases 32,500 square feet of office space, research and development and manufacturing facilities in San Dimas CA, USA. The San Dimas lease agreement will expire on January 31, 2030. Our subsidiaries in Peru currently occupy 35,000 square feet of office space, and NOC facilities in Lima, which leases will expire between 2025 and 2027. Our DataPath subsidiary currently leases 108,707 square feet of office, integration and warehouse space in Duluth, Georgia, USA. The lease agreement will expire on September 30, 2026. Our SBS subsidiary currently leases 6,200 square feet of office in San Diego, California, USA, which lease will expire on July 31, 2026, and 33,700 square feet of office, integration, and Warehouse space in Fort. Worth Texas, USA, which lease will expire on October 12, 2025. We intend to renew the leases that expire in 2025. We also maintain facilities and representative offices in other jurisdictions we operate in.

We sold our 55,700 square feet facility in Backnang, Germany in 2022 and sold a 39,823 square feet lot in Sofia, Bulgaria in 2023.

We believe that our current office space, research and development, and manufacturing facilities are sufficient to meet our anticipated needs for the foreseeable future and are suitable for conducting our business.

ITEM 4A: UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

The following discussion of our results of operations should be read together with our audited consolidated financial statements and the related notes, which appear elsewhere in this Annual Report. The following discussion contains forward-looking statements that reflect our current plans, estimates and beliefs and involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this annual report.

Our Company

We are a leading global provider of satellite-based broadband communications. We believe in the right of all people to be connected. Our mission is to create and deliver deep technology solutions for satellite, ground and new space connectivity. We design and manufacture ground-based satellite communications equipment, and provide comprehensive solutions and end-to-end services, powered by our technology. Our portfolio comprises a cloud-based satellite network platform, VSATs, amplifiers, high-speed modems, high performance on-the-move antennas, IFC ESA antennas and high efficiency, high power SSPAs, BUCs and Transceivers. Our comprehensive solutions support multiple applications with a full portfolio of products to address key applications, including broadband internet access, cellular backhaul over satellite, enterprise, social inclusion solutions, IFC, maritime, trains, defense and public safety, all while meeting the most stringent service level requirements. We also provide connectivity services, internet access and telephony, to enterprise, government and residential customers utilizing both our own networks, and other networks that we install, mainly based on BOT and BOO contracts. We also provide managed network services over VSAT networks owned by others. Following the acquisition of DataPath, our portfolio also includes defense ground systems and field services. Following the recent acquisition of SBS in January 2025, our portfolio also includes next-generation SATCOM ESA terminal solutions, such as SBS' Sidewinder ESA terminal, that can support multi-orbit LEO and GEO constellations.

We have a large installed base and have shipped more than 1.6 million satellite terminals spanning over 100 countries since 1989 and currently have hundreds of active networks. We have sales and support offices worldwide, 3 NOCs which provide Global NOC services and R&D centers, in Israel, the U.S. and Europe.

Our products are sold to communication service providers, satellite operators, MNOs and system integrators that use satellite communications to serve enterprise, social inclusion solutions, government and residential users, MNOs and system integrators that use our technology. Our solutions and services are also sold to defense and homeland security organizations. In addition, we provide services directly to end-users in various market segments, including in certain countries in Latin America.

Commencing in the first quarter of 2022 and through the fourth quarter of 2024, we operated in three operating segments:

- Satellite Networks.
- Integrated Solutions.
- Network Infrastructure and Services.

We concluded that the change in our reporting segments, as described above, did not require goodwill re-assignment.

Recent Events

On June 17, 2024, our subsidiary Wavestream Corporation, or Wavestream entered into a Membership Interest Purchase Agreement with SBS, a leading U.S. based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the purchase agreement, we agreed, through our Wavestream subsidiary, to purchase 100% of the membership interests of SBS. The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98 million ($108 million as adjusted) was funded through a combination of existing cash resources and $60 million from a new secured credit line that we entered into. The total cash consideration in connection with the acquisition may increase by up to an additional $147 million payable in cash subject to achievement of future performance milestones.

In connection with the consummation of the acquisition, we entered into a senior secured credit agreement with HSBC Bank USA, NA and Bank Hapoalim B.M., as lenders, and with HSBC Bank USA, NA, as Administrative Agent and Sole Lead Arranger and Sole Bookrunner. We used certain portion of the loan to fund a portion of the initial cash consideration required to close the SBS acquisition, and may draw upon the remaining $40 million of the facility to fund potential future performance milestone payments under the terms of the purchase agreement. The credit agreement contains a number of covenants that, under certain circumstances may limit our ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness and make dividends and other distributions. The loan matures on January 6, 2028.

On March 8, 2023, we signed a definitive agreement to acquire 100% of the shares of DataPath, a U.S. - based expert systems integrator in trusted communications for the U.S. DoD Military and Government sectors. We completed the acquisition in November 2023, following the receipt of certain regulatory approvals, including the receipt of clearance from the Committee on Foreign Investment in the United States, or CFIUS.

During the years ended December 31, 2020 and 2021, the COVID-19 pandemic had an adverse effect on our industry and the markets in which we operate. During that time, the COVID-19 outbreak significantly impacted the travel and aviation markets in which our significant Inflight Connectivity, or IFC, customers operate and resulted in a significant reduction of our business with some of these customers. As a result, we experienced a significant reduction in business in 2020. The regression of the pandemic since 2021, followed by the lifting of travel restrictions and social distancing regulations, led to a recovery in our business.

Against the backdrop of the military conflict of Russia and Ukraine and the rising tensions between the U.S. and other countries, on the one hand, and Russia, on the other hand, major economic sanctions and export controls restrictions on Russia and various Russian entities were imposed by the U.S., European Union and the United Kingdom commencing February 2022, and additional sanctions and restrictions may be imposed in the future. These sanctions and restrictions restricted our business in Russia, which mainly included exports to Russia, and had delayed us from collecting funds and performing money transfers from Russia. In 2024, we winded down our business in Russia to a complete stop. While our business in Russia was limited in scope, the decision caused a reduction in our sales and financial results.

In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in Israel. In response to these attacks, the Israeli army carried out a military operation in Lebanon, including raids on territories controlled by Hezbollah in Southern Lebanon and strikes on sites belonging to Hezbollah in Lebanon. On a separate border, Israel was required to take limited pre-emptive military actions in Southern Syria in light of the fall of the Assad regime and the takeover of Syria by the Syrian rebels.

Many Israeli citizens are obligated to perform annual military reserve duty each year for periods ranging from several days to several weeks until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. Since October 7, 2023, the Israel Defense Force has called up more than 350,000 of its reserve forces to serve. A small number of our 300 employees in Israel, have been called to serve. In addition, the family members of many of our Israeli team members are currently serving in the IDF. Despite the challenging circumstances, our offices in Israel remained open, and operations continued without significant disruption. Our facility in Israel, as well as our key subcontractors and suppliers, are not situated close to the Gaza and Lebanon borders, the Houthi movement or Iran. While there was some initial disruption during the first few days of the war, it was limited and did not significantly affect our manufacturing processes or overall operations. However, we did face challenges related to transportation. The reduction in flights to and from Israel due to the conflict impacted our logistics. Additionally, the Houthi terror attack on shipping routes in the Arab Sea led to increased shipping and transport costs.

The intensity and duration of Israel's current war and hostilities against Hamas, Hezbollah, the Houthi movement and Iran are difficult to predict, as are such economic implications on our business in particular and operations and on Israel's economy in general.

Financial Statements in U.S. Dollars

The currency of the primary economic environment in which most of our operations are conducted is the U.S. dollar and therefore, we use the U.S. dollar as our functional and reporting currency. Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Gains and losses arising from non-U.S. dollar transactions and balances are included in the consolidated statements of income (loss). The financial statements of one of our foreign subsidiaries, whose functional currency has been determined to be its local currency, have been translated into U.S. dollars. The assets and liabilities of this subsidiary have been translated using the exchange rates in effect at the balance sheet date. Statements of income amounts have been translated using specific rates. The resulting translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive income (loss).

Explanation of Key Income Statement Items

Revenues

We generate revenues mainly from the sale of products (including construction of networks), satellite-based communications networks services and from providing connectivity, internet access and telephony services. We sell our products and services to enterprises, government and residential customers under large-scale contracts that utilize both our own networks and other networks that we install, mainly based on BOT and BOO contracts. These large-scale contracts sometimes involve the installation of thousands of VSATs or construction of massive fiber-optic and wireless networks. Revenues from sale of products includes mainly the sale of VSATs, hubs, SSPAs, low-profile antennas on-the-move / on-the-pause terminals, and construction and installation of large-scale networks based on BOT and BOO contracts. Sale of services includes access to and communication via satellites ("space segment"), installation of equipment, telephone services, internet services, consulting, on-line network monitoring, network maintenance, field services and repair services. We sell our products primarily through our direct sales force and indirectly through resellers or system integrators.

In 2024, 2023, and 2022, PRONATEL, a customer of our Network Infrastructure and Services operating segment, accounted for 15%, 15%, and 21% of our revenues, respectively. In 2024 and 2023, a major customer in the European Union and a major customer in the United States, all part of our Satellite Networks operating segment, accounted for 12% and 11% of our revenues in 2024, respectively, and 14% and 15% in 2023, respectively. In 2022, the major customer in the European Union and the major U.S. customer each accounted for less than 10% of our revenues.

Costs and Operating Expenses

Cost of revenues, for both products and services, primarily includes the cost of system design, equipment, including inventory write-off costs, satellite capacity, salaries, and related costs, allocated overhead costs, depreciation and amortization, customer service, interconnection charges and third-party maintenance and installation.

Our research and development expenses, net of grants received, primarily consist of salaries and related costs, raw materials, subcontractor expenses, related depreciation costs and overhead allocated to research and development activities.

Our selling and marketing expenses consist primarily of salaries and related costs, commissions earned by sales and marketing personnel, commissions to agents, trade show expenses, promotional expenses and overhead costs allocated to selling and marketing activities, as well as depreciation expenses and travel costs.

Our general and administrative expenses consist primarily of salaries and related costs, allocated overhead costs, office supplies and administrative costs, credit losses, fees and expenses of our directors, depreciation, and professional service fees, including legal, insurance and audit fees, net of rental income.

Our other operating expenses (income), net, consist primarily of non-recurring incomes and expenses. For further details, see note 14 in our consolidated financial statements, which appear elsewhere in this Annual Report.

Our operating results are significantly affected by, among other things, the timing of contract awards and the performance of agreements. As a result, our revenues and income (loss) may fluctuate substantially from quarter to quarter, and we believe that comparisons over longer periods of time may be more meaningful. The nature of certain of our expenses is mainly fixed or partially fixed, and any fluctuation in revenues will generate a significant variation in gross profit and net income (loss).

Year Ended December 31, 2024 compared to Year Ended December 31, 2023

Revenues. Revenues for the years ended December 31, 2024 and 2023 for our three operating segments were as follows:

	Year Ended December 31,			Year Ended December 31,	
	2024	2023		2024	2023
	U.S. dollars in thousands		Percentage change	Percentage of revenues	
Satellite Networks	198,174	168,527	18%	65%	64%
Integrated Solutions	54,925	46,133	19%	18%	17%
Network Infrastructure & Services	52,349	51,430	2%	17%	19%
Total	305,448	266,090	15%	100%	100%

Our total revenues for the years ended December 31, 2024 and 2023 were $305.4 million and $266 million, respectively. The increase is attributable to increase of $29.6 million, $8.8 million and $0.9 million in the Satellite Networks revenues, Integrated Solutions and the Network Infrastructure and Services revenues, respectively.

The increase in Satellite Networks revenues in 2024 is primarily attributable to the contribution of DataPath, which was acquired in November 2023, partially offset by the winding down of our activity in Russia.

The increase in Integrated Solutions revenues in 2024 is primarily attributable to higher revenues from the defense vertical.

The increase in Network Infrastructure and Services revenues in 2024 is primarily attributable to higher construction revenues (mainly due to expansion of the Amazonas project), partially offset by lower operations revenues (mainly due to end of operational contracts and delays in new governmental bids, partially offset by higher equipment delivery).

Gross profit. The gross profits and the gross margins of our three operating segments for the years ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
	U.S. dollars in thousands		Percentage of revenues	
Satellite Networks	84,156	88,543	42%	53%
Integrated Solutions	16,705	11,482	30%	25%
Network Infrastructure & Services	12,470	4,920	24%	10%
Total	113,331	104,945	37%	39%

Our gross profit and gross margin are affected year-to-year by revenue volume, the mix of our products sold, the mix of revenues between products and services, the regions in which we operate, the size of our transactions and the timing of when such transactions are consummated. Moreover, from time to time we may have large-scale projects which can cause material fluctuations in our gross profit. We recognize revenue from the construction performance obligations related to the PRONATEL Regional Projects and other projects using the percentage-of-completion method, and as such any changes to our estimated profits in these projects may cause material fluctuations in our gross profit and gross margin. As such, we are subject to significant year-to-year fluctuations in our gross profit.

Our gross margin decreased to 37% in 2024 from 39% in 2023. The decrease in our gross margin in the year ended December 31, 2024 is mainly as a result of the following:

- The decrease in the Satellite Networks operating segment is mainly attributable to DataPath, which was acquired in November 2023 and typically has lower gross margins, partially offset by a favorable deal mix.
- The increase in the Integrated Solutions operating segment is mainly attributable to higher revenue volume, offset partially by a less favorable deal mix.
- The increase in the Network Infrastructure and Services operating segment is primarily attributable to a favorable deal mix, mainly due to higher equipment deliveries and lower construction costs.

Operating expenses:

	Year Ended December 31,		
	2024	2023	Percentage change
	U.S. dollars in thousands		
Research and development expenses, net	38,136	41,173	(7%)
Selling and marketing expenses	27,381	25,243	8%
General and administrative expenses	26,868	19,215	40%
Other operating expenses (income), net	(6,751)	(8,771)	
Total operating expenses	85,634	76,860	11%

Research and development expenses, net were incurred by our Satellite Networks and Integrated Solutions segments. Research and development expenses, net decreased by approximately $3 million in 2024 compared to 2023. The decrease in 2024 is mainly related to higher grant amounts received in 2024, as well as one-time investment during 2023 in the development of new chip architecture, mainly in the Satellite Networks operating segment.

Selling and marketing expenses increased by approximately $2.1 million in the year ended December 31, 2024, compared to the year ended December 31, 2023. The increase in 2024 is mainly related to DataPath acquisition in November 2023, including amortization of purchased intangible from this business combination.

General and administrative expenses increased by approximately $7.7 million in the year ended December 31, 2024, compared to the year ended December 31, 2023. The increase in 2024 is mainly related to DataPath's consolidation starting in November 2023 and stock-based compensation expenses related to this business combination (for additional information, see Note 17 in the consolidated financial statements, which appear elsewhere in this annual report).

Financial income (expenses), net:

In the years ended December 31, 2024 and 2023 we had financial income, net of $1.5 million and $0.1 million, respectively. The increase in 2024 is mainly related to higher interest income in 2024 and the loss from the revaluation of an investment in a convertible debt in 2023, partially offset by higher exchange rate differences expenses in 2024.

Taxes on income:

Taxes on income are dependent upon where our profits are generated, such as the location and taxation of our subsidiaries as well as changes in deferred tax assets and liabilities and changes in valuation allowance attributable to changes in our profit estimates in different regions. In the year ended December 31, 2024, we had taxes expenses of approximately $4.4 million compared to approximately $4.7 million in the year ended December 31, 2023.

For a discussion of our results of operations for the year ended December 31, 2023, including a year-to-year comparison between 2023 and 2022, refer to Item 5. "Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 20, 2024.

Variability of Quarterly Operating Results

Our revenues and profitability may vary from quarter to quarter and in any given year, depending primarily on the sales mix of our family of products and the mix of the various components of the products, sale prices, and production costs, as well as on entering into new service contracts, the termination of existing service contracts, or different profitability levels between different service contracts. Sales of our products to a customer typically consist of numerous VSATs and related hub equipment, SSPAs, BUCs, and low-profile antennas, which carry varying sales prices and margins.

Annual and quarterly fluctuations in our results of operations may be caused by the timing and composition of orders by our customers and the timing of our ability to recognize revenues. Our future results may also be affected by a number of factors, including our ability to continue to develop, introduce and deliver new and enhanced products on a timely basis and expand into new product offerings at competitive prices, to integrate our recent acquisitions, to anticipate effectively customer demands and to manage future inventory levels in line with anticipated demand. Our results may also be affected by currency exchange rate fluctuations and economic conditions in the geographical areas in which we operate. In addition, our revenues may vary significantly from quarter to quarter as a result of, among other factors, the timing of new product announcements and releases by our competitors and us. We cannot be certain that revenues, gross profit and net income (or loss) in any particular quarter will not vary from the preceding or comparable quarters. Our expense levels are based, in part, on expectations as to future revenues. If revenues are below expectations, operating results are likely to be adversely affected. In addition, a substantial portion of our expenses are fixed (*e.g*. lease payments) and adjusting expenses in the event revenues drop unexpectedly often takes considerable time. As a result, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Due to all of the foregoing factors, it is possible that in some future quarters our revenues or operating results will be below the expectations of public market analysts or investors. In such event, the market price of our shares would likely be materially adversely affected.

Conditions in Israel

We are organized under the laws of the State of Israel, where we also maintain our headquarters and a material portion of our laboratory capacity and principal research and development facilities. See Item 3.D. “Key Information – Risk Factors – Risks Related to Our Location in Israel” for a description of governmental, economic, fiscal, monetary or political factors that have materially affected or could materially affect our operations.

Impact of Inflation and Currency Fluctuations

While most of our sales and service contracts are denominated in U.S. dollars or are linked to the U.S. dollar and most of our expenses are in U.S. dollars and NIS, portions of our projects in Latin America as well as our operations in Australia, Asia and Europe are linked to their respective local currencies. The foreign exchange risks are often significant due to fluctuations in local currencies relative to the U.S. dollar.

The influence on the U.S. dollar cost of our operations in Israel relates primarily to the cost of salaries in Israel, which are paid in NIS and constitute a substantial portion of our expenses in NIS. In 2024, the U.S. dollar appreciated in relation to the NIS at a rate of 0.55%, from NIS 3.63 per $1 on December 31, 2023 to NIS 3.65 per $1 on December 31, 2024. In 2024 and 2023, we entered into hedging agreements to cover certain of our NIS to U.S. dollar exchange rate exposures. For more information, see Item 11 - Quantitative and Qualitative Disclosures about Market Risk to this Annual Report.

The annual rate of inflation in Israel was 3.2% in 2024 and 3.0% in 2023.

Our monetary balances that are not linked to the U.S. dollar impacted our financial expenses during the 2024 and 2023 periods, resulting in an approximately $839 thousands and $35 thousand loss respectively. This is due to fluctuations in currency rates in certain regions in which we do business, mainly in Latin America, Australia, Asia and Europe. There can be no assurance that our results of operations will not be materially adversely affected by other currency fluctuations in the future.

Recently Issued Accounting Pronouncments

Please refer to summary of "Significant Accounting Policies" in Note 2 of our consolidated financial statements included elsewhere in this Annual Report for more information.

B. Liquidity and Capital Resources

Since our inception, our financing requirements have been met through cash from funds generated by private equity investments, public offerings, issuances of convertible subordinated notes, bank loans and credit facilities, operations, as well as funding from research and development grants. We have used available funds primarily for working capital, capital expenditures and strategic investments.

As of December 31, 2024 and 2023, we had cash and cash equivalents and restricted cash of $120.2 million and $104.8 million, respectively. We believe that our working capital is sufficient for our present requirements.

The acquisition of SBS was partly funded by a new secured credit line of $100 million from HSBC Bank USA and Bank Hapoalim. We used $60 million of the facility to fund the cash consideration paid at closing. The remaining $40 million of the secured credit line, along with our other resources, is expected to be called upon to cover potential earn-out payments. The three-year loan bears interest at a rate of SOFR plus 2.75% to 3.5%. The credit agreement contains a number of covenants that, under certain circumstances, may limit our ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness and make dividends and other distributions. The loan matures on January 6, 2028.

Immediately following the initial closing payment, our cash and cash equivalents and restricted cash were reduced by approximately $49 million.

As of December 31, 2024, the debt of DataPath was approximately $2 million, including a long-term loan. The long-term loan was obtained from DataPath's former shareholders and bears interest of 14%.

At times, we guarantee the performance of our work for some of our customers, primarily government entities. Guarantees are often required for our performance during the installation and operational periods of long-term rural telephony projects such as in Latin America, and for the performance of other projects throughout the rest of the world. The guarantees typically expire when certain operational milestones are met. In addition, from time to time, we provide corporate guarantees to guarantee the performance of our subsidiaries.

The aggregate amount of the financial guarantees outstanding to secure our various obligations, issued on our behalf mainly by HSBC and First International Bank of Israel, or FIBI as of December 31, 2024, was approximately $75.8 million, including an aggregate of approximately $71 million related to our business in Peru. In order to secure these guarantees we provided a floating charge on our assets as well as other pledges, including a fixed pledge, on certain assets and property. In addition, we have approximately $0.8 million of restricted cash to secure some of those guarantees.

Under the arrangements with HSBC and FIBI, we are required to observe certain conditions. Our credit and guarantee agreements also contain various restrictions and limitations that may impact us. These restrictions and limitations relate to incurrence of indebtedness, contingent obligations, negative pledges, liens, mergers and acquisitions, change of control, asset sales, dividends and distributions, redemption or repurchase of equity interests and certain debt payments. As of December 31, 2024, we were in compliance with such conditions. The agreements also stipulate a floating charge on our assets to secure the fulfillment of our obligations to FIBI and HSBC as well as other pledges, including a fixed pledge, on certain assets and property.

The following table summarizes our cash flows for the periods presented:

	Years Ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands		
Net cash provided by operating activities	31,669	31,944	10,814
Net cash used in investing activities	(6,610)	(12,685)	(8,164)
Net cash used in financing activities	(8,107)	(1,590)	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,454)	(63)	32
Net increase (decrease) in cash, cash equivalents and restricted cash	15,498	17,606	2,682
Cash, cash equivalents and restricted cash at beginning of the period	104,751	87,145	84,463
Cash, cash equivalents and restricted cash at end of the period	120,249	104,751	87,145

Our cash, cash equivalents and restricted cash increased by approximately $15.5 million during the year ended December 31, 2024 primarily as a result of the following:

Operating activities. Cash provided by our operating activities was approximately $31.7 million in 2024 compared to approximately $31.9 million in 2023. This change was primarily due to the following factors: (a) an increase of approximately $4.1 million from legal proceedings; (b) an increase of approximately $10.3 million due to trapped profits taxes that were paid in 2023; and (c) a decrease of $14.6 million from other operating activities mainly due to a reduction in deferred revenues and advances from customers.

Investing activities. Cash used in investing activities was approximately $6.6 million in 2024 compared to approximately $12.7 million in 2023. The change is mainly attributable to the cash used to acquire DataPath in November 2023, as well as lower investment in property and equipment in 2024 compared to 2023, partially offset by proceeds from the sale of a real estate property in Bulgaria in 2023.

Financing activities. Cash used in financing activities was approximately $8.1 million in 2024 compared to approximately $1.6 million in 2023. The change reflects mainly higher repayments of a credit facility in 2024 compared to 2023, as well as costs associated with entering into a long-term debt related to the acquisition of SBS.

C. Research and Development

We devote significant resources to research and development projects designed to enhance our hubs, VSATs, Satellite Communication on-the-move antennas, ESA antennas, BUCs, SSPAs and Transceivers products and to multiply the applications for which they can be used. In particular, we continue to invest into expanding our portfolio to address VHTS and NGSO satellites constellations solutions, mobility applications, both IFC and maritime as well as cellular backhaul solutions. We intend to continue to devote substantial resources to complete the development of certain features, including improving functionality, support higher throughput, improving space segment utilization and network resilience, thereby contributing to reducing the cost of proposed solutions for our customers.

We conduct our research and development activities in Israel, the U.S. (California and Georgia), Bulgaria, Moldova, and Spain. Our facilities in Israel, Spain and Moldova focus on research and development of VSATs, baseband equipment and network management. Our Bulgarian center focuses on developments related to our Satellite Communication on-the-move antennas, or SOTM antennas and development of VSATs and baseband equipment. Our facilities in California focus on the design and development of BUCs, SSPAs and Transceivers. Our facility in Georgia, U.S. focuses on development of satellite communication portable and transportable solutions. With the acquisition of SBS in January 2025, we acquired SBS' research and development sites in San Diego, California, and Krakow, Poland.

We have devoted significant research and development resources over the last few years to the development of our SkyEdge family of products, including the development of our own hardware platforms for both baseband equipment and software. In 2024, we invested heavily in improving space spectral efficiency, including release of the new VSAT platform supporting advanced coding schemas, in developing new enhanced functionality for IFC application and global bandwidth management. We continued to invest in optimizing solutions for cellular backhaul and other applications, improving throughput, supported security and resilience. We develop our own network software as well as software for our VSATs. We have made a significant investment in a new modular product architecture involving hot-swappable RF amplifier modules, power supply modules and block up conversion modules for military and commercial teleport providers. This architecture will allow us to mix and match components for faster system product development and better supply chain resilience.

In 2024, we also invested in the development of our Electronically Steerable Antennas, or ESA, for IFC applications. In addition, we invested in the development of SatCom terminals for UAVs.

Our software and our internally developed hardware are proprietary, and we have implemented protective measures both of a legal and practical nature. We have obtained and registered patents in the U.S. and in various other countries in which we offer our products and services. We rely upon copyright laws to protect against unauthorized copying of the object code of our software and upon copyright and trade secret laws for the protection of the source code of our software. We derive additional protection for our software by generally licensing only the object code to customers and keeping the source code confidential. In addition, we enter into confidentiality agreements with our customers and other business partners to protect our software technology and trade secrets. We have also obtained trademark registrations in the U.S. and various other countries for additional protection of our intellectual property. Despite all of these measures, it is possible that competitors could copy certain aspects of our technology or obtain information that we regard as a trade secret in violation of our legal rights.

We participate in various programs under which we have received and are eligible to receive research and development grants for financing research and development projects in Israel, pursuant to the provisions of The Encouragement of Industrial Research and Development Law, 1984. We are also participating in grant research programs of the European Union, Horizon 2020 and from time to time we participate in programs through bilateral R&D foundations such as the BIRD foundation. With respect to some of our funding programs, we are obligated to pay royalties from the revenues derived from products developed within the framework of such programs. However, most of our programs are non-royalty bearing programs.

We also participate in joint programs with academic institutions, which are partially funded by the Israeli Innovation Authority. In the event of a commercial use of specific academic knowledge, we are obligated to pay the academic institution royalties from the revenues derived from products developed within the framework of such programs.

The following table sets forth, for the years indicated, our gross research and development expenses, the portion of such expenses which was funded mainly by non-royalty bearing grants and the net expenses of our research and development activities:

	Years Ended December 31,		
	2024	**2023**	**2022**
	(U.S. dollars in thousands)		
Gross research and development expenses .	40,597	42,216	36,281
Grants	(2,461)	(1,043)	(641)
Net research and development expenses .	38,136	41,173	35,640

D. Trend Information

The satellite communications industry is moving toward HTS, VHTS and NGSO technologies that employ multi-orbit, multi-beam transmission for more efficient use of space segment and better performance. New NGSO satellite constellations of MEO and LEO are being launched and scheduled to be launched in the coming years. With the scheduled launches of numerous HTS, VHTS and NGSO satellites, we believe that the development of products using this technology for the different satellites and constellations will be an important competitive factor in the satellite communications market. We are continuing our efforts to enhance our current products and develop new ones to support this technology's advantages.

The continued increase in HTS and VHTS GEO satellites and NGSO constellations supply is projected to reduce bandwidth price. This reduction is expected to make satellite communications economically viable for additional broadband, cellular and mobility applications. Accordingly, satellite communications are expected to economically increase cellular coverage and service in rural, metro-edge, and metro areas in developed and developing countries.

We continue to focus on the mobility trend which has been driven by the projected growth of mobility applications, especially on airplanes and seagoing vessels, as well as defense-related applications. We are focused on being the partner of choice to satellite operators that will select our SkyEdge IV platform as a multi-service system. The dynamics of the market is that a few suppliers will dominate the VHTS and NGSO markets and we want to be a leading supplier. Our technology is software centric and allows pay as you grow models based on software licenses. Our systems are scalable in an efficient manner and thus allowing our customers demand-based growth. As satellite operators are also becoming service providers, we see them as our partners and go to market channels. Accordingly, we offer them end-to-end project management; flexibility in customizing their systems and help them manage their networks.

In the past few years, the satellite communications market has experienced increasing competition both from within its sector and from competing communication technologies. From within, we see new disruptive NGSO players that aspire to take a large part of the market. From outside the expansion of cellular coverage in rural areas worldwide, increased terrestrial infrastructures as well as the advancement of wireless technologies, increases the options for our potential and existing customers. In addition, the number of satellite communications providers in the market has increased and prices of technologies continue to decline. Another development in our industry is the increasing demand for complete solutions which encompass far more than a single platform of a communications solution.

We believe that the political environment in Israel could continue to prevent certain countries from doing business with us, in addition to the increased competition and reduced prices in the telecommunications industry overall, may have an adverse effect on our business. Given all of the above, we cannot guarantee or predict what our sales will be, what trends will develop, and if any changes in our business and marketing strategy will be implemented.

During the years ended December 31, 2020 and 2021 the COVID-19 pandemic had an adverse effect on our industry and the markets in which we operate. During that time, the COVID-19 outbreak had significantly impacted the travel and aviation markets in which our significant Inflight Connectivity, or IFC, customers operate and had resulted in a significant reduction of our business with some of these customers. We had also experienced postponed and delayed orders in certain other areas of our businesses. As a result, we experienced a significant reduction in business in 2020. The regression of the pandemic during 2021 till 2023, followed by lifting of travel restrictions and social distancing regulations, led to a recovery in our business. In the twelve months ended December 31, 2024, our revenue was $305 million, compared to $266 million in the comparable period of 2023, and $240 million in the comparable period of 2022.

Amid the military conflict of Russia and Ukraine, major economic sanctions and export controls restrictions were imposed on Russia and various Russian entities by the U.S., European Union and the United Kingdom. These sanctions and restrictions restricted our business in Russia, which mainly included exports to Russia, and had delayed us from collecting funds and performing money transfers from Russia. In 2024, we winded down our business in Russia to a complete stop. While our business in Russia was limited in scope, the decision caused a reduction in our sales and financial results.

In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in Israel. In response to these attacks, the Israeli army has carried out a military operation in Lebanon, including raids on territories controlled by Hezbollah in Southern Lebanon and of targeted strikes on sites belonging to Hezbollah in Lebanon. On a separate border, Israel was required to take limited pre-emptive military actions in Southern Syria in light of the fall of the Assad regime and the takeover of Syria by the Syrian rebels. During 2024, missiles and rockets were launched on Israeli towns from Iran and Yemen triggering counterattacks by Israel.

Many Israeli citizens are obligated to perform annual military reserve duty each year for periods ranging from several days to several weeks until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. Since October 7, 2023, the Israel Defense Force has called up more than 350,000 of its reserve forces to serve. A small number of our 300 employees in Israel have been called to serve. In addition, the family members of many of our Israeli team members are currently serving in the IDF. Despite the challenging circumstances, our offices in Israel remained open, and operations continued without significant disruption. Our facility in Israel, as well as our key subcontractors and suppliers, are not situated close to the borders between Israel and Gaza and Israel and Lebanon. While there was some initial disruption during the first few days of the war, it was limited and did not significantly affect our manufacturing processes or overall operations. However, we did face challenges related to transportation. The reduction in flights to and from Israel due to the conflict impacted our logistics. Additionally, the Houthi terror attack on shipping routes in the Arab Sea led to increased shipping and transport costs.

The intensity and duration of Israel's current war and hostilities against Hamas, Hezbollah, the Houthi movement, and Iran are difficult to predict, as are such war's economic implications on our business and operations in particular and on Israel's economy in general.

E. Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires us to make estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Main areas that require significant estimates and assumptions by us include contract costs, revenues (including variable consideration, determination of contracts duration, establishing stand-alone selling price for performance obligations), application of percentage-of-completion accounting, provisions for uncollectible receivables and customer claims, impairment of inventories, impairment and useful life of long-lived assets, goodwill impairment, valuation allowance in respect of deferred tax assets, uncertain tax positions, accruals for estimated liabilities, including litigation and insurance reserves, contingent considerations and intangibles from business combination transaction and stock-based compensation. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of the financial information included in this annual report.

Revenues. We generate revenue mainly from the sale of products (including construction of networks), satellite-based communications networks services and from providing connectivity, internet access, field services and telephony services. We sell our products and services to enterprises, government and residential customers under large-scale contracts that utilize both our networks and other networks that we install, mainly based on BOT and BOO contracts. These large-scale contracts sometimes involve the installation of thousands of VSATs or construction of massive fiber-optic and wireless networks. Revenues from sale of products includes mainly the sale of VSATs, hubs, SSPAs, low-profile antennas, on-the-move/on-the-pause terminals, portable terminals and construction and installation of large-scale networks based on BOT and BOO contracts. Sale of services includes access to and communication via satellites ("space segment"), installation of equipment, telephone services, internet services, consulting, on-line network monitoring, network maintenance, field services and repair services. In certain contracts, we also provide a service-type warranty that is accounted for as a separate performance obligation, and revenue is recognized ratably over the life of the warranty as the customer consumes the benefit over the service term. We sell our products primarily through our direct sales force and indirectly through system integrators or resellers.

We recognize revenue when (or as) we satisfy performance obligations by transferring promised products or services to our customers, in an amount that reflects the consideration that we expect to receive according to ASC 606, "Revenue from Contracts with Customers" ("ASC 606"). Revenue is recognized net of any turnover taxes collected from customers which are subsequently remitted to governmental entities (for example, sales tax and other indirect taxes).

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price ("SSP") basis. We establish SSP based on management judgment, and stand-alone renewal prices, considering internal factors such as margin objectives, pricing practices and historical sales.

If the consideration in a contract includes a variable amount (e.g. penalties), we estimate the amount of consideration to which we will be entitled, usually based on the most likely amount that should be included in the transaction price subject to constraints based on the specific facts and circumstances. The variable consideration is estimated at contract inception and constrained until it is probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from the sale of equipment is recognized at a point in time, once the customer has obtained control over the items purchased, generally upon shipment. When significant acceptance provisions are included in the arrangement, we defer recognition of the revenue until the acceptance occurs. Revenue from periodic services is recognized ratably over the term the services are rendered. Revenue from other services is recognized upon their completion.

For time and material contracts, revenue is recognized when the service is provided.

Revenues from long-term contracts under which we provide significant construction to the customer's specifications and networks operation and maintenance (mostly governmental projects) are generally recognized over time because of continuous transfer of control to the customer. Specifically, these contracts include construction performance obligations, for which this continuous transfer of control to the customer is based on the fact that our performance creates or enhances an asset that the customer controls as the asset is created or enhanced according to ASC 606. We generally use the cost-to-cost measure of progress for these contracts. We believe that cost-to-cost measure of progress is an appropriate measure of progress towards satisfaction of the performance obligation since this measure reasonably depicts the progress of the work efforts. In the years ended December 31, 2024, 2023 and 2022, we recognized revenues from these construction performance obligations in the amounts of $15.8 million, $12.9 million and $16.2 million, respectively, which are presented under the Network Infrastructure and Services operating segment.

The products and services provided as part of the construction are not distinct from one another due to a customer defined interrelated operational performance requirement, a highly complex interrelated and integrated output and significant contract management requirements. The promises to provide operation and maintenance services are distinct performance obligations. SSPs for our products and services provided as part of the long-term contracts with governments are generally not observable, and consequently we use the expected cost plus a reasonable margin approach to estimate a stand-alone selling price. The estimation of SSP requires the exercise of management judgement. We typically establish SSP ranges for its products and services. In some governmental contracts, we are also required to supply equipment (e.g., tablets), which are distinct and are accounted for as separate performance obligations. We determine SSP for such equipment based on observable market data. Revenues related to equipment performance obligation are recognized at a point in time upon delivery of the equipment.

Revenues from contracts relating to the design, development, integration or manufacture of complex equipment or technology platforms to a buyer's specification (or to provide services related to the performance of such contracts) are generally recognized over time because of continuous transfer of control to the customer. This continuous transfer of control to the customer is usually based on the facts that we have the right to payment for performance completed to date and the underlying asset has no alternative use according to ASC 606. We use the cost-to-cost measure of progress for these contracts. We believe that cost-to-cost measure of progress is an appropriate measure of progress towards satisfaction of the performance obligation since this measure reasonably depicts the progress of the work efforts. Accounting for contracts under which continuous transfer of control to the customer occurs, as described above, involves the use of various techniques to estimate total contract revenue and performance costs.

We estimate the profit on a contract as the difference between the total estimated transaction price and the total expected performance costs of the contract and recognize revenue and incurred costs over the life of the contract. Changes to performance cost estimates under a contract may occur in a situation where: (a) identified contract risks cannot be resolved within the cost estimates included in a contract's estimated at completion, or EAC; or (b) new or unforeseen risks or changes in the performance cost estimates must be incorporated into the contract's EAC. Changes in estimated revenues and/or estimated project costs which are related to an existing performance obligation, and that are not distinct from those goods and services already provided, and therefore form part of single performance obligation, are recorded in the period the change is reasonably determinable, with the full amount of the inception-to-date effect of such changes recorded in such period on a "cumulative catch-up" basis. When total cost estimates for these types of arrangements exceed revenues, the total estimated losses are recognized immediately. Significant judgment is required when estimating total labor effort and progress to completion of these arrangements, as well as whether a loss is expected to be incurred on the project. If any of the above factors were to change, or if different assumptions were used in estimating progress cost and measuring progress towards completion, it is possible that materially different amounts would be reported in our consolidated financial statements.

Under the typical payment terms of the contracts under which continuous transfer of control to the customer occurs as described above, the customer pays us milestones-based payments. This may result in revenues recognized in excess of billings and is presented as part of contract assets on the consolidated balance sheets. In addition, we typically receive interim payments as work progresses, although for some contracts, we may be entitled to receive an advance payment. We recognize a liability for these payments in excess of the revenue recognized and present it as liabilities on the consolidated balance sheets. These payments are typically not considered as significant financing component.

In addition, we have elected to apply the practical expedient for financing component for transactions in which the difference between the payment date and the revenue recognition timing is up to 12 months.

Amounts recognized as revenue and which we have an unconditional right to receive payments are classified as trade receivables in the consolidated balance sheets.

A contract asset is recorded when revenues are recognized in advance of our right to receive consideration.

Deferred revenue and advances from customers are recorded when we receive payments from customers before performance obligations have been performed. Deferred revenue is recognized as revenues as (or when) we perform the performance obligation under the contract.

We pay sales commissions to external sales agents and to sales and marketing personnel based on their attainment of certain predetermined sales goals. Sales commissions are typically considered incremental and recoverable costs of obtaining a contract with a customer. Incremental and recoverable sales commissions are capitalized and amortized upon recognition of the related revenues, consistently with the transfer to the customer of the goods or services to which they relate. Expenses related to these costs are mostly included in selling and marketing expenses in the consolidated statements of income (loss).

Income Taxes. We are subject to income taxation in Israel, the United States, and numerous other jurisdictions. Determining our provision for income taxes requires significant management estimations and judgments. In addition, our provision for income taxes could be adversely affected by many factors, including, among other things, changes to our operating structure, changes in the amounts of earnings in jurisdictions with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. We are subject to ongoing tax examinations in various jurisdictions. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. While we regularly evaluate the likely outcomes of these examinations to determine the adequacy of our provision for income taxes, there can be no assurance that the outcomes of such examinations will not have a material impact on our results of operations and cash flows. In addition, we may be audited in various jurisdictions, and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our results of operations or cash flows in the period or periods for which a determination is made.

In accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized. Our judgments regarding future taxable income may change due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. Moreover, given the current macro-economic environment and the uncertainties regarding the hostilities and military situation in Israel on our business, there can be no assurance that our estimates and assumptions will prove to be accurate predictions of the future. If our assumptions and consequently our estimates change in the future, the valuation allowances we have established may be increased or decreased, resulting in a respective increase or decrease in income tax expense.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

We classify interest and penalties on income taxes (which includes uncertain tax positions) as taxes on income.

Accounts Receivable and Allowance for Credit Losses. We are required to estimate our ability to collect our trade receivables. A considerable amount of judgment is required in assessing their ultimate realization. We estimate expected credit losses based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, the credit quality of its customers, current future economic conditions, and other factors that may affect our ability to collect from customers.

Inventory Valuation. We are required to state our inventories at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory write-offs are provided to cover risks arising from slow-moving items, excess inventories, discontinued products, new products introduction and for market prices lower than cost. Any write-off is recognized in our consolidated statements of income (loss) as cost of revenues. In addition, if required, we record a liability for firm non-cancelable and unconditional purchase commitments with contract manufacturers for quantities in excess of our future demands forecast consistent with our valuation of excess and obsolete inventory.

Goodwill. Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350 "Intangibles - Goodwill and Others", or ASC 350, goodwill is not amortized, but rather is subject to an annual impairment test. Goodwill is tested for impairment at the reporting unit level by comparing the fair value of the reporting unit with its carrying value. We perform our annual impairment analysis of goodwill in the fourth quarter of the year and whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. We first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If we elect not to use this option, or if we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then we prepare a quantitative analysis to determine whether the carrying value of reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, we recognize an impairment of goodwill for the amount of this excess.

In the years ended December 31, 2024, 2023 and 2022 we performed assessments to continue to support our conclusion that no impairment of goodwill was required for any of our reporting units.

Contingencies. We are currently involved in certain legal and other proceedings and are also aware of certain tax and other legal exposures relating to our business. We are required to assess the likelihood of any adverse judgments or outcomes of these proceedings or contingencies as well as potential ranges of probable losses. A determination of the amount of accruals required, if any, for these contingencies is made after careful analysis.

Liabilities related to legal proceedings, demands and claims are recorded in accordance with ASC 450, "Contingencies", or ASC 450, which defines a contingency as "an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an enterprise that will ultimately be resolved when one or more future events occur or fail to occur." In accordance with ASC 450, accruals for exposures or contingencies are being provided when the expected outcome is probable and when the amount of loss can be reasonably estimated. It is possible, however, that future results of operations for any particular quarter or annual period could be materially affected by changes in our assumptions, the actual outcome of such proceedings or as a result of the effectiveness of our strategies related to these proceedings.

Business combination. Accounting for business combination requires us to make significant estimates and assumptions in determining the fair value of contingent consideration that is part of the consideration transferred and the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. Critical estimates in valuing the acquired intangible assets and the contingent consideration include, but are not limited to, projected revenues and results in the forecasted years. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from management of the acquired companies and are inherently uncertain. For further details, see notes 2, 17 and 19 in our consolidated financial statements, which appear elsewhere in this Annual Report.

ITEM 6: DIRECTORS AND SENIOR MANAGEMENT

A. Directors and Senior Management

The following table sets forth the name, age, position(s), and a brief account of the business experience of each of the directors and executive officers as of March 13, 2025:

Name	Age	Position
Amiram Boehm	53	Chairman of the Board of Directors
Adi Sfadia	54	Chief Executive Officer
Ronit Zalman Malach (1)(3)(4)(5)	55	Director
Amir Ofek (3)	48	Director
Aylon (Lonny) Rafaeli (2)(3)(5)	71	Director
Dafna Sharir (1)(3)(5)	57	Director
Elyezer Shkedy (1)(2)(5)(6)	68	Director
Ami Shafran (1)(2)(5)(6)	70	Director
Gil Benyamini	51	Chief Financial Officer
Ron Levin	49	Chief Commercial Officer
Gilad Landsberg	45	Chief Operating Officer
Lior Moyal	47	Chief People Officer
Hagay Katz	65	Chief Product and Marketing Officer
Aharon Mullokandov	41	Chief R&D Officer
Doron Kerbel	53	General Counsel & Company Secretary
Roni Stoleru	54	Senior Vice President Corporate Business Development

(1) Member of our Audit Committee.
(2) Member of our Compensation Committee.
(3) Member of the Nomination and ESG Committee
(4) "Independent Director" under the applicable NASDAQ Marketplace Rules (see explanation below).
(5) "Independent Director" under the applicable NASDAQ Marketplace Rules and the applicable rules of the SEC (see explanation below).
(6) "External Director" as required by the Companies Law (see explanation below)

Amiram Boehm has served on our Board of Directors since December 2012 and as Chairman of the Board since March 2023. Since 2004 and until November 2022, Mr. Boehm had been a Partner in the FIMI Opportunity Funds, Israel's largest group of private equity funds, since 2004. On February 2023, Mr. Boehm was appointed as Chairman of the Board of BrainsWay Ltd. (NASADQ and TASE). While he was a Partner in the FIMI Opportunity, Mr. Boehm served as the Chairman of the Board of director of DelekSon Ltd. and a director at, Hadera Paper Ltd. (TASE), Rekah Pharmaceuticals Ltd (TASE), KAMADA Ltd. (NASDAQ and TASE), TAT Technologies Ltd. (NASDAQ and TASE), PCB Technologies Ltd. (TASE), and Galam Ltd. Mr. Boehm previously served as the Managing Partner and Chief Executive Officer of FITE GP (2004), and as a director among others of Ormat Technologies Inc. (NYSE, TASE), Scope Metal Trading, Ltd. (TASE), Inter Industries, Ltd. (TASE), NOVOLOG (Pharm-Up 1966) Ltd. (TASE), Global Wire Ltd. (TASE), Telkoor Telecom Ltd. (TASE), Dimar Cutting Tools Ltd and Solbar Industries Ltd. (previously traded on the TASE). Prior to joining FIMI, from 1999 until 2004, Mr. Boehm served as Head of Research of Discount Capital Markets, the investment arm of Israel Discount Bank. Mr. Boehm holds a B.A. degree in Economics and a LL.B. degree from Tel Aviv University, Israel and a Joint M.B.A. degree from Northwestern University and Tel Aviv University, Israel.

Adi Sfadia has served as our Chief Executive Officer since November 2020. Prior to that, Mr. Sfadia served as Interim Chief Executive Officer from July 2020 and as our Chief Financial Officer since November 2015. Prior to joining Gilat, Mr. Sfadia served as CFO of Starhome Ltd., a Fortissimo Capital owned company, from January 2013. From 2008 to 2013, Mr. Sfadia served as CFO of Radvision Ltd. (previously traded on NASDAQ and TASE). From 2004 until 2008, Mr. Sfadia served as Radvision's Corporate Controller and Vice President of Finance. Prior to that, Mr. Sfadia served in several senior financial positions in Israeli companies, where he gained wide financial and managerial experience. Mr. Sfadia served five years in a public accounting firm Kost Forer Gabbay & Kasierer, a member of EY Global. Mr. Sfadia holds a B.A. degree in Business Administration and an M.B.A. degree (magna cum laude) from The College of Management in Tel Aviv and Rishon Lezion, and is a Certified Public Accountant in Israel.

Ronit Zalman Malach has served on our Board of Directors since September 2022. Ms. Malach has more than 20 years of professional experience in finance. Since November 2024, Ms. Malach has served as the CFO of Israeli Railways. Between August 2022 and August 2024 Ms. Malach served as the CFO of Isracard Ltd. (TASE), and from 2019 to 2022 served as a CFO of Mekorot National Water Company Ltd. Between 2017 and 2019, Ms. Malach served as CFO and Chief Revenue Officer at IMI Systems Ltd. Ms. Malach served as a director of Clalit Health Care, from 2019 until August 2022, served as an external director of G. Willi-Food Investments Ltd. (NASDAQ) between 2016 and 2019 and served as an external director of Meitav Dash Pension and Provident Ltd. (TASE), between 2017 and 2019. Between 2005 and 2016, Ms. Malach served in various financial management positions in Clal Insurance Group (TASE), including acting as deputy CEO and CFO. Ms. Malach holds a B.A. degree in Economics and Accounting from Tel Aviv University, Israel and a M.B.A. degree in Finance from Bar Ilan University, Israel.

Amir Ofek has served on our Board of Directors since June 2023 and previously served as a director of our company from 2014 to 2019. Mr. Ofek has more than 20 years of professional experience in management and board positions in technology-based companies. Since 2021, Mr. Ofek serves as CEO of AxoniusX, an Axonius' company. Prior to that, between 2019 and 2021, Mr. Ofek was the CEO of Alcide IO Ltd. (acquired by Rapid7 Inc. – NASDAQ: RPD). Prior to that, between 2016 and 2019 Mr. Ofek served as the CEO of CyberInt Ltd. Mr. Ofek also held various leadership positions at Amdocs Ltd. (NASDAQ: DOX) and Elbit Systems Ltd. (NASDAQ and TASE: ESLT). Mr. Ofek was a Captain in the IDF 8200 Unit and holds a BSc. degree (Cum Laude) in IT Engineering from the Technion and an M.B.A. degree from INSEAD.

Aylon (Lonny) Rafaeli has served on our Board of Directors since May 2016. Mr. Rafaeli is a strategy and business development manager and consultant. From 2007 through 2012, Mr. Rafaeli was Director of Business Development at MST, a concentrated photo voltaic company. Prior to joining MST, Mr. Rafaeli was Managing Partner at E. Barak Associates, a strategic consulting company. Mr. Rafaeli is a member of the board of directors of the TALI Education Fund and a veteran association of an IDF elite unit. Mr. Rafaeli also served in the past as a director of Lenox Investment and Azimuth Technologies. Mr. Rafaeli holds an Executive M.B.A. degree in Strategic Management from The Hebrew University of Jerusalem, Israel.

Dafna Sharir has served on our Board of Directors since May 2016. Since 2005, Ms. Sharir has served as an independent consultant in the areas of mergers and acquisitions and business development. Ms. Sharir has served as a director of Ormat Technologies Inc. (NYSE, TASE) since 2018, and as a director of Cognyte Software Ltd (NASDAQ, TASE) since 2022. She served as Senior Vice President Investments of Ampal Corp. between 2002 and 2005. Before that she served as Director of Mergers and Acquisitions at Amdocs (until 2002). Between 1994 and 1996, Ms. Sharir worked as a tax attorney with Cravath, Swaine & Moore in New York. Ms. Sharir is a director of Ormat Technologies Inc., Minute Media Inc. and Cognyet Software Ltd. and served in the past as a director of Frutarom Industries Ltd. Ms. Sharir holds a B.A. degree in Economics and a LL.B degree, both from Tel Aviv University, Israel, LL.M. degree in Tax Law from New York University, and M.B.A. degree from INSEAD.

Major General (ret.) Elyezer Shkedy*,* has served on our Board of Directors since June 2017. Mr. Shkedy is a business development manager and consultant. From January 2010 to March 2014, Mr. Shkedy was the Chief Executive Officer of El-Al Israel Airlines. Prior to joining El-Al, Mr. Shkedy served as Commander of the Israeli Air Force, from April 2004 until May 2008, after a long career as a fighter pilot, and several command positions in the Israeli Air Force. Mr. Shkedy serves as an outside director in Ashtrom Group Ltd. (TASE), and is a member of managing boards at several other non-profit companies and organizations. Previously, in 2018- 2019, Mr. Shkedy served as board member in Paz Oil Company, Ltd. (TASE), and between 2015 – 2020 served as chairman of the board (pro bono) at Osim Shinui Shamaym Vearetz Ltd., a company for a public cause. Mr. Shkedy holds an M.A. degree (with distinction) in Systems Management from NPS, the Naval Postgraduate School in Monterey, California, U.S. and a B.Sc. degree in Mathematics and Computer Science (with distinction) from Ben Gurion University in Israel.

Major General (ret.) Ami Shafran, has served on our Board of Directors since January 2021. Mr. Shafran has since 2018 served as a venture partner at Moneta Capital. Since 2020, Mr. Shafran has served as director at Gencell (TASE). Since 2013, Mr. Shafran has served as the head of the Cyber Innovation Center at Ariel University and since 2021 as Chairman of the Executive Committee of the University. Mr. Shafran served as Chairman of the Board at Native Alpha Cybertech Management Ltd. during 2021. From 2006 through 2011, Mr. Shafran served as Commander of the information, communications and cyber command (C4I of the Israel Defense Force). In 2002, Mr. Shafran served as head of the research and development unit of the Israeli Ministry of Defense, MAFAT (chief of science) and chief of staff of the Ministry of Defense and the Research and Development Attaché at the Israeli Embassy in Washington DC. Mr. Shafran had also served as director of Rafael Advance Defense Systems Ltd. for three years and as a director at ISI - ImageSat International N.V. Since 2017, Mr. Shafran serves as a director of Paz Group (TASE), as a non-executive chair of Elsight (Australian Stock Exchange or ASX), and as head of the advisory board at Security Matters (ASX). Mr. Shafran has served as Chairman of the Board of Pazkar Ltd. and Paz Lub Ltd., as a member of the board of directors of Waterfall Security Solutions, and as President of Enigmatos Ltd., an automotive cyber security company and other non-public companies. Mr. Shafran holds a B.Sc. degree in Electrical Engineering from the Ben Gurion University in Israel and a M.B.A. degree from the Tel Aviv University.

Gil Benyamini has served as our Chief Financial Officer since February 2022. Previously, Mr. Benyamini served as CFO at Panaxia Pharmaceutical Industries (TASE) for four years. From 2009 to 2016, Mr. Benyamini served as CFO at Walla Communications, and from 2006 until 2009 served as CFO at Exent Technologies. Mr. Benyamini also held finance positions at Tecnomatix Technologies (previously traded on NASDAQ) and PwC. Mr. Benyamini is a Certified Public Accountant (Israel) and holds a B.A. degree in economics, statistics and operations research, a B.A. degree in accounting and an M.B.A. (major in finance) degree, all from Tel-Aviv University.

Ron Levin has served as President of our Commercial Division since January 2025. Previously, Mr. Levin served as our Chief Commercial Officer since March 2023, as our Chief Operations Officer from August 2021 until March 2023, and as Vice President, Mobility and Global Accounts since 2016. Prior to joining our company, he headed Strategic Sales at ECI Telecom, a leading telecom equipment provider. Previously, Mr. Levin headed product management at Jungo Software Technologies, a software company of home and small business gateways, which was later acquired by NDS and Cisco. Mr. Levin holds a M.Sc. degree in Management from the University of Tel Aviv and a B.Sc. degree in Computer Engineering from the Technion, Israel Institute of Technology, in Israel.

Gilad Landsberg has served as our Defense Division since January 2025. Previously, Mr. Landsberg served as our Chief Operations Officer since June 2023. Mr. Landsberg is a multi-dimensional executive with over 20 years of business, technical and management experience. Previously, Mr. Landsberg served from 2020 until June 2023 as Vice President, Head of the Tactical & MALE UAS Division of Aeronautics Ltd., a world leader in designing, developing and manufacturing Unmanned Aerial Systems (UAS) for the global defense and HLS markets. Previously, until 2020 Mr. Landsberg spent over 15 years at RAFAEL Advanced Defense Systems Ltd., in various leadership roles, among others, Director, Head of a Business Unit. Mr. Landsberg holds a B.S.c degree in Industrial and Management Engineering, specializing in Information Technology from the Technion, Israel Institute of Technology, Israel.

Lior Moyal has served as our Chief People Officer since July 2020. Prior to that and since March 2017, Ms. Moyal served as Director of Human Resources of Wavestream, our U.S. based subsidiary, and before that, as our Global Organization Development Manager & HR Business Partner since January 2016. Prior to joining our company, Ms. Moyal was HR Business Lead at Amdocs after serving in several positions since 2002 and served as a Human Capital Captain in the IDF before that. Ms. Moyal holds an M.A. degree in Organization Development from the Polytechnic University Israeli Branch and B.A. degree in Social Science from the Open University.

Hagay Katz has served as our Chief Product and Marketing Officer since August 2021. Prior to that and since 2017, Mr. Katz served as VP Strategic Accounts - Cyber Security at Allot Communications (NASDAQ – ALLT). Previously, he served as our Head of the VSAT Line of Business. Earlier in his career, Mr. Katz held senior positions in Sales, Marketing and Product Management at Modu Mobile, PacketLight Networks, which he co-founded and Telstra Research Laboratories. Mr. Katz started his career in an elite technology unit of the IDF and is the co-author of nine granted patents. Mr. Katz holds B.Sc. and M.Sc. degrees in Electronic Engineering from Tel-Aviv University and an M.B.A. degree from Monash University.

Aharon Mullokandov has served as our Chief R&D Officer since January, 2024, and prior to that as our Senior Vice President for R&D since May 2022. Prior to joining our company, Mr. Mullokandov served as Vice President Global R&D Cyber Security at Allot Communications (Nasdaq – ALLT). Before joining Allot, Mr. Mullokandov was the Head of Global Customer Service at Here Mobility. Prior thereto, Mr. Mullokandov served as the Head of the Drive Division at Servotronix Motion Control. Mr. Mullokandov began his career at Gilat, serving in many different positions over a nine-year period including Assistant Vice President, Global Cloud Operations Services, R&D Director, Global QA and System Engineering. Mr. Mullokandov holds a Bachelor of Science (B.Sc.) degree in Electrical, Electronics and Communications Engineering from Ariel University.

Doron Kerbel has served as our General Counsel and Company Secretary since September 2022. Prior to joining our company Mr. Kerbel served from 2015 to September 2022 as General Counsel and Company Secretary at Senstar Technologies Ltd. (NASDAQ - SNT), previously known as Magal Security Systems Ltd. From 2007 to 2015, Mr. Kerbel served as legal counsel at Elbit Systems Ltd. (TASE and NASDAQ). From 2003 to 2005, Mr. Kerbel served as a senior legal counsel for international law at Israel's embassy to the Hague. Mr. Kerbel also served as an associate in prominent Israeli law firms. Mr. Kerbel holds a LL.B. degree from the Richman University and a LL.M degree in public international law (with distinction) from the University of Amsterdam.

Rony Stoleru has served as our Senior Vice President, Corporate Business Development since August 2023. Mr. Stoleru joined our company over 24 years ago. Prior to his role as Senior Vice President, Mr. Stoleru held a variety of senior positions in product management, technical marketing, sales and corporate business development. Before joining us, Mr. Stoleru served as an officer in the Israeli Air-Force (IAF), working as a Project Officer in RAFAEL Advanced Defense Systems Ltd. Mr. Stoleru holds a Master of Business Administration degree with a major in Information Systems and Technologies Management from Tel Aviv University, Israel and a Bachelor of Science degree in Electrical Engineering from Ben Gurion University, Israel.

B. Compensation of Directors and Officers

The following table sets forth the aggregate compensation paid to or accrued on behalf of all of our directors and officers as a group for the year ended December 31, 2024:

	Salaries, Fees, Directors' Fees, Commissions and Bonuses (1)	Amounts Set Aside for Pension, Retirement and Similar Benefits
All directors and officers as a group (16 persons) (2)	$ 5,366,362	$ 531,348

(1) Includes bonuses and equity-based compensation accrued in 2024, but does not include business travel, professional and business association dues and expenses reimbursed to our directors and officers, and other benefits commonly reimbursed or paid by companies in Israel.

In accordance with Israeli law requirements, the table below sets forth the compensation paid to our five most highly compensated senior office holders (as defined in the Companies Law) with respect to the year ended December 31, 2024, in accordance with the expenses recorded in our financial statements for the year ended December 31, 2024. We refer to the five individuals for whom disclosure is provided herein as our "Covered Executives."

For purposes of the table and the summary below, and in accordance with the above mentioned securities regulations, "compensation" includes base salary, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation.

Summary Compensation

Information Regarding the Covered Executive in U.S. dollars (1)

Name and Principal Position	Base Salary	Benefits and Perquisites(2)	Variable Compensation(3)	Equity-Based Compensation(4)	Total
Adi Sfadia, CEO	394,458	111,886	270,416	269,967	1,046,727
Amiram Boehm, Chairman of the Board of Directors	157,328	-	105,237	341,772	604,337
Hagay Katz, Chief Product and Marketing Officer	235,956	55,942	118,632	137,800	548,330
Gil Benyamini, CFO	237,583	59,403	114,472	122,675	534,133
Ron Levin, Chief Commercial Officer	247,149	50,726	123,190	93,806	514,871

(1) All amounts reported in the table are in terms of cost to our company, as recorded in our financial statements.

(2) Amounts reported in this column include benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to each executive, payments, contributions and/or allocations for savings funds, pension, severance, vacation, car or car allowance, medical insurances and benefits, risk insurances (e.g., life, disability, accident), convalescence pay, payments for social security and other benefits and perquisites consistent with our guidelines, but do not include business travel, relocation, professional and business association dues and expenses reimbursed to our directors and officers.

(3) Amounts reported in this column refer to Variable Compensation such as commissions, incentive and bonus payments payable upon conditions met in the year ended December 31, 2024 and recorded in our financial statements.

(4) Amounts reported in this column represent the expense recorded in our financial statements for the year ended December 31, 2024, with respect to equity-based compensation granted to the Covered Executive.

In accordance with the approval of our shareholders and in accordance with Israeli corporate law regarding compensation of external directors, each of our non-employee directors and external directors (all of our current directors except for our Chairman of the Board of Directors) is entitled to receive annual compensation payable quarterly of approximately NIS 93,690 (approximately $25,250), and an additional fee of approximately NIS 1,924 (approximately $519) for each board or committee meeting attended. In addition, Board members are compensated for telephone participation in board and committee meetings in an amount of 60% of what would be received for physical attendance and for written resolutions in an amount equal to 50% of same. All the above amounts are linked to changes in the Israeli consumer price index as of September 2014 and subject to changes in the amounts payable pursuant to Israeli law from time to time.

As of December 31, 2024, our directors and executive officers as a group, consisting of 16 persons, held options to purchase an aggregate of 2,400,000 ordinary shares, having exercise prices ranging from $5.53 to $11.004 (adjusted due to distribution of dividends in April 2019, December 2020 and January 2021). Generally, the options granted to our directors, vest ratably each quarter over a three-year, except in the case of the grant to our Chairman of the Board of Directors, in which the options vest over a four-year period. The options granted to our executive officers vest over a four-year period. The options will expire between 2025 and 2030. All of such options were awarded under our stock option plans described in Item 6E - "Directors, Senior Management and Employees - Share Ownership - 2008 Share Incentive Plan".

Chairman Services. Mr. Boehm has served as Chairman of the Board of Directors of our company since March 2023. Mr. Boehm is entitled to: (i) a monthly fee in the amount of NIS 50,000 (approximately $13,500), which includes the cash value of various fringe benefits (which is equal to the employer's cost that would have been incurred by us for such benefits if the Chairman served in an employee status); and (iii) office space and secretarial assistance and reimbursement for out-of-pocket expenses incurred by him in connection with his service. Mr. Boehm is also entitled to an annual cash bonus of up to NIS 300,000 (approximately $80,875) for the years 2023 to 2026, upon achievement of a threshold of 80% of the company's target operating profit metric. Additionally, Mr. Boehm is eligible for an annual over- achievement bonus of up to NIS 150,000 (approximately $40,440). Mr. Boehm was granted options to purchase 500,000 of our ordinary shares, with an exercise price of $5.85 per share. The options were granted under our 2008 Option Plan and are subject to a four year vesting period. The options remain exercisable for 12 months following cessation or termination of service (other than for cause), and are subject to acceleration upon a change in control event. The options will expire on the sixth anniversary of the date of the grant.

CEO. Mr. Sfadia has served as our Chief Executive Officer since November 2020. Since April 2024, Mr. Sfadia is entitled to a monthly salary of NIS 125,000 (approximately $32,350) and fringe benefits including social benefits, annual vacation and reimbursement of expenses, and an education fund payment (employee and employer) with respect to 50% of his full monthly salary. Mr. Sfadia is also entitled to an annual cash bonus plan of six (6) base monthly salaries for the years 2024 to 2026, upon achievement of a threshold of 80% of the company's EBITDA target operating profit metric (with 85% attributable measurable quantitative performance as example Adjusted EBITDA and Booking targets and 15% attributable to non-measurable quantitative performance targets, each as set by the Compensation Committee and the Board at the beginning of the applicable fiscal year). Additionally, Mr. Sfadia may be eligible for an overachievement bonus of up to four (4) base monthly salaries. In January 2021 Mr. Sfadia was granted options to purchase 400,000 ordinary shares at an exercise price of $6.22 per share (following a subsequent adjustment due to the distribution of a $0.63 per share cash dividend in 2021). The options were granted under our 2008 Option Plan and will vest over a period of four years. The options will remain exercisable for 12 months following cessation or termination of service (other than for cause). All options are subject to acceleration upon a change in control event. The options will expire on the sixth anniversary of the date of the grant. In February 2023, Mr. Sfadia was granted options (subject to the shareholders' approval) to purchase 100,000 ordinary shares at an exercise price of $5.68 per share, with similar terms as described above, which grant was approved by the Company's shareholders in June 2023. In February 2025, Mr. Sfadia was granted 180,000 Restricted (Performance) Share Units, or PSUs (subject to the shareholders' approval). The PSUs were granted under our 2008 Option Plan and will vest over a period of four years. All PSUs are subject to acceleration upon a change in control event.

In accordance with the Israeli Companies Law, we adopted an Executive Compensation Policy for our executive officers and directors. The purpose of the policy is to describe our overall compensation strategy for our executive officers and directors and to provide guidelines for setting their compensation, as prescribed by the Israeli Companies Law. In accordance with the Israeli Companies Law, the Executive Compensation Policy must be reviewed and readopted at least once every three years. The policy was last amended in June 2023.

Approval by the Compensation Committee, the Board of Directors and our shareholders, in that order, is required for the adoption of the Executive Compensation Policy. The shareholders' approval must include the majority of shares voted at the meeting. In addition to the majority vote, the shareholders' approval must satisfy either of two additional tests:

- the majority includes at least a majority of the shares voted by shareholders other than our controlling shareholders or shareholders who have a personal interest in the adoption of the Executive Compensation Policy; or

- the total number of shares held by non-controlling shareholders and disinterested shareholders that voted against the adoption of the Executive Compensation Policy does not exceed 2% of the aggregate voting rights of our company.

In the event that the Executive Compensation Policy is not approved by our shareholders, the compensation committee and the board of directors may still approve the policy, if the compensation committee and the board of directors determine, based on specified reasons and following further discussion of the matter, that the compensation policy is in the best interests of the company.

Under the Israeli Companies Law, the compensation arrangements for "office holders" (other than the Chief Executive Officer) who are not directors require the approval of the Compensation Committee and the Board of Directors; provided, however, that if the compensation arrangement is not in compliance with our Executive Compensation Policy, the arrangement may only be approved by the Compensation Committee and the Board of Directors for special reasons to be noted, and the compensation arrangement shall also require a special shareholder approval. If the compensation arrangement is an immaterial amendment to an existing compensation arrangement of an "office holder" who is not a director and is in compliance with our Executive Compensation Policy, the approval of the Compensation Committee is sufficient. An "office holder" is defined under Israeli Companies Law as a general manager, chief executive officer, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of the foregoing positions without regard to such person's title, a director and a manager directly subordinate to the chief executive officer.

Arrangements regarding the compensation of directors require the approval of the Compensation Committee, the Board, and our shareholders, in that order.

Arrangements regarding the compensation of the Chief Executive Officer require the approval of the Compensation Committee, the Board and our shareholders by special majority, in that order. In certain limited cases, the compensation of a new Chief Executive Officer who is not a director may be approved without approval of our shareholders.

C. Board Practices

Election of Directors

Our Articles of Association provide that our Board of Directors shall consist of not less than five and not more than nine directors as shall be determined from time to time by a majority vote at the general meeting of our shareholders. Our shareholders resolved to set the size of our Board of Directors at eight members, including two external directors. Our Board currently consists of seven members, including two external directors.

Pursuant to our Articles of Association, each beneficial owner of 14% or more of our issued and outstanding ordinary shares is entitled to appoint, at each annual general meeting of our shareholders, one member to our Board of Directors, provided that a total of not more than four directors are so appointed. In the event that more than four qualifying beneficial owners notify us that they desire to appoint a member to our board of directors, only the four shareholders beneficially owning the greatest number of shares shall each be entitled to appoint a member to our Board of Directors. So long as our ordinary shares are listed for trading on NASDAQ, we may require that any such appointed director qualify as an "independent director" as provided in the NASDAQ rules then in effect. Our Board of Directors has the right to remove any such appointed director when the beneficial ownership of the shareholder who appointed such director falls below 14% of our issued and outstanding ordinary shares.

Our Articles of Association provide that a majority of the voting power at the annual general meeting of our shareholders will elect the remaining members of the board of directors, including external directors as required under the Companies Law. At any annual general meeting at which directors are appointed pursuant to the preceding paragraph, the calculation of the vote of any beneficial owner who appointed a director pursuant to the preceding paragraph shall not take into consideration, for the purpose of electing the remaining directors, ordinary shares constituting 14% of our issued and outstanding ordinary shares held by such appointing beneficial owner.

Each of our directors (except for external directors) serve, subject to early resignation or vacation of office in certain circumstances as set forth in our Articles of Association, until the adjournment of the next annual general meeting of our shareholders following the general meeting in which such director was elected. The holders of a majority of the voting power represented at a general meeting of our shareholders in person or by proxy will be entitled to (i) remove any director(s), other than external directors and directors appointed by beneficial holders of 14% or more of our issued and outstanding ordinary shares as set forth above, (ii) elect directors instead of directors so removed, or (iii) fill any vacancy, however created, in the board of directors. Our board of directors may also appoint additional directors, whether to fill a vacancy or in order to bring the total number of serving directors to the number determined by our shareholders. Such directors will serve until the next general meeting of our shareholders following such appointment.

Currently, no shareholder beneficially holding 14% or more of our issued and outstanding ordinary shares has exercised its right to appoint a director.

External Directors and Indepedent Directors

External Directors. Under the Israeli Companies Law, public companies are required to elect at least two external directors who must meet specified standards of independence. External directors may not have had during the two years preceding their appointment, directly or indirectly through a relative, partner, employer or controlled entity, any affiliation with (i) the company, (ii) those of its shareholders who are controlling shareholders at the time of appointment and/or their relatives, or (iii) any entity controlled by the company or by its controlling shareholders.

The term “affiliation” includes an employment relationship, a business or professional relationship maintained on a regular basis, control and services as an office holder. The term “controlling shareholder” is defined as a shareholder who has the ability to direct the activities of a company, other than if this power derives solely from the shareholder’s position on the board of directors or any other position with the company. The definition also includes shareholders that hold 25% or more of the voting rights if no other shareholder holds more than 50% of the voting rights in the company.

In addition, an individual may not be appointed as an external director in a company that does not have a controlling shareholder, in the event that he has affiliation, at the time of his appointment, to the chairman, chief executive officer, a 5% shareholder or the chief financial officer. An individual may not be appointed as an external director if his relative, partner, employer, supervisor, or an entity he controls, has other than negligible business or professional relations with any of the persons with which the external director himself may not be affiliated.

No person can serve as an external director if the person’s other positions or business creates or may create conflicts of interest with the person’s responsibilities as an external director. Until the lapse of two years from termination of office, a company may not engage an external director as an employee or otherwise. If, at the time an external director is to be appointed, all current members of the board of directors, who are not controlling shareholders of the company or their relatives, are of the same gender, then at least one external director appointed must be of the other gender.

The Israeli Companies Law further requires that external directors have either financial and accounting expertise or professional competence, as determined by the company’s board of directors. Under relevant regulations, a director having financial and accounting expertise is a person who, due to his or her education, experience and talents, is highly skilled in respect of, and understands, business and accounting matters and financial reports, in a manner that enables him or her to have an in-depth understanding of the company’s financial information and to stimulate discussion in respect of the manner in which the financial data is presented. Under the regulations, a director having professional competence is a person who meets any of the following criteria: (i) has an academic degree in either economics, business administration, accounting, law or public administration; (ii) has a different academic degree or has completed higher education in an area relevant to the company’s business or in an area relevant to his or her position; or (iii) has at least five years’ experience in any of the following, or has a total of five years’ experience in at least two of the following: (a) a senior position in the business management of a corporation with a substantial scope of business, (b) a senior public position or a senior position in public service, or (c) a senior position in the main field of the company’s business.

At least one of the external directors is required to qualify as a financial and accounting expert, as determined by the board of directors. Our Board of Directors has determined that both Mr. Ami Shafran and Mr. Elyezer Shkedy have “accounting and financial expertise” as defined by the Israeli Companies Law.

External directors serve for an initial three-year term. The initial three-year term of service can be extended, at the election of a company subject to certain conditions, by two additional three-year terms. External directors will be elected by a majority vote at a shareholders’ meeting, provided that either the majority of shares voted at the meeting, including at least half of the shares held by non-controlling shareholders voted at the meeting, vote in favor; or the total number of shares held by non-controlling shareholders voted against does not exceed two percent of the aggregate voting rights in the company.

The term of office of external directors of Israeli companies traded on certain foreign stock exchanges, including the NASDAQ Global Select Market, may be further extended, indefinitely, in increments of additional three-year terms, in each case provided that, in addition to reelection in such manner described above, (i) the audit committee and subsequently the board of directors of the Company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period is beneficial to the Company, and (ii) prior to the approval of the reelection of the external director, the Company's shareholders have been informed of the term previously served by such nominee and of the reasons why the board of directors and audit committee recommended the extension of such nominee's term.

External directors can be removed from office only by the court or by the same special majority of shareholders that can elect them, and then only if the external directors cease to meet the statutory qualifications with respect to their appointment or if they violate their fiduciary duty to the company. The court may additionally remove external directors from office if they were convicted of certain offenses by a non-Israeli court or are permanently unable to fulfill their position.

An external director is entitled to compensation as provided in regulations adopted under the Companies Law and is otherwise prohibited from receiving any other compensation, directly or indirectly, in connection with such service.

The Companies Law requires external directors to submit to the company, prior to the date of the notice of the general meeting convened to elect the external directors, a declaration stating their compliance with the requirements imposed by Companies Law for the office of external director.

Our Board of Directors currently has two external directors under Israeli law: Mr. Ami Shafran, whose term expires in May 2027, and Mr. Elyezer Shkedy, whose term expires in June 2026.

Independent Directors. In general, NASDAQ Marketplace Rules require that the board of directors of a NASDAQ-listed company have a majority of independent directors within the meaning of the NASDAQ rules. Our Board of Directors has determined that six out of the seven members of our Board of Directors are independent directors under NASDAQ requirements.

Pursuant to the Israeli Companies Law, a director may be qualified as an independent director if such director is either (i) an external director; or (ii) a director that served as a board member less than nine years and the audit committee has approved that he or she meets the independence requirements of an external director. A majority of the members serving on the audit committee and the compensation committee must be independent under the Israeli Companies Law.

Chairman of the Board

Under the Companies Law, the Chief Executive Officer (referred to as a "general manager" under the Companies Law) or a relative of the Chief Executive may not serve as the chairman of the board of directors, and the chairman or a relative of the chairman may not be vested with authorities of the Chief Executive Officer without shareholder approval consisting of a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such appointment, present and voting at such meeting; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment voting against such appointment does not exceed two percent of the aggregate voting rights in the company.

In addition, a person subordinated, directly or indirectly, to the Chief Executive Officer may not serve as the chairman of the board of directors; the chairman of the board may not be vested with authorities that are granted to those subordinated to the Chief Executive Officer; and the chairman of the board may not serve in any other position in the company or a controlled company, but he may serve as a director or chairman of a subsidiary.

Committees of the Board of Directors

Our Articles of Association provide that the Board of Directors may delegate its powers to committees of the Board of Directors as it deems appropriate, to the extent permitted by Israeli Companies Law. All of the external directors must serve on our audit committee and compensation committee (including one external director serving as the chair of the audit committee and compensation committee), and at least one external director must serve on each other committee that may be established by our Board of Directors.

Audit Committee. Under the Israeli Companies Law, publicly traded companies must establish an audit committee. The audit committee must consist of at least three members, and must include all of the company's external directors, including one external director serving as chair of the audit committee. A majority of an audit committee must be comprised of "independent directors" (as such term is defined in the Companies Law). The chairman of the board of directors, directors employed by, or that provide services on a regular basis to, the company or to a controlling shareholder or a company controlled by a controlling shareholder (or whose main livelihood depends on a controlling shareholder), any controlling shareholder and any relative of a controlling shareholder may not be a member of the audit committee. An audit committee may not approve an action or a transaction with an officer or director, a transaction in which an officer or director has a personal interest, a transaction with a controlling shareholder and certain other transactions specified in the Companies Law, unless at the time of approval two external directors are serving as members of the audit committee and at least one of the external directors was present at the meeting in which approval was granted.

In addition, the NASDAQ Marketplace Rules require us to establish an audit committee comprised of at least three members, all of whom must be independent directors, each of whom is financially literate and satisfies the respective "independence" requirements of the Securities and Exchange Commission and NASDAQ and one of whom has accounting or related financial management expertise at senior levels within a company.

Our Audit Committee oversees (in addition to the Board of Directors) the accounting and financial reporting processes of our company and audits of our financial statements, including the integrity of our financial statements, compliance with legal and regulatory requirements, our independent auditors' qualifications, independence, compensation, and performance, and the performance of our internal audit function. Our Audit Committee is also required to determine whether there are deficiencies in the business management of our company and, in such event, propose to our Board of Directors the means of correcting such deficiencies, determine whether certain related party actions and transactions are "material" or "extraordinary" in connection with their approval procedures, approve related-party transactions as required by Israeli law and establish whistleblower procedures (including in respect of the protections afforded to whistleblowers). The Audit Committee may consult from time to time with our independent auditors and internal auditor with respect to matters involving financial reporting and internal accounting controls.

Our Audit Committee consists of Mr. Shafran, Ms. Sharir, Mr. Shkedy and Ms. Zalman-Malach. All of the members of our Audit Committee satisfy the respective "independence" requirements of the Securities and Exchange Commission and NASDAQ, and the composition of our Audit Committee satisfies the audit committee composition requirements of the Israeli Companies Law. Our Board of Directors has determined that both Mr. Shafran and Mr. Shkedy qualify as Audit Committee financial experts, as required by the rules of the Securities and Exchange Commission and NASDAQ.

Compensation Committee. Under the Israeli Companies Law, publicly traded companies must establish a compensation committee, including an external director serving as chair of the compensation committee. The compensation committee must consist of at least three members and must include all of the company's external directors. The additional members of the compensation committee must satisfy the criteria for remuneration applicable to the external directors.

Our Compensation Committee consists of Mr. Shafran, Mr. Shkedy and Mr. Rafaeli. All of the members of our Compensation Committee are independent directors, within the meaning of NASDAQ rules, and the composition of our Compensation Committee complies with the compensation committee composition requirements of the Israeli Companies Law.

Under Israeli Companies Law, the compensation committee is responsible for: (i) making recommendations to the Board of Directors with respect to the approval of the Executive Compensation Policy; (ii) providing the Board of Directors with recommendations with respect to any amendments or updates to the Executive Compensation Policy and periodically reviewing the implementation thereof; (iii) reviewing and approving arrangements with respect to the terms of office and employment of office holders; and (iv) determining whether or not to exempt a transaction with a candidate for Chief Executive Officer from shareholder approval.

In addition, our Compensation Committee offers recommendations to the Board of Directors regarding equity compensation issues (with the Board also approving the compensation of our executive officers), and administers our option plans, subject to general guidelines determined by our Board of Directors from time to time. The Compensation Committee also makes recommendations to our Board of Directors in connection with the terms of employment of our Chief Executive Officer and all other executive officers.

ESG and Nomination Committee. Under the Israeli Companies Law, a company may appoint additional committees to enhance the Board of Directors' oversight and operational efficiency. Accordingly, our Board of Directors has established the ESG and Nomination Committee. The Committee must consist of at least three directors, each of whom must satisfy the independence requirements of the NASDAQ Marketplace Rules, subject to any available exception.

Our ESG and Nomination Committee consists of Mr. Rafaeli, Ms. Sharir, Mr. Ofek, and Ms. Zalman-Malach.

The committee’s primary responsibilities include: (i) identifying individuals qualified to become Board members consistent with criteria approved by the Board; (ii) recommending director nominees for the next annual general meeting of shareholders; (iii) developing and recommending Corporate Governance Guidelines to the Board of Directors; and (iv) overseeing our policies, programs, and strategies related to environmental, and social, and governance, or ESG, matters.

Israeli Regulations

Pursuant to the Israeli Companies Law Regulations, an Israeli company traded on NASDAQ that does not have a “controlling shareholder” (as defined in the Israeli Companies Law), such as Gilat, is able to elect not to appoint External Directors to its Board of Directors and not to comply with the Audit Committee and Compensation Committee composition and chairman requirements of the Israeli Companies Law (as described above); provided, the company complies with the applicable NASDAQ independent director requirements and the NASDAQ Audit Committee and Compensation Committee composition requirements.

To date, we have not elected to benefit from the relief provided by these Israeli regulations.

Internal Audit

The Israeli Companies Law requires the Board of Directors of a public company to appoint an internal auditor nominated by the audit committee. The internal auditor must meet certain statutory requirements of independence. The role of the internal auditor is to examine, among other things, the compliance of the company’s conduct with applicable law and orderly business practice. Our internal auditor is Mr. Doron Cohen, CPA of Fahn Kanne, Grant Thornton.

Directors’ Service Contracts

There are no arrangements or understandings with any of our directors providing for benefits upon termination of their employment or service as directors of our company or any of our subsidiaries.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Office Holders

The Israeli Companies Law codifies the fiduciary duties that "office holders," including directors and executive officers, owe to a company. An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act at a level of care that a reasonable office holder in the same position would employ under the same circumstances. This includes the duty to utilize reasonable means to obtain: (i) information regarding the business feasibility of a given action brought for his approval or performed by him by virtue of his position; and (ii) all other information of importance pertaining to the foregoing actions. The duty of loyalty requires that an office holder act in good faith and for the benefit of the company, including: (i) avoiding any conflict of interest between the office holder's position in the company and any other position he holds or his personal affairs; (ii) avoiding any competition with the company's business; (iii) avoiding exploiting any business opportunity of the company in order to receive personal gain for the office holder or others; and (iv) disclosing to the company any information or documents relating to the company's affairs that the office holder has received by virtue of his position as an office holder.

Disclosure of Personal Interests of an Office Holder; Approval of Transactions with Office Holders

The Israeli Companies Law requires that an office holder promptly, and no later than the first board meeting at which such transaction is considered, disclose any personal interest that he or she may have and all related material information known to him or her and any documents in their possession, in connection with any existing or proposed transaction relating to our company. In addition, if the transaction is an extraordinary transaction, that is, a transaction other than in the ordinary course of business, other than on market terms, or likely to have a material impact on the company's profitability, assets or liabilities, the office holder must also disclose any personal interest held by the office holder's spouse, siblings, parents, grandparents, descendants, spouse's descendants and the spouses of any of the foregoing ("relatives"), or by any corporation in which the office holder or a relative is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager.

Under the Israeli Companies Law, all arrangements as to compensation of office holders who are not directors other than the chief executive officer require approval by both the compensation committee and the board of directors. The terms of office and employment of the chief executive officer and the directors require the approval of the compensation committee, the board of directors and shareholders. See also "Item 6.C-Board Practices; Compensation of Office Holders".

Some other transactions, actions, and arrangements involving an office holder (or a third party in which an office holder has an interest) must be approved by the board of directors, or as otherwise provided for in a company's articles of association. However, a transaction that is not for the benefit of the company may not be approved. In some cases, such a transaction must be approved by the audit committee and by the board of directors, and under certain circumstances, shareholder approval may be required as well. Generally, in all matters in which a director has a personal interest, he or she shall not be permitted to vote on the matter or be present at the meeting in which the matter is considered, except in case of a transaction that is not extraordinary or for the purpose of presenting the proposed transaction, if the chairman of the audit committee or board of directors (as applicable) determines it necessary. Should a majority of the audit committee or of the board of directors have a personal interest in the matter, then: (a) all of the directors are permitted to vote on the matter and attend the meeting at which the matter is considered; and (b) the matter requires approval of the shareholders at a general meeting.

Disclosure of Personal Interests of a Controlling Shareholder; Approval of Transactions with Controlling Shareholders

The disclosure requirements that apply to an office holder also apply to a transaction in which a controlling shareholder of the company has a personal interest. The Israeli Companies Law provides that extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, and agreements relating to employment and compensation of a controlling shareholder, generally require the approval of the audit committee (or with respect to terms of office and employment, the compensation committee), the board of directors and the shareholders. Shareholders' approval shall either include at least half of the shares held by disinterested shareholders participating in the vote, or, alternatively, the total shareholdings of disinterested shareholders voting against the transaction must not represent more than two percent of the voting rights. Agreements relating to engagement or provision of services for a period exceeding three years, must generally be approved once every three years.

For these purposes, a shareholder that holds 25% or more of the voting rights in a company is considered a controlling shareholder if no other shareholder holds more than 50% of the voting rights.

Under the Companies Regulations (Relief regarding Related Party Transactions), 5760-2000, promulgated under the Israeli Companies Law, as amended, certain extraordinary transactions between a public company and its controlling shareholder(s) do not require shareholders' approval. In addition, under such regulations, directors' compensation and employment arrangements in a public company do not require the approval of the shareholders if both the compensation committee and the board of directors agree that such arrangements are solely for the benefit of the company or if the directors' compensation does not exceed the maximum amount of compensation for external directors determined by applicable regulations. Also, employment and compensation arrangements for an office holder that is a controlling shareholder of a public company do not require shareholders' approval if certain criteria are met. The foregoing exemptions from shareholders' approval will not apply if one or more shareholders holding at least 1% of the issued and outstanding share capital of the company or of the company's voting rights, objects to the use of these exemptions, provided that such objection is submitted to the company in writing not later than fourteen days from the date of the filing of a report regarding the adoption of such resolution by the company. If such objection is duly and timely submitted, then the transaction or compensation arrangement of the directors will require shareholders' approval as detailed above.

The Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if, as a result of the acquisition, a person would become a 25% or greater shareholder of the company. This rule does not apply if there is already another 25% or greater shareholder of the company. Similarly, the Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition, a person would hold greater than a 45% interest in the company unless there is another shareholder holding more than a 45% interest in the company. These requirements do not apply if (i) in general, the acquisition was made in a private placement that received shareholders' approval, (ii) was from a 25% or greater shareholder of the company, which resulted in the acquirer becoming a 25% or greater shareholder of the company, if there is not already a 25% or greater shareholder of the company, or (iii) was from a shareholder holding a 45% interest in the company which resulted in the acquirer becoming a holder of a 45% interest in the company if there is not already a 45% or greater shareholder of the company.

If, as a result of an acquisition of shares, a person will hold more than 90% of a public company's outstanding shares or a class of shares, the acquisition must be made by means of a full tender offer for all of the outstanding shares or a class of shares. If less than 5% of the outstanding shares are not tendered in such full tender offer, all of the outstanding shares or class of shares will be transferred to the acquirer. The Israeli Companies Law provides for appraisal rights if any shareholder files a request in court within six months following the consummation of a full tender offer. However, the acquirer may stipulate in the tender offer that any shareholder tendering his shares will not be entitled to appraisal rights. If more than 5% of the outstanding shares are not tendered in the tender offer, then the acquirer may not acquire shares in the tender offer that will cause his shareholding to exceed 90% of the outstanding shares.

Exemption, Indemnification and Insurance of Directors and Officers

Under the Companies Law, a company may not exempt an office holder from liability with respect to a breach of his fiduciary duty, but may exempt in advance an office holder from his liability to the company, in whole or in part, with respect to a breach of his duty of care. However, a company may not exculpate in advance a director from his or her liability to the company with respect to a breach of his duty of care in connection with distributions (as defined in the Companies Law) or for certain breaches listed below.

Pursuant to the Companies Law, a company may indemnify an office holder against: (i) a financial obligation imposed on him in favor of another person by a court judgment, including a compromise judgment or an arbitrator's award approved by court; (ii) reasonable litigation expenses, including attorney's fees, expended by the office holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; and (iii) expenses, including reasonable litigation expenses and legal fees, incurred by an office holder as a result of a proceeding instituted against such office holder in relation to (A) infringements that may impose financial sanction pursuant to the provisions of Chapter H'3 under the Israeli Securities Law, 1968, or the Securities Law, or (B) administrative infringements pursuant to the provisions of Chapter H'4 under the Securities Law, or (C) infringements pursuant to the provisions of Chapter I'1 under the Securities Law.

The indemnification of an office holder must be expressly permitted in the articles of association, under which the company may (i) undertake in advance to indemnify its office holders with respect to certain types of events that can be foreseen at the time of giving such undertaking and up to an amount determined by the board of directors to be reasonable under the circumstances, or (ii) provide indemnification retroactively in amounts deemed to be reasonable by the board of directors.

A company may also procure insurance for an office holder's liability in consequence of an act performed in the scope of his office in the following cases: (i) a breach of the duty of care of such office holder, (ii) a breach of fiduciary duty, only if the office holder acted in good faith and had reasonable grounds to believe that such act would not be detrimental to the company, or (iii) a monetary obligation imposed on the office holder for the benefit of another person. Subject to the provisions of the Companies Law and the Securities Law, a company may also enter into a contract for procurement of insurance for an office holder for (a) expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of a proceeding instituted against such office holder in relation to (A) infringements that may impose financial sanction pursuant to the provisions of Chapter H'3 under the Securities Law, or (B) administrative infringements pursuant to the provisions of Chapter H'4 under the Securities Law, or (C) infringements pursuant to the provisions of Chapter I'1 under the Securities Law and (b) payments made to the injured parties of such infringement under Section 52ND(a)(1)(a) of the Securities Law.

A company may not indemnify an office holder against, nor enter into an insurance contract which would provide coverage for, any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his fiduciary duty unless the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

- a breach by the office holder of his duty of care if such breach was performed intentionally or recklessly;

- any act or omission carried out with the intent to derive an illegal personal gain; or

- any fine or penalty levied against the office holder as a result of a criminal offense.

Under the Companies Law, exemption and indemnification of, and procurement of insurance coverage for, a company's office holders, must be approved under the same terms that apply to approval of the terms of office and employment of the office holders. For more information, see Item 6.B - "Directors, Senior Management and Employees – Compensation of Directors and Officers".

Our Articles of Association allow us to exempt any office holder to the maximum extent permitted by law, before or after the occurrence giving rise to such exemption. Our Articles of Association also provide that we may indemnify any office holder, to the maximum extent permitted by law, against any liabilities he or she may incur in such capacity, limited with respect (i) to the categories of events that can be foreseen in advance by our Board of Directors when authorizing such undertaking, and (ii) to the amount of such indemnification as determined retroactively by our Board of Directors to be reasonable in the particular circumstances. Similarly, we may also agree to indemnify an office holder for past occurrences, whether or not we are obligated under any agreement to provide such indemnification. Our Articles of Association also allow us to procure insurance covering any past or present officer holder against any liability which he or she may incur in such capacity, to the maximum extent permitted by law. Such insurance may also cover the company for indemnifying such office holder. We have obtained directors' and officers' liability insurance covering our officers and directors and those of our subsidiaries for certain claims. In addition, we have provided our directors and officers with letters providing them with exemption and indemnification to the fullest extent permitted under Israeli law (except that we are not required to exempt our directors and officers from liability for damages caused as a result of a breach of the office holder's duty of care in transactions in which a controlling shareholder or an office holder has a personal interest).

Israeli Securities Authority Administrative Enforcement

Under the Israeli Securities Law, the Israeli Securities Authority, or ISA, may take certain administrative enforcement actions against a company or a person, including a director, officer or shareholder of a company, if carrying out certain transgressions designated in the Securities Law.

The Securities Law also requires that the chief executive officer of a company supervise and take all reasonable measures to prevent the company or any of its employees from breaching certain provisions of the Israeli Securities Law. The chief executive officer is presumed to have fulfilled such supervisory duty if the company adopts internal enforcement procedures designed to prevent such breaches, appoints a representative to supervise the implementation of such procedures and takes measures to correct the breach and prevent its reoccurrence. The ISA is authorized to impose fines on any person or company breaching certain provisions designated under the Companies Law.

We have adopted several codes and policies, which contain various corporate governance principles, including a Code of Ethics (which includes Whistle Blower procedures), Insider Trading Policy and a Policy Prohibiting Bribery and Corruption, all of which are available on our website at www.gilat.com. See “Item 16. B – Code of Ethics”.

D. Employees

We consider our employees the most valuable asset of our company. We offer competitive compensation and comprehensive benefits to attract and retain our employees. The remuneration and rewards include retention through share-based compensation and performance-based bonuses to our key employees.

We believe that an engaged workforce is key to maintaining our ability to innovate. We invest in our employees’ career growth and development is an important focus for us. We offer learning opportunities and training programs including workshops, guest speakers and various conferences to enable our employees to advance in their chosen professional paths.

We are committed to providing a safe work environment for our employees in compliance with applicable regulations.

As of December 31, 2024, we had 1,118 full-time employees, including 339 employees in engineering, research and development, 348 employees in manufacturing, operations and technical support, 86 employees in marketing and sales, 110 employees in administration and finance and 235 in other departments. Of these employees, 306 were based in our facilities in Israel, 279 were employed in the U.S., 293 were employed in Latin America and 240 were employed in Asia, the Far East and other parts of the world.

In addition, upon completion of the acquisition of SBS on January 6, 2025, 82 additional employees joined our company.

As of December 31, 2023, we had 1,183 full-time employees, including 346 employees in engineering, research and development, 436 employees in manufacturing, operations and technical support, 81employees in marketing and sales, 108 employees in administration and finance and 212 in other departments. Of these employees, 313 were based in our facilities in Israel, 228 were employed in the U.S. (including 82 employed by DataPath), 319 were employed in Latin America and 324 were employed in Asia, the Far East and other parts of the world.

As of December 31, 2022, we had 987 full-time employees, including 276 employees in engineering, research and development, 239 employees in manufacturing, operations and technical support, 81 employees in marketing and sales, 44 employees in administration and finance and 347 in other departments. Of these employees, 293 were based in our facilities in Israel, 158 were employed in the U.S., 316 were employed in Latin America and 220 were employed in Asia, the Far East and other parts of the world.

We also utilize temporary employees, as necessary, to supplement our manufacturing and other capabilities.

We provide our employees around the world with fringe benefits in accordance with applicable law and we are subject to various labor laws and labor practices around the world. Rulings by Israel's National Labor Court and Israel's largest labor union's bylaws substantially facilitate the organization of a labor union in companies in Israel. We and our employees are not parties to any collective bargaining agreements and our employees are not represented by any labor union. However, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Manufacturers' Association of Israel) are applicable to all Israeli employees by order of the Israeli Minister of Economy and Industry. These provisions principally concern the length of the workday and the work week, minimum wages for workers, contributions to a pension fund, insurance for work-related accidents, procedures for dismissing employees, determination of severance pay and other conditions of employment. These provisions are modified from time to time.

Israeli law generally requires severance pay upon termination, resignation in certain instances or death of an employee. Our ongoing severance obligations are in the most part funded by making monthly payments to approved severance funds or insurance policies, with the remainder accrued as a long-term liability in our consolidated financial statements. In addition, Israeli employees and employers are required to pay specified amounts to the National Insurance Institute, which is, in essence, parallel to the U.S. Social Security Administration. Our permanent employees are generally covered by life and pension insurance policies providing customary benefits to employees, including retirement and severance benefits.

Our U.S. subsidiaries sponsor a retirement plan for eligible employees. Their 401(k) Plan is a "safe harbor" 401(k) Plan and allows eligible employees to defer compensation up to the maximum amount allowed under the current Internal Revenue Code. As a "safe harbor" plan, our U.S. subsidiary must make a mandatory contribution to the 401(k) Plan to satisfy certain nondiscrimination requirements under the Internal Revenue Code. This mandatory contribution is made for all eligible employees. In addition to 401(k) Plan, our U.S subsidiaries provides healthcare and life insurance coverage to all eligible employees.

E. Share Ownership

Beneficial Ownership of Executive Officers and Directors

None of our directors and executive officers beneficially owns more than 1% of our outstanding shares.

As of December 31, 2024, our directors and executive officers as a group (16 persons) held options to purchase 2,400,000 of our ordinary shares under our share option plan (described below), exercisable at a weighted average exercise price of $6.54 per share (adjusted for the distribution of dividends in April 2019, December 2020 and January 2021). These options have expiration dates ranging from 2025 to 2030.

2008 Share Incentive Plan

In October 2008, our Board of Directors adopted the 2008 Stock Incentive Plan, or the 2008 Plan, for issuance of options, restricted share units, or RSUs, and other forms of equity-based awards to our directors, officers, consultants and employees. The term of the 2008 Plan had been extended by an additional ten-year period, commencing in October 2015. Our Board of Directors also adopted a sub-plan to enable qualified optionees certain tax benefits under the Israeli Income Tax Ordinance. Following increases approved by our Board of Directors, the total number of ordinary shares reserved for issuance of options under the 2008 Plan, as of December 31, 2024, is 12.05 million shares. As of December 31, 2024, we have granted options to purchase 9.8 million ordinary shares under the 2008 Plan (excluding options that were granted and cancelled), pursuant to which 3.2 million ordinary shares have been issued as of December 31, 2024. As of December 31, 2024, we had outstanding options to purchase 5.3 million ordinary shares, with exercise prices ranging from $4.92 to $11.004 per share (adjusted due to the distribution of a dividends in April 2019, December 2020 and January 2021). Such options expire at various times through January 2025 to August 2030. As of December 31, 2024 there were no outstanding RSUs under this plan.

In February 2019, the 2008 Plan was amended to include a dividend adjustment, whereby unless otherwise is resolved by the Board of Directors, the exercise price of each outstanding share option (whether vested or not) (as such term is defined in the 2008 Plan), shall be reduced by an amount equal to the cash dividend per share distributed on the applicable distribution date. Following the dividend distribution in April 2019, the exercise price of each outstanding share option was reduced by $0.45 and following the dividend distributions in December 2020 and January 2021, the exercise price of each outstanding share option was reduced by $0.36 and $0.63, respectively. In addition, the amendment stipulates that the administrating committee may apply a “net exercise” payment method, whereby a certain number of ordinary shares to which a participant is entitled, may be withheld according to the formula set forth in the amendment.

The term of the options granted under the 2008 Plan is six years, subject to the terms of the specific plan and grant letter.

The options granted under the 2008 Plan to our executives generally vest over a four-year period. The options granted under the 2008 Plan to our directors generally vest ratably each quarter over a three-year period except in the case of the grant to our Chairman of the Board of Directors, in which the options vest over a four-year period.

The purpose of the 2008 Plan is to enable us to attract and retain qualified persons as employees, officers, directors, consultants and advisors and to motivate such persons by providing them with an equity participation in our company. The Section 102 Plans are designed to afford qualified optionees certain tax benefits under the Israeli Income Tax Ordinance.

The 2008 Plan is administered by the Compensation Committee appointed by our Board of Directors. The Compensation Committee recommends to our Board, or in case of office holders, approves, the persons entitled to receive options and RSUs, the terms and conditions on which options or rights to purchase are granted and the number of shares subject thereto. The grants of options and RSUs are approved by our Board.

Options issued pursuant to the 2008 Plan may be granted to our and our subsidiaries’ directors, officers, consultants and employees. Pursuant to the terms of the 2008 Plan, the exercise price of incentive share options must be not less than the closing price of our ordinary shares on NASDAQ on the date of grant of the options or, if the closing price is not quoted on such date, on the preceding trading day.

Options are exercisable and restrictions on disposition of shares lapse according to the terms of the applicable plan and of the individual agreements under which such options were granted or awards issued.

F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

ITEM 7: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares, as of March 19, 2025, by each person who we believe beneficially owns 5% or more of our outstanding ordinary shares and all of our directors and executive officers as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. The percentage ownership of each such person is based on the number of ordinary shares outstanding as of March 19, 2025 and includes the number of ordinary shares underlying options and RSUs that are exercisable within sixty (60) days from the date of March 19, 2025. Ordinary shares subject to these options and RSUs are deemed to be outstanding for the purpose of computing the ownership percentage of the person holding these options and RSUs, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person. The information in the table below is based on 57,064,352 ordinary shares outstanding as of March 19, 2025. Each of our outstanding ordinary shares has identical rights in all respects. The information in the table below with respect to the beneficial ownership of shareholders is based on the public filings of such shareholders with the SEC through March 19, 2025 and information provided to us by such shareholders.

Name	Number of Shares	Percent
Phoenix Holdings Ltd. (1)	10,584,500	18.56%
All directors and executive officers as a group (16 persons) (2)	2,257,500	3.96%

(1) Based on Schedule 13G/A filed on February 10, 2025 with the SEC by Phoenix Holdings Ltd.. The ordinary shares reported are beneficially owned by various direct or indirect, majority or wholly-owned subsidiaries of Benelus Lux S.a.r.l and/or Phoenix Holdings Ltd. The Subsidiaries manage their own funds and/or the funds of others, including for holders of exchange-traded notes or various insurance policies, members of pension or provident funds, unit holders of mutual funds, and portfolio management clients. CP III Cayman GP Ltd., Matthew Botein and Lewis (Lee) Sachs are the controlling shareholders of Benelus Lux S.a.r.l. The principal office of Phoenix Holdings Ltd. is 53 Derech Hashalom Drive, Ramat Gan 5345433.

(2) As of March 19, 2025, all directors and executive officers as a group (16 persons) held 1,411,250 options that are vested or that vest within 60 days of March 19, 2025.

Significant Changes in the Ownership of Major Shareholders

As of March 6, 2023, our major shareholders were Phoenix Holdings Ltd. beneficially owning 10,828,962 ordinary shares (approximately 19.13% ownership), Meitav Investment House Ltd. beneficially owning 4,787,687 ordinary shares (approximately 8.46 % ownership), and Thrivent Financial for Lutherans beneficially owning 2,828,771 ordinary shares (approximately 5.00% ownership).

As of March 13, 2024, our major shareholders were Phoenix Holdings Ltd. beneficially owning 11,999,849 ordinary shares (approximately 21.05% ownership), and Meitav Investment House Ltd. beneficially owning 4,321,089 ordinary shares (approximately 7.58% ownership). On November 14, 2024, Phoenix Holdings Ltd. reported 9,803,657 ordinary shares (approximately 17.19% ownership).

As of March 19, 2025, our major shareholders were Phoenix Holdings Ltd. beneficially owning 10,584,500 ordinary shares (approximately 18.56% ownership)

Major Shareholders Voting Rights

The voting rights of our major shareholders do not differ from the voting rights of other holders of our ordinary shares, except to the extent that they hold more than 14% and as such, they will have a right to appoint a director, subject to certain conditions set forth in our Articles of Association.

Record Holders

Based on a review of the information provided to us by our transfer agent, as of March 19, 2025, there were 63 holders of record of our ordinary shares, of which 49 record holders holding approximately 92% of our ordinary shares had registered addresses in the U.S. These numbers are not representative of the number of beneficial holders of our shares nor is it representative of where such beneficial holders reside since many of these ordinary shares were held of record by brokers or other nominees, including CEDE & Co., the nominee for the Depositary Company (the central depositary for the U.S. brokerage community), which held approximately 92% of our outstanding ordinary shares as of said date.

B. Related Party Transactions

None.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8: FINANCIAL INFORMATION

A. Consolidated Statements

See the consolidated financial statements, including the notes thereto, and the exhibits listed in Item 18 hereof and incorporated herein by this reference.

Export Sales

For information on our revenues breakdown for the past three years, see Item 5 - "Operating and Financial Review and Prospects."

Legal Proceedings

We are a party to various legal proceedings incident to our business. Except as noted below, there are no material legal proceedings pending or, to our knowledge, threatened against us or our subsidiaries, and we are not involved in any legal proceedings that our management believes, individually or in the aggregate, would have a material adverse effect on our business, financial condition or operating results.

In 2003, the Brazilian tax authority filed a claim against our inactive subsidiary in Brazil, SPC International Ltda, for the payment of taxes allegedly due from the subsidiary. After numerous hearings and appeals at various appellate levels in Brazil, the Supreme Court ruled against the subsidiary in final non-appealable decisions published in June 2017. As of December 31, 2024, the total amount of this claim, including interest, penalties, and legal fees, is approximately \$6.3 million, of which approximately \$0.7 million is the principal. The Brazilian tax authorities initiated foreclosure proceedings against the subsidiary and certain of its former managers. The court canceled the foreclosure proceedings against the former managers in a final and not appealable decision issued in July 2017. While foreclosure and other collection proceedings are pending against the subsidiary, based on Brazilian external counsel's opinion, we believe that the subsidiary has solid arguments to sustain its position that further collection proceedings and inclusion of any additional co-obligors in the tax foreclosure certificate are barred due to statute of limitation and that the foreclosure procedures cannot legally be redirected to other group entities and managers who were not initially cited in the foreclosure proceeding due to the passage of the statute of limitation. Accordingly, we believe that the chances that such redirection will lead to a loss recognition are remote.

In 2014, our Peruvian subsidiary, Gilat To Home Peru, or GTH Peru, initiated arbitration proceedings in Lima against the Ministry of Transport and Communications of Peru, or MTC, and PRONATEL. The arbitration was related to the PRONATEL projects awarded to us in 2000-2001. Under these projects, GTH Peru provided fixed public telephony services in rural areas of Peru. Our subsidiary's main claim was related to damages caused by the promotion of mobile telephony in such areas by the Peruvian government in the years 2011-2015. In June 2018, the arbitration tribunal issued an arbitration award ordering MTC and PRONATEL to pay our subsidiary approximately \$13.5 million. The arbitration award in favor of our subsidiary was confirmed by the Peruvian Superior Court, which ordered MTC and PRONATEL in November 2020 to pay the arbitration-award amount. Following the Superior Court's decision PRONATEL requested a constitutional protection writ (constitutional amparo), and our subsidiary has initiated collection procedures against MTC and PRONATEL. In 2023, and 2024 our subsidiary received payments of approximately \$3.2 million and \$10.6 million respectively.

In October 2019, our Peruvian subsidiary GTH Peru initiated additional arbitration proceedings against MTC and PRONATEL based on similar grounds for the years 2015-2019. In June 2022, the arbitration tribunal issued an arbitration award ordering MTC and PRONATEL to pay GTH Peru approximately $15 million. In September 2022 MTC filed an annulment action against the award and in parallel, in October 2022, GTH Peru, initiated an enforcement process for collection of the awarded amount. The arbitration award in favor of our subsidiary was confirmed by the Peruvian Superior Court, which ordered MTC and PRONATEL to pay the arbitration-award amount. Following the Superior Court's decision PRONATEL requested a constitutional protection writ (constitutional amparo), and our subsidiary has initiated collection procedures against MTC and PRONATEL. In 2024 our subsidiary received the first payment of approximately $3.1 million.

In addition, we are in the midst of different stages of audits and disputes with various tax authorities in different parts of the world. Further, we are defendant in various other lawsuits, including employment-related litigation claims and may be subject to other legal proceedings in the normal course of our business. While we intend to defend the aforementioned matters vigorously, we believe that a loss in excess of our accrued liability with respect to these claims is not probable.

Dividend Policy

We presently do not have a dividend policy. In April 2019, we distributed for the first time a cash dividend of $0.45 per share (approximately $24.9 million in the aggregate). Following receipt of the settlement amount from Comtech, in December 2020 we distributed a cash dividend of $0.36 per share (approximately $20 million in total), and in January 2021 (following receipt of court approval) we distributed an additional cash dividend of $0.63 per share (approximately $35 million). We have not adopted a general policy regarding the distribution of dividends and make no statements as to the distribution of dividends in the foreseeable future. The terms of some of our financing arrangements restrict us from paying dividends to our shareholders and require prior approval of certain banks which provide us with credit facilities and guarantees. Israeli law limits the distribution of cash dividends to the greater of retained earnings or earnings generated over the two most recent years, in either case provided that we reasonably believe that the dividend will not render us unable to meet our current or foreseeable obligations when due. Notwithstanding the foregoing, dividends may be paid with the approval of a court (such as in the case of the January 2021 dividend), provided that there is no reasonable concern that such dividend distribution will prevent the company from satisfying its current and foreseeable obligations, as they become due. Our Articles of Association provide that no dividends shall be paid otherwise than out of our profits and that any such dividend shall carry no interest. For information regarding taxation of dividend, see Item 10.E – "Additional Information - Taxation - Israeli Tax Consequences of Holding Our Shares - Dividends".

B. Significant Changes

On June 17, 2024, we, through our subsidiary Wavestream Corporation entered into a Membership Interest Purchase Agreement with SBS, a leading U.S. based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the purchase agreement, Wavestream agreed to purchase 100% of the membership interests of SBS.

The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98 million ($108 million as adjusted) was funded through a combination of existing cash resources, and $60 million from a new secured credit facility.

ITEM 9: THE OFFER AND LISTING

A. Offer and Listing Details

Our ordinary shares are listed on the NASDAQ Global Select Market under the symbol “GILT” and are also traded on the TASE.

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares are listed on the NASDAQ Global Select Market under the symbol “GILT” and are also traded on the TASE.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expense of the Issue

Not applicable.

ITEM 10: ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Set out below is a description of certain provisions of our Articles of Association and of the Israeli Companies Law related to such provisions. This description is only a summary, does not purport to be complete and is qualified by reference to the full text of the Articles of Association, which are incorporated by reference as exhibits to this annual report, and to Israeli law.

Registration and Purposes

We are an Israeli public company registered with the Israel companies register, registration No. 52-003893-6.

Under the Companies Law, a company may define its purpose as to engage in any lawful business and may broaden the scope of its purpose to the grant of reasonable donations for any proper charitable cause, even if the basis for any such donation is not dependent upon business considerations. Our Articles of Association provide that our purpose is to engage in any business permitted by law and that we may also grant reasonable donations for any proper charitable cause.

Powers of the Directors

Under the provisions of the Israeli Companies Law and our Articles of Association, a director cannot vote on a proposal, arrangement or contract in which he or she has a personal interest, nor attend a meeting during which such transaction is considered, except in event of a transaction that is not extraordinary or for the purpose of presenting the proposed transaction, if the chairman of the audit committee or board of directors (as applicable) determines it necessary. In addition, the terms of office and employment of the directors require the approval of the compensation committee, the board of directors and shareholders. For more information regarding the requirements for approval of certain transactions, see Item 6B - "Directors, Senior Management and Employees – "Compensation of Directors and Officers".

Rights Attached to Ordinary Shares

Please refer to Exhibit 2.1 for Items 10.B.3, B.4, B.6, B.7, B.8, B.9 and B.10.

C. Material Contracts While we have numerous contracts with customers and distributors, we do not deem any individual contract to be a material contract that is not in the ordinary course of our business, except as set forth below:

On June 17, 2024, we, through our subsidiary Wavestream Corporation entered into a Membership Interest Purchase Agreement with Stellar Blu Solutions LLC, a leading U.S. based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the Purchase Agreement, Wavestream agreed to purchase from the sellers 100% of the membership interests of SBS.

The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98 million ($108 million as adjusted) was funded through a combination of existing cash resources, and $60 million from a new secured credit agreement that Buyer and the Company entered into with HSBC Bank USA, NA and Bank Hapoalim B.M., as described below. The total cash consideration in connection with the acquisition may increase by up to an additional $147 million payable in cash subject to achievement of future performance milestones.

In connection with the consummation of the acquisition, Wavestream Gilat entered into a senior secured credit agreement with HSBC Bank USA, NA and Bank Hapoalim B.M., as lenders, and with HSBC Bank USA, NA, as Administrative Agent and Sole Lead Arranger and Sole Bookrunner. We used certain portion of the loan to fund a portion of the initial cash consideration required to close the SBS acquisition, and may draw upon an additional sum to fund potential future performance milestone payments under the terms of the purchase agreement. The credit agreement contains a number of covenants that, under certain circumstances may limit us and Wavestream's ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness and make dividends and other distributions. The loan matures on January 6, 2028.

In March and December 2015, the Peruvian government awarded us the PRONATEL Regional Projects for the construction of networks, operation of the networks for a defined period and their transfer to the government, which are expected to generate aggregate revenues of $395 million to be recognized over approximately 14-16 years. In accordance with the bid conditions, we established a subsidiary in Peru, GNP, to enter into written agreements with the Peruvian government for each of the four regional projects that were awarded. In 2018, we were awarded two additional PRONATEL Regional Projects with contractual value of approximately $154 million. Revenues from these projects are expected to be generated over approximately 15 years for the construction of networks, operation of the networks for a defined period and transfer of the transport networks to the government. See Item 4.B. – "Information on the Company – Business Overview".

In order to guarantee our performance obligations and the down payment we received under the PRONATEL Regional Projects, we issued bank guarantees and surety bonds for the benefit of PRONATEL in the amount of $62.1 million in aggregate.

D. Exchange Controls

There are no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of the shares. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

Non-residents of Israel who purchase our securities with non-Israeli currency will be able to repatriate dividends (if any), liquidation distributions and the proceeds of any sale of such securities, into non-Israeli currencies at the rate of exchange prevailing at the time of repatriation, provided that any applicable Israeli taxes have been paid (or withheld) on such amounts. Neither our Articles of Association nor the laws of the State of Israel restrict in any way the ownership or voting of ordinary shares by non-residents of Israel, except with respect to citizens of countries that are in a state of war with Israel.

E. Taxation

The following is a discussion of Israeli and U.S. tax consequences material to our shareholders. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, the views expressed in the discussion might not be accepted by the tax authorities in question. The discussion is not intended, and should not be construed, as legal or professional tax advice and does not exhaust all possible tax considerations.

Holders of our ordinary shares should consult their own tax advisors as to the U.S., Israeli or other tax consequences of the purchase, ownership and disposition of ordinary shares, including, in particular, the effect of any foreign, state or local taxes.

ISRAELI TAX CONSIDERATIONS

The following is a summary of certain Israeli income tax and capital gains tax consequences for non-Israeli residents as well as Israeli residents holding our ordinary shares. The summary is based on provisions of the Israeli Income Tax Ordinance (new version), 1961 and regulations promulgated thereunder, as well as on administrative and judicial interpretations, all as currently in effect, and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. There might be changes in the tax rates and in the circumstances in which they apply, and other modifications which might change the tax consequences to you. The summary is intended for general purposes only and does not relate to all relevant tax aspects. The discussion is not intended and should not be construed as legal or professional tax advice sufficient for decision making. This summary does not discuss all aspects of Israeli income and capital gain taxation that may be applicable to investors in light of their particular circumstances or to investors who are subject to special status or treatment under Israeli tax law.

FOR THE FOREGOING AND OTHER REASONS, YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF YOUR HOLDINGS. WE ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES AS TO ANY HOLDER, NOR ARE WE OR OUR ADVISORS RENDERING ANY FORM OF LEGAL OPINION OR PROFESSIONAL TAX ADVICE AS TO SUCH TAX CONSEQUENCES.

Generally, income of Israeli companies is subject to corporate tax. The Israeli corporate tax rate since January 1, 2018 is 23%.

Israeli Tax Consequences of Holding Our Shares

Non-Israeli residents

Non-Israeli residents are subject to tax on income accrued or derived from Israeli sources. These include, inter alia, dividends, royalties and interest, as well as other types of income (e.g., from provision of services in Israel). We are required to withhold income tax on any such payments we make to non-residents. Israel presently has no estate or gift tax.

Capital Gains

Israeli law generally imposes tax on capital gains derived from the sale of securities and other Israeli capital assets, including shares in Israeli resident companies, unless a specific exemption is available or a treaty between Israel and the country of the non-resident provides otherwise. Capital gains from sales of our ordinary shares will be tax exempt for non-Israeli residents provided certain conditions are met (one of these conditions is that the gains are not derived through a permanent establishment that the non-resident maintains in Israel).

Subject to the exemptions provided by the Israeli law, as described above, pursuant to the tax treaty between Israel and the U.S., or the Treaty, U.S. residents are generally exempt from Israeli capital gains tax on capital gain derived from the sale of our shares. This exemption does not apply to U.S. residents holding (at the time of the sale or in the preceding 12 months) 10% or more of the voting power in the Company.

Dividends

The statutory withholding tax rate for dividends distributed by an Israeli company to non-resident shareholders is generally 25%. The rate is reduced to 15% for dividends distributed out of income generated by an Approved or Benefitted Enterprise. A different withholding tax rate may apply as a result of a tax treaty between Israel and shareholder's country of residence.

Under the Treaty, the maximum Israeli tax rate on dividends paid to a corporate holder of our ordinary shares who is a U.S. resident is 25%. However, dividends paid to a U.S. corporation holding at least 10% of our voting power in the year of the sale and in the entire preceding tax year shall be subject to a 15% tax withholding rate, if the dividend is generated by an Approved or Benefitted Enterprise or 12.5% if the dividends are not generated by an Approved or Benefitted Enterprise, under certain conditions stipulated in the treaty.

Filing of Tax Returns in Israel

Non-Israeli residents who receive interest, dividend or royalty income derived or accrued in Israel, from which Israeli tax was withheld, are generally exempt from Israeli tax filing obligations, provided that: (i) such income was not derived from a business conducted in Israel, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and (iii) the taxpayer is not obliged to pay excess tax (as further explained below).

Israeli Residents

Capital Gains

Israeli law imposes capital gains tax on capital gains derived from the sale of securities and other capital assets, including ordinary shares. Generally, gains from sale of ordinary shares acquired prior to January 1, 2012 are subject to a 20% capital gains tax for individuals. The tax rate is increased to 25% for sale of shares by an individual shareholder holding 10% or more of the shares or voting power in the company (i.e., a substantial shareholder). Corporate shareholders are subject to a 25% capital gains tax rate.

Following enactment of the Tax Burden Law, starting January 1, 2012, the capital gains tax rate applicable to individuals upon the sale of our shares is such individual's marginal (income) tax rate but not more than 25% (or 30% with respect to a substantial shareholder at the time of the sale or at any time during a 12 month period prior to the sale). With respect to corporate investors, the rate of capital gains tax imposed on the sale of shares is equal to the corporate tax rate, which is 23% since January 1, 2018.

Individual shareholders dealing with securities in Israel are taxed at their marginal tax rates applicable to business income (and up to 47% in 2022, 2023 and 2024, excluding excess tax).

Subject to the provisions of an applicable tax treaty, individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, dividends, interest and capital gain) exceeding NIS 721,560 for 2024 and 2025, which amount is linked to the annual change in the Israeli consumer price index. Additionally, Effective January 1, 2025, a surtax of 2% will apply exclusively to taxable income from a capital origin (including dividend distribution and sale of shares) exceeding NIS 721,560.

Dividends

Distribution of dividend income, other than bonus shares (stock dividends), to Israeli residents holding our ordinary shares is generally subject to income tax at a rate of 25% for individuals and 30% for a substantial individual shareholder. Israeli resident corporations are exempt from income tax on dividends, provided the dividend was paid out of income generated in Israel.

Generally, dividends distributed from taxable income accrued during the period of benefits of Approved or Benefitted Enterprise are taxable at a rate of 15% and dividends distributed from taxable income accrued during the period of benefits of a Benefitted Enterprise, are taxable at the rate of 15%, if the dividend is distributed during the tax benefit period, or within an additional 12 years after the lapse of that period.

Tax Benefits under the Law for the Encouragement of Capital Investments, 1959

Tax Benefits prior to the Amendment of 2005

The Law for the Encouragement of Capital Investments, 1959, or Investments Law, provides that a capital investment in eligible facilities may, upon application to the Authority for Investments and Development of the Industry and Economy of the Ministry of Economy and Industry of the State of Israel, be designated as an "Approved Enterprise".

An Approved Enterprise is eligible for tax benefits on taxable income derived from its approved enterprise programs. We have been granted "Approved Enterprise" status under the Investment Law for nine investment programs.

Tax Benefits under the 2005 Amendment

On April 1, 2005, a comprehensive amendment to the Investment Law came into effect, (the "Amendment"). The Amendment includes revisions to the criteria for investments qualified to receive tax benefits as an Approved Enterprise. The Amendment applies to new investment programs and investment programs commencing after 2004 and does not apply to investment programs approved prior to December 31, 2004.

As a result of the Amendment, it was no longer necessary for a company to apply to the Authority for Investments and Development of the Industry and Economy in order to acquire Approved Enterprise status. Instead, a company whose facilities meet the criteria for tax benefits set out by the Amendment, may receive the tax benefits afforded to a "Benefitted Enterprise" by independently selecting the tax year from which the period of benefits under the Investment Law are to commence and notifying the Israeli Tax Authority within 12 months of the end of that year.

Generally, tax benefits under the Amendment are available to production facilities (or other eligible facilities), that derive more than 25% of their business income from exports. In order to receive the tax benefits, the company must make a certain minimum investment in the acquisition of manufacturing assets such as machinery and equipment. Such an investment may be made over a period of no more than three years ending at the end of the year in which the company requested to have the tax benefits apply to its Benefitted Enterprise.

We were eligible under the terms of minimum qualification investment and elected 2011 to have the tax benefits apply.

Tax benefits are available until the earliest 7 or 10 years from the date that the period of benefits commenced, and the lapse of 12 years from the first day of the year in which the election was made. Our periods of benefits as a Benefitted Enterprise under the 2011 election will expire in 2023.

The tax benefits include exemption from corporate tax on undistributed income for a period of two to ten years, depending on the geographic location of the Benefitted Enterprise within Israel, and a reduced corporate tax rate of 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company. We would be required to withhold tax at a rate of 15% from any dividends distributed from income derived from the Benefitted Enterprise. The reduced rate of 15% is limited to dividends and distributions out of income attributed to a Benefited Enterprise during the benefits period and actually paid at any time up to 12 years thereafter except with respect to a Foreign Investment Company, in which case the 12-year limit does not apply.

Benefits under the 2011 and 2016 Amendments

Under an amendment to the Investment Law effective January 1, 2011, upon an irrevocable election made by the company, a uniform corporate tax rate will apply to all qualifying income of the company, as opposed to the previous law's tax incentives that were limited to income only from Benefitted Enterprises during their benefit period (Preferred Enterprise). Under the amended law, the uniform tax rate was 7% in geographical areas in Israel designated as Development Zone A and 12.5% elsewhere in Israel in 2013 The uniform tax rate from 2014 and onwards is set to 9% in areas in Israel designated as Development Zone A and 16% elsewhere in Israel.

A dividend distributed from income which is attributed to a Preferred Enterprise will be subject to withholding tax at the following rates: (i) Israeli resident corporation –0%, (ii) Israeli resident individual – 20% in 2014 and onwards (iii) non-Israeli resident - 20% in 2014 and onwards, subject to a reduced tax rate under the provisions of an applicable double tax treaty.

According to an Amendment from December 2016, a preferred enterprise located in development area A will be subject to a tax rate of 7.5% instead of 9% effective from January 1, 2017, and thereafter (the tax rate applicable to preferred enterprises located in other areas remains at 16%).

Under the transitory provisions of the January 1, 2011 legislation, we may opt whether to irrevocably implement the Amendment and waive benefits provided under the prior law or keep the prior benefits. This decision may be taken at any stage. We will consider in the future whether to opt for the benefits under the Amendment.

The December 2016 amendment also prescribes special tax tracks for technological enterprises. The new tax tracks under the amendment are as follows:

Technological preferred enterprise - an enterprise whose total consolidated revenues (parent company and all subsidiaries) are less than NIS 10 billion. A technological preferred enterprise, as defined in the Law, which is located in the center of Israel will be subject to tax at a rate of 12% on profits deriving from intellectual property (in development area A - a tax rate of 7.5%).

Special technological preferred enterprise - an enterprise whose total consolidated revenues (parent company and all subsidiaries) exceed NIS 10 billion. Such an enterprise will be subject to tax at a rate of 6% on profits deriving from intellectual property, regardless of the enterprise's geographical location.

Subject to certain conditions prescribed within the Law, dividends distributed to "foreign resident companies", deriving from Preferred Technological Income will be subject to tax at a rate of 4%.

Economic Efficiency Law (legislative amendments for the purpose of achieving the objectives of the 2022-2023 budget) – 2023

On November 2, 2021 the Economic Efficiency Law (legislative amendments for the purpose of achieving the objectives of the 2020-2021 budget) - 2021 (“2021 Budget Law”) was legislated.

The 2021 Budget Law introduces a new dividend ordering rule that apportions every dividend distribution between previously tax-exempt (“Trapped Earnings”) and previously taxed income. Consequently, distributions (including deemed distributions as per Section 51(h) and 51B of the Law) may entail additional corporate tax liability to the distributing company. We had approximately $169 million tax-exempt profits in our Accumulated deficit. If such tax-exempt profits were distributed, it would have been taxed at the reduced corporate tax rate applicable to such income, and approximately $31 million of additional taxes on income would have been recorded.

In parallel, the 2021 Budget Law also includes a temporary order to enhance the release of Trapped Earnings by reducing the claw-back income tax rate that is applicable upon such a release or distribution by up to 60%, but not less than 6% income tax rate, during a one-year period beginning November 15, 2021.

In 2022, we elected to take advantage of the temporary order to release all our Trapped Earnings and recognized a one-time expense of $13 million, which is presented under “Taxes on income” in the consolidated statement of income (loss).

Israeli Transfer Pricing Regulations

Israeli transfer pricing legislation generally provides that all cross-border transactions carried out between related parties be conducted on an arm’s length basis and be taxed accordingly. The transfer pricing regulations are not expected to have a material effect on our company.

United States Federal Income Taxation

The following is a general discussion of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares. This discussion addresses only the U.S. federal income tax considerations that may be relevant to U.S. Holders (as defined below) who hold our ordinary shares as capital assets. This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, judicial and administrative interpretations thereof, and the U.S.-Israel Tax Treaty, or the Treaty, all as in effect on the date hereof and all of which are subject to change either prospectively or retroactively or to differing interpretations. There can be no assurance that the U.S. Internal Revenue Service, or the IRS, will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or that such a position would not be sustained. This discussion does not address all tax considerations that may be relevant with respect to an investment in our ordinary shares. In addition, this description does not account for the specific circumstances of any particular investor, such as:

- broker-dealers;
- financial institutions or financial services entities;
- certain insurance companies;
- investors liable for alternative minimum tax;
- regulated investment companies, real estate investment trusts, or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt organizations;
- retirement plans;
- S corporations

- pension funds;
- certain former citizens or long-term residents of the United States;
- non-resident aliens of the United States or taxpayers whose functional currency is not the U.S. dollar;
- persons who hold ordinary shares through partnerships or other pass-through entities;
- persons who acquire their ordinary shares through the exercise or cancellation of employee stock options or otherwise as compensation for services;
- direct, indirect or constructive owners of investors that actually or constructively own at least 10% of the total combined voting power of our shares or at least 10% of our shares by value; or
- investors holding ordinary shares as part of a straddle, appreciated financial position, a hedging transaction or conversion transaction.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes owns our ordinary shares, the U.S. federal income tax treatment of a partner in such a partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership that owns our ordinary shares and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of holding and disposing of ordinary shares.

This summary does not address the effect of any U.S. federal taxation (such as estate and gift tax) other than U.S. federal income taxation. In addition, this summary does not include any discussion of state, local or non-U.S. taxation.

For purposes of this summary, as used herein, the term "U.S. Holder" means a person that is eligible for the benefits of the Treaty and is a beneficial owner of an ordinary share. This generally includes:

- an individual who is a citizen or a resident (for U.S. federal income tax purposes) of the United States;
- a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust resident in the United States, to the extent such trust's income is subject to US tax as the income of a resident.

Unless otherwise indicated, it is assumed for the purposes of this discussion that the Company is not, and will not become, a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes. See *"Passive Foreign Investment Companies*" below.

Taxation of Distributions

Subject to the discussion below under the heading *"Passive Foreign Investment Companies*," the gross amount of any distributions received with respect to our ordinary shares, including the amount of any Israeli taxes withheld therefrom, will constitute dividends for U.S. federal income tax purposes when such distribution is actually or constructively received, to the extent such distribution is paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Because we do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that the entire amount of any distribution will generally be reported as dividend income to you. Dividends are included in gross income as ordinary income unless such dividends meet the requirements of "qualified dividend income" as set forth in more detail below. Distributions in excess of our current or accumulated earnings and profits would be treated as a non-taxable return of capital to the extent of your adjusted tax basis in our ordinary shares and any amount in excess of your tax basis would be treated as gain from the sale of ordinary shares. See "*Sale, Exchange or Other Disposition of Ordinary Shares*" below for a discussion of the taxation of capital gains. Our dividends would not qualify for the dividends-received deduction generally available to corporations under section 243 of the Code but may qualify for a dividends-received deduction under Code Section 245A.

Dividends that we pay in NIS, including the amount of any Israeli taxes withheld therefrom, will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day such dividends are received, regardless of whether the payment is in fact converted into U.S. dollars. A U.S. Holder who receives payment in NIS and converts NIS into U.S. dollars at an exchange rate other than the rate in effect on such day may have a foreign currency exchange gain or loss that would generally be treated as U.S.-source ordinary income or loss. U.S. Holders should consult their own tax advisors concerning the U.S. tax consequences of acquiring, holding and disposing of NIS.

Subject to complex limitations, some of which vary depending upon the U.S. Holder's circumstances, any Israeli withholding tax imposed on dividends paid with respect to our ordinary shares, may be a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability (or, alternatively, for deduction against income in determining such tax liability). Israeli taxes withheld in excess of the applicable rate allowed by the Treaty (if any) will not be eligible for credit against a U.S. Holder's federal income tax liability. The limitation on foreign income taxes eligible for credit is calculated separately with respect to specific classes of income. Dividends paid with respect to our common stock generally will be treated as foreign-source passive category income or, in the case of certain U.S. Holders, general category income for U.S. foreign tax credit purposes. Further, there are special rules for computing the foreign tax credit limitation of a taxpayer who receives dividends subject to a reduced tax rate. A U.S. Holder may be denied a foreign tax credit with respect to Israeli income tax withheld from dividends received on our ordinary shares if such U.S. Holder fails to satisfy certain minimum holding period requirements or to the extent such U.S. Holder's position in ordinary shares is hedged. An election to deduct foreign taxes instead of claiming foreign tax credit applies to all foreign taxes paid or accrued in the taxable year. The rules relating to the determination of the foreign tax credit are complex, and you should consult with your own tax advisors to determine whether and to what extent you would be entitled to this credit.

Subject to certain limitations (possibly including the PFIC rules discussed below), "qualified dividend income" received by a non-corporate U.S. Holder may be subject to tax at the lower long-term capital gain rates (currently, a maximum rate of 20%). Distributions taxable as dividends paid on our ordinary shares should qualify for a reduced rate if we are a "qualified foreign corporation," as defined in Code section 1(h)(11)(C). We will be a qualified foreign corporation if either: (i) we are entitled to benefits under the Treaty, or (ii) our ordinary shares are readily tradable on an established securities market in the United States and certain other requirements are met. We believe that we are entitled to benefits under the Treaty and that our ordinary shares currently are readily tradable on an established securities market in the United States (see discussion below). However, no assurance can be given that our ordinary shares will remain readily tradable. The rate reduction does not apply unless certain holding period requirements are satisfied, nor does it apply to dividends received from a PFIC (see discussion below), in respect of certain risk-reduction transactions, or in certain other situations. U.S. Holders of our ordinary shares should consult their own tax advisors regarding the effect of these rules in their particular circumstances.

Sale, Exchange or Other Disposition of Ordinary Shares

Subject to the discussion of PFIC rules below, if you sell or otherwise dispose of our ordinary shares (other than with respect to certain non-recognition transactions), you will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other disposition and your adjusted tax basis in our ordinary shares, in each case determined in U.S. dollars. Such gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if you have held the ordinary shares for more than one year at the time of the sale or other disposition. Long-term capital gain realized by a non-corporate U.S. Holder is generally eligible for a preferential tax rate (currently at a maximum of 20%). In general, any gain that you recognize on the sale or other disposition of ordinary shares will be U.S.-source for purposes of the foreign tax credit limitation; losses will generally be allocated against U.S. source income. Deduction of capital losses is subject to certain limitations under the Code.

In the case of a cash basis U.S. Holder who receives NIS in connection with the sale or disposition of our ordinary shares, the amount realized will be based on the U.S. dollar value of the NIS received with respect to the ordinary shares as determined on the settlement date of such exchange. A cash basis U.S. Holder who receives payment in NIS and converts NIS into U.S. dollars at a conversion rate other than the rate in effect on the settlement date may have a foreign currency exchange gain or loss, based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which would be treated as U.S.-source ordinary income or loss.

An accrual basis U.S. Holder may elect the same treatment required of cash basis taxpayers with respect to a sale or disposition of our ordinary shares that are traded on an established securities market, provided that the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. In the event that an accrual basis U.S. Holder does not elect to be treated as a cash basis taxpayer (pursuant to the Treasury regulations applicable to foreign currency transactions), such U.S. Holder is required to calculate the value of the proceeds as of the "trade date" and may have a foreign currency gain or loss for U.S. federal income tax purposes in the event of any difference between the U.S. dollar value of NIS prevailing on the trade date and on the settlement date. Any such currency gain or loss generally would be treated as U.S.- source ordinary income or loss and would be subject to tax in addition to the gain or loss, if any, recognized by such U.S. Holder on the sale or disposition of such ordinary shares.

Passive Foreign Investment Companies

We believe that we were not a PFIC for U.S. federal income tax purposes for the taxable year of 2024. However, since PFIC status depends upon the composition of our income and assets and the market value of our assets from time to time, there can be no assurance that our analysis prevails or that we will not be considered a PFIC for any future taxable year. If we were a PFIC for any taxable year during which a U.S. Holder owned ordinary shares, certain adverse consequences could apply to the U.S. Holder. Specifically, unless a U.S. Holder makes one of the elections mentioned below, gain recognized by the U.S. Holder on a sale or other disposition of ordinary shares would be allocated ratably over the U.S. Holder’s holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability. Further, any distribution in excess of 125% of the average of the annual distributions received by the U.S. Holder on our ordinary shares during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, would be subject to taxation as described immediately above. In addition, if we were a PFIC for a taxable year in which we pay a dividend or the immediately preceding taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply. If we were a PFIC for any taxable year in which a U.S. Holder owned our shares, the U.S. Holder would generally be required to file Form 8621 with the IRS with its annual return.

If we are treated as a PFIC with respect to a U.S. Holder for any taxable year, such U.S. Holder will be deemed to own shares in any entities in which we own equity that are also PFICs (“lower tier PFICs”), and may be subject to the tax consequences described above with respect to the shares of such lower tier PFIC the U.S. Holder would be deemed to own.

i. Mark-to-market elections

If we are a PFIC for any taxable year during which a U.S. Holder holds ordinary shares, then in lieu of being subject to the tax and interest charge rules discussed above, such U.S. Holder may make an election to include gain on the ordinary shares as ordinary income under a mark-to-market method, provided that such ordinary shares are “marketable.” The ordinary shares will be marketable if they are “regularly traded” on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations, such as the New York Stock Exchange (or on a foreign stock exchange that meets certain conditions). For these purposes, the ordinary shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. However, because a mark-to-market election cannot be made for any lower tier PFICs that we may own, U.S. Holders will generally continue to be subject to the PFIC rules discussed above with respect to their indirect interest in any investments we own that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. As a result, it is possible that any mark-to-market election with respect to the ordinary shares will be of limited benefit.

If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, the U.S. Holder will include in ordinary income the excess of the fair market value of its ordinary shares at the end of the year over the adjusted tax basis in the ordinary shares. U.S. Holder will be entitled to deduct as an ordinary loss in each such year the excess of its adjusted tax basis in the ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, any gain that it recognizes upon the sale or other disposition of its ordinary shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election.

A U.S. Holder's adjusted tax basis in the ordinary shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules discussed above. If a U.S. Holder makes an effective mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ordinary shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. Holders should consult with a tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

ii. Qualified electing fund elections

In certain circumstances, a U.S. equity holder in a PFIC may avoid the adverse tax and interest charge regime described above by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, a U.S. Holder may make a qualified electing fund election with respect to the ordinary shares only if we agree to furnish U.S. Holders annually with a PFIC annual information statement as specified in the applicable U.S. Treasury regulations. We do not intend to provide the information necessary for U.S. Holders to make a qualified electing fund election if we are classified as a PFIC. Therefore, U.S. Holders should assume that they will not receive such information from us and would therefore be unable to make a qualified electing fund election with respect to any of our ordinary shares were we to be or become a PFIC.

Additional Tax on Investment Income

In addition to the income taxes described above, U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds may be subject to a 3.8% Medicare contribution tax on net investment income, which includes dividends and capital gains from the sale or exchange of our ordinary shares.

Backup Withholding and Information Reporting

Payments in respect of our ordinary shares may be subject to information reporting to the IRS and to U.S. backup withholding tax at the rate (currently) of 24%. Backup withholding will not apply, however, if you (i) fall within certain exempt categories, and demonstrate the fact when so required, or (ii) furnish a correct taxpayer identification number and make any other required certification.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS.

U.S. citizens and individuals taxable as resident aliens of the United States that own "specified foreign financial assets" (as defined in Section 6038D of the Code and the regulations thereunder) with an aggregate value in a taxable year in excess of certain thresholds (as determined under rules in Treasury regulations) and that are required to file a U.S. federal income tax return generally will be required to file an information report with respect to those assets with their tax returns. IRS Form 8938 has been issued for that purpose. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, foreign stocks held directly, and interests in foreign estates, foreign pension plans or foreign deferred compensation plans. Under those rules, our ordinary shares, whether owned directly or through a financial institution, estate or pension or deferred compensation plan, would be "specified foreign financial assets." Under Treasury regulations, the reporting obligation applies to certain U.S. entities that hold, directly or indirectly, specified foreign financial assets. Penalties can apply if there is a failure to satisfy this reporting obligation. In addition, in the event a U.S. Holder that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of all or a part of the U.S. federal income taxes of such U.S. Holder for the related tax year may not close until three years after the date that the required information is filed. A U.S. Holder is urged to consult the U.S. Holder's tax advisor regarding the reporting obligation.

Any U.S. Holder who acquires or holds 10% or more in vote or value of our ordinary shares may be subject to certain additional U.S. information reporting requirements.

Proposed legislation in the U.S. Congress, including changes in U.S. tax law, may adversely impact the company and the value of the Ordinary Shares. Changes to U.S. tax laws (which changes may have retroactive application) could adversely affect the company or holders of Ordinary Shares. In recent years, many changes to U.S. federal income tax laws have been proposed and made, and additional changes to U.S. federal income tax laws are likely to continue to occur in the future.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your tax advisor concerning the tax consequences of your particular situation.

F. Dividend and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to certain of the reporting requirements of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, as applicable to "foreign private issuers" as defined in Rule 3b-4 under the Exchange Act. As a foreign private issuer, we are exempt from certain provisions of the Exchange Act. Accordingly, our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, and transactions in our equity securities by our officers and directors are exempt from reporting and the "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we file with the Securities and Exchange Commission an annual report on Form 20-F containing financial statements audited by an independent accounting firm. We also submit to the Securities and Exchange Commission reports on Form 6-K containing (among other things) press releases and unaudited financial information. We post our annual report on Form 20-F on our website (http://www.gilat.com) promptly following the filing of our annual report with the Securities and Exchange Commission. The information on our website is not incorporated by reference into this annual report.

The Securities and Exchange Commission maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the Securities and Exchange Commission using its EDGAR (Electronic Data Gathering, Analysis, and Retrieval) system.

The documents concerning our company that are referred to in this annual report may also be inspected at our offices located at Gilat House, 21 Yegia Kapayim Street, Kiryat Arye, Petah Tikva, Israel.

I. Subsidiary Information

Not applicable.

ITEM 11: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

A significant portion of our revenues are generated in U.S. dollars or linked to the dollar. In addition, a substantial portion of our costs are incurred in U.S. dollars. We believe that the U.S. dollar is the primary currency of the economic environment in which our Company and most of our subsidiaries operate. Thus, the functional and reporting currency of our Company and most of our subsidiaries is the U.S. dollar.

Accordingly, monetary accounts maintained in currencies other than the U.S. dollar are remeasured into U.S. dollars in accordance with ASC 830, “Foreign Currency Matters” (“ASC 830”). All transaction gains and losses of the remeasurement of monetary balance sheet items are reflected in the consolidated statements of income (loss) as financial income or expenses, net, as appropriate.

The financial statements of one of our foreign subsidiaries, whose functional currency has been determined to be its local currency, have been translated into U.S. dollars. Assets and liabilities have been translated using the exchange rates in effect at the consolidated balance sheets date. Consolidated statements of income (loss) amounts have been translated using specific rates. The resulting translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive income (loss).

While a significant portion of our revenues and expenses are generated in U.S. dollars, a portion of our expenses are denominated in NIS, and to a lesser extent, other non-U.S. dollar currencies which lead us to be exposed to financial market risk associated with changes in foreign currency exchange rates. In order to reduce the impact of foreign currency rate volatility of future cash flows caused by changes in foreign exchange rates, in some cases we use currency hedging contracts. If our currency hedging contracts meet the definition of a cash flow hedge as defined by ASC 815, "Derivatives and Hedging", gains and losses on the derivatives instruments that are designated and qualify as a cash flow hedge are recorded in accumulated other comprehensive income (loss) and reclassified into earnings in the same period in which the designated forecasted transaction or hedged item materialized. Our hedging reduces, but does not eliminate, the impact of foreign currency rate movements, and due to such movements, the results of our operations may be adversely affected.

The following sensitivity analysis illustrates the impact on our non-dollar cash and cash equivalent assuming an instantaneous 10% change in foreign currency exchange rates from year-end levels, with all other variables held constant. At December 31, 2024, a 10% strengthening of the U.S. dollar versus other currencies would have resulted in a decrease of approximately $0.7 million in our cash and cash equivalent, while a 10% weakening of the dollar versus all other currencies would have resulted in an increase of approximately $0.7 million in our net monetary assets.

During the year ended December 31, 2024, we recognized income of $0.2million related to the effective portion of our hedging instruments. The effective portion of the hedged instruments was included as a reduction to payroll expenses in the statement of income (loss).

As of December 31, 2024, we had no outstanding hedging contracts that did not meet the requirement for hedge accounting.

ITEM 12: DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13: DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None

ITEM 14: MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended) as of December 31, 2024, have concluded that, as of such date, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transaction and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use of disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting, as of December 31, 2024. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on that assessment, our management concluded that as of December 31, 2024, our internal control over financial reporting is effective.

The effectiveness of management's internal control over financial reporting as of December 31, 2024 has been audited by our company's independent registered public accountants, Kost Forer Gabbay & Kasierer, a member of EY Global, and is described in its report on page F-2 of this Form 20-F.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting have occurred that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16: RESERVED

ITEM 16A: AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that each of Mr. Shafran and Mr. Shkedy meets the definition of an audit committee financial expert as defined by rules of the Securities and Exchange Commission. Our Board also determined that each of Mr. Shafran and Mr. Shkedy is independent under the requirements of the NASDAQ Marketplace Rules. For a brief listing of Mr. Shafran and Mr. Shkedy's relevant experience, see Item 6.A. "Directors, Senior Management and Employees - Directors and Senior Management."

ITEM 16B: CODE OF ETHICS

We have adopted a Code of Ethics for executive and financial officers that also applies to all of our employees. The Code of Ethics is publicly available on our website at www.gilat.com. Written copies are available upon request. If we make any substantive amendments to the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of this code to our chief executive officer, chief financial officer or corporate controller, we will disclose the nature of such amendment or waiver on our website. Our Code of Ethics includes a whistleblower policy which provides an anonymous means for employees to communicate with various bodies within our company, including our Audit Committee.

ITEM 16C: PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Billed or Expected to be Billed by Independent Auditors

The following table sets forth, for each of the years indicated, the fees billed or expected to be billed to us by our independent auditors and the percentage of each of the fees out of the total amount billed or expected to be billed by the auditors.

	Year Ended December 31,			
	2024		2023	
Services Rendered	Fees (in thousands)	Percentages	Fees (in thousands)	Percentages
Audit fees (1)	$ 770	55%	$ 770	83%
Tax fees (2)	159	12%	42	5%
Other (3)	463	33%	115	12%
Total	$ 1,392	100%	$ 927	100%

(1) Audit fees include fees associated with the annual audit, services provided in connection with audit of our internal control over financial reporting and audit services provided in connection with other statutory or regulatory filings.

(2) Tax fees are fees for professional services rendered by our auditors for tax compliance, tax planning and tax advice on actual or contemplated transactions.

(3) Other fees are fees for M&A services and professional services other than audit or tax related fees, rendered in connection with our business activities.

Policies and Procedures

Our Audit Committee has adopted a policy and procedures for the approval of all audit and non-audit services rendered by our principal accountants, Kost Forer Gabbay & Kasierer, a member of EY Global and other members of EY Global. The policy generally requires the Audit Committee's approval of the scope of the engagement of our principal accountants or on an individual engagement basis.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E: PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

In the year ended December 31, 2024, neither we nor any affiliated purchaser purchased any of our securities.

ITEM 16F: CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Under NASDAQ Marketplace Rule 5615(a)(3) or Rule 5615(a)(3), foreign private issuers, such as our company, are permitted to follow certain home country corporate governance practices in lieu of certain requirements of Listing Rule 5600 Series, with the exception of those rules which are required to be followed pursuant to the provisions of Listing Rule 5615(a)(3).

We have elected to follow Israeli law and practice instead of the requirements of Listing Rule 5600 Series, as described below:

- The requirement to obtain shareholder approval for the establishment or material amendment of certain equity-based compensation plans and arrangements, under which shares may be acquired by officers, directors, employees or consultants. Under Israeli law and practice, the approval of the board of directors is required for the establishment or material amendment of such equity-based compensation plans and arrangements. However, any equity-based compensation arrangement with a director or the Chief Executive Officer or the material amendment of such an arrangement must be approved by our Compensation Committee, Board of Directors and shareholders, in that order.

- The requirements regarding the director nominations process. In December 2024, we established a nomination and ESG committee to advise the Board of Directors on these matters. Under Israeli law and practice, our Board of Directors is authorized to recommend to our shareholders director nominees for election, and certain of our shareholders may nominate candidates for election as directors by the general meeting of shareholders.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICY

We have adopted a written insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us.

A copy of the Insider Trading Policy, as amended and restated on June 19, 2023, is filed as exhibit 11.1 to this Annual Report.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We face a multitude of security threats, including cybersecurity threats ranging from attacks common to most industries, such as ransomware and denial-of-service, to attacks from more advanced and persistent, highly organized adversaries, including nation state actors, some of which target the defense industrial base and other critical infrastructure sectors. In response, we have implemented cybersecurity processes, technologies, and controls to aid in our efforts to assess, identify, and manage cybersecurity risks.

Our management has implemented a process for identifying relevant risks that could affect the organization’s ability to provide secure and reliable service to its users. The risk assessment occurs annually, or as business needs change, and covers identification of risks that could act against the company's objectives as well as specific risks related to a compromise to the security of data.

Our risk management team collaborates with our Information Security function, led by the Company’s Chief Information Officer (CIO) who holds over 25 years of experience in information technology and Company’s Chief Information Security Officer (CISO) that holds over 8 years of experience, and the Company’s Infrastructure Director, assisted by an external Incident Response company, to gather insights for identifying, assessing and managing cybersecurity threat risks, their severity, and potential mitigations.

We must also comply with extensive regulations, including requirements imposed by the Defense Federal Acquisition Regulation Supplement (DFARS) related to adequately safeguarding controlled unclassified information (CUI) and reporting cybersecurity incidents to the DoD.

To help assess and identify our cybersecurity risks, we maintain internal and external resources to perform penetration testing designed to simulate evolving tactics and techniques of real-world threat actors, engage with industry partners and law enforcement and intelligence communities, and conduct tabletop exercises and periodic risk interviews across our business. We also engage an independent third party to perform internal and external penetration testing and engage other third parties to periodically assess our cybersecurity capabilities. In addition, we continue to expand training and awareness practices to mitigate human risk, internal communications, and regular phishing awareness campaigns designed to emulate real-world contemporary threats and provide employees immediate feedback (and, if necessary, additional training or remedial action).

Our processes also address cybersecurity risks associated with using third-party service providers, including suppliers, software, and cloud-based service providers. We proactively evaluate the cybersecurity risk of a third party by cybersecurity risk assessment questioner, utilizing a repository of risk assessments, external monitoring sources, threat intelligence, and predictive analytics to inform our teams during contracting and vendor selection processes. Additionally, when third-party risks are identified, we require those third parties to agree by contract to implement appropriate security controls. Security issues are documented and tracked, and periodic monitoring is conducted for third parties in order to mitigate risk.

In addition to the processes, technologies, and controls that we have in place to reduce the likelihood of a successful material cyberattack, our company has established well-defined response procedures to address cyber events that do occur. The program provides for the coordination of various corporate functions and governance groups and serves as a framework for the execution of responsibilities across businesses and operational roles. Our incident response plan coordinates the activities we take to prepare for, detect, respond to, and recover from cybersecurity incidents, which include processes to triage, assess severity for, escalate, contain, investigate, and remediate the incident, as well as to assess for potential disclosure, comply with potentially applicable legal obligations and mitigate brand and reputational damage. We also maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of cyber incidents and information systems failures.

Cybersecurity Governance

Our management has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our management is responsible for assessing and managing our material risks from cybersecurity threats.

Our management oversees efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in our IT Systems environment.

Our Board of Directors, two members of which have considerable experience in cybersecurity, is responsible for cybersecurity oversight and monitoring risk. Management informs the Board of such risk by Board meetings.

Based on the information we have as of the date of this Annual Report, we do not believe any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. Notwithstanding the extensive approach we take to cybersecurity, we may not be successful in preventing or mitigating a future cybersecurity incident that could have a material adverse effect on us. While we maintain cybersecurity insurance, as mentioned above, the costs related to cybersecurity threats or disruptions may not be fully insured.

PART III

ITEM 17: FINANCIAL STATEMENTS

Not applicable.

ITEM 18: FINANCIAL STATEMENTS

The financial statements required by this item are found at the end of this annual report, beginning on page F-1.

ITEM 19: EXHIBITS

1.1	Memorandum of Association, as amended. Previously filed as Exhibit 1.1 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2000, which Exhibit is incorporated herein by reference.
1.2	Articles of Association, as amended and restated as of December 29, 2011. Previously filed as Exhibit 1.2 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2011, which Exhibit is incorporated herein by reference.
2.1	Description of the rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934.
4.1	Summary in English of the material provisions of the agreement between Gilat Satellite Networks Ltd. and First International Bank of Israel Ltd. Dated December 30, 2021 and of existing pledges created in favor of the First International Bank of Israel Ltd., previously filed as Exhibit 4.1 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2021, which Exhibit is incorporated herein by reference.
4.2	Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on April 8, 2009 as Exhibit 4.4 to our Registration Statement on Form S-8 (File No. 333-158476), and incorporated herein by reference.
4.3	Amendment to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on June 11, 2015 as Exhibit 4.4 to our Registration Statement on Form S-8 (File No. 333-204867), and incorporated herein by reference.
4.5	Amendment No. 2 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on April 19, 2016 as Exhibit 4.4 to our Registration Statement on Form S-8 (File No. 333-210820), and incorporated herein by reference.
4.6	Amendment No. 3 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan) dated February 13, 2017. Previously filed as Exhibit 4.7 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2016, which Exhibit is incorporated herein by reference.
4.6	Amendment No. 4 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan) dated March 27, 2017. Previously filed as Exhibit 4.8 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2016, which Exhibit is incorporated herein by reference.
4.7	Amendment No. 5 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on November 14, 2017 as Exhibit 4.8 to our Registration Statement on Form S-8 (File No. 333-221546), and incorporated herein by reference.
4.8	Amendment No. 6 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan) as adopted on February 12, 2018 previously filed as Exhibit 4.10 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2017, which Exhibit is incorporated herein by reference.
4.9	Amendments No. 7, 8 and 9 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan) as adopted on August 6, 2019, February 11, 2019 and February 12, 2019 respectively, previously filed as Exhibit 4.11 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2018, which Exhibit is incorporated herein by reference.
4.10	Amendment No. 10 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on May 14, 2019 as Exhibit 4.11 to our Registration Statement on Form S-8 (File No. 333-231442), and incorporated herein by reference.
4.11	Amendment No. 11 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on January 23, 2020 as Exhibit 4.12 to our Registration Statement on Form S-8 (File No. 333-236028), and incorporated herein by reference.
4.12	Amendment No. 12 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.14 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2020, which Exhibit is incorporated herein by reference.

4.13 Amendment No. 13 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.15 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2020, which Exhibit is incorporated herein by reference.

4.14 Amendment No. 14 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on May 4, 2021, January 23, 2020 as Exhibit 4.15 to our Registration Statement on Form S-8 (File No. 333-255740), and incorporated herein by reference.

4.15 Amendment No. 15 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed on May 4, 2021, January 23, 2020 as Exhibit 4.16 to our Registration Statement on Form S-8 (File No. 333-255740), and incorporated herein by reference.

4.16 Amendment No. 16 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.16 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2021, which Exhibit is incorporated herein by reference.

4.17 Amendment No. 17 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.17 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2021, which Exhibit is incorporated herein by reference.

4.18 Amendment No. 18 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.18 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2021, which Exhibit is incorporated herein by reference.

4.19 Amendment No. 19 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.29 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2023, which Exhibit is incorporated herein by reference.

4.20 Amendment No. 20 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.30 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2023, which Exhibit is incorporated herein by reference.

4.21 Amendment No. 21 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan), previously filed as Exhibit 4.31 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2023, which Exhibit is incorporated herein by reference.

4.22 Amendment No. 22 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan).

4.23 Amendment No. 23 to Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan).

4.24 Executive Compensation Plan, as amended June 15, 2023, previously filed on May 18, 2023 with our Proxy Statement on Form 6-K (File No. 000-21218), and incorporated herein by reference.

4.25 English translation based on the English version published by PRONATEL of the Financing Agreement between PRONATEL and Gilat Networks Peru S.A. dated December 29, 2015, for Broadband Installation for Integral Connectivity and Social Development of the Cusco's region and a non-literal English translation of the Economic Proposal annexed thereto. Previously filed as Exhibit 4.7 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2015, which Exhibit is incorporated herein by reference.

4.26 English translation based on the English version published by PRONATEL of the Financing Agreement between the PRONATEL and Gilat Networks Peru S.A. dated May 27, 2015, for Broadband Installation for Integral Connectivity and Social Development of the Ayacucho's region and a non-literal English translation of the Economic Proposal annexed thereto. Previously filed as Exhibit 4.8 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2015, which Exhibit is incorporated herein by reference.

4.27 English translation based on the English version published by PRONATEL of the Financing Agreement between the PRONATEL and Gilat Networks Peru S.A. dated May 27, 2015, for Broadband Installation for Integral Connectivity and Social Development of the Apurímac's region and a non-literal English translation of the Economic Proposal annexed thereto. Previously filed as Exhibit 4.9 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2015, which Exhibit is incorporated herein by reference.

4.28 English translation based on the English version published by PRONATEL of the Financing Agreement between the PRONATEL and Gilat Networks Peru S.A. dated May 27, 2015, for Broadband Installation for Integral Connectivity and Social Development of the Huancavelica's region and a non-literal English translation of the Economic Proposal annexed thereto. Previously filed as Exhibit 4.10 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2015, which Exhibit is incorporated herein by reference.

4.29 English translation of the Financing Agreement between the PRONATEL and Gilat Networks Peru S.A. dated June 2018, for the Installation of Broadband for Comprehensive Connectivity and Social Development of the Amazonas Region. Previously filed as Exhibit 4.17 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2018, which Exhibit is incorporated herein by reference.

4.30 English translation of the Financing Agreement between the PRONATEL and Gilat Networks Peru S.A. dated June 2018, for the Installation of Broadband for Comprehensive Connectivity and Social Development of the Ica Region. Previously filed as Exhibit 4.18 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2018, which Exhibit is incorporated herein by reference.

4.31 Summary in English of the material provisions of the agreement between Gilat Satellite Networks Ltd. and HSBC, dated December 18, 2016. Previously filed as Exhibit 4.17 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2016, which Exhibit is incorporated herein by reference.

4.32 Form of Indemnity Letter entered by and between Gilat Satellite Networks Ltd. and its officers and Directors, approved by the shareholders as of January 4, 2018 previously filed as Exhibit 4.20 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2017, which Exhibit is incorporated herein.

4.33 Membership Interest Purchase Agreement, dated as of June 17, 2024, by and among Wavestream Corporation, Stellar Blu Solutions LLC, MAZAV Management LLC, CF GDC LLC and the Sellers Representative. *

4.34 Amendment to Membership Interest Purchase Agreement, dated as of December 11, 2024, by and among Wavestream Corporation, MAZAV Management LLC and CF GDC LLC.

4.35 Credit Agreement, dated as of October 13, 2024, by and among Wavestream Cooperation, Gilat Satellite Networks Ltd., Certain Financial Institutions, and HSBC Bank USA, National Association. *

4.36 First Amendment to the Credit Agreement, dated as of December 10, 2024, by and among Wavestream Cooperation, Gilat Satellite Networks Ltd., and HSBC Bank USA, National Association

4.37 Second Amendment to the Credit Agreement, dated as of January 6, 2025, by and among Wavestream Cooperation, Gilat Satellite Networks Ltd., and HSBC Bank USA, National Association

8.1 List of subsidiaries.

11.1 Gilat Satellite Networks Ltd. – Insider Trading Policy, as amended and restated June 19, 2023 previously filed as Exhibit 11.1 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2023, which Exhibit is incorporated herein

12.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

12.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

13.1 Certification by Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

13.2 Certification by Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

15.1 Consent of Kost Forer Gabbay & Kasierer, a member of EY Global.

97.1 Gilat Satellite Networks Ltd. – Clawback Policy previously filed as Exhibit 4.28 to our Annual Report on Form 20-F for the fiscal year ending December 31, 2023, which Exhibit is incorporated herein

* The schedules and exhibits to this agreement have been omitted pursuant to Instructions as to Exhibits to Form 20-F. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

101.INS Inline XBRL Instance Document *.

101.SCH Inline XBRL Taxonomy Extension Schema Document.

101.PRE Inline XBRL Taxonomy Presentation Linkbase Document.

101.CAL Inline XBRL Taxonomy Calculation Linkbase Document.

101.LAB Inline XBRL Taxonomy Label Linkbase Document.

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document.

104 Cover page formatted as Inline XBRL and contained in Exhibit 101

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* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GILAT SATELLITE NETWORKS LTD.

By: /s/ Adi Sfadia
Adi Sfadia
Chief Executive Officer

Date: March 27, 2025

GILAT SATELLITE NETWORKS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

IN U.S. DOLLARS

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Building a better
working world

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

GILAT SATELLITE NETWORKS LTD.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Gilat Satellite Networks Ltd. and its subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 27, 2025 expressed an unqualified opinion thereon.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition

Description of the Matter

As described in Note 2 to the consolidated financial statements, the Company generates revenue from contracts with its customers for which the related performance obligations are satisfied over time. The Company recognizes revenue on such contracts using the percentage-of-completion method of accounting, based on cost-to-cost measure of progress ("input method"). Under this method, the Company measures progress towards completion based on the ratio of costs incurred to date to the estimated total costs to complete their performance obligation (referred to as the estimate-at-completion, or "EAC”).

The determination of contract EACs requires management to make significant estimates and assumptions to calculate recorded contract revenue, costs, and profit associated with its contracts with customers. Significant changes in EAC estimates could have a material effect on the Company’s estimated revenue and gross profit recorded during the period under audit.

Auditing the Company’s recognized revenues based on the percentage-of-completion method of accounting was complex due to the significant auditor judgment involved in evaluating management's significant estimates and assumptions over project technical, schedule and cost aspects, at contract inception and throughout the contract's life cycle.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of relevant internal controls over the Company’s revenue recognition process. For example, we tested internal controls over management’s preparation and periodic reviews of the cost incurred, as well as controls over cost deviation analysis, including the significant assumptions underlying a contract’s estimated value and estimated EAC. We also tested internal controls over the accuracy and completeness of the underlying data used in management’s EAC analyses.

To evaluate the Company’s contract estimates related to revenue recognized and test the Company's EAC analyses, our substantive audit procedures included, among others, obtaining an understanding of the contract and the contractual terms, for a sample of contracts we evaluated the Company's historical ability to accurately estimate expected costs by comparing management's estimates of labor hours, subcontractor costs and materials required to complete the contract to actual results. We also compared recorded costs incurred to supporting information and agreed key contract terms to contract documentation. In addition, we evaluated whether the variances in costs incurred from projected costs were properly reflected in the EAC analysis. In addition, we assessed the appropriateness of the related disclosures in the consolidated financial statements.

Valuation of deferred tax asset

Description of the Matter

As described in Note 12 to the consolidated financial statements, the Company’s consolidated net deferred tax assets of $11,896 thousands, primarily related to the deferred tax assets established for carry forward operating losses and other deductible temporary differences. Management records valuation allowances to reduce the carrying value of deferred tax assets to amounts that are more likely than not to be realized. Management assesses existing deferred tax assets, net operating losses and tax credits by jurisdiction and expectations of the Company’s ability to utilize these tax attributes through a review of past, current and estimated future taxable income and establishment of tax planning strategies.

The principal considerations for our determination that performing procedures relating to the income tax valuation allowances on deferred tax assets is a critical audit matter are that there was significant judgment by management when estimating future taxable income. Auditing management’s assessment of the realizability of its deferred tax assets involved complex auditor judgment because management’s estimate of future taxable income is highly judgmental and based on significant assumptions that may be affected by future market conditions and the Company’s performance.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management’s plan for future realization of deferred tax assets. For example, we tested controls around the determination of key assumptions used in management’s projections of future taxable income.

To test the deferred income tax asset, our audit procedures included, among others, comparing the assumptions used by management to the Company´s approved budget, evaluating management assumptions to develop estimates of future taxable income, and tested the completeness and accuracy of the underlying data. For example, we compared the estimates of future taxable income with the actual results of prior periods, as well as management's consideration of other future market conditions. Additionally, evaluating the application of the relevant accounting standard, retrospectively assessing past management estimations about net deferred tax asset recoverability, and comparing the prospective financial information and underlying assumptions to industry and economic trends, changes in the entity’s business model, customer base and product mix. In addition, we assessed the adequacy of the related disclosures in the consolidated financial statements.

Valuation of contingent consideration liability

Description of the Matter	As described in Notes 17 and 18 to the Consolidated Financial Statements, the Company recognized contingent consideration liabilities at the estimated fair value on the acquisition date in connection with applying the acquisition method of accounting for the acquisition of DataPath Inc. ("DPI"). Subsequent changes to the fair value of the contingent consideration liability were recorded within the Consolidated Financial Statements in the period of change. At December 31, 2024, the Company had $9,018 thousands in contingent consideration liability, which represented a 'Level 3' fair value measurement in the fair value hierarchy due to the significant unobservable inputs used in determining the fair value. Auditing the Company's valuation of contingent consideration liability was complex and required significant auditor judgment due to the subjectivity in evaluating certain assumptions required to estimate the fair value of contingent consideration. The significant assumptions used included projected revenues and Adjusted EBITDA. These significant assumptions are forward looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's valuation of the contingent consideration liability. For example, we tested controls over management's review of the significant assumptions and other inputs used in the determination of fair value of the contingent consideration liability. To test the estimated fair value of the contingent consideration liability, we performed audit procedures that included, among others, assessing the terms of the arrangement, including the conditions that must be met for the contingent consideration to become payable. We evaluated the assumptions and judgments considering observable industry and economic trends. We assessed the reasonableness of projected financial information in relation to the Company's budgets and forecasts. Our procedures included evaluating the data sources used by management in determining its assumptions and, where necessary, included an evaluation of available information that either corroborated or contradicted management's conclusions. We involved our valuation specialists to assist in our evaluation of the methodology used by the Company and significant assumptions included in the estimated fair value of the contingent consideration liability. We also performed a sensitivity analysis of the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions.

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global

We have served as the Company's auditor since 2000.

Tel-Aviv, Israel
March 27, 2025

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

GILAT SATELLITE NETWORKS LTD.

We have audited Gilat Satellite Networks Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Gilat Satellite Networks Ltd. and its subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated March 27, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global

Tel-Aviv, Israel
March 27, 2025

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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 119,384	$ 103,961
Restricted cash	853	736
Trade receivables (net of allowance for credit losses of $461 and $492 as of December 31, 2024 and 2023, respectively)	49,600	44,725
Contract assets	24,941	28,327
Inventories	38,890	38,525
Other current assets	21,963	24,299
Total current assets	255,631	240,573
LONG-TERM ASSETS:		
Restricted cash	12	54
Long-term contract assets	8,146	9,283
Severance pay funds	5,966	5,737
Deferred taxes	11,896	11,484
Operating lease right-of-use assets	6,556	5,105
Other long-term assets	5,288	9,544
Total long-term assets	37,864	41,207
PROPERTY AND EQUIPMENT, NET	70,834	74,315
INTANGIBLE ASSETS, NET	12,925	16,051
GOODWILL	52,494	54,740
Total assets	$ 429,748	$ 426,886

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	December 31, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ -	$ 7,453
Trade payables	17,107	13,873
Accrued expenses	45,368	51,906
Advances from customers and deferred revenues	18,587	34,495
Operating lease liabilities	2,557	2,426
Other current liabilities	17,817	16,431
Total current liabilities	101,436	126,584
LONG-TERM LIABILITIES:		
Long-term loan	2,000	2,000
Accrued severance pay	6,677	6,537
Long-term advances from customers and deferred revenues	580	1,139
Operating lease liabilities	4,014	3,022
Other long-term liabilities	10,606	12,916
Total long-term liabilities	23,877	25,614
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.2 par value: Authorized: 90,000,000 shares as of December 31, 2024 and 2023; Issued and outstanding: 57,017,032 and 57,016,086 shares as of December 31, 2024 and 2023, respectively	2,733	2,733
Additional paid-in capital	943,294	937,591
Accumulated other comprehensive loss	(6,120)	(5,315)
Accumulated deficit	(635,472)	(660,321)
Total shareholders' equity	304,435	274,688
Total liabilities and shareholders' equity	$ 429,748	$ 426,886

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

U.S. dollars in thousands (except share and per share data)

	Year ended December 31,		
	2024	**2023**	**2022**
Revenues:			
Products	$ 192,112	$ 174,278	$ 149,243
Services	113,336	91,812	90,597
Total revenues	305,448	266,090	239,840
Cost of revenues:			
Products	121,862	105,617	102,093
Services	70,255	55,528	50,839
Total cost of revenues	192,117	161,145	152,932
Gross profit	113,331	104,945	86,908
Operating expenses:			
Research and development expenses, net	38,136	41,173	35,640
Selling and marketing expenses	27,381	25,243	21,694
General and administrative expenses	26,868	19,215	18,412
Impairment of held for sale asset	-	-	771
Other operating expenses (income), net	(6,751)	(8,771)	438
Total operating expenses	85,634	76,860	76,955
Operating income	27,697	28,085	9,953
Financial income (expenses), net	1,504	109	(2,818)
Income before taxes on income	29,201	28,194	7,135
Taxes on income	(4,352)	(4,690)	(13,063)
Net income (loss)	$ 24,849	$ 23,504	$ (5,928)
Earnings (losses) per share (basic and diluted)	$ 0.44	$ 0.41	$ (0.10)
Weighted average number of shares used in computing earnings (losses) per share:			
Basic	57,016,920	56,668,999	56,591,994
Diluted	57,016,920	56,672,537	56,591,994

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Year ended December 31,		
	2024	**2023**	**2022**
Net income (loss)	$ 24,849	$ 23,504	$ (5,928)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1,193)	217	153
Change in unrealized gain (loss) on hedging instruments, net	565	(1,290)	(2,822)
Less - reclassification adjustments for net loss (gain) realized on hedging instruments, net	(177)	2,605	2,179
Total other comprehensive income (loss)	(805)	1,532	(490)
Comprehensive income (loss)	$ 24,044	$ 25,036	$ (6,418)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except number of ordinary shares data)

	Number of ordinary shares	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated Deficit	Total shareholders' equity
Balance as of December 31, 2021	56,539,237	2,706	929,871	(6,357)	(677,897)	248,323
Stock-based compensation	-	-	2,220	-	-	2,220
Exercise of stock options	71,167	5	(5)	-	-	-
Comprehensive loss	-	-	-	(490)	(5,928)	(6,418)
Balance as of December 31, 2022	56,610,404	2,711	932,086	(6,847)	(683,825)	244,125
Issuance of shares related to business combination (see Note 17)	390,625	21	2,440	-	-	2,461
Stock-based compensation	-	-	3,066	-	-	3,066
Exercise of stock options	15,057	1	(1)	-	-	-
Comprehensive income	-	-	-	1,532	23,504	25,036
Balance as of December 31, 2023	57,016,086	2,733	937,591	(5,315)	(660,321)	274,688
Stock-based compensation	-	-	5,703	-	-	5,703
Exercise of stock options	946	*) -	*) -	-	-	-
Comprehensive income	-	-	-	(805)	24,849	24,044
Balance as of December 31, 2024	57,017,032	2,733	943,294	(6,120)	(635,472)	304,435

*) Represents an amount less than $1.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31, 2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	$ 24,849	$ 23,504	$ (5,928)
Adjustments required to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	13,554	13,402	11,608
Capital gain from sale of property	-	(2,084)	-
Impairment of held for sale asset	-	-	771
Stock-based compensation *)	6,726	3,423	2,220
Accrued severance pay, net	(89)	167	136
Deferred taxes, net	1,834	2,662	(627)
Decrease (increase) in trade receivables, net	(5,393)	13,448	(11,162)
Decrease (increase) in contract assets	4,565	(1,694)	2,481
Decrease (increase) in other assets and other adjustments (including current, long-term and effect of exchange rate changes on cash, cash equivalents and restricted cash)	11,661	(351)	(3,445)
Increase in inventories	(1,928)	(2,387)	(5,416)
Increase (decrease) in trade payables	3,196	(7,635)	(259)
Increase (decrease) in accrued expenses	(5,906)	735	549
Increase (decrease) in advances from customers and deferred revenues	(16,390)	803	5,929
Increase (decrease) in other liabilities	(5,010)	(12,049)	13,957
Net cash provided by operating activities	31,669	31,944	10,814

*) Stock-based compensation including expenses related to business combination in the amounts of $3,437 and $662 for the years ended December 31, 2024 and 2023, respectively (see Note 17).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2024	**2023**	**2022**
Cash flows from investing activities:			
Purchase of property and equipment	(6,610)	(10,746)	(12,793)
Proceeds from short-term deposits	-	-	2,159
Investment in financial instrument	-	-	(1,536)
Acquisitions of subsidiary, net of cash acquired (see Note 17)	-	(4,107)	-
Receipts from sale of properties	-	2,168	4,006
Net cash used in investing activities	(6,610)	(12,685)	(8,164)
Cash flows from financing activities:			
Repayment of credit facility, net	(7,453)	(1,590)	-
Repayments of short-term debts	(7,836)	-	-
Proceeds from short-term debts	7,836	-	-
Costs associated with entering into a long-term debt (See Note 19)	(654)	-	-
Net cash used in financing activities	(8,107)	(1,590)	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,454)	(63)	32
Increase in cash, cash equivalents and restricted cash	15,498	17,606	2,682
Cash, cash equivalents and restricted cash at the beginning of the year	104,751	87,145	84,463
Cash, cash equivalents and restricted cash at the end of the year (a)	$ 120,249	$ 104,751	$ 87,145
Supplementary disclosure of cash flows activities:			
(A) Cash paid during the year for:			
Interest	$ 544	$ 564	$ -
Taxes on income	$ 1,886	$ 13,641	$ 2,442
(B) Non-cash transactions:			
Purchases of property and equipment that were not paid for and reclassification from inventories to property and equipment	$ 312	$ 4,475	$ 2,507
New operating lease assets obtained in exchange for operating lease liabilities	$ 4,629	$ 1,034	$ 1,768

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

(a) The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the consolidated balance sheets:

	December 31,		
	2024	**2023**	**2022**
Cash and cash equivalents	$ 119,384	$ 103,961	$ 86,591
Restricted cash - current	853	736	541
Restricted cash - long-term	12	54	13
Cash, cash equivalents and restricted cash	$ 120,249	$ 104,751	$ 87,145

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1:- GENERAL

a. Organization:

Gilat Satellite Networks Ltd. and its subsidiaries (the "Company") is a leading global provider of satellite-based broadband communications. The Company designs and manufactures ground-based satellite communications equipment, and provides comprehensive secure end-to-end solutions, end-to-end services for mission-critical operations, powered by its innovative technology. The Company’s portfolio includes a cloud-based satellite network platform, Very Small Aperture Terminals ("VSATs"), amplifiers, high-speed modems, high-performance on-the-move antennas, Electronically Steerable Antenna (“ESA”) and high efficiency, high power Solid State Power Amplifiers ("SSPAs"), Block Upconverters ("BUCs"), Transceivers, transportable and portable terminals for defense forces and field services. The Company’s comprehensive solutions support multiple applications with a full portfolio of products to address key applications including broadband internet access, cellular backhaul over satellite, enterprise, social inclusion solutions, In-Flight Connectivity ("IFC"), maritime, trains, defense and public safety, all while meeting the most stringent service level requirements. The Company also provides connectivity services, internet access and telephony, to enterprise, government and residential customers utilizing both its own networks, and other networks that it installs, mainly based on Build Operate Transfer ("BOT") and Build Own Operate ("BOO") contracts. In these projects, the Company builds telecommunication infrastructure typically using fiber-optic and wireless technologies for the broadband connectivity. The Company also provides managed network services over VSAT networks owned by others.

The Company was incorporated in Israel in 1987 and launched its first generation VSAT in 1989.

b. The Company depends on major suppliers to supply certain components and services for the production of its products or providing services. If these suppliers fail to deliver or delay the delivery of the necessary components or services, the Company will be required to seek alternative sources of supply. A change in suppliers could result in product redesign, manufacturing delays or services delays which could cause a possible loss of sales and additional incremental costs and, consequently, could adversely affect the Company's results of operations and financial position.

c. The Company has three major customers which accounted for 38% of its revenues in the year ended December 31, 2024 (see Note 15d).

d. On June 17, 2024, the Company signed a definitive agreement to acquire 100% of the membership interests of Stellar Blu Solutions LLC. (“SBS”), a leading U.S.-based avionics solution provider of next-generation SATCOM terminal solutions. The closing of the transaction was subject to certain regulatory approvals, including the receipt of clearance of the Committee on Foreign Investment in the United States (CFIUS) and other customary closing conditions. In January 2025, the Company completed the acquisition of SBS. For additional information, see Note 19.

NOTE 1:- GENERAL (Cont.)

e. Against the backdrop of the military conflict of Russia and Ukraine and the rising tensions between the U.S. and other countries, on the one hand, and Russia, on the other hand, major economic sanctions and export controls restrictions on Russia and various Russian entities were imposed by the U.S., European Union and the United Kingdom commencing February 2022, and additional sanctions and restrictions may be imposed in the future. These sanctions and restrictions restricted the Company’s business in Russia, which mainly included exports to Russia, and had delayed the Company from performing money transfers from Russia due to banking regulations. In 2024, the Company wound down its business in Russia. While the Company’s business in Russia was limited in scope, the decision to wind-down the business caused a reduction in the Company’s sales and financial results. The costs associated with winding down the Company’s activities in the Russian market have been included in Other operating expenses (income), net and Cost of revenues in the Company’s consolidated statements of income (loss).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), followed on a consistent basis.

b. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Main areas that require significant estimates and assumptions by the Company’s management include contract costs, revenues (including variable consideration, determination of contracts duration, establishing stand-alone selling price for performance obligations), application of percentage-of-completion accounting, provisions for uncollectible receivables and customer claims, impairment of inventories, impairment and useful life of long-lived assets, goodwill impairment, valuation allowance in respect of deferred tax assets, uncertain tax positions, accruals for estimated liabilities, including litigation and insurance reserves, contingent considerations and intangibles from business combination transaction and stock-based compensation. Actual results could differ from those estimates.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Functional currency:

The majority of the revenues of Gilat Satellite Networks Ltd. and most of its subsidiaries are generated in U.S. dollars ("dollar") or linked to the dollar. In addition, a substantial portion of Gilat Satellite Networks Ltd. and most of its subsidiaries' costs are incurred in dollars. The Company's management believes that the dollar is the primary currency of the economic environment in which Gilat Satellite Networks Ltd. and most of its subsidiaries operate. Thus, the functional and reporting currency of Gilat Satellite Networks Ltd. and most of its subsidiaries is the dollar.

Accordingly, monetary accounts maintained in currencies other than the dollar are remeasured into dollars in accordance with ASC 830, "Foreign Currency Matters" ("ASC 830"). All transaction gains and losses of the remeasurement of monetary balance sheet items are reflected in the consolidated statements of income (loss) as financial income or expenses, as appropriate.

The financial statements of a certain foreign subsidiary, whose functional currency has been determined to be its local currency, have been translated into dollars. Assets and liabilities of this subsidiary have been translated using the exchange rates in effect at the consolidated balance sheets date. Consolidated statements of income (loss) amounts have been translated using specific rates. The resulting translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive loss.

d. Principles of consolidation:

The consolidated financial statements include the accounts of Gilat Satellite Networks Ltd. and its subsidiaries in which the Company has a controlling voting interest. Inter-company balances and transactions have been eliminated upon consolidation.

e. Cash and Cash equivalents:

Cash and Cash equivalents are cash in banks and short-term highly liquid investments that are not restricted as to withdrawals or use, with maturities of three months or less at the date acquired.

f. Restricted cash:

Short-term restricted cash is either invested in bank deposits, which mature within one year, or in short-term highly liquid investments that are restricted to withdrawals or use. Such deposits are used as collateral for performance and advance payment guarantees to customers.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Inventories:

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory write-offs are provided to cover risks arising from slow-moving items, excess inventories, discontinued products, new products introduction and for market prices lower than cost. Any write-off is recognized in the consolidated statements of income (loss) as cost of revenues. In addition, if required, the Company records a liability for firm non-cancelable and unconditional purchase commitments with contract manufacturers for quantities in excess of the Company's future demands forecast consistent with its valuation of excess and obsolete inventory.

Cost is determined as follows:

Raw materials, parts and supplies - using the weighted average cost method.

Work in progress and assembled raw materials - represents the cost of manufacturing with the addition of allocable indirect manufacturing costs, using the weighted average cost method.

Finished products - calculated on the basis of raw materials, direct manufacturing costs with the addition of allocable indirect manufacturing costs, using the weighted average cost method.

h. Property and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	50
Computers, software and electronic equipment	2 - 10
Office furniture and equipment	3 - 15
Vehicles	3 - 7

Leasehold improvements are depreciated by the straight-line method over the term of the lease or the estimated useful life of the improvements, whichever is shorter.

Rental income generated from office spaces leased to others is included in general and administrative expenses.

Network equipment used to provide ongoing services is depreciated using the straight-line method over the useful life of the assets which is typically between 2 to 5 years.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Intangible assets:

Intangible assets acquired in a business combination are recorded at fair value allocated to them at the date of acquisition, and subsequently stated at amortized cost. The assets are typically amortized over their estimated useful lives using the straight-line method over an estimated period during which benefits are expected to be received, in accordance with ASC 350, "Intangible - Goodwill and Other" ("ASC 350").

j. Impairment of long-lived assets:

The Company's long-lived assets that are subject to amortization are reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment" ("ASC 360"), whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. Such measurement includes significant estimates. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. However, the carrying amount of a group of assets is not to be reduced below its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

k. Goodwill:

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350, goodwill is not amortized, but rather is subject to an annual impairment test. Goodwill is tested for impairment at the reporting unit level by comparing the fair value of the reporting unit with its carrying value. The Company performs its annual impairment analysis of goodwill in the fourth quarter of the year and whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable.

ASC 350 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required.

If the Company elects not to use this option, or if the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company prepares a quantitative analysis to determine whether the carrying value of reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, the Company recognizes an impairment of goodwill for the amount of this excess.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Contingencies:

The Company is currently involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss.

m. Revenue recognition:

The Company generates revenues mainly from the sale of products (including construction of networks), satellite-based communications networks services and from providing connectivity, internet access, field services and telephony services. The Company sells its products and services to enterprises, government and residential customers under large-scale contracts that utilize both the Company's networks and other networks that the Company installs, mainly based on BOT and BOO contracts. These large-scale contracts sometimes involve the installation of thousands of VSATs or construction of massive fiber-optic and wireless networks. Revenues from sale of products includes mainly the sale of VSATs, hubs, SSPAs, low-profile antennas, on-the-move/on-the-pause terminals, portable terminals and construction and installation of large-scale networks based on BOT and BOO contracts. Sale of services includes access to and communication via satellites ("space segment"), installation of equipment, telephone services, internet services, consulting, on-line network monitoring, network maintenance, field services and repair services. In certain contracts, the company also provides a service-type warranty that is accounted for as a separate performance obligation, and revenue is recognized ratably over the life of the warranty as the customer consumes the benefit over the service term.

The Company sells its products primarily through its direct sales force and indirectly through system integrators or resellers.

The Company recognizes revenue when (or as) it satisfies performance obligations by transferring promised products or services to its customers in an amount that reflects the consideration the Company expects to receive according to ASC 606, “Revenue from Contracts with Customers” (“ASC 606”). Revenue is recognized net of any turn-over taxes collected from customers which are subsequently remitted to governmental entities (for example, sales tax and other indirect taxes).

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price (“SSP”) basis.

The Company establishes SSP based on management judgment, and stand-alone renewal prices, considering internal factors such as margin objectives, pricing practices and historical sales.

If the consideration in a contract includes a variable amount (e.g. penalties), the company estimates the amount of consideration to which it will be entitled, usually based on the most likely amount that should be included in the transaction price subject to constraints based on the specific facts and circumstances. The variable consideration is estimated at contract inception and constrained until it is probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue from the sale of equipment is recognized at a point in time, once the customer has obtained control over the items purchased, generally upon shipment. When significant acceptance provisions are included in the arrangement, the Company defers recognition of the revenue until the acceptance occurs. Revenue from periodic services is recognized ratably over the term the services are rendered. Revenue from other services is recognized upon their completion.

For time and material contracts, revenue is recognized when the service rendered.

Revenues from long-term contracts under which the Company provides significant construction to the customer's specifications and networks operation and maintenance (mostly governmental projects) are generally recognized over time because of continuous transfer of control to the customer. Specifically, these contracts include construction performance obligations, for which this continuous transfer of control to the customer is based on the fact that the Company’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced according to ASC 606. The Company generally uses the cost-to-cost measure of progress for these contracts. The Company believes that cost-to-cost measure of progress is an appropriate measure of progress towards satisfaction of the performance obligation since this measure reasonably depicts the progress of the work efforts. In the years ended December 31, 2024, 2023 and 2022, the Company recognized revenues from these construction performance obligations in the amounts of $15,745, $12,926 and $16,169, respectively, which are presented under the Network Infrastructure and Services operating segment.

The products and services provided as part of the construction are not distinct from one another due to a customer defined interrelated operational performance requirement, a highly complex interrelated and integrated output and significant contract management requirements. The promises to provide operation and maintenance services are distinct performance obligations.

SSPs for the Company’s products and services provided as part of the long-term contracts with governments are generally not observable, and consequently the Company uses the expected cost plus a reasonable margin approach to estimate a stand-alone selling price. The estimation of SSP requires the exercise of management judgement. The Company typically establishes SSP ranges for its products and services.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In some governmental contracts, the Company is also required to supply equipment (e.g., tablets) which are distinct and are accounted for as separate performance obligations. The Company determines SSP for such equipment based on observable market data. Revenues related to equipment performance obligation are recognized at a point in time upon delivery of the equipment.

Revenues from contracts relating to the design, development, integration or manufacture of complex equipment or technology platforms to a buyer’s specification (or to provide services related to the performance of such contracts) are generally recognized over time because of continuous transfer of control to the customer. This continuous transfer of control to the customer is usually based on the facts that the Company has the right to payment for the performance completed to date and the underlying asset has no alternative use according to ASC 606. The Company generally uses the cost-to-cost measure of progress for these contracts. The Company believes that cost-to-cost measure of progress is an appropriate measure of progress towards satisfaction of the performance obligation since this measure reasonably depicts the progress of the work efforts. Accounting for contracts under which continuous transfer of control to the customer occurs, as described above, involves the use of various techniques to estimate total contract revenue and performance costs.

The Company estimates the profit on a contract as the difference between the total estimated transaction price and the total expected performance costs of the contract and recognizes revenue and incurred costs over the life of the contract. Changes to performance cost estimates under a contract may occur in a situation where: (a) identified contract risks cannot be resolved within the cost estimates included in a contract's estimated at completion (“EAC”); or (b) new or unforeseen risks or changes in the performance cost estimates must be incorporated into the contract's EAC. Changes in estimated revenues and/or estimated project costs which are related to an existing performance obligation, and that are not distinct from those goods and services already provided, and therefore form part of single performance obligation, are recorded in the period the change is reasonably determinable, with the full amount of the inception-to-date effect of such changes recorded in such period on a "cumulative catch-up" basis. When total cost estimates for these types of arrangements exceed revenues, the total estimated losses are recognized immediately. Significant judgment is required when estimating total labor effort and progress to completion on these arrangements, as well as whether a loss is expected to be incurred on the project. If any of the above factors were to change, or if different assumptions were used in estimating progress cost and measuring progress towards completion, it is possible that materially different amounts would be reported in the Company’s consolidated financial statements.

Under the typical payment terms of the contracts under which continuous transfer of control to the customer occurs, as described above, the customer pays the Company milestone-based payments. This may result in revenues recognized in excess of billings and are presented as part of contract assets on the consolidated balance sheets. The Company typically receives interim payments as work progresses, although for some contracts, the company may be entitled to receive an advance payment.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company recognizes a liability for these payments in excess of revenues recognized and presents it as liabilities on the consolidated balance sheets. These payments are typically not considered as significant financing components.

In addition, the Company has elected to apply the practical expedient for the financing component for transactions in which the difference between the payment date and the revenue recognition timing is up to 12 months.

Amounts recognized as revenue and which the Company has unconditional right to receive payments are classified as trade receivables in the consolidated balance sheets.

A contract asset is recorded when revenues are recognized in advance of the Company's right to receive consideration.

Deferred revenue and advances from customers are recorded when the Company receives payments from customers before performance obligations have been performed. Deferred revenues are recognized as revenues as (or when) the Company performs the performance obligation under the contract.

The Company pays sales commissions to external sales agents and to its sales and marketing personnel based on their attainment of certain predetermined sales goals. Sales commissions are typically considered incremental and recoverable costs of obtaining a contract with a customer. Incremental and recoverable sales commissions are capitalized and amortized upon recognition of the related revenues, consistently with the transfer to the customer of the goods or services to which they relate. Expenses related to these costs are mostly included in selling and marketing expenses in the consolidated statements of income (loss). Such expenses during the years ended December 31, 2024, 2023 and 2022 were $2,099, $3,330, and $3,078, respectively. The capitalized balances related to these costs as of December 31, 2024 and 2023 were $1,755 and $2,383, respectively.

n. Selling and marketing expenses:

Selling and marketing expenses consist primarily of shipping expenses and payroll and related expenses for personnel that support the Company's selling and marketing activities. Selling and marketing costs are charged to the consolidated statements of income (loss) as incurred.

o. Warranty costs:

Generally, the Company provides product assurance warranties for periods between twelve to twenty four months at no extra charge that cover the compliance of the products with agreed-upon specifications. A provision is recorded for estimated warranty costs based on the Company's experience.

Warranty provisions amounted to $1,139 and $1,955 as of December 31, 2024 and 2023, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Research and development expenses:

Research and development costs are charged to the consolidated statements of income (loss) as incurred and are presented net of government grants. ASC 985, "Software", requires capitalization of certain software development costs subsequent to the establishment of technological feasibility.

Based on the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working models and the point at which the products are ready for general release have been insignificant. Therefore, all research and development costs have been expensed as incurred.

q. Research and development grants:

The Company receives royalty-bearing and non-royalty-bearing grants from the Government of Israel and from other funding sources, for approved research and development projects. These grants are recognized at the time the Company is entitled to such grants on the basis of the costs incurred or milestones achieved as provided by the relevant agreement and included as a deduction from research and development expenses.

Research and development grants deducted from research and development expenses amounted to $2,461, $1,043 and $641 for the years ended December 31, 2024, 2023 and 2022, respectively.

r. Accounting for stock-based compensation:

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation-Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award is recognized as an expense over the requisite service period in the Company's consolidated statements of income (loss).

The Company recognizes compensation expenses for the value of its awards, based on the straight-line method over the requisite service period of each of the awards, including awards with graded vesting and no additional conditions for vesting other than service conditions and implements the accelerated method for awards that are subject to performance conditions. The compensation expense associated with performance-based award is adjusted based on the probability of achieving performance targets.

The Company accounts for forfeitures as they occur.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

s. Taxes on income:

The Company accounts for taxes on income in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

The Company classifies interest and penalties on income taxes (which includes uncertain tax positions) as taxes on income.

t. Concentrations of credit risks:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term and long-term restricted cash, trade receivables and contract assets.

As of December 31, 2024 and 2023, the majority of the Company's cash and cash equivalents are invested in dollars with major banks in Israel and the United States.

Generally, these cash and cash equivalents may be redeemed upon demand and therefore, management believes that they bear low risk.

Trade receivables and contract assets of the Company are mainly derived from sales to major customers located in North, South and Central America, Europe and Asia. The Company performs ongoing credit evaluations of its customers and obtains letters of credit and bank guarantees for certain receivables.

The Company estimates expected credit losses based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, the credit quality of its customers, current and future economic conditions and other factors that may affect the Company’s ability to collect from customers.

The Company has recorded net expenses from expected credit losses in the amount of $151 and recorded net income of $69 and $9 for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Employee related benefits:

Severance pay:

The Company's liability for severance pay for its Israeli employees is calculated pursuant to the Israeli Severance Pay Law based on the most recent salary of the employees multiplied by the number of years of employment, as of the consolidated balance sheets date. Employees whose employment is terminated by the Company or who are otherwise entitled to severance pay in accordance with Israeli law or labor agreements are entitled to one month's salary for each year of employment or a portion thereof. The Company's liability for all of its Israeli employees is partly provided for by monthly deposits for insurance policies and the remainder by an accrual. The value of these policies is recorded as an asset in the Company's consolidated balance sheets.

During April and May 2008 (the "transition date"), the Company amended the contracts of most of its Israeli employees so that starting on the transition date, such employees are subject to Section 14 of the Severance Pay Law, 1963 ("Section 14") for severance pay accumulated in periods of employment subsequent to the transition date. In accordance with Section 14, upon termination, the release of the contributed amounts from the fund to the employee will relieve the Company from any further severance liability and no additional payments will be made by the Company to the employee. As a result, the related obligation and amounts deposited on behalf of such obligation are not stated on the consolidated balance sheets, as the Company is legally released from severance obligations to employees once the amounts have been deposited and the Company has no further legal ownership of the amounts deposited.

The carrying value for the deposited funds for the Company's employees' severance pay for employment periods prior to the transition date includes profits and losses accumulated up to the consolidated balance sheets date. The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to the Israeli Severance Pay Law or labor agreements.

Severance pay expenses for the years ended December 31, 2024, 2023 and 2022, amounted to $3,889, $3,403 and $3,107, respectively.

401(k) profit sharing plans:

The Company has a number of savings plans in the United States that qualify under Section 401(k) of the current Internal Revenue Code as a "safe harbor" plan. The Company makes a mandatory contribution to the 401(k) plan to satisfy certain non-discrimination requirements under the Internal Revenue Code. This mandatory contribution is made to all eligible employees. The contribution costs for all the plans were $916, $631 and $603 for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

v. Fair value of financial instruments:

In accordance with ASC 820, "Fair Value Measurements and Disclosures", fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, contract assets, other current assets, trade payables, accrued expenses, credit facility and other current liabilities approximate their fair value due to the short-term maturities of such instruments.

For additional details, see Note 18.

w. Earnings per share:

In accordance with ASC 260, "Earnings per Share", basic earnings (losses) per share is computed based on the weighted average number of ordinary shares outstanding during each period. Diluted earnings (losses) per share is computed based on the weighted average number of ordinary shares outstanding during each period, plus dilutive potential ordinary shares considered outstanding during the period.

Awards that are contingently issuable upon the achievement of specified performance conditions (see Note 17) are included in the diluted earnings per share calculation based on the number of shares that would be issuable if the end of the period was the end of the contingency period.

U.S. dollars in thousands (except share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

x. Derivatives and hedging activities:

ASC 815, "Derivatives and Hedging" ("ASC 815"), as amended, requires the Company to recognize all derivatives on the consolidated balance sheets at fair value. Derivatives that are not hedges must be adjusted to fair value through income (loss).

If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. Gains and losses on the derivatives instruments that are designated and qualify as a cash flow hedge are recorded in accumulated other comprehensive loss and reclassified into earnings in the same accounting period in which the designated forecasted transaction or hedged item materialized, see Note 10.

y. Comprehensive income (loss):

The Company accounts for comprehensive income (loss) in accordance with ASC 220, "Comprehensive Income". Other comprehensive income (loss) generally represents all changes in shareholders' equity during the period except those resulting from investments by, or distributions to, shareholders, issuance of ordinary shares and stock-based compensation. The Company's items of other comprehensive income (loss) relate to hedging contracts and foreign currency translation adjustments.

The following tables show the components of accumulated other comprehensive income (loss), as of December 31, 2024 and 2023:

	December 31, 2024		
	Foreign currency translation adjustments	Unrealized gains on cash flow hedges	Total
Beginning balance	$ (5,995)	$ 680	$ (5,315)
Other comprehensive loss before reclassifications	(1,193)	565	(628)
Amounts reclassified from accumulated other comprehensive income	-	(177)	(177)
Net current-period other comprehensive income	(1,193)	388	(805)
Ending balance	$ (7,188)	$ 1,068	$ (6,120)

U.S. dollars in thousands (except share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

	December 31, 2023		
	Foreign currency translation adjustments	Unrealized gains (losses) on cash flow hedges	Total
Beginning balance	$ (6,212)	$ (635)	$ (6,847)
Other comprehensive loss before reclassifications	217	(1,290)	(1,073)
Amounts reclassified from accumulated other comprehensive loss	-	2,605	2,605
Net current-period other comprehensive income	217	1,315	1,532
Ending balance	$ (5,995)	$ 680	$ (5,315)

z. Leases:

The Company leases real estate and storage areas, which are all classified as operating leases. In addition to rent payments, the leases may require the Company to pay for insurance, maintenance and other operating expenses.

Lease classification is governed by five criteria in ASC 842. If any of these five criteria is met, the Company classifies the lease as a finance lease. Otherwise, the Company classifies the lease as an operating lease.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of the lease payments. Operating lease expenses are recognized on a straight-line basis over the lease term. Exchange rate differences related to lease liabilities are recognized as incurred as financial income or expense. Several of the Company's leases include options to extend the lease.

The Company elected the short-term lease recognition exemption for all leases with a term shorter than twelve months, according to which the Company does not recognize ROU assets or lease liabilities, but recognizes lease expenses over the lease term on a straight-line basis. The Company also elected the practical expedient to not separate lease and non-lease components for all the Company's leases.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

aa. Business combination

The Company applies ASC 805, “Business Combinations”. ASC 805 requires recognition of assets acquired, liabilities assumed and non-controlling interest in the acquired entity at the acquisition date, measured at their fair values as of that date. This ASC also requires contingent consideration to be recorded on the acquisition date and acquisition-related deal costs to be expensed as incurred.

Contingent consideration payments in business combination are accounted for as liabilities under ASC 815, "Derivatives and Hedging". These liabilities are carried at fair value, which was estimated by applying a probability-based model. The contingent consideration liabilities are recorded at fair value at the end of each reporting period with changes in estimated fair values recorded in Other operating expenses (income), net in the consolidated statements of income (loss).

ab. Recently issued and adopted accounting pronouncement:

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires companies to enhance the disclosures about segment expenses. The new standard requires the disclosure of the Company’s Chief Operating Decision Maker (CODM), expanded incremental line-item disclosures of significant segment expenses used by the CODM for decision-making, and the inclusion of previous annual only segment disclosure requirements on a quarterly basis.

The amendments are required to be applied retrospectively to all prior periods presented in the Company’s consolidated financial statements. The Company adopted this guidance for its annual period beginning January 1, 2024, retrospectively. See Note 15 for further information.

ac. Recently issued accounting pronouncements – not yet adopted:

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Taxes Disclosures, which requires greater disaggregation of income tax disclosures. The new standard requires additional information to be disclosed with respect to the income tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This ASU should be applied prospectively for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company is evaluating the impacts of this guidance on the Company’s consolidated financial statements.

U.S. dollars in thousands (except share data)

NOTE 3:- INVENTORIES

a. Inventories are comprised of the following:

	December 31, 2024	December 31, 2023
Raw materials, parts and supplies	$ 16,291	$ 11,993
Work in progress and assembled raw materials	10,335	9,392
Finished products	12,264	17,140
	$ 38,890	$ 38,525

b. Inventory net write-offs amounted to $2,612, $3,674 and $2,805 for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 4:- PROPERTY AND EQUIPMENT, NET

a. Property and equipment, net is comprised of the following:

	December 31, 2024	December 31, 2023
Cost:		
Buildings and land	$ 84,022	$ 83,775
Computers, software and electronic equipment	67,627	64,262
Network equipment	39,739	39,473
Office furniture and equipment	4,165	4,108
Vehicles	299	299
Leasehold improvements	2,624	2,784
	198,476	194,701
Accumulated depreciation	(127,642)	(120,386)
Depreciated cost	$ 70,834	$ 74,315

NOTE 4:- PROPERTY AND EQUIPMENT, NET (Cont.)

b. Depreciation expenses amounted to $10,177, $12,690 and $11,277 for the years ended December 31, 2024, 2023 and 2022, respectively.

c. The Company leases part of its buildings as office space to others. The gross income generated from such leases amounted to approximately $5,141, $5,401 and $5,448 for the years ended December 31, 2024, 2023 and 2022, respectively. These amounts do not include the corresponding offsetting expenses related to this income.

d. During the year ended December 31, 2022, the Company sold a property in Germany previously classified as held for sale and recorded a $771 impairment in the consolidated statements of income (loss).

e. During the year ended December 31, 2023, the Company sold a property in Bulgaria for $2,168 and recognized a $2,084 capital gain under Other operating expenses (income), net

U.S. dollars in thousands (except share data)

NOTE 5:- DEFERRED REVENUES

Deferred revenues as of December 31, 2024 and 2023 were $11,504 and $15,700, respectively, and primarily relate to revenues that are recognized over time for service contracts. Approximately $8,578 out of the balance as of December 31, 2023 was recognized as revenues during the year ended December 31, 2024.

The balance of deferred revenues approximates the aggregate amount of the billed and collected amount allocated to the unsatisfied performance obligations at the end of reporting period.

The aggregate estimated amount of the transaction price allocated to performance obligations from contracts with customers that have an original expected duration of more than one year and that are unsatisfied (or partially unsatisfied) as of December 31, 2024 is approximately $293,000. Such unsatisfied performance obligations, other than for large scale governmental projects (expected to be recognized over periods of approximately 5-11 years), principally relate to contracts in which the Company committed to provide customer care services, extended warranty on equipment delivered to its customers or other services for an original period of more than one year. As of December 31, 2024, the Company expects to recognize approximately 74% of its remaining performance obligations as revenue within the next 3 years, with the remainder recognized over a period of approximately 4-11 years.

The Company elected to use the practical expedient of not disclosing transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, that are part of contracts with an original expected duration of one year or less.

NOTE 6:- INTANGIBLE ASSETS, NET

a. Intangible assets, net are comprised of the following:

	December 31,	
	2024	2023
Original amounts:		
Technology	$ 43,697	$ 43,697
Customer relationships	15,388	15,388
Marketing rights and patents	3,421	3,421
Backlog	2,564	2,564
Trademark	1,775	1,775
	66,845	66,845
Accumulated amortization:		
Technology	(42,671)	(42,523)
Customer relationships	(5,285)	(4,557)
Marketing rights and patents	(3,421)	(3,301)
Backlog	(2,410)	(398)
Trademark	(133)	(15)
	(53,920)	(50,794)
	$ 12,925	$ 16,051

U.S. dollars in thousands (except share data)

NOTE 6:- INTANGIBLE ASSETS, NET (Cont.)

b. Amortization expenses amounted to $3,126, $712 and $331 for the years ended December 31, 2024, 2023 and 2022, respectively.

c. Estimated amortization expenses for the following years are as follows:

Year ending December 31,	
2025	1,150
2026	996
2027	996
2028	996
2029 onwards	8,787
	$ 12,925

NOTE 7:- GOODWILL

The following table represents the changes in goodwill per operating segment:

	Satellite Networks	Integrated Solutions	Total
Balance as of December 31, 2023 *)	$ 30,188	$ 24,552	$ 54,740
Measurement period adjustments (see Note 17)	(2,246)	-	(2,246)
Balance as of December 31, 2024 *)	$ 27,942	$ 24,552	$ 52,494

*) Net of accumulated impairment losses of $62,179.

During the year ended December 31, 2024, the Company recorded measurement period adjustments that decreased goodwill by $2,246. See Note 17.

In the years ended December 31, 2024, 2023 and 2022, the Company performed assessments to continue supporting its conclusion that no impairment of goodwill was required for any of its reporting units

U.S. dollars in thousands (except share data)

NOTE 8:- COMMITMENTS AND CONTINGENCIES

a. Commitments with respect to space segment services:

The Company provides its customers with space segment capacity services, which are purchased from third parties. Future minimum payments due for space segment services to be rendered subsequent to December 31, 2024, are as follows:

2025	5,051
2026	2,583
2027	224
	$ 7,858

Space segment services expenses during the years ended December 31, 2024, 2023 and 2022 were $5,153, $7,107 and $7,395, respectively.

b. In 2024 and 2023, the Company's primary material purchase commitments were with inventory suppliers. The Company's material inventory purchase commitments are based on purchase orders, or on outstanding agreements with some of the Company's suppliers of inventory. As of December 31, 2024 and 2023, the Company's major outstanding inventory purchase commitments amounted to $31,001 and $47,417, respectively, all of which were orders placed or commitments made in the ordinary course of its business. As of December 31, 2024 and 2023, $24,720 and $31,798, respectively, of these orders and commitments were from suppliers which can be considered sole or limited in number.

c. Royalty commitments:

1. Certain of the Company’s research and development programs funded by the Israel Innovation Authority ("IIA"), formerly known as the Office of the Chief Scientist of the Ministry of Economy of the Government of Israel, are royalty bearing programs. Sales of products developed as a result of such programs are subject to payment of royalties to the IIA.

The royalty payments are at a rate of 3% to 5% based on the sales of the Company, up to full repayment of 100% of the grants received from the IIA linked to the dollar plus payment of interest at a rate equal to the twelve-month LIBOR. The obligation to pay these royalties is contingent upon actual sales of the products and services, and in the absence of such sales, no payment is required. In addition, the Company received grants which are non-royalty bearing. The technology developed with the funding provided by these grants (which is embodied in the Company’s products) may not be transferred, without appropriate governmental approvals. Such approvals, if granted, may involve penalties payable to the Israeli authorities as well as increased royalty payments to the Innovation Authority for royalty-bearing programs. The Company recorded income from IIA grants for the years ended December 31, 2024, 2023 and 2022 in the amount of $2,461, $1,043 and $418, respectively.

As of December 31, 2024, the Company had a contingent liability to pay royalties in the amount of approximately $1,494.

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

2. Research and development projects undertaken by the Company were partially financed by the Binational Industrial Research and Development Foundation ("BIRD Foundation"). The Company is committed to pay royalties to the BIRD Foundation at a rate of 5% of sales proceeds generating from projects for which the BIRD Foundation provided funding up to 150% of the sum financed by the BIRD Foundation.

   The obligation to pay these royalties is contingent on actual sales of the products and in the absence of such sales, no payment is required.

   As of December 31, 2024, the Company had a contingent liability to pay royalties in the amount of approximately $398.

d. Litigation:

1. In 2003, the Brazilian tax authority filed a claim against the Company's inactive subsidiary in Brazil, SPC International Ltda, for the payment of taxes allegedly due from the subsidiary. After numerous hearings and appeals at various appellate levels in Brazil, the Supreme Court ruled against the subsidiary in final non-appealable decisions published in June 2017. As of December 31, 2024, the total amount of this claim, including interest, penalties and legal fees is approximately $ 6,257, of which approximately $653 is the principal. The Brazilian tax authorities initiated foreclosure proceedings against the subsidiary and certain of its former managers. The foreclosure proceedings against the former managers were cancelled by court in a final and not appealable decision issued in July 2017. While foreclosure and other collection proceedings are pending against the subsidiary, based on Brazilian external counsel's opinion, the Company believes that the subsidiary has solid arguments to sustain its position that further collection proceedings and inclusion of any additional co-obligors in the tax foreclosure certificate are barred due to statute of limitation and that the foreclosure procedures cannot legally be redirected to other group entities and managers who were not initially cited in the foreclosure proceeding due to the passage of the statute of limitation. Accordingly, the Company believes that the chances that such redirection will lead to a loss recognition are remote.

2. In 2014, the Company's Peruvian subsidiary, Gilat To Home Peru S.A. ("GTH Peru") initiated arbitration proceedings in Lima against the Ministry of Transport and Communications of Peru ("MTC"), and the National Telecommunications Program of Peru ("PRONATEL"). The arbitration was related to the PRONATEL projects awarded to GTH Peru in 2000-2001. Under these projects, GTH Peru provided fixed public telephony services in rural areas of Peru. The Company's subsidiary's main claim was related to damages caused by the promotion of mobile telephony in such areas by the Peruvian government in the years 2011-2015. In June 2018, the arbitration tribunal issued an arbitration award ordering MTC and PRONATEL to pay to GTH Peru approximately $13,500. The arbitration award in favor of GTH Peru was confirmed by the Peruvian Superior Court, which ordered MTC and PRONATEL in November 2020 to pay the arbitration-award amount.

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

Following the Superior Court’s decision, PRONATEL requested a constitutional protection writ (constitutional amparo), and GTH Peru has initiated collection procedures against MTC and PRONATEL. In 2024 and 2023 GTH Peru received payments of approximately $10,629 and $3,213, respectively. These amounts were recognized as income under "Other operating expenses (income), net" in the consolidated statements of income (loss) for the years ended December 31, 2024 and 2023, respectively. See Note 14.

3. In October 2019, GTH Peru initiated additional arbitration proceedings against MTC and PRONATEL based on similar grounds for the years 2015-2019. In June 2022, the arbitration tribunal issued an arbitration award ordering MTC and PRONATEL to pay GTH Peru approximately $15,000. In September 2022 MTC filed an annulment action against the award and in parallel, in October 2022, GTH Peru, initiated an enforcement process for collection of the awarded amount. The Company recognized an expense of $251, due to legal success fees, under "Other operating expenses (income), net" in the consolidated statements of income (loss) for the year ended December 31, 2023. The arbitration award in favor of GTH Peru was confirmed by the Peruvian Superior Court, which ordered MTC and PRONATEL to pay the arbitration-award amount. Following the Superior Court’s decision, PRONATEL requested a constitutional protection writ (constitutional amparo), and GTH Peru has initiated collection procedures against MTC and PRONATEL. In 2024, GTH Peru received the first payment of approximately $3,093, which was recognized as income under "Other operating expenses (income), net" in the consolidated statements of income (loss) for the year ended December 31, 2024. See Note 14.

4. The Company is in the midst of different stages of audits and disputes with various tax authorities in different parts of the world. Further, the Company is the defendant in various other lawsuits, including employment-related litigation claims and may be subject to other legal proceedings in the normal course of its business. While the Company intends to defend the aforementioned matters vigorously, it believes that a loss in excess of its accrued liability with respect to these claims is not probable.

e. Guarantees:

The Company guarantees its performance to certain customers, mainly through bank guarantees, surety bonds and corporate guarantees. Such guarantees are often required for the Company's performance during the installation and operational periods. The guarantees typically expire when certain operational milestones are met.

As of December 31, 2024, the aggregate amount of financial guarantees outstanding to secure the Company's various obligations, was approximately $75,800, including an aggregate of approximately $71,000 related to the Company’s business in Peru. To secure these guarantees, the Company provided a floating charge on its assets as well as other pledges, including a fixed pledge, on certain assets and property. In addition, the Company has approximately $817 of restricted cash to secure some of those guarantees.

U.S. dollars in thousands (except share data)

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

Under the arrangements with banks that provide credit line for guarantees, the Company is required to observe certain conditions. As of December 31, 2024, the Company follows these conditions. The Company’s credit and guarantee agreements also contain various restrictions and limitations that may impact the Company. These restrictions and limitations relate to incurrence of indebtedness, contingent obligations, negative pledges, liens, mergers and acquisitions, change of control, asset sales, dividends and distributions, redemption or repurchase of equity interests and certain debt payments. The agreements also stipulate a floating charge on Company’s assets to secure the fulfillment of Company’s obligations to banks as well as other pledges, including a fixed pledge, on certain assets and property.

All the above guarantees are performance guarantees for the Company's own performance, in accordance with ASC 460, "Guarantees" ("ASC 460"), such guarantees are excluded from the scope of ASC 460. The Company has not recorded any liability for such amounts, since the Company expects that its performance will be acceptable. To date, no performance guarantees have been exercised against the Company.

NOTE 9:- LEASES

The Company entered into various non-cancelable operating lease agreements for certain of their offices, facilities and equipment, expiring between 2024 and 2031. Components of operating lease expense were as follows:

	Year ended December 31,		
	2024	**2023**	**2022**
Operating lease expenses *)	$ 2,984	$ 2,714	$ 2,054
Short-term lease expenses	515	560	355
Total lease expenses	$ 3,499	$ 3,274	$ 2,409

*) Operating lease expenses were mainly paid in cash during the years ended December 31, 2024, 2023 and 2022.

As of December 31, 2024 and 2023, the Company’s operating leases had a weighted average remaining lease term of 3.37 and 2.12 years, respectively, and a weighted average discount rate of 5.18% and 5.34%, respectively.

Future lease payments under operating leases as of December 31, 2024 are as follows:

2025	2,702
2026	2,035
2027	825
2028	735
2029 Onwards	784
Total future lease payments	7,081
Imputed interest	(510)
Total lease liability balance	$ 6,571

NOTE 10:- DERIVATIVE INSTRUMENTS

The Company has entered into several foreign currency hedging contracts to protect against changes in value of forecasted foreign currency cash flows resulting from salaries and related payments that are denominated in NIS. These contracts were designated as cash flow hedges, as defined by ASC 815, as amended, are considered highly effective as hedges of these expenses and generally mature within twelve months.

The Company recognized losses (gain) related to derivative instruments, within payroll expenses, included under Cost of revenues and Operating expenses in the consolidated statements of income (loss) of ($177), $2,605 and $2,162 for the years ended December 31, 2024, 2023 and 2022, respectively. The notional amounts of hedging contracts were $32,021 and $24,267 as of December 31, 2024 and December 31, 2023, respectively.

The fair value of derivative instruments in the consolidated balance sheets, which are presented under Other current assets amounted to $1,068 and $680 as of December 31, 2024 and December 31, 2023, respectively.

The estimated net amount of the existing profit that is reported in accumulated other comprehensive income as of December 31, 2024 that is expected to be reclassified into consolidated statement of income (loss) within the next twelve months is $1,068.

NOTE 11:- SHAREHOLDERS' EQUITY

a. Share capital:

Ordinary shares confer upon their holders voting rights, the right to receive cash dividends and the right to share in excess assets upon liquidation of the Company.

b. Stock option plans:

Description of plans:

In October 2008, the Company's Board of Directors adopted the 2008 Stock Incentive Plan (the "2008 Plan") with 1,000,000 shares or stock options available for grant and a sub-plan to enable qualified optionees certain tax benefits under the Israeli Income Tax Ordinance. Among the incentives that may be adopted are stock options, performance share awards, performance share unit awards, restricted shares, RSUs awards and other stock-based awards. During the years commencing in 2010 and through December 31, 2024, the Company's Board of Directors approved, in the aggregate, an increase of 11,047,611 shares to the number of shares available for grant under the 2008 Plan, bringing the total number of shares available for grant to 12,047,611. As of December 31, 2024, 918,125 shares were available for future grants under the 2008 Plan.

The options granted under the 2008 Plan to the Company’s employees generally vest over a four-year period. The options granted under the 2008 Plan to the Company’s directors generally vest ratably each quarter over a three-year period except in the case of the grant to the Company’s Chairman of the Board of Directors, in which the options vest ratably each quarter over a four-year period.

In February 2019, the 2008 Plan was amended to include a dividend adjustment, reducing the exercise price of outstanding share options by the cash dividend paid per share unless otherwise resolved by the Board. The amendment also allows the administering committee to apply a “net exercise” method, while withholding a portion of shares based on a specified formula.

Valuation assumptions:

The Company selected the Black-Scholes-Merton option-pricing model as the most appropriate fair value method for its stock options awards. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon actual historical stock price movements. The expected term of options granted is based upon historical experience and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term.

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

Options granted to employees and directors:

The fair value of the Company's stock options granted in the years ended December 31, 2024, 2023 and 2022 was estimated using the following weighted average assumptions:

	Year ended December 31,		
	2024	2023	2022
Risk free interest	3.85%-4.56%	3.57%-4.58%	1.41%-4.15%
Dividend yields	0%	0%	0%
Volatility	47.75%-49.00%	52.77%-53.87%	51.45%-52.95%
Expected term (in years)	3.82-3.83	3.85-3.92	3.92-4.00

A summary of employees' and directors' option balances under the 2008 Plan as of December 31, 2024 and changes during the year then ended are as follows:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding as of January 1, 2024	5,679,775	$ 6.9	4.2	$ 817
Granted	355,000	$ 5.6		
Exercised	(76,875)	$ 6.4		
Forfeited and cancelled	(667,275)	$ 9.1		
Outstanding as of December 31, 2024	5,290,625	$ 6.6	3.6	$ 1,060
Exercisable as of December 31, 2024	2,203,333	$ 6.9	2.8	$ 268

The weighted-average grant-date fair value of options granted during the years ended December 31, 2024, 2023 and 2022 were $2.14, $2.50 and $3.08, respectively.

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on that date. These amounts changed based on the fair market value of the Company's stock. Total intrinsic value of options exercised for the years ended December 31, 2024, 2023 and 2022 was $6, $104 and $565, respectively.

U.S. dollars in thousands (except share data)

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

Additional stock-based compensation data:

As of December 31, 2024, there was $5,283 of unrecognized compensation costs related to non-vested stock-based compensation arrangements granted under the 2008 Plan. The cost is expected to be recognized over a weighted-average period of 2.32 years.

c. As part of DataPath Inc. ("DPI") acquisition (see Note 17), the Company issued ordinary shares and may issue additional ordinary shares in the future if certain criteria are met. For additional details, see Note 17.

d. During the years ended December 31, 2024, 2023 and 2022, the stock-based compensation expenses, including with respect to the Service Based Earn-Out and the Additional Earn-Out Consideration as defined in Note 17, were recognized in the consolidated statement of income (loss) in the following line items:

	Year ended December 31,		
	2024	2023	2022
Cost of revenues of products	$ 214	$ 185	$ 147
Cost of revenues of services	304	222	146
Research and development expenses, net	674	654	427
Selling and marketing expenses	611	417	456
General and administrative expenses	4,923	1,945	1,044
	$ 6,726	$ 3,423	$ 2,220

e. Dividends:

1. In the event that cash dividends are declared by the Company, such dividends will be declared and paid in Israeli currency. Under current Israeli regulations, any cash dividend paid in Israeli currency in respect of ordinary shares purchased by non-residents of Israel with non-Israeli currency, may be freely repatriated in such non-Israeli currency, at the exchange rate prevailing at the time of repatriation.

2. The Company has not adopted a policy regarding the distribution of dividends.

3. Pursuant to the terms of a bank agreement, the Company is restricted from paying cash dividends to its shareholders without initial approval from the bank.

NOTE 12:- TAXES ON INCOME

a. Israeli taxation:

1. Corporate tax rates:

Generally, income of Israeli companies is subject to corporate tax. The corporate tax rate in Israel was 23% in 2024, 2023 and 2022.

2. Tax benefits under the Law for the Encouragement of Capital Investments, 1959 (the "Law"):

The Company has been granted an "Approved Enterprise" status, under the Law, for nine investment programs in the alternative program, by the Israeli Government.

Certain production facilities of the Company have been granted "Benefitted Enterprise" status under the provision of the Law. The Company was eligible under the terms of minimum qualifying investment and elected 2011 as the Year of Election as defined in the Law.

Income derived from Benefitted Enterprise is tax exempt for a period of two years out of the period of benefits. Based on the percentage of foreign shareholding in the Company, income derived during the remaining years of benefits is taxable at the rate of 10%-25%.

The period of benefits of the Benefitted Enterprises under the 2011 election expired in 2023. As of December 31, 2023, the Company did not generate taxable income from the Benefitted Enterprises.

Income from sources other than a Benefitted Enterprise during the benefit period is subject to tax at the regular corporate tax rate (23% in 2024, 2023 and 2022).

On January 1, 2011, new legislation that constitutes a major amendment to the Law was enacted (the "Amendment Legislation"). Under the Amendment Legislation, a uniform rate of corporate tax would apply to all qualified income of certain industrial companies, as opposed to the law's incentives that were limited to income from Benefitted Enterprises during their benefits period. According to the Amendment Legislation and following amendments, the applicable tax rate for 2016 and onwards was set at 7.5% in geographical areas in Israel designated as Development Zone A and 16% elsewhere in Israel. The profits of these Industrial Companies may be distributable as dividends, subject to a 20% withholding tax (or lower, under an applicable tax treaty). The Company is not located in Development Zone A.

Under the transitory provisions of the Amendment Legislation, the Company may have elected whether to irrevocably implement the new law in its Israeli company while waiving benefits provided under Benefitted Enterprise or keep implementing Benefitted Enterprise during the relevant years. Opting for the new law is permissible at any stage.

NOTE 12:- TAXES ON INCOME (Cont.)

An amendment from December 2016 prescribes special tax tracks for technological enterprises. The new tax tracks under the amendment are as follows:

Technological preferred enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A technological preferred enterprise, as defined in the Law, which is located in the center of Israel will be subject to tax at a rate of 12% on profits deriving from intellectual property (in Development Zone A- a tax rate of 7.5%).

3. On November 15, 2021, the Israeli Parliament released its 2021-2022 Budget Law (“2021 Budget Law”). The 2021 Budget Law introduces a new dividend ordering rule that apportions every dividend between previously tax-exempt (“Trapped Earnings”) and previously taxed income. Consequently, distributions (including deemed distributions as per Section 51(h)/51B of the Law) may entail additional corporate tax liability to the distributing company. The Company had approximately $169,300 tax-exempt profits in its Accumulated deficit. If such tax-exempt profits were distributed, it would have been taxed at the reduced corporate tax rate applicable to such income, and approximately $31,300 of additional taxes on income would have been recorded.

   The 2021 Budget Law also offered a temporary tax relief for releasing trapped earnings, lowering the tax rate by up to 60%, effective for one year from November 15, 2021. In 2022, the Company utilized this relief to release trapped earnings, resulting in a one-time expense of $12,880 which was recorded under Taxes on income in the consolidated statement of income (loss).

b. Taxes on income on non-Israeli subsidiaries:

Non-Israeli subsidiaries are taxed according to the tax laws in their respective domiciles of residence. The Company has not made any provisions relating to undistributed earnings of the Company's foreign subsidiaries since the Company has no future plans to distribute such earnings. If earnings are distributed to Israel in the form of dividends or otherwise, the Company may be subject to additional Israeli taxes on income (subject to an adjustment for foreign tax credits) and foreign withholding taxes. As of December 31, 2024, the amount of undistributed earnings of non-Israeli subsidiaries, which is considered indefinitely reinvested, was $3,839 with a corresponding unrecognized deferred tax liability of $589.

c. Carryforward tax losses and credits:

As of December 31, 2024, the Company had operating loss carryforwards for Israeli income tax purposes of approximately $24,647 which may be offset indefinitely against future taxable income.

NOTE 12:- TAXES ON INCOME (Cont.)

As of December 31, 2024 and 2023, the Company had capital loss carryforwards for Israeli tax purposes which may be offset indefinitely against future capital gains. the Company doesn’t expect future utilization of such carry forwards losses and accordingly records full valuation allowance.

As of December 31, 2024, the Company's U.S. subsidiaries had approximately $1,878 of carryforward tax losses for Federal tax purposes and $10,045 of carryforward tax losses for state tax purposes, which can be utilized up to 20 years since incurred, with expiration commencing in 2028. The U.S subsidiaries had R&D credits carryforwards for federal tax purposes of approximately $2,346 and for state tax purposes of approximately $5,466.

The Company has carryforward tax losses relating to other subsidiaries in Europe and South America of approximately $41,671 (which can be utilized indefinitely) and $48,303 ($42,535 can be utilized up to 4 years since incurred, with expiration commencing in 2025, and the remaining $5,768 can be utilized in part for up to 12 years and in part indefinitely), as of December 31, 2024, respectively.

U.S. dollars in thousands (except share data)

NOTE 12:- TAXES ON INCOME (Cont.)

d. Deferred taxes:

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31,	
	2024	**2023**
1. Provided in respect of the following:		
Gross deferred tax assets:		
Carryforward tax losses and credits *) **)	$ 34,030	$ 35,636
Property, equipment and intangibles	28,645	29,055
Inventory accrual	2,268	1,460
Vacation accrual	662	686
Supplementary tax advances	1,530	1,274
Deferred revenues	-	193
Research and development costs	7,056	5,167
Other temporary differences	883	1,860
Gross deferred tax assets	75,074	75,331
Valuation allowance	(57,667)	(56,491)
Net deferred tax assets	17,407	18,840
Gross deferred tax liabilities:		
Property, equipment and intangibles	(5,511)	(7,042)
Other temporary differences	-	(314)
Gross deferred tax liabilities	(5,511)	(7,356)
Net deferred tax assets	$ 11,896	$ 11,484

*) The amounts are presented after reduction for unrecognized tax benefits of $3,241 and $2,860 as of December 31, 2024 and 2023, respectively.

**) Excluding capital losses carryforwards, which are not part of the Company's on-going business, and for which the Company records full valuation allowance, see Note 12c.

2. The Peruvian government awarded GNP, the Company's subsidiary in Peru, the Regional PRONATEL Projects under six separate bids for the construction of fiber and wireless networks and operation of the networks for a defined period. The income derived from the construction and operation of the projects is a tax-exempt subsidy.

U.S. dollars in thousands (except share data)

NOTE 12:- TAXES ON INCOME (Cont.)

3. During the year ended December 31, 2024, the Company increased valuation allowance by $1,176, resulting mainly from changes relating to carryforward tax losses and some temporary differences, as described above. The Company provided valuation allowance for a portion of the deferred taxes related to carryforward losses and other temporary differences that management believes are not more likely than not to be realized in the foreseeable future.

e. Reconciling items between the statutory tax rate of the Company and the actual taxes on income:

	Year ended December 31,		
	2024	**2023**	**2022**
Income before taxes on income, as reported in the consolidated statements of income (loss)	$ 29,201	$ 28,194	$ 7,135
Statutory tax rate	23.0%	23.0%	23.0%
Theoretical taxes on income	$ 6,716	$ 6,485	$ 1,641
Currency differences	1,324	(1,212)	621
Tax adjustment in respect of different tax rates	1,313	501	(883)
Changes in valuation allowance	1,176	322	1,999
Expiration of carryforward tax losses	4,033	2,814	1,517
Exempt subsidy income	(9,537)	(5,257)	(6,758)
Release of trapped earnings	-	-	12,880
Exempts income from arbitrations	(4,035)	(975)	-
Nondeductible expenses and other differences	3,362	2,012	2,046
	$ 4,352	$ 4,690	$ 13,063

U.S. dollars in thousands (except share data)

NOTE 12:- TAXES ON INCOME (Cont.)

f. Taxes on income included in the consolidated statements of income (loss):

	Year ended December 31, 2024	2023	2022
Current	$ 2,355	$ 2,380	$ 14,940
Deferred	1,997	2,310	(1,877)
	$ 4,352	$ 4,690	$ 13,063

	Year ended December 31, 2024	2023	2022
Domestic	$ 4,385	$ 2,938	$ 12,154
Foreign	(33)	1,752	909
	$ 4,352	$ 4,690	$ 13,063

g. Income (loss) before taxes on income:

	Year ended December 31, 2024	2023	2022
Domestic	$ 13,207	$ 24,532	$ (7,523)
Foreign	15,994	3,662	14,658
	$ 29,201	$ 28,194	$ 7,135

h. Unrecognized tax benefits:

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

	December 31, 2024	2023
Balance at beginning of year	$ 3,397	$ 2,908
Increase (decrease) in tax positions for prior years, net	(221)	212
Increase in tax positions for current year	417	277
Balance at the end of year *)	$ 3,594	$ 3,397

*) The amounts for the years ended December 31, 2024 and 2023 include $3,241 and $2,860, respectively, of unrecognized tax benefits which are presented as a reduction from deferred tax assets, see Note 12d.

U.S. dollars in thousands (except share data)

NOTE 12:- TAXES ON INCOME (Cont.)

The unrecognized tax benefits included accrued penalties and interest of $116 and $114 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024, 2023 and 2022, the Company recorded expense (income) of ($194), $194 and ($131) on the unrecognized tax benefits, respectively.

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate of the Company for the year ended December 31, 2024 is $1,746.

i. The Company and its subsidiaries file income tax returns in Israel and in other jurisdictions of its subsidiaries. The Company's Israeli tax assessments through 2019 are considered final. As of December 31, 2024, the tax returns of the Company's main subsidiaries are still subject to audits by the tax authorities for the tax years 2019 through 2023.

NOTE 13:- SUPPLEMENTARY CONSOLIDATED BALANCE SHEETS INFORMATION

a. Other current assets are comprised of the following:

	December 31,	
	2024	2023
Governmental authorities *)	$ 3,033	$ 3,186
Prepaid expenses	6,268	6,227
Deferred charges	4,510	8,320
Advance payments to suppliers	4,763	3,716
Other	3,389	2,850
	$ 21,963	$ 24,299

*) Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") the Company was eligible for a refundable Employee Retention Credit subject to certain criteria. As of December 31, 2023, the Company had a $952 receivable balance from the United States government related to the CARES Act. During the year ended December 31, 2024 the entire outstanding amount was collected by the Company.

b. Other current liabilities are comprised of the following:

	December 31,	
	2024	2023
Payroll and related employee accruals	$ 14,192	$ 14,017
Governmental authorities	2,651	2,301
Holdback Amount (see Note 17)	800	-
Other	174	113
	$ 17,817	$ 16,431

U.S. dollars in thousands (except share data)

NOTE 13:- SUPPLEMENTARY CONSOLIDATED BALANCE SHEETS INFORMATION (Cont.)

c. Credit facility:

	Interest rate	Maturity	December 31, 2024
Credit facility from bank:	U.S. Prime Plus 2.25%	2024	-

As of December 31, 2023, one of the Company's subsidiaries had a revolving credit facility agreement with a U.S.-based bank. During the year ended December 31, 2024, the entire credit facility, in the amount of $7,453, was repaid. The credit facility is presented under Short-term debt in the consolidated balance sheets.

d. Long-term loan:

	Interest rate	Maturity	December 31, 2024
Other loan:	14%	2026	$ 2,000

One of the Company's subsidiaries has a loan agreement with one of its former shareholders. The carrying amount of the long-term loan approximates its fair value.

e. Other long-term liabilities are comprised of the following:

	December 31, 2024	December 31, 2023
Earn-Out Consideration and Additional Earn-Out Consideration (see Note 17)	$ 10,400	$ 11,187
Holdback Amount (see Note 17)	-	795
Other	206	934
	$ 10,606	$ 12,916

U.S. dollars in thousands (except share data)

NOTE 14:- SELECTED CONSOLIDATED STATEMENTS OF INCOME (LOSS) DATA

a. Other operating expenses (income), net are comprised of the following:

	Year ended December 31,		
	2024	2023	2022
Capital gain from disposal of property	$ -	$ (2,084)	$ -
Income from arbitrations in Peru, net	(13,305)	(2,962)	-
Income from legal proceedings in the Philippines, net	-	(5,357)	-
Mergers and acquisitions related expenses	3,684	1,550	438
Indirect tax related expenses *)	3,349	-	-
Others, net	(479)	82	-
	$ (6,751)	$ (8,771)	$ 438

*) The Company recorded indirect tax-related expenses due to a change in projected revenue mix, which impacted the expected recoverability of an indirect tax asset, resulting in a write-off of the asset.

b. Financial income (expenses), net are comprised of the following:

	Year ended December 31,		
	2024	2023	2022
Income:			
Interest on cash equivalents, short-term deposits and restricted cash	$ 4,350	$ 3,710	$ 980
Other	117	46	18
	4,467	3,756	998
Expenses:			
Interest expenses	(501)	(232)	-
Exchange rate differences, net	(839)	(35)	(2,019)
Bank charges including guarantees	(1,578)	(1,581)	(1,752)
Revaluation of investment in a convertible debt	-	(1,401)	-
Other	(45)	(398)	(45)
	(2,963)	(3,647)	(3,816)
Total financial income (expenses), net	$ 1,504	$ 109	$ (2,818)

U.S. dollars in thousands (except share data)

NOTE 14:- SELECTED CONSOLIDATED STATEMENTS OF INCOME (LOSS) DATA (Cont.)

c. Earnings (losses) per share:

The following table sets forth the computation of basic and diluted earnings (losses) per share:

1. Numerator:

	Year ended December 31,		
	2024	2023	2022
Net income (losses) available to holders of ordinary shares	$ 24,849	$ 23,504	$ (5,928)

2. Denominator:

	Year ended December 31,		
	2024	2023	2022
Weighted average number of shares	57,016,920	56,668,999	56,591,994
Add - stock options	-	3,538	-
Denominator for diluted earnings (losses) per share - adjusted weighted average shares assuming exercise of stock options	57,016,920	56,672,537	56,591,994

The total number of potential shares related to the outstanding options excluded from the calculations of diluted earnings per share, as they would have been anti-dilutive, were 5,290,625, 5,676,237 and 3,441,644 for the years ended December 31, 2024, 2023 and 2022, respectively. In addition, the potential ordinary shares related to DPI’s acquisition (see Note 17), were also excluded from the calculations of diluted earnings per share, as they would have been anti-dilutive.

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION

The Company applies ASC 280, "Segment Reporting" ("ASC 280"). Operating segments are defined as components of an enterprise for which separate financial information is available and is evaluated regularly by the chief operating decision maker ("CODM"). The CODM is the Company’s Chief Executive Officer. The Company's CODM does not regularly review asset information by segments and, therefore, the Company does not report asset information by segment.

The Company operates in three operating segments, as follows:

- *Satellite Networks* is focused on developing and supplying networks that are used as the platform that enables the latest satellite constellations of high throughput satellites ("HTS"), very high throughput satellites ("VHTS") and Non-GEO-Stationary Orbit ("NGSO") opportunities worldwide. The segment provides advanced broadband satellite communication networks and associated professional services and comprehensive turnkey solutions and managed satellite network services solutions. Segment’s customers are service providers, satellite operators, mobile network operators (“MNO”), Telcos, large enterprises, system integrators, defense, homeland security organizations and governments worldwide. Principal applications include IFC, cellular backhaul, maritime, social inclusion solutions, government, defense and enterprise networks and are driving meaningful partnerships with satellite operators to leverage the segment’s technology and breadth of services to deploy and operate the ground-based satellite communication networks. The segment’s product portfolio includes a leading satellite network platform with high-speed VSATs, high performance on-the-move antennas, BUCs and transceivers, as well as multi-band deployable ku/ka/x earth terminal (“DKET”) terminals, and durable, ultra-portable terminals for quick connectivity in remote locations.

- *Integrated Solutions* is focused on developing, manufacturing and supplying products and solutions for mission-critical defense and broadcast satellite communications systems, advanced on-the-move and on-the-pause satellite communications equipment, systems and solutions, including airborne, ground-mobile satellite systems and solutions. The integrated solutions product portfolio comprises of leading high-efficiency, high-power solid state power amplifiers (“SSPA”), BUCs and transceivers with a field-proven, high-performance variety of frequency bands. The segment’s customers are satellite operators, IFC service providers, defense and homeland security system integrators, and NGSO gateway integrators.

- *Network Infrastructure and Services* is focused on telecom operation and implementation of large-scale network projects in Peru. The segment provides terrestrial (fiber optic and wireless network) and satellite network construction and operation. The segment serves the Company’s customers through technology integration, managed networks and services, connectivity services, internet access and telephony over the segment’s networks. The segment implements projects using various technologies (including third party technology), mainly based on BOT and BOO contracts.

U.S. dollars in thousands (except share data)

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

a. Information on the reportable operating segments:

1. The measurement of operating income (loss) in the reportable operating segments is based on the same accounting principles applied in these consolidated financial statements and includes certain corporate overhead allocations.

2. Financial information relating to reportable operating segments:

	Year ended December 31, 2024			
	Satellite Networks	Integrated Solutions	Network Infrastructure and Services	Total
Revenues	$ 198,174	$ 54,925	$ 52,349	$ 305,448
Cost of Revenues	114,018	38,220	39,879	192,117
Gross profit	84,156	16,705	12,470	113,331
Research and development expenses, net	28,684	9,452	-	38,136
Selling and marketing expenses	22,916	2,304	2,161	27,381
General and administrative expenses	15,243	4,765	6,860	26,868
Other operating expenses (income), net *)	1,877	631	(9,259)	(6,751)
Operating income (loss)	15,436	(447)	12,708	27,697
Financial income, net				1,504
Income before taxes on income				29,201
Taxes on income				(4,352)
Net income				$ 24,849
Depreciation and amortization expenses	$ 9,082	$ 2,712	$ 1,760	$ 13,554

	Year ended December 31, 2023			
	Satellite Networks	Integrated Solutions	Network Infrastructure and Services	Total
Revenues	$ 168,527	$ 46,133	$ 51,430	$ 266,090
Cost of Revenues	79,984	34,651	46,510	161,145
Gross profit	88,543	11,482	4,920	104,945
Research and development expenses, net	30,415	10,758	-	41,173
Selling and marketing expenses	21,316	2,292	1,635	25,243
General and administrative expenses	6,818	5,231	7,166	19,215
Other operating income, net *)	(6,162)	-	(2,609)	(8,771)
Operating income (loss)	36,156	(6,799)	(1,272)	28,085
Financial income, net				109
Income before taxes on income				28,194
Taxes on income				(4,690)
Net income				$ 23,504
Depreciation and amortization expenses	$ 6,286	$ 3,124	$ 3,992	$ 13,402

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

	Year ended December 31, 2022				
	Satellite Networks	Integrated Solutions	Network Infrastructure and Services	Unallocated	Total
Revenues	$ 120,381	$ 61,376	$ 58,083	$ -	$ 239,840
Cost of Revenues	63,463	43,742	45,727	-	152,932
Gross profit	56,918	17,634	12,356	-	86,908
				-	
Research and development expenses, net	26,045	9,595	-	-	35,640
Selling and marketing expenses	18,043	2,068	1,583	-	21,694
General and administrative expenses	7,068	5,212	6,132	-	18,412
Other operating expenses, net *)	438	-	-	-	438
Impairment of held for sale asset	-	-	-	771	771
Operating income (loss)	5,324	759	4,641	(771)	9,953
Financial expenses, net					(2,818)
Income before taxes on income					7,135
Taxes on income					(13,063)
Net loss					$ (5,928)
Depreciation and amortization expenses	$ 5,009	$ 3,093	$ 3,506	$ -	$ 11,608

*) See Note 14

b. Geographic information:

Revenues attributed to geographic areas, based on the location of the end customers and in accordance with ASC 280, are as follows:

	Year ended December 31,		
	2024	2023	2022
United States	$ 145,780	$ 103,389	$ 96,954
Peru	52,383	53,187	58,251
Israel	15,386	4,074	2,570
Others	91,899	105,440	82,065
	$ 305,448	$ 266,090	$ 239,840

U.S. dollars in thousands (except share data)

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

c. The Company's long-lived assets (property and equipment, net and operating lease right-of-use assets) are located as follows:

	December 31, 2024	December 31, 2023
Israel	$ 57,413	$ 59,141
United States	9,046	9,085
Peru	5,011	5,806
Others	5,920	5,388
	$ 77,390	$ 79,420

d. The table below represents the revenues from major customers and their segments:

	Year ended December 31, 2024	2023	2022
Customer A – Network Infrastructure and Services	15%	15%	21%
Customer B – Satellite Networks	12%	14%	*)
Customer C – Satellite Networks	11%	15%	*)

*) Less than 10%

Customer A is located in Peru, Customer B is located in the European Union and Customer C is located in the United States of America.

e. Commencing January 1, 2025, as the Company increases its focus on the defense market segment and the IFC sectors as primary growth engines, the Company operates in three new operating segments as follows:

- *Gilat Defense Division*: provides secure, rapid-deployment solutions for military organizations, government agencies, and defense integrators, with a strong focus on the U.S. Department of Defense resulting from the Company's strategic acquisition of DataPath Inc. By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the Gilat Defense Division delivers resilient battlefield connectivity with multiple layers of communication redundancy for high availability.

- *Gilat Commercial Division*: provides advanced broadband satellite communication networks for IFC, Enterprise and Cellular Backhaul, supporting HTS, VHTS, and NGSO constellations with turnkey solutions for service providers, satellite operators, and enterprises. The Company's acquisition of SBS (see Note 19) serves as the cornerstone of this division, strengthening the Company's position in the IFC market and enabling the Company to provide cutting-edge connectivity solutions that meet the demands of passengers, airlines, and service providers worldwide.

U.S. dollars in thousands (except share data)

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

- *Gilat Peru Division*: specializes in end-to-end telco solutions, including the operation and implementation of large-scale network projects. With expertise in terrestrial fiber optic, wireless, and satellite networks, the Gilat Peru Division provides technology integration, managed networks and services, connectivity solutions, and reliable internet and voice access across the region.

NOTE 16:- RELATED PARTY BALANCES AND TRANSACTIONS

a. In the past, the Company entered into a number of agreements with affiliates of the FIMI Opportunity Funds ("FIMI"), formerly the Company's largest shareholder.

b. As of December 31, 2024 and 2023, FIMI held less than 5% of Company's share capital and had no representatives on the Company's board of directors. Accordingly, FIMI and its affiliates are not considered related parties of the Company as of December 31, 2024 and 2023, and during the years ended December 31, 2024 and 2023.

c. The transactions with the Company's related parties were approved by the Company's Audit Committee and Board of Directors in accordance with the requirements of the Israeli Companies Law.

d. Transactions with the related parties:

	Year ended December 31,		
	2024	2023	2022
Cost of revenues of products	$ *)	$ *)	$ 134
Purchase of property and equipment and inventory	$ *)	$ *)	$ 100

*) Affiliates of FIMI were not considered related parties of the Company during the years ended December 31, 2024 and 2023.

NOTE 17:- BUSINESS COMBINATION

In November 2023, the Company acquired DPI, a U.S. based expert systems integrator with a strong focus on the U.S. Department of Defense and the U.S. government sectors.

In accordance with the acquisition method of accounting, the total estimated purchase price consideration for the DPI acquisition was $19,231, subject to working capital adjustments, comprised of the following components:

i. A closing payment totaling $2,461, made through the issuance of ordinary shares;
ii. A deferred payment of $820 in ordinary shares, set to be issued as per the terms outlined in the purchase agreement ("Holdback Amount"),
iii. $4,787 cash paid by the Company to partially settle DPI's outstanding debt and transaction costs,
iv. $11,163 Contingent earn-out payments, to be settled using the Company's ordinary shares ("Earn-out Consideration").

The Earn-out Consideration amounts are based on the financial results of DPI in each of the years ending December 31, 2024, 2025 and 2026 and have a maximum outcome of Company's ordinary shares issuance to DPI's seller of 2,419,755.

As of December 31, 2024 and 2023, the fair value of the Holdback Amount and Earn-out Consideration was $9,818 and $11,621, respectively. The Company estimated the fair value of the Earn-out Consideration by utilizing a Monte Carlo simulation and the fair value of the Holdback Amount by multiplying the market share price of the Company in the held-back amount of shares. Changes in the Holdback Amount and Earn-out Consideration fair value are recorded in the consolidated statements of income (loss) under Other operating expenses (income), net.

Additionally, the Company has committed to issuing up to 705,245 of the Company's ordinary shares over approximately three years post-acquisition, contingent on continued service and achieving specified financial results ("Service Based Earn-Out"). The Service Based Earn-Out was classified as an equity grant and measured based on the Company's closing share price as of the acquisition date.

Moreover, if all earn-outs will be paid in full, and subject to other conditions, the seller of DPI will be entitled a one-time payment of $9,000 payable in the Company's ordinary shares or cash, at the Company's discretion under certain limitations ("Additional Earn-Out Consideration"). The Additional Earn-Out Consideration was classified as a liability grant. During the year ended December 31, 2024, the Company partially amended the Additional Earn-Out Consideration conditions under the purchase agreement with the former shareholders of DPI, modifying it to an amount in the range of $2,000-$9,000, conditioned upon meeting certain financial results. As of December 31, 2024 and 2023, the Company recognized a liability in the amount of $1,382 and $360, respectively, which was presented under Other long-term liabilities in its balance sheet.

For the years ended December 31, 2024 and 2023, the Company recognized expenses of $3,437 and $662, related to the Service-Based Earn-Out and the Additional Earn-Out Consideration, respectively.

U.S. dollars in thousands (except share data)

NOTE 17:- BUSINESS COMBINATION (Cont.)

As of December 31, 2024, there was $4,182 of unrecognized compensation cost related to the Service Based Earn-Out and the Additional Earn-Out Consideration. This amount is expected to be recognized over a period of two years.

The Company allocated the purchase price consideration to tangible and identified intangible assets acquired and liabilities assumed based on the estimates of their fair values (with the exception of exceptions in the purchase method such as contract assets, lease liabilities and assets, tax balances etc.), which were determined using generally accepted valuation techniques based on estimates and assumptions made by management at the time of the acquisition.

The following table summarizes the value of assets acquired and liabilities assumed as of the acquisition date:

	Value
Cash and cash equivalents	680
Trade receivables and contract assets	7,547
Inventories	4,952
Other current assets	1,809
Identified intangible assets	16,454
Goodwill	9,026
Other long-term assets	2,139
Total assets acquired	42,607
Credit facility	9,043
Other current liabilities	9,182
Deferred taxes, net	1,873
Long-term loan	2,000
Other long-term liabilities	1,278
Total liabilities assumed	23,376
Total purchase price consideration	19,231

Goodwill represents the purchase price consideration paid in excess of the net tangible and intangible assets acquired, and is attributable primarily to expected synergies, economies of scale and the assembled workforce of DPI, etc. Goodwill is allocated to the Satellite Networks operating segment and is not deductible for income tax purposes.

During the year ended December 31, 2024, the Company finalized measurement period adjustments related to its deferred taxes, which were recorded to reflect facts and circumstances that existed as of the acquisition date. These adjustments decreased the goodwill balance by $2,246 to $9,026.

The Company’s review of the purchase price allocation was completed during the year ended December 31, 2024.

U.S. dollars in thousands (except share data)

NOTE 17:- BUSINESS COMBINATION (Cont.)

The following table summarizes the estimate of the identified intangible assets and their estimated useful lives as of the acquisition date:

	Fair Value	Average expected useful life
Customer relationships	10,922	15 years
Technology	1,193	8 years
Trademark	1,775	15 years
Backlog	2,564	1.25 years
	16,454	

The stand-alone results of operations of DPI have been included in the consolidated financial statements since the acquisition date. DPI's revenue and net income included in the Company's consolidated statement of income (loss) from the acquisition date through December 31, 2023 were $6,194 and $479, respectively.

The following unaudited pro forma combined financial information table presents the results of operations of the Company and DPI as if the acquisition of DPI has been completed on January 1, 2022. The unaudited pro forma financial information includes adjustments primarily related to amortization of the acquired intangible assets, neutralization of transaction costs, recognition of retention bonuses, recognition of share-based compensation associated with issuance of stock options to DPI's key employees and with the Service Based Earn-Out and the Additional Earn-Out Consideration, which are subject to continued service, as noted above. In addition, the unaudited pro forma financial information assumes no change in the fair value of the Holdback Amount and the Earn-out Consideration.

The unaudited pro forma results have been prepared for illustrative purposes only and are not necessarily indicative of what the actual results of operations of the Company and DPI, combined, would have been due to any synergies, economies of scale, the assembled workforce of DPI, etc.

	Year Ended December 31, Unaudited	
	2023	2022
Revenues	297,596	286,636
Net income (loss)	16,316	(9,200)

U.S. dollars in thousands (except share data)

NOTE 18:- FAIR VALUE MEASURMENTS

The Company measured the Holdback Amount fair value by multiplying the closing market share price of the Company in the held-back number of ordinary shares and classified it within Level 1. Hedging contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. The Earn-Out Consideration is classified within Level 3, as this liability is valued using valuation techniques.

In 2022, the Company invested in the convertible debt of a Canadian company. The Company elected to measure the convertible debt at fair value with changes in fair value recognized in financial income (expenses), net in the consolidated statement of income (loss). The fair value of the convertible debt is classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. As of December 31, 2024 and 2023 the fair value of the convertible debt was determined to be zero. The Company recorded loss in the amount of $1,401 for the year ended December 31, 2023, related to revaluation of the convertible debt.

	December 31, 2024			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	-	1,068	-	1,068
Total financial assets	**$ -**	**$ 1,068**	**$ -**	**$ 1,068**
Liabilities:				
Holdback Amount	800	-	-	800
Earn-Out Consideration	-	-	9,018	9,018
Total financial liabilities	**$ 800**	**$ -**	**$ 9,018**	**$ 9,818**

	December 31, 2023			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	-	680	-	680
Total financial assets	**$ -**	**$ 680**	**$ -**	**$ 680**
Liabilities:				
Holdback Amount	795	-	-	795
Earn-Out Consideration	-	-	10,826	10,826
Total financial liabilities	**$ 795**	**$ -**	**$ 10,826**	**$ 11,621**

U.S. dollars in thousands (except share data)

NOTE 18:- FAIR VALUE MEASURMENTS (Cont.)

The table below presents the changes in the Earn-Out Consideration which was classified as Level 3 and measured at fair value on a recurring basis, in the year ended December 31, 2024:

Fair value at the beginning of the year	$ 10,826
Income from changes in fair value	(1,808)
Fair value at the end of the year	$ 9,018

The Company estimated the fair value of the Earn-out Consideration by utilizing a Monte Carlo simulation. The significant assumptions used in the model mainly relate to the projected revenues and adjusted EBITDA in the forecasted years, including revenue growth rate range of 13.0%-15.8% and adjusted EBITDA margin range of 13.7%-16.2%. Changes in the Earn-out Consideration fair value are recorded in the consolidated statements of income (loss) under Other operating expenses (income), net.

NOTE 19:- SUBSEQUENT EVENTS

a. On June 17, 2024, the Company entered into a Membership Interest Purchase Agreement with SBS, a leading U.S. based provider of next-generation SATCOM terminal solutions, and the owners of its membership interests, which was amended on December 11, 2024. Pursuant to the purchase agreement, the Company agreed to purchase 100% of the membership interests of SBS.

The acquisition was completed on January 6, 2025, and the initial closing cash payment of $98,000 ($108,000 as adjusted) was funded through a combination of existing cash resources, and approximately $60,000 three-year loan from a $100,000 new secured credit agreement that the Company entered into with HSBC Bank USA, NA and Bank Hapoalim B.M. The total consideration in connection with the acquisition may increase by up to an additional $147,000, payable in cash, subject to the achievement of future performance milestones.

The three-year loan bears interest at a rate of SOFR plus 2.75% to 3.5%. The credit agreement contains a number of covenants that, under certain circumstances, may limit the Company’s ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness and make dividends and other distributions. The loan matures on January 6, 2028.

Due to the transaction's timing, the initial accounting for the business combination is incomplete. As a result, the Company cannot yet disclose the amounts recognized for major assets and liabilities, including intangible assets and goodwill valuation. The purchase price allocation will be finalized within one year of the acquisition date.

b. In February 2025, the Company has committed to investing up to $3,500 in Crosense, an early-stage startup developing drone detection and tracking technology.

Exhibit 2.1

Description of the rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934

Rights Attached to Ordinary Shares

Our authorized share capital consists of 90,000,000 ordinary shares, nominal value NIS 0.2 per share. All outstanding ordinary shares are validly issued and fully paid. Certain rights attached to the ordinary shares are as described below.

Voting Rights. Holders of ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders. Shareholders may vote in person or by proxy. These voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future by the shareholders.

Dividend and Liquidation Rights; Rights to Shares in our Company's Profits. Our ordinary shares are entitled to the full amount of any cash or share dividend declared, in proportion to the paid up nominal value of their respective holdings. In the event of liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to the paid up nominal value of their respective holdings. Such rights may be affected by a grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future by the shareholders.

Generally, pursuant to the Israeli Companies Law, the decision to distribute dividends and the amount to be distributed, whether interim or final, is made by the board of directors. Accordingly, under our Articles of Association, our Board of Directors has the authority to determine the amount and time for payment of interim dividends and final dividends.

Under the Israeli Companies Law, dividends may be paid only out of a company's net profits for the two years preceding the distribution of the dividends, or from accumulated retained earnings, calculated in the manner prescribed in the Israeli Companies Law. Pursuant to Israeli Companies Law, in any distribution of dividends, our Board of Directors is required to determine that there is no reasonable concern that the distribution of dividends will prevent our company from meeting our existing and foreseeable obligations as they become due. Our Articles of Association provide that no dividends shall be paid otherwise than out of our profits and that any such dividend shall carry no interest. In addition, upon the recommendation of our Board of Directors, approved by the shareholders, we may cause dividends to be paid in kind.

Our shareholders have the right to share in our profits distributed as a dividend and any other permitted distribution, if any.

Annual and Special General Meetings

Record Date for General Meeting

Under the regulations promulgated under the Israeli Companies Law, for the purpose of a shareholder vote, the record date for companies traded outside of Israel, such as our company, can be set between four and 40 days before the date of the meeting.

Notice of General Meetings; Omission to Give Notice

The Companies Law provides that a company, the shares of which are traded on an exchange must give notice of a general meeting to its shareholders of record of at least 21 days, and in certain instances at least 35 days prior to the meeting, unless the company's Articles of Association provide that a notice need not be sent. Accordingly, our Articles of Association provide that not less than 21 days' prior notice shall be given to shareholders of record of every general meeting of shareholders. They further provide that notice of a general meeting of shareholders shall be given in accordance with any law and otherwise as the Board of Directors may determine. In addition, our Articles of Association provide that no shareholder present, in person or by proxy, at the commencement of a general meeting of shareholders shall be entitled to seek the revocation of any proceedings or resolutions adopted at such general meeting of shareholders on grounds of any deficiency in the notice given for such meeting relating to the time or place thereof.

Annual General Meetings and Special General Meetings

Under Israeli Companies Law, an annual meeting of the shareholders should be held once in every calendar year and not more than 15 months from the last annual meeting. Israeli Companies Law provides that a special meeting of shareholders must be called by the board of directors upon the written request of (i) two directors, (ii) one-fourth of the serving directors, (iii) one or more shareholders who hold(s) at least ten percent of the issued share capital and at least one percent of the voting power of the company, or (iv) one or more shareholders who have at least ten percent of the voting power of the company. Within 21 days of receipt of such request, the board of directors is required to convene the special meeting for a time no later than 35 days after notice is given to the shareholders. Our Articles of Association provide that our Board of Directors may call a special meeting of the shareholders at any time and shall be obligated to call a special meeting as specified above.

Under Israeli law, one or more shareholders holding at least one percent of the voting rights at the general meeting of shareholders may request that the board of directors include a matter in the agenda of a general meeting of shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting; provided, further, that if the matter requested to be added to the agenda is to appoint or remove a director, then pursuant to the Israeli Companies Law regulations that applies to Israeli companies traded on a stock exchange outside of Israel (such as Nasdaq), such request must be submitted by one or more shareholders holding at least five percent of the voting rights at the general meeting of shareholders.

Quorum at General Meetings

Under our Articles of Association, the required quorum for any general meeting of shareholders and for any class meeting is two or more shareholders present in person or by proxy and holding at least twenty- five percent (25%) of the issued shares (or of the issued shares of such class in the event of a class meeting). The required quorum in a meeting that was adjourned because a quorum was not present, shall be two shareholders present in person or by proxy. Under our Articles of Association, if the original meeting was called as a special meeting, the quorum in the adjourned meeting shall be one or more shareholders, present in person or by proxy and holding the number of shares required to call such a meeting.

Adoption of Resolutions at General Meetings

Our Articles of Association provide for voting by a written ballot only. In addition, in accordance with Companies Law, our Articles of Association provide that the declaration of the Chairman of the Meeting as to the results of a vote is not deemed to be conclusive, but rather prima facie evidence of the fact. Under our Articles of Association, unless a different majority is required by law, any resolution of the shareholders, except a resolution for voluntary liquidation of the company and, in certain circumstances, a resolution to amend our Articles of Association, shall be deemed adopted if approved by the vote of the holders of a majority of the voting power represented at such meeting in person or by proxy.

Election and Removal of Directors

Under our Articles of Association, the ordinary shares do not have cumulative voting rights in the election of directors.

Under our Articles of Association, our Board of Directors shall consist of not less than five and not more than nine directors as shall be determined from time to time by a majority vote at the general meeting of our shareholders.

Our Articles of Association further provide that each beneficial owner of 14% or more of our issued and outstanding ordinary shares shall be entitled to appoint, at each annual general meeting of our shareholders, one member to our Board of Directors referred to as an “Appointed Director”, provided that a total of not more than four Appointed Directors are so appointed. In the event more than four such qualifying beneficial owners notify us that they desire to appoint an Appointed Director, only the four shareholders beneficially owning the greatest number of shares shall each be entitled to appoint an Appointed Director.

For the purposes of the preceding paragraph, a “beneficial owner” of ordinary shares means any person or entity who, directly or indirectly, has the power to vote, or to direct the voting of, such ordinary shares. All ordinary shares beneficially owned by a person or entity, regardless of the form which such beneficial ownership takes, shall be aggregated in calculating the number of ordinary shares beneficially owned by such person or entity. All persons and entities that are affiliates (as defined below) of each other shall be deemed to be one person or entity for the purposes of this definition. For the purposes of the preceding paragraph, an “affiliate” means, with respect to any person or entity, any other person or entity controlling, controlled by, or under common control with such person or entity. “Control” shall have the meaning ascribed to it in the Israeli Securities Law – 1968, i.e., the ability to direct the acts of a company. Any person holding one half or more of the voting power of a company of the right to appoint directors or to appoint the chief executive officer is presumed to have control of the company.

The Articles of Association further stipulate that as a condition to the appointment of an Appointed Director, any appointing shareholder that delivers to our company a letter of appointment shall, prior to such delivery, be required to file with the Securities and Exchange Commission a Schedule 13D, or an amendment to its Schedule 13D if there is any change in the facts set forth in its Schedule 13D already on file with the Securities and Exchange Commission which discloses any such change in its holdings of ordinary shares, regardless of whether any filing or amendment is required to be filed under the rules of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. In addition, any Appointing Shareholder shall be obligated to notify us in writing of any sale, transfer, assignment or other disposition of any kind of ordinary shares by such appointing shareholder that results in the reduction of its beneficial ownership to below the percentage indicated above, immediately after the occurrence of such disposition of shares but in any event not later than the earliest of (i) ten (10) days thereafter, or (ii) the next Annual General Meeting. Without derogating from the foregoing, so long as an Appointed Director serves on the Board of Directors, the appointing shareholder which appointed such Appointed Director shall provide us, upon our written request at any time and from time to time, with reasonable evidence of its beneficial ownership in our company.

Under our Articles of Association, so long as our ordinary shares are listed for trading on NASDAQ, we may require that any Appointed Director qualify as an “independent director” as provided for in the NASDAQ rules then in effect. In addition, in no event may a person become an Appointed Director unless such person does not, at the time of appointment, and did not, within two years prior thereto, engage, directly or indirectly, in any activity which competes with us, whether as a director, officer, employee, contractor, consultant, partner or otherwise.

Under our Articles of Association, the annual general meeting of our shareholders, by the vote of the holders of a majority of the voting power represented at such meeting in person or by proxy, will elect the remaining members of the Board of Directors. At any annual general meeting at which Appointed Directors are appointed as set forth above, the calculation of the vote of any beneficial owner who appointed a director pursuant to the preceding paragraph shall not take into consideration, for the purpose of electing the remaining directors, ordinary shares constituting 14% of our issued and outstanding ordinary shares held by such appointing beneficial owner.

Appointed Directors may be removed by our Board of Directors when the beneficial ownership of the shareholder who appointed such Appointed Director falls below 14% of our ordinary shares. In addition, the office of an Appointed Director will expire upon the removal of the Appointed Director by the shareholder who appointed such Appointed Director or when the Appointed Director ceases to qualify as an “independent director” as set forth above.

Currently, no shareholder beneficially holding 14% or more of our issued and outstanding ordinary shares has exercised its right to appoint an Appointed Director.

Our Articles of Association further provide that the affirmative vote of a majority of the shares then represented at a general meeting of shareholders shall be entitled to remove director(s) other than Appointed Directors from office (unless pursuant to circumstances or events prescribed under the Companies Law), to elect directors instead of directors so removed or to fill any vacancy, however created, in the Board of Directors. Subject to the foregoing and to early resignation or ipso facto termination of office as provided in our Articles of Association, each director shall serve until the adjournment of the annual general meeting following the general meeting at which such director was elected.

Our directors may, at any time and from time to time, appoint a director to temporarily fill a vacancy on the Board of Directors or in their body (subject to the maximum number of directors in the Board of Directors as set forth above), except that if the number of directors then in office constitutes less than a majority of the number of directors set by the shareholders, as mentioned above, they may only act in an emergency, or to fill the vacancy up to the minimum number required to effect corporate action or in order to call a general meeting for the purpose of electing directors.

Qualification of Directors

Our Articles of Association provide that no person shall be disqualified to serve as a director by reason of such person not holding shares in our company or by reason of not having served as a director in the past. Our directors are not subject, under the Israeli Companies Law or our Articles of Association, to an age limit requirement. Under the Israeli Companies Law, a person cannot serve as a director if such person has been convicted of certain offenses (generally, for 5 years after such conviction, unless specifically authorized by the court), if an administrative decision by the Israel Securities Authority disqualified such director's nomination to the board of a public company, or if the person has been declared bankrupt.

Borrowing Powers

The Israeli Companies Law authorizes the board of directors of a company, among other things, to determine the credit limit of a company and to issue bonds. Our Articles of Association state that our Board of Directors may, from time to time, at its discretion, cause us to borrow or secure the payment of any sum or sums of money, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions as it deems fit.

Foreign Ownership

Neither our Articles of Association nor Israeli law restrict in any way the ownership of our ordinary shares by nonresidents of Israel, or restrict the voting or other rights of nonresidents of Israel. Notwithstanding, under Israeli law, nationals of certain countries that are, or have been, in a state of war with Israel may not be recognized as owners of ordinary shares, without a special government permit.

Change of Control Provisions Under Israeli Law

The Israeli Companies Law provides that an acquisition of shares in a public company, such as ours, must be made by means of a tender offer, if, as a result of the acquisition, the purchaser would become a holder of 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of 25% percent of the voting rights. Similarly, the Israeli Companies Law provides that an acquisition of the shares must be made by means of a tender offer, if, as a result of the acquisition, a person would become a holder of 45% of the voting rights in the company, unless there is another person holding at that time more than 45% of the voting rights of the company.

The Israeli Companies Law provides for mergers between Israeli companies, if each party to the transaction obtains the appropriate approval of its board of directors and shareholders. A "merger" is defined in the Companies Law as a transfer of all assets and liabilities (including conditional, future, known and unknown liabilities) of a target company to another company, the consequence of which is the dissolution of the target company in accordance with the provisions of the Companies Law. For purposes of the shareholder vote of each merging entity, unless a court rules otherwise, the merger requires the approval of a majority of the shares of that entity that are not held by the other entity or are not held by any person who holds 25% or more of the shares or the right to appoint 25% or more of the directors of the other entity. Our Articles of Association provide that a merger requires the approval of the holders of a majority of the shares voting thereon.

If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders (as described above in Item 6 E under "—Approval of Related Party Transactions Under Israeli Law"). In the event that the merger transaction has not been approved by either of the above-described special majorities (as applicable), the holders of at least 25% of the voting rights of the company may apply to a court for approval of the merger. The court may approve the merger if it is found that the merger is fair and reasonable, taking into account the valuation of the parties to the merger and the consideration offered to the shareholders.

Upon the request of a creditor of either party to the proposed merger, a court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties of the merger to their creditors.

A merger may not be completed unless at least 50 days have passed from the date that a proposal of the merger was filed with the Israeli Registrar of Companies by each merging company and 30 days from the date that shareholder approval of both merging companies was obtained. The merger proposal may be filed once a shareholder meeting has been called to approve the merger.

Modification of Rights Attached to Shares

The rights attached to any class of shares (unless otherwise provided by the terms of issue of such class), such as voting, dividends and the like, may be modified by the affirmative vote of a majority of the issued shares of the class at a general meeting of the holders of the shares of such class.

<u>Exhibit 4.22</u>

Amendment No. 22
to
Gilat Satellite Networks Ltd. 2008 Share Incentive Plan
(the "Plan")
Dated December 23, 2024

The terms of the Plan are hereby revised as follows:

"Subject to the provisions of Section 6(b), the maximum number of Ordinary Shares that may be issued under the Plan is 12,047,611 in a fungible pool of Ordinary Shares".

All other terms shall remain unchanged.

Exhibit 4.23

Amendment No. 23
to
Gilat Satellite Networks Ltd. 2008 Share Incentive Plan
(the "Plan")
Dated February 11, 2025

The terms of the Plan are hereby revised as follows:

"Subject to the provisions of Section 6(b), the maximum number of Ordinary Shares that may be issued under the Plan is 13,150,111 in a fungible pool of Ordinary Shares".

All other terms shall remain unchanged.

Exhibit 4.34

AMENDMENT TO MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS AMENDMENT TO MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Amendment") is dated as of December **[__]**, 2024, by and among Wavestream Corporation, a corporation incorporated under the laws of the State of Delaware ("Buyer"), MAZAV Management LLC, a Delaware limited liability company ("MAZAV"), and CF GDC LLC, a Delaware limited liability company ("CFG," and, together with MAZAV, the "Sellers").

RECITALS

A. The undersigned are parties to that certain Membership Interest Purchase Agreement, dated June 17, 2024, by and among Buyer, Stellar Blu Solutions LLC, a Delaware limited liability company (the "Company"), the Sellers and CFG, as the representative of the Sellers (the "Purchase Agreement"). Capitalized terms used herein without definition shall have the meaning given thereto in the Purchase Agreement.

B. The parties wish to amend the Purchase Agreement as set forth herein in accordance with Section 10.4 of the Purchase Agreement.

AGREEMENT

The parties hereby agree as follows:

1. Buyer Acknowledgments. Buyer hereby irrevocably acknowledges and agrees as follows:

(a) the forms of deliverables contemplated by Sections 1.4, 1.5(a), 1.5(d)-(f), 7.2(c), 7.2(f) and 7.2(g) have been agreed to by the parties to the Purchase Agreement, each of which is attached hereto as Schedule 1(a);

(b) the Company has satisfied its obligations under Sections 1.5(b), 1.5(c), 7.2(e) and 7.2(j) of the Purchase Agreement in all respects;

(c) the conditions to Closing set forth in Sections 7.1(a)-(c) of the Purchase Agreement are hereby deemed satisfied in all respects;

(d) the conditions to Closing in Sections 7.1(d), 7.2(a), 7.2(b), 7.2(d), 7.2(h), 7.2(i) and 7.2(k) of the Purchase Agreement are hereby deemed satisfied and/or deemed validly waived in all respects and Buyer waives any rights that would permit Buyer to not satisfy its obligations to consummate the Closing as a result thereof; and

(e) it waives any rights against the Sellers under Section 8.2 of the Purchase Agreement with respect to any alleged breaches and/or amendments of the Company's Contracts with Intelsat existing as of the date hereof (the "Intelsat Matter").

2. Sellers Acknowledgments. Each Seller hereby irrevocably acknowledges and agrees as follows:

(a) the forms of deliverables contemplated by Sections 1.6(a) and 7.3(c), have been agreed to by the parties to the Purchase Agreement, each of which is attached hereto as Schedule 2(a);

(b) the Buyer has satisfied its obligations under Sections 1.6(b)-(c) of the Purchase Agreement in all respects; and

(c) that, assuming the Closing Date would have occurred on the date hereof, each of the conditions set forth in Sections 7.1(d), 7.2(a), 7.2(b), 7.2(d), 7.2(h) and 7.2(k) of the Purchase Agreement would have been deemed fully satisfied in all respects; provided, that no acknowledgment or agreement is made hereby with respect to Section 7.2(a), (b) and (k) of the Purchase Agreement in relation to the Intelsat Matter.

3. Amendment to Section 1.3. The first sentence of Section 1.3 of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

> "Assuming the satisfaction or waiver of the conditions set forth in Article 7 (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), the closing of the purchase and sale of the Purchased Equity contemplated by Section 1.1 (the "Closing") shall take place virtually via the exchange of executed documents and other deliverables by PDF or other means of electronic delivery and wire transfer of funds on January 6, 2025 (such date, the "Closing Date")."

4. Amendment to Section 1.7. Section 1.7 of the Purchase Agreement is hereby amended as follows:

A new subsection (i) is hereby inserted into the Purchase Agreement to read as follows:

> "Within forty-five (45) days of the end of each calendar quarter during the Earnout Period, Buyer shall provide to the Seller Representative written notice providing reasonable detail of the Group Companies' progress towards achievement of the Earnout Amount during such quarter. Following delivery of such notice, the Seller Representative shall be given reasonable access upon reasonable notice to the Company's chief executive officer and Buyer's chief financial officer during normal business hours for the purpose of facilitating the Seller Representative's review of such notice, *provided* that such access shall be in a manner that does not materially interfere with the normal business operations of the Group Companies."

5. Amendment to Section 9.1(b). In Section 9.1(b) of the Purchase Agreement, the words "December 17, 2024" are hereby deemed replaced with "January 7, 2025".

6. Other Provisions. Except to the extent that the provisions of this Amendment modify or conflict with the provisions of the Purchase Agreement (in which case the provisions of this Amendment shall govern), all other provisions of the Purchase Agreement shall remain in full force and effect. In case of any conflict between this Amendment and the Purchase Agreement, the terms of this Amendment shall prevail. The provisions of Section 10 of the Purchase Agreement are incorporated herein as an integral part of this Amendment by way of reference, *mutatis mutandis*.

7. Entire Agreement. This Amendment, together with the Purchase Agreement, contains the entire agreement of the parties and supersedes any prior or contemporaneous written or oral agreements between them concerning the subject matter of this Amendment.

8. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A signed copy of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Membership Interest Purchase Agreement effective as of the date first set forth above.

"BUYER"

Wavestream Corporation

By:____
Name:_______________________________________
Title:____

"MAZAV"

MAZAV Management LLC

____
Mohammed Alzeer
Manager

"CFG"

CF GDC LLC

____
Leigh M. Grimner
Deputy Chief Financial Officer

Signature Page to Amendment to Membership Interest Purchase Agreement

Exhibit 4.36

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "First Amendment"), dated as of December 10, 2024 (the "First Amendment Effective Date"), is among WAVESTREAM CORPORATION, a Delaware corporation (the "Borrower"), GILAT SATELLITE NETWORKS LTD., a company incorporated under the laws of the State of Israel (the "Parent"), the Lenders party hereto, and HSBC BANK USA, NATIONAL ASSOCIATION, a national banking association ("HSBC"), as Administrative Agent (in such capacity, the "Administrative Agent").

BACKGROUND

A. The Borrower, the Parent, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of October 13, 2024 (the "Credit Agreement"). The terms defined in the Credit Agreement and not otherwise defined herein shall be used herein as defined in the Credit Agreement.

B. The Parent and the Borrower have requested that the Administrative Agent and the Lenders amend the Credit Agreement, as more fully set forth herein.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the parties hereto covenant and agree as follows:

1. AMENDMENTS TO THE CREDIT AGREEMENT. The parties agree that, subject only to the satisfaction (or waiver) of the conditions set forth in Section 3 hereof, effective as of the First Amendment Effective Date, the Credit Agreement shall be amended in the following respects:

(a) *Applicable Amortization Percentage*. The grid set forth in the definition of "Applicable Amortization Percentage" in Section 1.1 of the Credit Agreement is hereby deleted, and the following grid is hereby substituted therefor:

Fiscal Quarter Ending On Or About	Applicable Amortization Percentage
June 30, 2025 – March 31, 2026	1.250%
June 30, 2026 – March 31, 2027	1.875%
June 30, 2027 and each fiscal quarter ending thereafter	2.500%

(b) *Term Loan Repayment Date*. The reference to "March 31, 2025" in Section 2.9(b) of the Credit Agreement is hereby deleted, and the reference of "June 30, 2025" is hereby substituted therefor.

(c) *Pro Forma Compliance Certificate*. Section 4.2(h) is amended and restated in its entirety to read as follows:

(h) The Administrative Agent and the Lenders shall have received a certificate, dated the Effective Date and signed by a Financial Officer of the Borrower, demonstrating pro forma compliance with Section 6.1 after giving effect to the consummation of the Transactions and the financings contemplated hereby as if such transactions had occurred on such date.

(d) *Termination Date*. The reference to "December 12, 2024" in the second sentence of the last paragraph of Section 4.2 of the Credit Agreement is hereby deleted, and the reference of "January 11, 2025" is hereby substituted therefor.

(e) *Compliance Certificate*. Section 5.1(c) is amended and restated in its entirety to read as follows:

(c) concurrently with any delivery of financial statements under clause (a) or (b), a duly completed and executed Compliance Certificate of a Financial Officer of the Borrower, substantially in the form of Exhibit G attached hereto, (i) certifying as to whether a (a) Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.1, provided the Borrower's obligation to deliver a Compliance Certificate under this clause (c) does not apply to any fiscal quarter ended prior to the Effective Date;

2. REPRESENTATIONS AND WARRANTIES. By its execution and delivery hereof, each of the Borrower and the Parent represents and warrants that, as of the date hereof, after giving effect to the amendments provided for in this First Amendment:

(a) the representations and warranties contained in Article III of the Credit Agreement and in the Loan Documents are true and correct in all material respects on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects only as of such earlier date;

(b) no event has occurred and is continuing which constitutes a Default or an Event of Default;

(c) (i) it has full power and authority to execute and deliver this First Amendment, (ii) this First Amendment has been duly executed and delivered by it, and (iii) this First Amendment and the Credit Agreement, as amended hereby, constitute the legal, valid and binding obligations of the Borrower and the Parent, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, (regardless of whether enforcement is sought in a proceeding in equity or at law and subject to an implied covenant of good faith and fair dealing, and except as rights to indemnity may be limited by federal or state securities laws); and

(d) its execution, delivery and performance of this First Amendment and the Credit Agreement, as amended hereby, (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other Person, except such as have been obtained or made and are in full force and effect, (ii) will not violate any Applicable Law or Organizational Documents of any Loan Party or any Subsidiary thereof or any order of any Governmental Authority or any IIA Grant (including the conditions or requirements thereof), (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or any Subsidiary thereof or its assets, or give rise to a right thereunder to require any payment to be made by any Loan Party or any Subsidiary thereof, and (iv) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary thereof (except for Liens created by the Security Documents), in each case, except where the failure to obtain such consent or approval or the such violation or default, individually or in the aggregate, would not reasonably be expected to adversely affect the applicable Loan Party in material respects and with respect to filings and registrations, except for filings and registrations necessary to perfect the Liens on the Collateral granted by the Loan Parties consisting of UCC financing statements, filings in the United States Patent and Trademark Office and/or the United States Copyright Office (if there are any United States patents, registered trademarks, registered copyrights, or applications for any of the foregoing), applicable filings in any foreign jurisdiction and the Mortgage.

3. CONDITIONS TO EFFECTIVENESS. This First Amendment shall be effective as of the First Amendment Effective Date subject to the satisfaction or completion of the following or the waiver by the Administrative Agent or the Lenders of same in accordance with Section 9.2 of the Credit Agreement, all in a manner satisfactory to the Administrative Agent and the Lenders:

(a) there shall exist no Default or Event of Default (other than as heretofore waived) before and immediately after giving effect to this First Amendment;

(b) the Administrative Agent shall have received a counterpart signature page to this First Amendment duly executed and delivered by the Borrower and the Parent;

(c) the Administrative Agent shall have received such documents, incumbency and other certificates as the Administrative Agent or its counsel or the Lenders may reasonably request relating to the organization, existence and good standing (or the equivalent thereof in the applicable jurisdiction) of the Loan Parties;

(d) the representations and warranties set forth in the immediately preceding Section of this First Amendment entitled "Representations and Warranties" shall be true and correct as of the First Amendment Effective Date;

(e) the Borrower shall have paid all fees and expenses of the Administrative Agent's counsel, Greenberg Traurig, LLP set forth on a summary invoice provided to Borrower (without waiver of privilege or confidentiality).

4. REFERENCE TO THE CREDIT AGREEMENT. Upon the effectiveness of this First Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", or words of like import shall mean and be a reference to the Credit Agreement, as amended and modified hereby. This First Amendment shall be a Loan Document. The Credit Agreement, as amended by this First Amendment, shall remain in full force and effect and is hereby ratified and confirmed.

5. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay promptly after demand all reasonable, documented and out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this First Amendment and the other instruments and documents to be delivered hereunder (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent with respect thereto).

6. EXECUTION IN COUNTERPARTS. This First Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. For purposes of this First Amendment, a counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Administrative Agent (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

7. HEADINGS. Section headings in this First Amendment are included herein for convenience of reference only and shall not constitute a part of this First Amendment for any other purpose.

8. GOVERNING LAW; JURISDICTION; ETC. Section 9.9 of the Credit Agreement is hereby incorporated, *mutatis mutandis*, by reference as if such section were set forth in full herein.

9. BINDING EFFECT. This First Amendment shall be binding upon the parties hereto and their respective successors and assigns.

10. ENTIRE AGREEMENT. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, INCLUDING THIS FIRST AMENDMENT, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Signature page follows.

Each of the parties has signed this First Amendment as of the day and year first above written.

WAVESTREAM CORPORATION, as Borrower

By: ______________________________
Name: Adi Sfadia, Gil Benyamini
Title: Directors

GILAT SATELLITE NETWORKS LTD., as Parent

By: ______________________________
Name: Doron Kerbel, Gil Benyamini
Title: General Counsel, CFO

HSBC BANK USA, NATIONAL ASSOCIATION, as Administrative Agent

By: ______________________________
Name: James Cochran
Title: Analyst

HSBC BANK USA, NATIONAL ASSOCIATION, as Lender

By: ______________________________
Name: Benjamin Shassol
Title: Relationship Banker

Signature Page to First Amendment to Credit Agreement

Exhibit 4.37

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Second Amendment"), dated as of January 6, 2025 (the "Second Amendment Effective Date"), is among WAVESTREAM CORPORATION, a Delaware corporation (the "Borrower"), GILAT SATELLITE NETWORKS LTD., a company incorporated under the laws of the State of Israel (the "Parent"), the Lenders party hereto, and HSBC BANK USA, NATIONAL ASSOCIATION, a national banking association ("HSBC"), as Administrative Agent (in such capacity, the "Administrative Agent").

BACKGROUND

A. The Borrower, the Parent, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of October 13, 2024, as amended by that certain First Amendment to Credit Agreement dated as of December 10, 2024 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). The terms defined in the Credit Agreement and not otherwise defined herein shall be used herein as defined in the Credit Agreement.

B. Subject to the terms and conditions of the Credit Agreement, and pursuant to Section 2.22 of the Credit Agreement, the Borrower has requested the Lenders provide the Incremental Delayed Draw Term A-1 Loan Commitment and Incremental Delayed Draw Term A-2 Loan Commitment in an aggregate principal amount of $40,000,000.

C. The Lenders are willing to provide the Incremental Delayed Draw Term Loan Commitments on the Second Amendment Effective Date, and the parties hereto wish to amend the Credit Agreement on the terms and subject to the conditions set forth herein and in the Credit Agreement.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the parties hereto covenant and agree as follows:

1. INCREMENTAL DELAYED DRAW TERM LOAN COMMITMENTS. Each Lender: (i) confirms that a copy of the Credit Agreement and the other applicable Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and agree to provide the Incremental Delayed Draw Term Loan Commitments, have been made available to such Lender; (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender or agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or the other applicable Loan Documents, including this Second Amendment; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

2. AMENDMENTS TO THE CREDIT AGREEMENT.

(a) Subject only to the satisfaction (or waiver) of the conditions set forth in Section 4 hereof, effective as of the Second Amendment Effective Date, the Borrower, the Parent, the Administrative Agent and the Lenders party hereto agree that the Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the form attached as Annex A hereto.

(b) Subject only to the satisfaction (or waiver) of the conditions set forth in Section 4 hereof, effective as of the Second Amendment Effective Date, the Borrower, the Parent, the Administrative Agent and the Lenders party hereto agree that Schedule 2.1 to the Credit Agreement is hereby amended in its entirety and replaced with Schedule 2.1 attached hereto.

3. REPRESENTATIONS AND WARRANTIES. By its execution and delivery hereof, each of the Borrower and the Parent represents and warrants that, as of the date hereof, after giving effect to the amendments provided for in this Second Amendment:

(a) the representations and warranties contained in Article III of the Credit Agreement and in the Loan Documents are true and correct in all material respects on and as of the Second Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects only as of such earlier date;

(b) no event has occurred and is continuing which constitutes a Default or an Event of Default;

(c) (i) it has full power and authority to execute and deliver this Second Amendment, (ii) this Second Amendment has been duly executed and delivered by it, and (iii) this Second Amendment and the Credit Agreement, as amended hereby, constitute the legal, valid and binding obligations of the Borrower and the Parent, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, (regardless of whether enforcement is sought in a proceeding in equity or at law and subject to an implied covenant of good faith and fair dealing, and except as rights to indemnity may be limited by federal or state securities laws); and

(d) its execution, delivery and performance of this Second Amendment and the Credit Agreement, as amended hereby, (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other Person, except such as have been obtained or made and are in full force and effect, (ii) will not violate any Applicable Law or Organizational Documents of any Loan Party or any Subsidiary thereof or any order of any Governmental Authority or any IIA Grant (including the conditions or requirements thereof), (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or any Subsidiary thereof or its assets, or give rise to a right thereunder to require any payment to be made by any Loan Party or any Subsidiary thereof, and (iv) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary thereof (except for Liens created by the Security Documents), in each case, except where the failure to obtain such consent or approval or the such violation or default, individually or in the aggregate, would not reasonably be expected to adversely affect the applicable Loan Party in material respects and with respect to filings and registrations, except for filings and registrations necessary to perfect the Liens on the Collateral granted by the Loan Parties consisting of UCC financing statements, filings in the United States Patent and Trademark Office and/or the United States Copyright Office (if there are any United States patents, registered trademarks, registered copyrights, or applications for any of the foregoing), applicable filings in any foreign jurisdiction and the Mortgage.

4. <u>CONDITIONS TO EFFECTIVENESS</u>. This Second Amendment shall be effective as of the Second Amendment Effective Date subject to the satisfaction or completion of the following or the waiver by the Administrative Agent or the Lenders of same in accordance with <u>Section 9.2</u> of the Credit Agreement, all in a manner satisfactory to the Administrative Agent and the Lenders:

(a) there shall exist no Default or Event of Default (other than as heretofore waived) before and immediately after giving effect to this Second Amendment;

(b) the Administrative Agent shall have received a counterpart signature page to this Second Amendment duly executed and delivered by the Borrower and the Parent;

(c) the Administrative Agent shall have received such documents, incumbency, officer's certificates and other certificates as the Administrative Agent or its counsel or the Lenders may reasonably request relating to the organization, existence and good standing (or the equivalent thereof in the applicable jurisdiction) of the Loan Parties;

(d) the representations and warranties set forth in the immediately preceding Section of this Second Amendment entitled "Representations and Warranties" shall be true and correct as of the Second Amendment Effective Date;

(e) the Borrower shall have paid all fees and expenses of the Lenders providing the Incremental Delayed Draw Term Loan Commitments and of the Administrative Agent's counsel, Greenberg Traurig, LLP set forth on a summary invoice provided to Borrower (without waiver of privilege or confidentiality);

(f) The Administrative Agent shall have received resolutions of the Borrower approving the Incremental Delayed Draw Term Loan Commitments;

(g) the Administrative Agent shall have received such written opinions of counsel in form and substance reasonably satisfactory to the Administrative Agent and the Lenders covering the Incremental Delayed Draw Term Loan Commitments, and such other documentation reasonably requested by the Administrative Agent or the Lenders relating to the Incremental Delayed Draw Term Loan Commitments or other matters relating to the Loan Parties and the Loan Documents;

(h) the Administrative Agent shall have received the Assignment and Assumption of a portion of the Loans to Bank Hapoalim B.M.; and

(i) the Administrative Agent shall have received an Initial Term Note in the original principal amount of $24,000,000 in favor of Bank Hapoalim B.M. duly executed and delivered by the Borrower.

5. REFERENCE TO THE CREDIT AGREEMENT. Upon the effectiveness of this Second Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, or words of like import shall mean and be a reference to the Credit Agreement, as amended and modified hereby. This Second Amendment shall be a Loan Document. The Credit Agreement, as amended by this Second Amendment, shall remain in full force and effect and is hereby ratified and confirmed.

6. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay promptly after demand all reasonable, documented and out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Second Amendment and the other instruments and documents to be delivered hereunder (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent with respect thereto).

7. EXECUTION IN COUNTERPARTS. This Second Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. For purposes of this Second Amendment, a counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Administrative Agent (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

8. HEADINGS. Section headings in this Second Amendment are included herein for convenience of reference only and shall not constitute a part of this Second Amendment for any other purpose.

9. GOVERNING LAW; JURISDICTION; ETC. Section 9.9 of the Credit Agreement is hereby incorporated, *mutatis mutandis*, by reference as if such section were set forth in full herein.

10. BINDING EFFECT. This Second Amendment shall be binding upon the parties hereto and their respective successors and assigns.

11. WAIVER AND RELEASE. In consideration of this Amendment, each Loan Party hereby waives and releases each of the Administrative Agent and each Lender, and its directors, officers, employees, attorneys, affiliates and subsidiaries from any and all such claims, offsets, defenses and counterclaims in connection with the Credit Agreement and this Amendment that exist as of the date hereof, of which each such Loan Party is aware or unaware, and except for claims resulting from the willful misconduct or gross negligence by any the foregoing released parties, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.

12. ENTIRE AGREEMENT. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, INCLUDING THIS SECOND AMENDMENT, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Signature page follows.

Each of the parties has signed this Second Amendment as of the day and year first above written.

WAVESTREAM CORPORATION, as Borrower

By: ______________________________

Name: Adi Sfadia, Gil Benyamini
Title: Directors

GILAT SATELLITE NETWORKS LTD., as Parent

By: ______________________________

Name: Doron Kerbel, Gil Benyamini
Title: General Counsel, CFO

HSBC BANK USA, NATIONAL ASSOCIATION, as Administrative Agent

By: ______________________________

Name: Daniel Gonzalez
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION, as Lender

By: ______________________________

Name: Benjamin Shassol
Title: Relationship Banker

BANK HAPOALIM B.M., as a Lender

By: ______________________________

Name:
Title:

Signature Page to Second Amendment to Credit Agreement

Schedule 2.1

<u>Commitments and Lenders</u>

<u>Name of Lender</u>	Initial Term Loan Commitments	Incremental Delayed Draw Term A-1 Loan Commitments	Incremental Delayed Draw Term A-2 Loan Commitments
HSBC Bank USA, National Association	$36,000,000	$14,400,000	$9,600,000
Bank Hapoalim B.M.	$24,000,000	$9,600,000	$6,400,000
TOTAL	$60,000,000	$24,000,000	$16,000,000

ANNEX A

Exhibit 8.1

LIST OF SUBSIDIARIES

Significant subsidiaries:

Wavestream Corporation
Gilat Networks Peru S.A
DataPath Inc.
Stellar Blu Solutions LLC.

Exhibit 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended

I, Adi Sfadia, certify that:

1. I have reviewed this annual report on Form 20-F of Gilat Satellite Networks Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting;

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 27, 2025

/s/ Adi Sfadia*
Adi Sfadia, Chief Executive Officer

*The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended

I, Gil Benyamini, certify that:

1. I have reviewed this annual report on Form 20-F of Gilat Satellite Networks Ltd. (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting;

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: March 27, 2025

/s/ Gil Benyamini *
Gil Benyamini, Chief Financial Officer

*The originally executed copy of this Certification will be maintained at the Company’s offices and will be made available for inspection upon request.

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gilat Satellite Networks Ltd. (the “Company”) on Form 20-F for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Adi Sfadia, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Adi Sfadia*
Adi Sfadia Chief Executive Officer

March 27, 2025

*The originally executed copy of this Certification will be maintained at the Company’s offices and will be made available for inspection upon request.

This certification accompanies this Annual Report on Form 20-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gilat Satellite Networks Ltd. (the "Company") on Form 20-F for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gil Benyamini, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gil Benyamini *
Gil Benyamini, Chief Financial Officer

March 27, 2025

*The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

This certification accompanies this Annual Report on Form 20-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

<u>Exhibit 15.1</u>

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 No. 333-266044) of Gilat Satellite Networks Ltd.,

2. Registration Statements (Form S-8 Nos. 333-180552, 333-187021, 333-204867, 333-210820, 333-217022, 333-221546, 333-223839, 333-231442, 333-236028, 333-253972, 333-255740, 333-264974 and 333-278082) pertaining to the 2008 Share Incentive Plan of Gilat Satellite Networks Ltd; of our reports dated March 27, 2025, with respect to the consolidated financial statements of Gilat Satellite Networks Ltd. and the effectiveness of internal control over financial reporting of Gilat Satellite Networks Ltd. included in this Annual Report (Form 20-F) of Gilat Satellite Networks Ltd. for the year ended December 31, 2024.

<u>KOST FORER, GABBAY & KASIERER</u>
A member of EY Global

Tel-Aviv, Israel
March 27, 2025