FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report on Foreign Issuer

Pursuant to Rule 13a – 16 or 15d – 16
of the Securities Exchange Act of 1934

For the Month of August, 2022

Gilat Satellite Networks Ltd.

(Translation of Registrant's Name into English)

Gilat House, Yegia Kapayim Street
Daniv Park, Kiryat Arye, Petah Tikva, 4913020 Israel
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Attached hereto as Exhibits 99.1 and 99.2 are Registrant's Condensed Interim Unaudited Consolidated Financial Statements as of June 30, 2022 and for the Six Months ended June 30, 2022 and June 30, 2021 and Operating and Financial Review and Prospects.

The contents of this Report on Form 6-K, including Exhibits 99.1 and 99.2 annexed hereto, are incorporated by reference into the Registrant's 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 and 333-264974), and shall be a part thereof from the date on which this Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Gilat Satellite Networks Ltd.
(Registrant)

Dated August 9, 2022

By: /s/ Gil Benyamini
Gil Benyamini
Chief Financial Officer

GILAT SATELLITE NETWORKS LTD.

6-K Exhibits

99.1 Condensed Interim Unaudited Consolidated Financial Statements of Gilat Satellite Networks Ltd. and its subsidiaries as of June 30, 2022 and for the Six Months ended June 30, 2022 and June 30, 2021

99.2 Operating and Financial Review and Prospects.

Exhibit 99.1

GILAT SATELLITE NETWORKS LTD. AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

UNAUDITED

IN U.S. DOLLARS

INDEX

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CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2022	December 31, 2021
	Unaudited	**Audited**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 70,133	$ 81,859
Short-term deposits	-	2,159
Restricted cash	1,313	2,592
Trade receivables, (net of allowance for credit losses of $1,162 and $1,104 as of June 30, 2022 and December 31, 2021, respectively)	51,303	39,161
Contract assets	29,310	26,008
Inventories	32,156	28,432
Other current assets	22,458	14,607
Held for sale asset	4,276	4,587
Total current assets	210,949	199,405
LONG-TERM ASSETS:		
Restricted cash	12	12
Long-term contract assets	11,845	12,539
Severance pay funds	5,937	6,795
Deferred taxes	15,885	17,551
Operating lease right-of-use assets	3,845	4,478
Other long-term assets	11,225	10,456
Total long-term assets	48,749	51,831
PROPERTY AND EQUIPMENT, NET	72,410	72,391
INTANGIBLE ASSETS, NET	419	640
GOODWILL	43,468	43,468
Total assets	$ 375,995	$ 367,735

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	June 30, 2022	December 31, 2021
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 24,010	$ 19,776
Accrued expenses	47,654	49,202
Advances from customers and deferred revenues	31,932	24,373
Operating lease liabilities	1,747	1,818
Other current liabilities	15,458	13,339
Total current liabilities	120,801	108,508
LONG-TERM LIABILITIES:		
Accrued severance pay	6,548	7,292
Long-term advances from customers	722	1,209
Operating lease liabilities	2,056	2,283
Other long-term liabilities	132	120
Total long-term liabilities	9,458	10,904
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.2 par value: Authorized: 90,000,000 shares as of June 30, 2022 and December 31, 2021; Issued and outstanding: 56,608,016 and 56,539,237 shares as of June 30, 2022 and December 31, 2021, respectively	2,711	2,706
Additional paid-in capital	930,927	929,871
Accumulated other comprehensive loss	(7,977)	(6,357)
Accumulated deficit	(679,925)	(677,897)
Total shareholders' equity	245,736	248,323
Total liabilities and shareholders' equity	$ 375,995	$ 367,735

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) (Unaudited)

U.S. dollars in thousands (except share and per share data)

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Revenues:		
Products	$ 63,830	$ 66,280
Services	43,033	31,889
Total revenues	106,863	98,169
Cost of revenues:		
Products	49,274	49,917
Services	21,432	19,153
Total cost of revenues	70,706	69,070
Gross profit	36,157	29,099
Operating expenses:		
Research and development, net	16,386	15,660
Selling and marketing	10,310	10,468
General and administrative	8,555	6,938
Impairment of held for sale asset	439	-
Total operating expenses	35,690	33,066
Operating income (loss)	467	(3,967)
Financial expenses, net	(1,663)	(757)
Loss before taxes on income	(1,196)	(4,724)
Taxes on income	832	474
Net loss	$ (2,028)	$ (5,198)
Loss per share (basic and diluted)	$ (0.04)	$ (0.09)
Weighted average number of shares used in computing loss per share:		
Basic	56,574,296	56,269,941
Diluted	56,574,296	56,269,941

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

U.S. dollars in thousands

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Net loss	$ (2,028)	$ (5,198)
Other comprehensive loss:		
Foreign currency translation adjustments	135	(37)
Change in unrealized loss on hedging instruments, net	(2,397)	(135)
Less - reclassification adjustments for net loss (gain) realized on hedging instruments, net	642	(5)
Total other comprehensive loss	(1,620)	(177)
Comprehensive loss	$ (3,648)	$ (5,375)

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

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
					As Restated (1)	
Balance as of December 31, 2020 (1)	55,559,638	$ 2,647	$ 928,626	$ (6,017)	$ (674,864)	$ 250,392
Stock-based compensation of options	-	-	306	-	-	306
Exercise of stock options	951,313	58	(58)	-	-	-
Comprehensive loss (1)	-	-	-	(177)	(5,198)	(5,375)
Balance as of June 30, 2021 (1)	56,510,951	$ 2,705	$ 928,874	$ (6,194)	$ (680,062)	$ 245,323

	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 of options	-	-	1,061	-	-	1,061
Exercise of stock options	68,779	5	(5)	-	-	-
Comprehensive loss	-	-	-	(1,620)	(2,028)	(3,648)
Balance as of June 30, 2022	56,608,016	$ 2,711	$ 930,927	$ (7,977)	$ (679,925)	$ 245,736

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

U.S. dollars in thousands

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Cash flows from operating activities:		
Net loss	$ (2,028)	$ (5,198)
Adjustments required to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,683	4,646
Impairment of held for sale asset	439	-
Stock-based compensation of options	1,061	306
Changes in operating assets and liabilities:		
Accrued severance pay, net	114	(128)
Deferred taxes, net	1,664	185
Increase in trade receivables, net	(11,883)	(7,357)
Decrease (increase) in contract assets	(2,608)	21,647
Increase in other assets and receivables	(7,763)	(4,009)
Decrease (increase) in inventories, net	(4,075)	1,774
Increase (decrease) in trade payables	4,205	(790)
Decrease in accrued expenses	(1,690)	(1,802)
Increase (decrease) in advances from customers and deferred revenues	7,010	(338)
Decrease in other liabilities	(810)	(194)
Net cash provided by (used in) operating activities	(10,681)	8,742
Cash flows from investing activities:		
Purchase of property and equipment	(4,515)	(3,572)
Repayment of (investment in) short term deposits	2,159	(2,159)
Net cash used in investing activities	(2,356)	(5,731)
Cash flows from financing activities:		
Dividend payment	-	(35,003)
Repayment of long-term loan	-	(4,000)
Net cash used in financing activities	-	(39,003)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	32	(161)
Decrease in cash, cash equivalents and restricted cash	(13,005)	(36,153)
Cash, cash equivalents and restricted cash at the beginning of the period	84,463	115,958
Cash, cash equivalents and restricted cash at the end of the period (C)	$ 71,458	$ 79,805

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

U.S. dollars in thousands

	Six months ended June 30, 2022	Six months ended June 30, 2021
Supplementary disclosure of cash flows activities:		
(A) Cash paid during the period for:		
Interest	$ -	$ 97
Income taxes	$ 781	$ 243
(B) Non-cash transactions:		
Purchases of property and equipment that were not paid for and reclassification from inventories to property and equipment	$ 438	$ 251
New operating lease assets obtained in exchange for operating lease liabilities	$ 1,025	$ 419

(C) The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the condensed interim consolidated balance sheets:

	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 70,133	$ 57,882
Restricted cash - Current	1,313	21,910
Restricted cash - Long-Term	12	13
Cash, cash equivalents and restricted cash	$ 71,458	$ 79,805

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

NOTE 1: - GENERAL

a. Organization:

Gilat Satellite Networks Ltd. and its subsidiaries (the "Company") is a global provider of satellite-based broadband communications. The Company designs and manufactures ground-based satellite communications equipment, and provides comprehensive solutions and end-to-end services, powered by its 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, high power Solid-State Power Amplifiers ("SSPAs"), Block Up Converters ("BUCs") and Transceivers. The Company’s solutions support multiple applications with a full portfolio of products to address key applications including broadband access, cellular backhaul, enterprise, In-Flight Connectivity ("IFC"), maritime, trains, defense and public safety. 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.

The Company operates in three business segments consisting of Satellite Networks, Integrated Solutions and Network Infrastructure and Services. For additional information, including major customers, geographic and segment information, see Note 10.

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 ongoing COVID-19 pandemic continues to have an adverse effect on the Company’sindustry and the markets in which the Company operates. The COVID-19 outbreak significantly impacted the travel and aviation markets in which the Company’s significant IFC customers operate and has resulted in a significant reduction of the Company’s business with some of these customers. The Company has also experienced postponed and delayed orders in certain other areas of its businesses. Further, the guidance of social distancing, lockdowns, quarantines and the requirements to work from home in various key territories such as Israel, Peru, California, Australia, Bulgaria, China and other countries, in addition to greatly reduced travel globally, has resulted in a substantial curtailment of business activities, which has affected and is likely to continue to affect the Company’s ability to conduct fieldwork as well as deliver products and services in the areas where restrictions are implemented by the local government. In addition, certain of the Company’s sales and support teams are unable to travel or meet with customers and the pandemic threat has caused operating, manufacturing, supply chain and project development delays and disruptions, labor shortages, travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures). As a result, the Company experienced a significant reduction in business in 2020. Despite the recovery in the Company’s business in 2021 and in the six months ended June 30, 2022, revenues have not yet reached the 2019 level. In the six months ended June 30, 2022 the Company’s revenues were $106,863, compared to $98,169 in the comparable period of 2021 and to $86,040 in the comparable period of 2020. While the Company expects that the adverse effects of COVID-19 will be eased by global vaccination and testing and reduced restrictions on travel, it is still likely to continue to adversely impact the Company by its negative impact on the Company’s ability to generate revenues due to reduced end-market demand from IFC customers, governments and enterprises and the constraints on the Company’s ability to conduct fieldwork leading to order delays and cancellations. Given the current macro-economic environment and the uncertainties regarding the potential impact of COVID-19 and its different variants on the Company’s business, there can be no assurance that Company’s estimates and assumptions used in the measurement of various assets and liabilities in the condensed interim consolidated financial statements will prove to be accurate predictions of the future. If the Company’s assumptions regarding forecasted cash flows are not achieved, it is possible that an impairment review may be triggered and certain assets in the condensed interim consolidated financial statements may be impaired.

NOTE 1:- GENERAL (Cont.)

COVID-19 related government assistance

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 June 30, 2022 and December 31, 2021, the Company had a $952 receivable balance from the United States government related to the CARES Act, which is presented within "Other current assets" on the Company's condensed interim consolidated balance sheets. In addition, the Company received additional COVID-19 related credits in different territories in which it operates which were not material to the Company's condensed interim consolidated financial statements.

d. Against the backdrop of the military conflict between Russia and the 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 in February 2022, and additional sanctions and restrictions may be imposed in the future. Theses sanctions and restrictions may materially restrict the Company's business in Russia which mainly includes exports to Russia, which amounted to revenues of approximately $2,200 and $2,600 in the six months ended June 30, 2022 and 2021, respectively, and $6,300 in the year ended December 31, 2021, and may delay or prevent the Company from collecting funds and perform money transfers from Russia. While the Company's business in Russia is limited in scope and not material to the Company's operations, these restrictions may cause a reduction of the Company's sales and impact our financial results. In addition, The Company receives manufacturing services from a global manufacturer's facility in the Ukraine. While the manufacturer assured the Company that the operations of the plant have not been interrupted by the current military situation and has a recovery plan in place, there is no assurance that negative developments in the area in the future will not disrupt and materially adversely affect the Company's business.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited condensed interim consolidated financial statements:

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. In the opinion of management, the unaudited condensed interim consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the Company's consolidated financial statements.

The balance sheets as of December 31, 2021 have been derived from the audited consolidated financial statements of the Company at that date but does not include all information and footnotes required by U.S. GAAP for complete financial statements.

The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021, included in the Company’s Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on May 16, 2022. The significant accounting policies applied in the Company’s audited 2021 consolidated financial statements and notes thereto included in the Annual Report are applied consistently in these unaudited condensed interim consolidated financial statements.

Restatement of previously issued condensed interim consolidated financial statements

The Company restated its condensed interim consolidated statements of income (loss) and comprehensive income (loss), condensed interim consolidated statement of changes in shareholders’ equity, and the condensed interim consolidated statement of cash flows for the six months ended June 30, 2021.

A summary of adjustments to certain previously reported financial information for comparative purposes is included in Note 13.

For further information regarding the restatement to our condensed interim financial statements for the six months ended June 30, 2021, please refer to Note 2 in the accompanying notes to the audited consolidated financial statements for the year ended December 31, 2021, included in the Company’s Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on May 16, 2022.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Use of estimates:

The preparation of the condensed interim 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 and liabilities and disclosure of contingent assets and liabilities at the dates of the condensed interim 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) and profits or losses, 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, and stock-based compensation. Actual results could differ from those estimates.

c. Principles of consolidation:

The condensed interim 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.

d. Recently issued accounting pronouncements – not yet adopted:

In March 2020, the FASB issued Update ASU 2020-04 'Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting' which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the reference rate reform. The amendments apply only to contracts and transactions that reference LIBOR or another reference rate expected to be discontinued as part of the reform. This ASU applies only to contracts or transactions entered into or evaluated before December 31, 2022. The Company continues to monitor what impact the discontinuance of LIBOR or another reference rate will have on the Company's contracts and other transactions.

U.S. dollars in thousands

NOTE 3:- INVENTORIES

Inventories are comprised of the following:

	June 30, 2022	December 31, 2021
Raw materials, parts and supplies	$ 11,291	$ 10,238
Work in progress and assembled raw materials	17,685	15,106
Finished products	3,180	3,088
	$ 32,156	$ 28,432

Inventory net write-offs amounted to $1,593 and $2,386 during the six months ended June 30, 2022 and 2021, respectively.

NOTE 4:- PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	June 30, 2022	December 31, 2021
Cost:		
Buildings and land	$ 83,083	$ 82,898
Computers, software and electronic equipment	52,904	49,822
Network equipment	30,628	31,604
Office furniture and equipment	3,718	3,573
Vehicles	235	235
Leasehold improvements	2,451	2,405
	173,019	170,537
Accumulated depreciation	100,609	98,146
Depreciated cost	$ 72,410	$ 72,391

Depreciation expenses amounted to $5,461 and $4,425 during the six months ended June 30, 2022 and 2021, respectively.

During the year ended December 31, 2021, a property of the Company in Germany was classified as held for sale. As the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year. The Company recognized an impairment of $439 in the condensed interim consolidated statements of income (loss) for the six months ended June 30, 2022.

NOTE 5:- DEFERRED REVENUES

Deferred revenues as of June 30, 2022 and December 31, 2021 were $7,914 and $4,787, respectively, and primarily relate to revenues that are recognized over time for service contracts. Approximately $1,888 of the balance as of December 31, 2021 were recognized as revenues during the six months ended June 30, 2022.

NOTE 5:- DEFERRED REVENUES (CONT.)

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 June 30, 2022 is approximately $410,300. Such unsatisfied performance obligations, other than for large scale governmental projects (expected to be recognized over periods of approximately 8-12 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.

The Company elected to use the exemption of not disclosing the prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, that are part of contracts that have an original expected duration of one year or less.

For information regarding disaggregated revenues, please refer to note 10 (e).

NOTE 6:- COMMITMENTS AND CONTINGENCIES

a. Litigations:

1. In 2003, the Brazilian tax authority filed a claim against the Company’s inactive subsidiary in Brazil, SPC International Ltda. (the "Brazilian Subsidiary"), for the payment of taxes allegedly due from the Brazilian Subsidiary. After numerous hearings and appeals at various appellate levels in Brazil, the Supreme Court ruled against the Brazilian Subsidiary in final non-appealable decisions published in June 2017. As of June 30, 2022, the total amount of this claim, including interest, penalties and legal fees is approximately $6,879, of which approximately $767 is the principal. The Brazilian tax authorities initiated foreclosure proceedings against the Brazilian 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 Brazilian Subsidiary, based on Brazilian external counsel’s opinion, the Company believes that the Brazilian 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 the statute of limitations 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 statute of limitations. In May 2022, the state attorney agreed to the suspension of the tax foreclosure. Based on Brazilian external counsel’s opinion, it is likely that the case will remain dormant for the foreseeable future. Accordingly, the Company believes that the chances that such redirection will lead to a loss recognition are remote.

NOTE 6:- COMMITMENTS AND CONTINGENCIES (Cont.)

2. In 2014, the Company's Peruvian subsidiary, Gilat To Home Peru S.A., ("GTH Peru"), initiated an arbitration proceedings in Lima against the Ministry of Transport and Communications of Peru, ("MTC"), and the Programa Nacional de Telecomunicaciones ("PRONATEL"). The arbitration was related to the PRONATEL projects awarded to the Company in the years 2000-2001. Under these projects, GTH Peru provided fixed public telephony services in rural areas of Peru. GTH Peru 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 GTH Peru approximately $14,000. MTC applied to the Superior Court in Lima to declare such award null and void. In July 2019, the Superior Court rejected the annulment action. MTC filed a protective constitutional action against such ruling. In September 2019, the 11th Constitutional Court in Lima rejected MTC's action declaring it inadmissible. MTC appealed the resolution. Recently, the Court confirmed the appealed resolution. This resolution has not been formally served yet. In parallel, in July 2019, the Company initiated proceedings at the 17th Civil Chamber specialized in Commercial Matters of the Superior Court of Justice of Lima for enforcement of the arbitration award. Based on the advice of counsel, such proceedings are expected to continue for five years or more. MTC's objection to the enforcement proceedings was denied. MTC and PRONATEL should now file a payment schedule.

3. In October 2019, GTH Peru initiated additional arbitration proceedings against MTC and PRONATEL based on similar grounds for the years 2015-2019. Evidentiary hearings took place in August and October 2021. In February 2022, the parties submitted their closing arguments. The final hearing took place on March 23, 2022. On June 16, 2022, the arbitration tribunal issued an arbitration award ordering MTC and Pronatel to pay GTH Peru approximately $15,000. MTC and Pronatel may appeal this determination.

4. In 2018, Gilat Networks Peru S.A. ("GNP"), the Company's subsidiary in Peru, won a government bid for two additional regional projects in the Amazonas and Ica regions in Peru for PRONATEL with a contractual value of approximately $154,000. GMC Engineering Solutions and SATEL Comunicaciones y Datos, two of the three entities in the losing bidder consortium, applied to the superior court in Lima to cancel the bid and obtained a preliminary injunction against the award. Although the lawsuit did not name GNP as a defendant, the subsidiary was served as an interested third party in the process and filed its objection and defenses. Currently, following PRONATEL's request, GNP continues performing these projects. Based on the advice of counsel, the Company believes that the chances of success of the proceedings seeking to cancel the bid are remote. On June 28, 2022 the court issued a resolution ordering the Private Investment Promotion Agency in Peru ("Proinversion"), a Peruvian government agency, to reimburse GMC the amount of the bid bond that, according to the court, were wrongly forfeited. This resolution is against Proinversion and it can be considered favorable to the Company as it expressly states that the ICA and Amazonas project cannot be cancelled. This resolution is being appealed by Proinversion.

NOTE 6:- COMMITMENTS AND CONTINGENCIES (Cont.)

The Company is also 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.

b. Guarantees:

As of June 30, 2022, the aggregate amount of bank guarantees outstanding in order to secure the Company's various obligations was $91,012, including an aggregate of $87,851 on behalf of its subsidiaries in Peru. In order 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 $1,205 of restricted cash to secure these guarantees.

All of 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 guarantees have ever been exercised against the Company.

c. Commitments:

During the six months ended June 30, 2022, the Company has not entered into any new commitments with material effect on the Company’s condensed interim consolidated financial statements.

NOTE 7:- 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 loss related to derivative instruments, within payroll expenses in the condensed interim consolidated statements of income (loss) of $626 and $48 for the six months ended June 30, 2022 and 2021, respectively.

The fair value of derivative instruments in the condensed interim consolidated balance sheets amounted to ($1,747) and $24 as of June 30, 2022 and December 31, 2021, respectively.

U.S. dollars in thousands

NOTE 7:- DERIVATIVE INSTRUMENTS (CONT.)

The estimated net amount of the existing loss that are reported in accumulated other comprehensive loss as of June 30, 2022 that is expected to be reclassified into the condensed interim consolidated statement of income (loss) within the next twelve months is $1,747.

NOTE 8:- 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:

In October 2008, the compensation committee of the Company's Board of Directors approved the adoption of 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 June 30, 2022, the Company's Board of Directors approved, in the aggregate, an increase of 8,146,362 shares to the number of shares available for grant under the 2008 Plan, bringing the total number of shares available for grant to 9,146,362. As of June 30, 2022, an aggregate of 169,375 shares were available for future grants under the 2008 Plan.

The options granted under the 2008 Plan during the six months ended June 30, 2022 have vesting restrictions, valuations and contractual lives in similar nature to those described in Note 11 of the Notes to Company’s consolidated annual financial statements for the year ended December 31, 2021, included in the Company’s Annual Report on Form 20-F for the year ended December 31, 2021.

Options granted to employees:

The fair value of the Company's stock options granted in the six months ended June 30, 2022 and 2021 was estimated using the following weighted average assumptions:

	Six months ended June 30,	
	2022	**2021**
Risk free interest	1.41% - 2.84%	0.26% - 0.6%
Dividend yields	0%	0%
Volatility	51.45% - 51.85%	41% - 50%
Expected term (in years)	3.95 - 4.00	4.03 - 4.04

U.S. dollars in thousands

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

A summary of employee and director option balances under the 2008 Plan as of June 30, 2022 and changes during the six months then ended are as follows:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2022	3,099,144	$ 7.8	4.5	$ 1,737
Granted	767,500	$ 8.3		
Exercised	(207,500)	$ 5.7		
Forfeited	(319,375)	$ 7.0		
Outstanding as of June 30, 2022	3,339,769	$ 8.2	4.5	$ 92
Exercisable as of June 30, 2022	688,102	$ 7.7	3.2	$ 92

The weighted-average grant-date fair value of options granted to employees during the six months ended June 30, 2022 was $3.18. 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 change based on the fair market value of the Company's stock. Total intrinsic value of options exercised for the six months ended June 30, 2022 was $549.

c. 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. In January 2021, the Company distributed a cash dividend in the amount of $35,003 or $0.63 per share. However, the Company has not adopted a general policy regarding the distribution of dividends and makes no statements as to the distribution of dividends in the foreseeable future.

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; which was received for the above mentioned dividend.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands

NOTE 9:- OTHER COMPREHENSIVE INCOME (LOSS)

The following table shows the changes of accumulated other comprehensive loss, for the six months ended June 30, 2022:

	Six months ended June 30, 2022		
	Foreign currency translation adjustments	**Unrealized losses on cash flow hedges**	**Total**
Beginning balance	$ (6,365)	$ 8	$ (6,357)
Other comprehensive loss before reclassifications	135	(2,397)	(2,262)
Amounts reclassified from accumulated other comprehensive income	-	642	642
Net current-period other comprehensive loss	135	(1,755)	(1,620)
Ending balance	$ (6,230)	$ (1,747)	$ (7,977)

NOTE 10:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION

a. 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.

b. From 2018 until December 31, 2021, The Company had three operating segments: Fixed Networks, Mobility Solutions and Terrestrial Infrastructure Projects.

c. Commencing in the first quarter of 2022, in order to reflect the Company’s new management’s approach in the management of the Company’s operations, organizational alignment, customer base and end markets, the Company operates in three new operating segments, as follows:

- *Satellite Networks* is focused on the development and supply of networks that are used as the platform that enables the latest satellite constellations of HTS, VHTS and 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, 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 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.

NOTE 10:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

- *Integrated Solutions* is focused on the development, manufacturing and supply of 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 segment's product portfolio includes leading high-efficiency, high-power SSPAs, BUCs and transceivers with a field-proven, high-performance variety of frequency bands. The segment's customers are satellite operators, In-Flight Connectivity 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 networks projects in Peru. The segment provides terrestrial (fiber optic and wireless network) and satellite network construction and operation. The segment serves 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 the Company's equipment), mainly based on BOT and BOO contracts.

The Company evaluated whether the change in its operating segments, as described above, affects goodwill assignment to reporting units and concluded no re-assignment is needed. The carrying amount of the goodwill is associated with the Satellite Networks and Integrated Solutions segments.

d. Information on the reportable operating segments:

1. All the above segments changes were reflected through retroactive revision of prior period segment information.

2. The measurement of operating profit (loss) in the reportable operating segments is based on the same accounting principles applied in these condensed interim consolidated financial statements and includes certain corporate overhead allocations.

3. Financial information relating to reportable operating segments:

U.S. dollars in thousands

NOTE 10:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

	Six months ended June 30, 2022				
	Satellite Networks	Integrated Solutions	Network Infrastructure and Services	Unallocated	Total
Revenues	$ 51,627	$ 29,397	$ 25,839	$ -	$ 106,863
Operating profit (loss)	(1,841)	265	2,482	(439)	467
Financial expenses, net					(1,663)
Loss before taxes on income					(1,196)
Taxes on income					832
Net loss					(2,028)
Depreciation and amortization Expenses	$ 2,598	$ 1,413	$ 1,672	$ -	$ 5,683

	Six months ended June 30, 2021				
	Satellite Networks	Integrated Solutions	Network Infrastructure and Services	Unallocated	Total As Restated (1)
Revenues	$ 59,975	$ 18,836	$ 19,358	$ -	$ 98,169
Operating profit (loss)	4,370	(3,961)	(4,376)	-	(3,967)
Financial expenses, net					(757)
Loss before taxes on income					(4,724)
Taxes on income					474
Net loss					(5,198)
Depreciation and amortization Expenses	$ 2,906	$ 1,269	$ 471	$ -	$ 4,646

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

U.S. dollars in thousands

NOTE 10:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

e. Disaggregation of Revenues:

Revenues attributed to geographic areas, based on the location of the end customers and in accordance with ASC 280, are as follows:

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Latin America *)	$ 36,191	$ 31,996
Asia Pacific	14,417	24,807
United States and Canada	40,152	28,726
Europe, the Middle East and Africa **)	16,103	12,640
	$ 106,863	$ 98,169

*) Revenues attributed to Peru in the six months ended June 30, 2022 amounted to $ 25,839.

**) Revenues attributed to Israel in the six months ended June 30, 2022 amounted to $ 1,390.

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

f. The table below represents the revenues from major customers and their operating segments:

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Customer A - Network Infrastructure and Services	20%	16%
Customer B - Integrated Solutions	13%	*)
Customer C - Satellite Networks	12%	*)

*) 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.

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

NOTE 11:- INCOME TAXES

The Company's six months tax provision, and estimates of its annual effective tax rate, is subject to variation due to several factors, including variability in pre-tax income (or loss), the mix of jurisdictions to which such income relates, tax law developments, as well as non-deductible expenses, such as share-based compensation, and changes in its valuation allowance. Income tax expense was $832 and $474 for the six months ended June 30, 2022 and 2021, respectively. The income tax expense for the six months ended June 30, 2022 is primarily related to the Company's activity in the United States and Asia Pacific.

NOTE 12:- RELATED PARTY BALANCES AND TRANSACTIONS

a. The Company entered into a number of agreements for the purchase of infrastructure, construction and services from C. Mer Industries Ltd. ("C. Mer"), a publicly traded company in Israel (TASE). As of June 30, 2022, the Company's largest shareholder, FIMI Opportunity Funds ("FIMI"), holds approximately 36.6% of C. Mer's share capital and representatives of FIMI serve on C. Mer's board of directors.

b. In December 2015 the Company entered into a memorandum of understanding with Orbit Communication Systems, ("Orbit"), a publicly traded company in Israel (TASE), for development and manufacture of an antenna for an aggregate amount of approximately $1,750. The memorandum specifies prices per additional product units ordered in the future by the Company. In August 2017, FIMI acquired approximately 33.4% of Orbit's share capital. As of June 30, 2022, FIMI holds approximately 31.34% of Orbit share capital and representatives of FIMI serve on Orbit's board of directors.

In addition, Euclid Ltd. ("Euclid"), a supplier of the Company, was fully acquired by Orbit in January 2022. The Company purchases antennas and related services from Euclid.

c. The transactions with Company's related parties were approved by Company's Audit Committee and Board of Directors in accordance with the requirements of the Israeli Companies Law.

U.S. dollars in thousands

NOTE 12:- RELATED PARTY BALANCES AND TRANSACTIONS (Cont.)

d. Transactions with the related parties:

	Six months ended June 30,	
	2022	2021*) As Restated (1)
Cost of revenues of products	$ 92	$ 368

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

*) Excluding transactions and balances with Euclid, which became a related party during January 2022.

e. Balances with the related parties:

	June 30, 2022	December 31, 2021 *)
Trade payables	$ 14	$ 466
Accrued expenses	$ 182	$ -
Other current assets	$ 428	$ 202

*) Excluding transactions and balances with Euclid, which became a related party during January 2022.

NOTE 13:- RESTATEMENT OF PREVIOUSLY ISSUED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The following tables present the impact of adjustments made in the Company's revenues and cost of revenues in its condensed interim consolidated financial statements for the six months ended June 30, 2021. See Note 2 for additional information.

The condensed interim consolidated statements of cash flows are not presented in the following tables because there is no impact on total cash flows from operating activities, investing activities and financing activities.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands

NOTE 13:- RESTATEMENT OF PREVIOUSLY ISSUED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

Condensed Interim Consolidated Statements of Income (Loss):

	Six months ended June 30, 2021		
	As Reported	**Adjustments**	**As Restated**
Revenues:			
Products	$ 69,467	$ (3,187)	$ 66,280
Services	32,169	(280)	31,889
Total revenues	101,636	(3,467)	98,169
Cost of revenues:			
Products	53,411	(3,494)	49,917
Services	19,153	-	19,153
Total cost of revenues	72,564	(3,494)	69,070
Gross profit	29,072	27	29,099
Operating loss	(3,994)	27	(3,967)
Loss before taxes on income	(4,751)	27	(4,724)
Net loss	$ (5,225)	$ 27	$ (5,198)

*) Adjustment for total basic and diluted loss per share is lower than $0.01

Condensed Interim Consolidated Statements of Comprehensive Income (Loss):

	Six months ended June 30, 2021		
	As Reported	**Adjustments**	**As Restated**
Net loss	$ (5,225)	$ 27	$ (5,198)
Comprehensive loss	$ (5,402)	$ 27	$ (5,375)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands

NOTE 14:- EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

1. Numerator:

	Six months ended June 30, 2022	Six months ended June 30, 2021 As Restated (1)
Numerator for basic and diluted loss per share -		
Net loss available to holders of ordinary shares	$ (2,028)	$ (5,198)

(1) The Company restated previously issued condensed interim consolidated financial statements. See Note 2 and Note 13 for additional information.

2. Denominator:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Denominator for basic loss per share -		
Weighted average number of shares	56,574	56,270
Add - employee stock options	-	-
Denominator for diluted loss per share - adjusted	56,574	56,270

The total number of potential shares related to the outstanding options excluded from the calculations of diluted loss per share, as they would have been anti-dilutive, were 3,339,769 and 2,844,751 for the six months ended June 30, 2022 and 2021, respectively.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands

NOTE 15:- SUPPLEMENTARY CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS INFORMATION

Other current assets:

	June 30, 2022	December 31, 2021
Governmental authorities	$ 4,522	$ 3,727
Prepaid expenses	8,905	5,857
Deferred charges	5,144	1,600
Advance payments to suppliers	2,074	1,279
Other	1,813	2,144
	$ 22,458	$ 14,607

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

The following discussion and analysis of our financial condition as of June 30, 2022 and results of operations for the six months ended June 30, 2022 and June 30, 2021 should be read together with our condensed interim consolidated financial statements and related notes included elsewhere in this filing and our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission ("SEC") on May 16, 2022 (the "2021 Form 20-F"). 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 this filing and in our Annual Report on Form 20-F and other filings with the U.S. Securities and Exchange Commission.

Restatement of Previously Issued Condensed Interim Consolidated Financial Information

As set forth in our 2021 Form 20-F, In connection with the preparation of our consolidated financial statements for the year ended December 31, 2021, we identified misstatements related to revenues and cost of revenues in the accounting treatment of our construction and operation of fiber and wireless networks in Peru for the years 2015 through 2020. We restated our condensed interim consolidated statements of income (loss) and comprehensive income (loss), condensed interim consolidated statement of changes in shareholders' equity, and the condensed interim consolidated statement of cash flows for the six months ended June 30, 2021.

A summary of adjustments to certain previously reported financial information for comparative purposes is included in Note 13 of our Condensed Interim Consolidated Financial Statements included elsewhere in this filing. For further information regarding the restatement to our condensed interim financial statements for the six months ended June 30, 2021, please refer to Note 2 in the accompanying notes to the audited consolidated financial statements for the year ended December 31, 2021, included in our 2021 form 20-F Part III, Item 18 filed with the U.S. Securities and Exchange Commission ("SEC") on May 16, 2022.

Internal Control Considerations

In the course of preparing our consolidated financial statements for the year ended December 31, 2021, we identified material weaknesses in the design and implementation of our internal controls over the revenues recognition process of our subsidiary in Peru relating to its complex projects, as follows: (i) inappropriate control over the accounting implementation due to inaccurate interpretation of Accounting Standard ASC 606, "Revenues from contracts with customers" which was adopted in 2018; and (ii) inappropriate control over the level of documented evidence when performing management review control over management estimates of costs. We have started working on a remediation plan to address such weaknesses. For a discussion of management's considerations of the Company's disclosures controls and procedures, internal controls over financial reporting, and material weaknesses identified, refer to "Controls and Procedures" in Part II, Item 15 in our 2021 form 20-F.

Introduction

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. With proven expertise, a can-do attitude and a winning global team, we aspire to be the natural partner, bringing real value in the satcom market. We design and manufacture ground-based satellite communications equipment, and provide comprehensive solutions and end-to-end services, powered by our technology. Our portfolio includes a cloud-based satellite network platform, VSATs, amplifiers, high-speed modems, high performance on-the-move 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, In flight connectivity ("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 Build Operate Transfer ("BOT") and Build Own Operate ("BOO") contracts. In addition, we provide managed network services over VSAT networks owned by others.

We have a large installed base and have shipped more than 1.6 million satellite terminals spanning approximately 100 countries since 1989 and currently have hundreds of active networks. We have twenty sales and support offices worldwide, three NOCs which provide Global NOC services and five R&D centers.

Our products are mainly sold to communication service providers, satellite operators, Mobile networks 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.

From 2018 until December 31, 2021, we had three operating segments: Fixed Networks, Mobility Solutions and Terrestrial Infrastructure Projects. Commencing in the first quarter of 2022, in order to reflect our new management’s approach in the management of our operations, organizational alignment, customer base and end markets, we operate in three new operating segments, as follows:

Satellite Networks is focused on the development and supply of networks that are used as the platform that enables the latest satellite constellations of HTS, VHTS and NGSO opportunities worldwide. We provide advanced broadband satellite communication networks and associated professional services and comprehensive turnkey solutions and managed satellite network services solutions. Our customers are 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. Our product portfolio includes a leading satellite network platform with high-speed VSATs, high performance on-the-move antennas, BUCs and transceivers.

Integrated Solutions is focused on the development, manufacturing and supply of 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 includes 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, and NGSO gateway integrators.

Network Infrastructure and Services is focused on telecom operation and implementation of large-scale networks projects in Peru. We provide terrestrial (fiber optic and wireless network) and satellite network construction and operation. We serve our customers through technology integration, managed networks and services, connectivity services, internet access and telephony over our own networks. We implement projects using various technologies (including our equipment), mainly based on BOT and BOO contracts.

COVID-19 Pandemic

The ongoing COVID-19 pandemic continues to have an adverse effect on our industry and the markets in which we operate. The COVID-19 outbreak significantly impacted the travel and aviation markets in which our significant IFC customers operate and has resulted in a significant reduction of our business with some of these customers. We have also experienced postponed and delayed orders in certain other areas of our businesses. Further, the guidance of social distancing, lockdowns, quarantines and the requirements to work from home in various key territories such as Israel, Peru, California, Australia, Bulgaria, China and other countries, in addition to greatly reduced travel globally, has resulted in a substantial curtailment of business activities, which has affected and is likely to continue to affect our ability to conduct fieldwork as well as deliver products and services in the areas where restrictions are implemented by the local government. In addition, certain of our sales and support teams are unable to travel or meet with customers and the pandemic threat has caused operating, manufacturing, supply chain and project development delays and disruptions, labor shortages, travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures). As a result, we experienced a significant reduction in our business in 2020. Despite the recovery in our business in 2021 and in the six months ended June 30, 2022, revenues have not yet reached the 2019 level. In the six months ended June 30, 2022 our revenues were $107 million, compared to $98 million in the comparable period of 2021 and to $86 million in the comparable period of 2020. While we expect that the adverse effects of COVID-19 will be eased by global vaccination and testing and reduced restrictions on travel, it is still likely to continue to adversely impact us by its negative impact on our ability to generate revenues due to reduced end-market demand from IFC customers, governments and enterprises and constraints on our ability to conduct fieldwork leading to order delays and cancellations. Given the current macro-economic environment and the uncertainties regarding the potential impact of COVID-19 and its different variants on our business, there can be no assurance that our estimates and assumptions used in the measurement of various assets and liabilities in the condensed interim consolidated financial statements will prove to be accurate predictions of the future. If our assumptions regarding forecasted cash flows are not achieved, it is possible that an impairment review may be triggered and certain assets in the condensed interim consolidated financial statements may be impaired.

Conflict in Ukraine

Against the backdrop of the military conflict between Russia and the 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 in February 2022 and additional sanctions and restrictions may be imposed in the future. Theses sanctions and restrictions may materially restrict our business in Russia which mainly includes exports to Russia, which amounted to revenues of approximately $2.2 million and $2.6 million in the six months ended June 30, 2022 and 2021, respectively, and $6.3 million in the year ended December 31, 2021, and may delay or prevent us from collecting funds and perform money transfers from Russia. While our business in Russia is limited in scope and not material to our operations, these restrictions may cause a reduction of our sales and impact our financial results. We receive manufacturing services from a global manufacturer’s facility in Ukraine. While the manufacturer assured us that the operations of the plant have not been interrupted by the current military situation and has a recovery plan in place, there is no assurance that negative developments in the area in the future will not disrupt and materially adversely affect our business.

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 enterprise, government and residential customers under large-scale contracts that utilize both our own networks and also 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. Sale of products includes mainly the sale of VSATs, hubs, SSPAs, low-profile antennas and on-the-move / on-the-pause terminals, and construction and installation of large-scale networks based on BOT and BOO contracts. Revenues for the 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 and repair services. We sell our products primarily through our direct sales force and indirectly through resellers or system integrators.

Costs and Operating Expenses

Cost of revenues, for both products and services, 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, 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, bad debts, fees and expenses of our directors, depreciation, and professional service fees, including legal, insurance and audit fees, net of rental income.

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).

Critical Accounting Policies and Estimates

The preparation of the financial information in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, mainly related to trade receivables and contract assets, inventories, deferred charges, long-lived assets, intangibles and goodwill, revenues (including variable consideration, determination of contracts duration, establishing stand-alone selling price for performance obligations) and profits (losses), stock-based compensation relating to options, income taxes, and contingencies. 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.

Please refer to our discussion of critical accounting policies in our 2021 Form 20-F for a discussion about those policies that we believe are the most important to the understanding of our financial condition and results of operations as such policies affect our more significant judgments and estimates used in the preparation of the financial information included in this interim report. Results for the six months ended June 30, 2022 are not necessarily indicative of results that may be expected for the year ending December 31, 2022 or future periods.

In March 2020, the FASB issued Update ASU 2020-04 'Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting' which provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships, and other transactions affected by the reference rate reform. The amendments apply only to contracts and transactions that reference LIBOR or another reference rate expected to be discontinued as part of the reform. This ASU applies only to contracts or transactions entered into or evaluated before December 31, 2022. We continue to monitor what impact the discontinuance of LIBOR or another reference rate will have on our contracts and other transactions.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Revenues. Revenues for the six months ended June 30, 2022 and 2021 for our three operating segments were as follows:

	Six Months Ended June 30,			Six Months Ended June 30,	
	2022	2021 As Restated (1)		2022	2021 As Restated (1)
	U.S. dollars in thousands		Percentage change	Percentage of revenues	
	Unaudited		Unaudited	Unaudited	
Satellite Networks	51,627	59,975	(13.9)%	48.3%	61.1%
Integrated Solutions	29,397	18,836	56.1%	27.5%	19.2%
Network Infrastructure and Services	25,839	19,358	33.5%	24.2%	19.7%
Total	106,863	98,169	8.9%	100.0%	100.0%

(1) We restated our previously issued Condensed Interim Financial Information. For additional information, see Note 2 of our Condensed Interim Consolidated Financial Statements included elsewhere in this filing.

Our total revenues for the six months ended June 30, 2022 and 2021 were $106.9 million and $98.2 million, respectively. The increase in 2022 is attributable to an increase of $10.6 million in Integrated Solutions revenues and $6.5 million in Network Infrastructure and Services revenues, partially offset by a decrease of $8.3 million in Satellite Networks revenues.

The decrease in our Satellite Networks segment's revenues in the six months ended June 30, 2022 compared to the six months ended June 30, 2021 is due to a high volume of projects that ended in the first six months of 2021, as well as due to the conflict in Ukraine and the impact of COVID-19 on the global supply chain.

The increase in our Integrated Solutions segment revenues is mainly due to the increase of business volume for NGSO and improved In-Flight Connectivity markets in the six months ended June 30, 2022, as well as the impact of COVID-19 on the IFC market in the six months ended June 30, 2021.

The increase in Network Infrastructure and Services revenues is mainly attributable to service agreements related to Programa Nacional de Telecomunicaciones, or PRONATEL, projects, in the six months ended June 30, 2022, not yet initiated in the six months ended June 30, 2021.

Gross profit (loss). Gross profit (loss) and gross margin for the six months ended June 30, 2022 and 2021 for our three operating segments were as follows:

	Six Months Ended June 30,		Six Months Ended June 30,	
	2022	2021 As Restated (1)	2022	2021 As Restated (1)
	U.S. dollars in thousands		Percentage of revenues	
	Unaudited		Unaudited	
Satellite Networks	21,735	26,907	42.1%	44.9%
Integrated Solutions	8,393	3,761	28.6%	20.0%
Network Infrastructure and Services	6,029	(1,569)	23.3%	(8.1)%
Total	36,157	29,099	33.8%	29.6%

(1) We restated our previously issued Condensed Interim Financial Information. For additional information, see Note 2 of our Condensed Interim Consolidated Financial Statements included elsewhere in this filing.

Our gross profit is affected period-to-period by revenues 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 a portion of our revenues from a Peruvian governmental authority, PRONATEL, mainly with respect to six regions in Peru, or the PRONATEL Regional Projects, and in other projects in Peru, 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. As such, we are subject to significant period-to-period fluctuations in our gross profit.

Our gross profit margin increased to 33.8% in the six months ended June 30, 2022 from 29.6% in the comparable period of 2021 due to increased gross profit margins in our Integrated Solutions and Network Infrastructure and Services segments, offset by a decrease in gross profit margins in the Satellite Networks segment.

The decrease in the Satellite Networks segment gross profit margin is mainly attributable to lower revenues volume and a less favorable revenues mix.

The increase in the gross profit margin of the Integrated Solutions segment is mainly attributable to higher revenues volume and a more favorable revenues mix.

In the Network Infrastructure and Services segment, the increased gross profit margin is mainly attributable to service agreements related to PRONATEL projects in the six months ended June 30, 2022, not yet initiated in the six months ended June 30, 2021.

Operating expenses:

	Six Months Ended June 30,		
	2022	2021	
	U.S. dollars in thousands		Percentage change
	Unaudited		Unaudited
Operating expenses:			
Research and development, net	16,386	15,660	4.6%
Selling and marketing	10,310	10,468	(1.5)%
General and administrative	8,555	6,938	23.3%
Impairment of held for sale asset	439	-	-
Total operating expenses	35,690	33,066	7.9%

Our research and development expenses, net, are incurred by our Satellite Networks and Integrated Solutions segments. Research and development expenses, net, increased by approximately $0.7 million in the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase is mainly attributable to higher employee related expenses, lower research and development grants, and higher services from third partied and other expenses.

Selling and marketing expenses decreased by approximately $0.2 million in the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

General and administrative expenses increased by approximately $1.6 million in the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase is mainly attributable to stock-based compensation and employee related expenses.

Financial expenses, net. Financial expenses, net, were approximately $1.7 million in the six months ended June 30, 2022 and $0.8 million in the six months ended June 30, 2021.The increase is primarily due to revaluation of monetary assets, net from liabilities, linked to the NIS.

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 allowances attributable to changes in our profit estimates in different regions. In the six months ended June 30, 2022, we had tax expenses of approximately $0.8 million compared to tax expenses of approximately $0.5 million in the six months ended June 30, 2021.

Net loss. Net loss was approximately $2.0 million in the six months ended June 30, 2022 and $5.2 million in the six months ended June 30, 2021. The decrease is primarily attributed to higher gross margin partially offset by an increase in operating expenses and financial expenses, net in the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

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, sales prices, and production costs, as well as our 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*. space segment, 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.

Impact of Inflation and Currency Fluctuations

While most of our sales and service contracts are 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 operation 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 the six months ended June 30, 2022, the rate of inflation in Israel was3.2 % and the U.S. dollar appreciated in relation to the NIS at a rate of 12.5%, from NIS 3.11 per $1 on December 31, 2021 to NIS 3.5 per $1 on June 30, 2022. Such appreciation of the U.S. dollar in relation to the NIS mainly eases operating expenses incurred in NIS while it generates financial expenses due to revaluation of certain monetary assets, net from liabilities, linked to the NIS.

If future inflation in Israel exceeds the devaluation of the NIS against the U.S. dollar or if the timing of such devaluation lags behind increases in inflation in Israel, our results of operations may be materially adversely affected. In 2022 and 2021, in order to limit these risks, we have 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. We recognized loss related to derivative instruments, within payroll expenses in the condensed interim consolidated statements of income (loss) of $626 and $48 for the six months ended June 30, 2022 and 2021, respectively. The fair value of derivative instruments in the condensed interim consolidated balance sheets amounted to ($1,747) and $24 as of June 30, 2022 and 2021, respectively.

Our monetary balances that are not linked to the U.S. dollar impacted our financial expenses during the six months ended June 30, 2022 and June 30, 2021. This was due to heavy fluctuation in local currency rates in certain regions in which we do business, mainly in Israel, Latin America, Australia and Europe. A devaluation of the local currency rates in relation to the U.S. dollar also has the effect of decreasing the U.S. dollar value of any of our assets that consist of local currency or accounts receivable denominated in local currency, unless such assets or accounts receivable are linked to the U.S. dollar. Such a devaluation also has the effect of reducing the U.S. dollar amount of any of our liabilities that are payable in local currency, unless such payables are linked to the U.S. dollar. On the other hand, any increase in the value of the local currency in relation to the U.S. dollar will have the effect of increasing the U.S. dollar value of any unlinked local currency assets as well as the U.S. dollar amount of any unlinked local currency liabilities and expenses. There can be no assurance that our results of operations will not be materially adversely affected by other currency fluctuations in the future.

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 subordinate 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 June 30, 2022, we had cash and cash equivalents of $70.1 million and short-term and long-term restricted cash of $1.3 million. As of December 31, 2021, we had cash and cash equivalents of $81.9 million, short-term and long-term restricted cash of $2.6 million and a short-term deposit of $2.2 million. As of June 30, 2022, we do not have any outstanding financial debt. We believe that our working capital is sufficient for our requirements over the next 12 months.

In connection with the PRONATEL Regional Projects, we were required to post certain advance payment guarantees and performance guarantees with PRONATEL. These requirements were principally satisfied through issuance of bank guarantees by the First International Bank of Israel, or FIBI, and by The Hong Kong and Shanghai Banking Corporation, or HSBC (also through a Peruvian bank). Under the arrangements with FIBI, we are required to observe certain conditions, and under the arrangements with HSBC we are required to satisfy certain conditions and financial covenants. As of June 30, 2022, we are in compliance with these conditions and covenants. The aggregate amount of the bank guarantees outstanding to secure our various performance obligations, issued on our behalf by HSBC, FIBI and Scotia Bank del Peru as of June 30, 2022, was approximately $91 million, including an aggregate of approximately $87.9 million on behalf of our subsidiaries in Peru. We have provided HSBC and FIBI with various pledges as collateral. 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. The agreements also stipulate a floating charge on our assets to secure 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:

	Six months ended June 30,	
	2022	2021
	U.S. dollars in thousands	
	Unaudited	
Net cash provided by (used in) operating activities	(10,681)	8,742
Net cash used in investing activities	(2,356)	(5,731)
Net cash used in financing activities	-	(39,003)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	32	(161)
Net decrease in cash, cash equivalents and restricted cash	(13,005)	(36,153)
Cash, cash equivalents and restricted cash at beginning of the period	84,463	115,958
Cash, cash equivalents and restricted cash at end of the period...	71,458	79,805

Our cash, cash equivalents and restricted cash decreased by approximately $13 million during the six months ended June 30, 2022 as a result of the following:

Operating activities. Cash used in our operating activities was approximately $10.7 million in the six months ended June 30, 2022 compared to cash provided by operating activities of approximately $8.7 million in the six months ended June 30, 2021. The cash used during the 2022 period was mainly related to changes in working capital, while the cash provided by our operating activities during the 2021 period was primarily attributable to improved collections from PRONATEL as a result of completion of the fourth awarded PRONATEL Regional Project.

Investing activities. Cash used in investing activities was approximately $2.4 million in the six months ended June 30, 2022 compared to approximately $5.7 million in the six months ended June 30, 2021. The cash used in our investing activities during the 2022 period was for the purchase of property and equipment partially offset by a repayment of a short-term deposit. During the 2021 period the funds used in investing activities were for the purchase of property and equipment and investing in a short-term deposit.

Financing activities. Cash used in financing activities was $0 million in the six months ended June 30, 2022 compared to approximately $39 million of cash used in financing activities in the six months ended June 30, 2021. The cash used in financing activities during the 2021 period was primarily related to a dividend payment to shareholders and the repayment of a long term loan.