



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, 2025

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:

**73,831,318 Ordinary Shares, NIS 0.20 nominal value per share
(as of December 31, 2025)**

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 filer, 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. 333-289911) 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, 333-278082, 333-286156, and 333-290006).

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. We develop and market ground-based satellite communications equipment.

Following our acquisitions of Stellar Blu Solutions LLC, or SBS, in January 2025 and DataPath Inc., or 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, digital inclusion solutions, IFC, maritime, land mobility, defense, and public safety, all while meeting the most stringent service level requirements. We have a large installed base and currently operate hundreds of active networks. We have proven experience in delivering complex projects and services worldwide, in addition to providing managed networks and services through satellite and terrestrial networks. Moreover, we offer complete turnkey integrated solutions.

On June 17, 2024, we, through our Wavestream Corporation subsidiary, 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., and that was fully repaid on December 30, 2025. Pursuant to the purchase agreement, the total cash consideration in connection with the acquisition could have originally increased by up to an additional \$147 million payable in cash, subject to achievement of future performance milestones. Following the determination that the first and second performance milestones were not achieved, the remaining contingent consideration was adjusted in accordance with the purchase agreement. As a result, the total cash consideration in connection with the acquisition may increase by up to an additional \$99 million, payable in cash, subject to the achievement of future performance milestones.

We have sales and support offices worldwide, two 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, digital inclusion solutions, government and residential users, 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.

Commencing January 1, 2025, as we increased 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. Our Gilat Defense Division provides secure, rapid-deployment solutions for military organizations, government agencies, defense integrators, and other strategic governmental customers, with a strong focus on the U.S. Department of Defense resulting from our strategic acquisition of DataPath. By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the Gilat Defense Division delivers resilient battlefield and mission-critical connectivity with multiple layers of communication redundancy for high availability.

Gilat Commercial Division. Our Gilat Commercial Division provides advanced broadband satellite communication networks for 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 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. Our 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 and on the Tel Aviv Stock Exchange, or the TASE, under the symbol “GILT”. 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.

“Gilat®” “SkyEdge®”, “Wavestream®”, “Raysat®”, “DataPath ®”, “Stellar Blu®” 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 occur, 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 2025 revenue was attributable to a small number of customers.

We depend on a limited number of customers for a significant portion of our revenue, and the loss of any such customer, or a reduction in purchases, could materially adversely affect our business, financial condition, and results of operations. This customer concentration risk increased in 2025 following the acquisition of our major U.S. satellite telecommunications customer by our major European satellite telecommunications customer. In 2025, a significant portion of our revenue was attributable to the major European customer, the major U.S. customer, and the Peruvian customer, PRONATEL. Sales to PRONATEL, to the European customer, and to the U.S. customer accounted for approximately 14%, 24%, and 20% of our revenue for the year ended December 31, 2025, respectively, with sales to the U.S. customer attributable to the period prior to the acquisition. Collectively, the European and the U.S. customers accounted for approximately 44% of our revenue in 2025.

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 on our large-scale projects in a timely and cost-effective manner, or a delay in collecting payments due to us in connection with any such projects, 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 the recent 2025 upgrade project of Regional Broadband Infrastructure, as well as contracts with a major U.S. satellite telecommunication company, and with a large U.S. system integrator and a government-owned Telco. As a result of the acquisition of SBS, we have increased the number of large-scale projects with an existing major U.S. satellite telecommunication customer, which recently completed its merger with a major European telecommunications customer. While we have successfully implemented large-scale network infrastructure projects and operations, PRONATEL Regional Projects, as well as other projects, are complex and require third-party cooperation. 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, is 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 deliver on time in accordance with our commitments, we could incur significant penalties, which would have a material adverse effect on our business and financial results.

Our SBS subsidiary may face difficulties as it continues to scale up its production and delivery capabilities.

Our SBS subsidiary depends on its ability to meet high-volume and delivery requirements for its Sidewinder IFC terminal to achieve its revenue goals. This requires SBS to ramp up production and allocate sufficient resources and management time to reach manufacturing and delivery levels, while maintaining quality goals and budget constraints. Failure to ramp up production to meet existing and growing demand may result in penalties, reputational damage, limitations on our ability to enter new contracts, and even the termination of existing contracts. If we fail to effectively and economically 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.

Advances in Artificial Intelligence, or AI, and related technologies could disrupt our markets, intensify competition, and adversely affect demand for our products and services.

The communications and satellite communications markets are likely to experience rapid technological change, including increased adoption of AI and automation across network planning, optimization, operations, and customer-support functions. AI-enabled tools may reduce technical expertise, development time, and capital required to design, integrate, and operate network solutions. As a result, new entrants, potentially including software-focused companies, non-traditional communications providers, and well-capitalized technology firms, may be able to enter certain segments of our markets more quickly and compete more effectively against established providers.

AI may also enable our existing competitors, customers, and end-users to narrow technological gaps, accelerate product development cycles, and deploy "home-grown" solutions that reduce or eliminate their reliance on third-party vendors such as us. For example, satellite operators, service providers, system integrators, and enterprises or governmental customers may increasingly seek to develop or internalize functions currently performed by our products and services (including network management, performance optimization, automation, and certain operational or support activities), or may leverage AI to integrate alternative solutions more efficiently. If we are unable to anticipate these shifts, maintain the competitiveness of our offerings, or demonstrate differentiated value in this evolving environment, our revenues, margins, and market position could be materially adversely affected.

In addition, increased use of AI across our operations and product development may introduce new operational, legal, and reputational risks. AI-related incidents could include use of third-party models or data in ways that raise intellectual property or contractual issues; errors or unintended outcomes in AI-assisted design, testing, or operational processes; and increased cybersecurity threats from AI-enabled attack techniques. Any of these developments could increase our costs, require changes to our business practices, impair our ability to serve customers, or expose us to claims, regulatory scrutiny, or reputational harm.

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 2025, but incurred major losses in a number of years prior to 2023. As of December 31, 2025, we have an accumulated deficit of \$614.7 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 our company's viability will be in question.

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

Our cash, cash equivalents, short-term deposits, and restricted cash as of December 31, 2025, were \$185.4 million compared to \$120.2 million as of December 31, 2024. Our positive cash flow (including restricted cash) from operating activities was approximately \$20.7 million, \$31.7 million, and \$31.9 million in the years ended December 31, 2025, 2024 and 2023, respectively. If we do not generate sufficient cash from operations, 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.

Our available cash balance increased substantially in late 2025, primarily due to the successful completion of two private placements totalling approximately \$66 million in September and \$100 million in December 2025. A portion of the proceeds from these private placements was used to fully repay the loan that had been taken to partly fund the acquisition of SBS.

SBS is expected to continue and require significant working capital, which may reduce our available cash balance and adversely affect our cash flow and operating results.

The delivery of our large-scale projects requires us to invest significant funds to obtain bank guarantees and surety bonds, and may also require us to incur significant expenses before we receive full payment from our customers. 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 NGSO satellite constellation networks, particularly SpaceX's Starlink and Amazon Leo (previously Amazon's Project Kuiper), may significantly reduce the market size for geostationary satellite, or 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 9 million active customers at the end of 2025. 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 Leo plans to deploy more than 3,000 satellites in Low Earth Orbit, or LEO, with commercial service expected to commence following the deployment of the initial tranche of its satellite constellation, potentially beginning in the coming years. The anticipated rollout and expansion of Amazon Leo could further intensify the competitive landscape, challenging our customers' ability to retain their market share and attract new users.

Growth in terrestrial capacity, especially fiber-optic and point-to-point microwave networks, may cause fixed network customers to shift from satellite services or limit our ability to attract new customers. Because terrestrial transmission is generally less expensive, its continued expansion may reduce demand for certain fixed satellite-based services. Optic and point-to-point microwave networks, may cause fixed-network customers to shift from satellite services or limit our ability to attract new customers. Because terrestrial transmission is generally less expensive, its continued expansion may reduce demand for certain fixed satellite-based services.

If commercial satellite communications markets do not expand, or if we fail to grow our NGSO presence, our business could be materially harmed. Expansion of NGSO markets may also reduce demand for GEO satellite capacity. As most of our revenues depend on satellite-based networks, equipment, and related services, any significant market decline or replacement of VSAT and other satellite technologies by alternatives could materially harm our business and 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 the 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 is 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. An additional \$17 million and \$88 million for the expansions of the Regional Projects were awarded in 2023 and 2025, respectively. The remaining revenues from these projects are expected to be generated over an additional period of 4 to 9 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 and November 2023, we acquired SBS and DataPath, respectively, and we may pursue additional acquisitions. These transactions may be difficult to integrate, could disrupt our business, and may dilute shareholder value. These acquisitions expanded our capabilities, but we may be unable to identify future targets on acceptable terms or obtain required regulatory approvals. We may also be unable to consummate future transactions, integrate the acquired businesses, or realize expected benefits such as sales growth, cost synergies, or margin improvements. Acquisition financing may be restricted by our debt agreements or market conditions. Even if integrated, acquired businesses may not achieve anticipated revenue, profitability, or productivity levels, which could adversely affect our business, financial condition, and results of operations.

Acquisitions and mergers involve numerous risks, including:

- shareholder dilution from equity consideration;
- significant costs, reduced cash balances, or additional debt and liabilities;
- integration challenges involving operations, personnel, technologies, and systems;
- management distraction and potential contractual disputes;
- additional regulatory compliance;
- entry into markets where we have limited experience;
- loss of key employees or customers;
- cultural incompatibility;
- difficulty integrating acquired technologies;
- unanticipated integration expenses; and
- challenges implementing uniform standards, controls, and policies.

Any of these risks could materially and adversely impact our results of operations, cash flows, or financial position.

Failure to protect our networks, systems, products, and data against cybersecurity incidents, system failures, natural disasters, or malicious attacks could materially adversely affect our operations, reputation, and financial condition.

We rely heavily on our information technology systems, networks, satellite communications platforms, and third-party services to operate our business, develop and deliver products, and support customers, including telecommunications operators, enterprises, and government and defense agencies. These systems, and the systems of our customers, partners and vendors, are subject to an increasing range of cybersecurity threats and operational risks, including cyberattacks, unauthorized access, malware, ransomware, computer viruses, supply chain compromises, social engineering attacks, power or telecom failures, and disruptions caused by natural or manmade disasters, geopolitical events, or acts of terrorism or war. The frequency, sophistication, and severity of cyber threats, including those leveraging artificial intelligence and those attributable to state-sponsored actors, continue to increase across the communications and defense industries.

We have experienced, and expect to continue to experience, attempts to breach the security of our networks, products, and IT infrastructure, including through phishing, malware, credential harvesting, exploitation of software vulnerabilities, and other evolving techniques that may not be recognized or detectable until after they occur. Although prior incidents have not had a material adverse effect on our business, we cannot assure that future incidents will not be material, particularly as threat actors increasingly target satellite communications infrastructure, cloud environments, and government-related systems.

A significant cybersecurity incident, system disruption, or security vulnerability, whether affecting our equipment, our cloud providers, or other third-party vendors, could impair our ability to manufacture components, operate facilities, deliver services, or support customers. Such an event could also lead to the loss, theft, misuse, or unauthorized disclosure of proprietary, personal, confidential, or classified information. Incidents affecting government related products or networks may expose us to additional scrutiny, contractual penalties, loss of security clearances, or disqualification from future procurements.

We maintain cybersecurity controls and obtain cyber insurance; however, these measures may be insufficient to prevent or mitigate all incidents, may not cover all types of losses, including regulatory penalties, and may not be available on commercially reasonable terms in the future. Our insurance coverage may also be inadequate to compensate for all damages or operational disruptions.

We are subject to extensive and evolving global data protection, cybersecurity and privacy laws, including the EU General Data Protection Regulation, or GDPR, U.S. federal and state privacy and security laws (including the California Consumer Privacy Act and California Privacy Rights Act and other state level comprehensive privacy statutes), Brazil's LGPD, Israel's Privacy Protection Regulations, and India's Digital Personal Data Protection Act, among others. These laws impose stringent obligations, including requirements relating to data security controls, breach notification, individual rights, and cross-border data transfers, and provide for significant fines, penalties, or other sanctions for non-compliance. As additional jurisdictions adopt or expand privacy and cybersecurity regimes, our compliance obligations, operational complexity, and costs are likely to increase. Non-compliance with applicable laws could result in investigations, litigation, regulatory penalties, restrictions on data processing, loss of customer trust, or reputational damage. Under recently adopted SEC rules, we are required to disclose in our annual report our board's oversight of cybersecurity risks, management's role and processes for assessing and managing such risks, and material cybersecurity incidents. Failure to maintain effective governance, controls, and processes to meet these obligations could increase the likelihood and impact of a cybersecurity event or result in regulatory scrutiny. These laws impose stringent obligations, including requirements relating to data security controls, breach notification, individual rights, and

Any of the events described above could materially adversely affect our business operations, cash flows, reputation, and financial condition.

DataPath's continued participation in classified U.S. governmental projects requires us to adhere to strict Foreign Ownership, Control, or Influence, or FOCI, mitigation requirements, including compliance with a Proxy Agreement.

In November 2023, we completed the acquisition of DataPath, a U.S.-based expert systems integrator supporting trusted communications for the U.S. Department of Defense and other U.S. governmental customers. Because DataPath is a U.S. contractor performing on classified programs while under foreign ownership, its operations are subject to the U.S. Government's FOCI mitigation framework administered by the Defense Counterintelligence and Security Agency, or DCSA.

In June 2025, DataPath transitioned from operating under a Special Security Agreement, or SSA to a Proxy Agreement, a more stringent form of FOCI mitigation required for companies with higher levels of foreign ownership or control. Under this structure, governance and operational oversight of DataPath's classified business must be exercised exclusively by U.S. proxy holders who are independent of Gilat and who meet the Defense Counterintelligence and Security Agency, or DCSA, eligibility and clearance requirements. The Proxy Agreement imposes enhanced restrictions on our ability, as the foreign parent, to access certain classes of information, influence classified-related decision-making, or participate in aspects of DataPath's management relating to classified contracts. Failure to comply with the Proxy Agreement, or any determination by DCSA that DataPath is inadequately mitigated or is in violation of its FOCI obligations, could result in suspension or revocation of DataPath's Facility Security Clearance. Such an outcome would prevent DataPath from performing on classified programs, could lead to contract termination or ineligibility for future awards, and would materially and adversely affect our business, financial condition, and results of operations.

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 certain satellite communication products, technical data, and services is subject to U.S. export control and sanctions laws, including the International Traffic in Arms Regulations, or ITAR, the Export Administration Regulations, or EAR, and regulations administered by the U.S. Department of the Treasury. These laws may restrict access by our non-U.S. employees, including employees in Israel, to controlled technical information of our U.S. subsidiaries, including DataPath and Wavestream, unless appropriate licenses or authorizations are obtained. Some of our subcontractors and vendors are also subject to these laws and are required to flow down applicable restrictions to us. Failure to obtain or maintain required authorizations could prevent us from transferring technical information or equipment to non-U.S. persons, including our own personnel, and could result in fines, penalties, injunctions, or other enforcement actions.

DataPath participates in classified U.S. government programs and is therefore subject to U.S. national security and foreign-ownership, control, or influence, or FOCI mitigation requirements. In June 2026, DataPath transitioned from operating under a Special Security Agreement to a Proxy Agreement, a more restrictive mitigation regime. Under the Proxy Agreement, governance and operational oversight of DataPath's classified business must be exercised by independent U.S. proxy holders, significantly limiting our ability, as the foreign parent, to influence certain aspects of DataPath's operations. Any failure to comply with the Proxy Agreement or other DCSA requirements could result in suspension or loss of DataPath's facility security clearance, which would prevent it from performing on classified contracts and could materially adversely affect our business, financial condition, and results of operations.

In addition, U.S., EU, and UK sanctions and export controls, including those in response to the Russia-Ukraine conflict, continue to evolve. These measures restrict exports, technology transfers, and dealings with certain Russian and Chinese entities. Our decision to withdraw from our operations in Russia, completed in 2024, continued to affect our financial results in 2025 and may have ongoing implications depending on future sanctions developments. Broader trade policy changes, including tariffs, retaliatory measures, and restrictions arising from U.S. and foreign government actions, could also reduce demand, increase costs, or disrupt our supply chain.

We are also subject to Israeli export control laws administered by the Ministry of Defense and the Ministry of Economy. Certain of our products, including those with encryption or potential dual-use characteristics, require export licenses. Changes in the classification of existing products or determinations that new products require licensing may impose additional burdens and constraints on our sales processes. Failure to obtain or maintain required Israeli export licenses could prevent us from exporting equipment or technical information and could adversely impact our ability to meet customer commitments.

Certain investments involving the acquisition of a U.S. business or assets with a nexus to U.S. interstate commerce may be subject to review and approval from the Committee on Foreign Investment in the United States, or CFIUS, an inter-agency committee authorized to review certain transactions involving a "U.S. business" and a "foreign person," including certain real estate transactions. Significant CFIUS reform legislation and regulations, which became effective in February and October of 2020, among other things, expanded CFIUS' jurisdiction to cover more types of transactions, empowered CFIUS to scrutinize more closely investments in U.S. assets, including non-controlling, "non-passive investments" and made certain CFIUS filings legally mandatory. Failure to notify CFIUS of a transaction where such notification was required or otherwise warranted based on the national security considerations exposes the transaction parties to significant financial penalties as well as potential legal restrictions on future investments, costs, and/or other adverse reputational and financial effects, thus potentially diminishing the value of such investments. CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions or mitigation on, transactions post-closing. On February 21, 2025, the Trump Administration released the America First Investment Policy National Security Presidential Memorandum, or NSPM, introducing potential changes to the CFIUS regulations, which could significantly impact foreign investment activities. The NSPM directs the creation of an expedited "fast-track" process to ease investment reviews for allies, while focusing resources to make it harder for foreign adversaries, defined as China (including Hong Kong and Macau), Cuba, Iran, North Korea, Russia and Venezuela, to gain access to sensitive technologies. Noncompliance with U.S. or Israeli export control, sanctions, or national security laws, whether by us or by our suppliers, or by us, could result in material penalties, increased compliance costs, loss of access to certain markets, and restrictions on our ability to conduct business, any of which could materially adversely affect our business, financial condition and results of operations.

Our actual results could materially differ from our estimates.

In order to prepare our financial statements in conformity with Generally Accepted Accounting Principles in the United States, or 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.

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, 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.

In recent years, many changes have been made to applicable tax laws, such as those caused by the recent enactment of the One Big Beautiful Bill Act in the U.S., or OBBA, and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

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.

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 SSPAs, 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 SpaceX's Starlink, Intellian Ltd., or Intellian, Get Sat Communication Ltd. or GetSat, HNS, Farcast Corp, or Farcast, Qest Quantum Electronic Systems GmbH, or QEST, Viasat and others. 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 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 time between the initial contact with a potential customer or sponsor and the execution of a contract 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 across all the regions in which we do business. In addition, we have seen projects delayed or even cancelled, 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 remain competitive in the network communications market or adapt to new technologies, our business could be adversely affected.

We operate in a rapidly evolving market driven by advances in cloud-based technologies, 5G Non-Terrestrial Networks, or 5G NTN, and next-generation satellite architectures. Our competitiveness depends on our ability to anticipate technological changes, develop and enhance our products, and meet evolving customer requirements in satellite ground equipment, low-profile antennas, and high-power transceivers.

The HTS, VHTS and emerging NGSO markets require close alignment between ground equipment and specific satellite technologies. As these markets mature, successful vendors are increasingly those with strong partnerships with satellite operators. If we are unable to secure such partnerships or reduce our VSAT costs sufficiently, our competitive position could decline.

In addition, the growth of LEO and Medium Earth Orbit, or MEO, satellite constellation networks may challenge existing GEO-based solutions and require significant adaptation of our technologies. If we fail to respond in a timely and cost-effective manner to new technologies or if our products are not accepted by the market, our business, financial condition, and operating results could be materially adversely affected.

We are dependent on a limited number of suppliers for key components incorporated into our products and may be significantly harmed if we are unable to obtain such components on favorable terms or in a timely manner. 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.

Many of the components used in our VSAT units, hub systems, Electronically Steered Array/Phased Array Antenna, or ESA, terminals and other products are sourced from a limited number of suppliers, and in some cases from a single supplier. This concentration exposes us to risks relating to availability, quality, pricing, and lead times. Some suppliers have discontinued specific component lines in the past, and others may do so in the future. Substituting a manufacturer or redesigning affected products could require significant time and expense.

Global supply chain pressures, including increased component and labor costs, extended lead times, and higher logistics costs, continue to affect our operations. In addition, geopolitical instability, including the risk of a renewed armed conflict between Israel and Iran, may materially disrupt transportation routes, manufacturing capacity, and the operations of certain suppliers or contract manufacturers located in Israel or reliant on Israeli infrastructure. Although our manufacturers currently report no material disruption to their operations, future developments may impair our ability to obtain critical components on acceptable terms or in required volumes.

Our reliance on a small number of key suppliers also creates capacity-allocation risk. During periods of high global demand or supply scarcity, these suppliers may prioritize other customers, including larger industry participants, thereby limiting our access to components needed for our products. If we are unable to secure sufficient quantities of components at competitive prices or meet customer delivery schedules, our production could be reduced or delayed, our costs could increase, and our revenues and operating results could be materially adversely affected.

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 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 senior or mid-level management and qualified personnel, and the failure to attract highly qualified personnel in the future, may negatively impact 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 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.

We may be subject to third-party claims alleging infringement of their intellectual property rights, and any such claims could adversely affect our business, financial condition, or results of operations.

There are numerous patents, both pending and issued, in the network communications industry, and the technical standards relevant to our products are continually evolving. As a result, third parties may assert that our technologies or products infringe their intellectual property rights. From time to time, we receive allegations of this nature. For example, in 2025, our subsidiary Wavestream received a letter alleging patent infringement, which Wavestream strongly rejected and continues to believe is without merit. Receiving such claims, even when unfounded, may require management attention and resources.

We may face infringement claims in connection with our use of artificial intelligence and machine learning within our product development, testing, and deployment, or other business functions. Such claims may arise in the context of both third-party litigation and regulatory exposure from use of third-party content contained in generation results from large-language models or other algorithmic results or outcomes that are utilized in our products or services without required attribution or permission. Such claims, if successful, may combine to (a) make it more costly for us to apply artificial intelligence and machine learning within our business, (b) lead to regulatory fines or penalties, (c) result in payments of monetary damages, or (d) require us to alter our product offerings or business practices.

We may also need to litigate to protect our intellectual property, determine the validity or scope of others' rights, or defend against claims of invalidity or infringement. An adverse outcome could require us to pay substantial damages, cease using certain technologies, obtain licenses on unfavorable terms, or develop alternative technology, any of which could require significant time and financial resources. Such litigation could be costly, divert management attention, and materially affect our business, financial condition, and operating results.

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.

Our international operations expose us to regulatory, economic, and operational risks that could adversely affect our business.

We conduct sales, manufacturing, and service activities worldwide, including in the U.S., Latin America, Asia, and Europe. As we continue to expand internationally, our business is subject to numerous risks inherent to global operations, including changes in foreign regulations and tariffs, tax exposures, inflationary pressures, political and economic instability, currency fluctuations, longer payment cycles, and difficulties in managing and staffing foreign operations. We are also subject to anti-corruption laws, such as the Foreign Corrupt Practices Act, or FCPA, and similar laws in other jurisdictions, and violations by employees or third parties could materially impact our reputation and financial results.

Foreign zoning restrictions and increased regulation of satellite antenna installations may also limit market access.

In addition, disruptions at key facilities, such as our R&D and manufacturing sites in Bulgaria, Moldova, Poland, Spain, California, and Texas, whether due to natural disasters, lockdowns, or other events, could materially affect our operations and financial condition.

Any of these factors could disrupt our operations, reduce demand for our products, or increase our costs, adversely affecting our business, financial condition, and results of operations.

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

Our results of operations may be adversely affected by global or regional economic, political, security, and health conditions. These include changes in inflation and interest rates, instability in financial markets, supply-chain disruptions, civil unrest, and outbreaks of disease, such as the COVID-19 pandemic, which caused travel restrictions, facility shutdowns, supply-chain delays, and reduced commercial activity in many of the countries in which we operate. Such events may again negatively impact our operations, our suppliers, or our customers.

Armed conflicts and geopolitical instability continue to create significant uncertainty. The war and hostilities involving Israel, Hamas, Hezbollah, Iran, and the Houthis in Yemen persisted through 2025 with fluctuating intensity and continued risks of escalation. These developments have affected transportation routes, increased shipping and logistics costs, and raised the risk of workforce disruptions. Although our operations in Israel have remained functional, further deterioration in regional security conditions may adversely affect our operations, suppliers, or customers.

The Russia-Ukraine conflict also continues to impact global markets. Sanctions and export control measures imposed by the United States, the European Union, the United Kingdom, and other jurisdictions, as well as countermeasures taken by Russia, have contributed to supply-chain volatility, increased component prices, and heightened uncertainty in global financial markets.

We are also affected by inflationary pressures in wages, benefits, materials, and other inputs. Wage increases in certain emerging markets may exceed those in developed markets, increasing our cost base. If we are unable to pass increased costs on to our customers, our margins and profitability may decline.

Any of these global or regional developments could disrupt our commercial activities or those of our suppliers, contract manufacturers, or customers, reduce demand for our products, increase our operating costs, or otherwise adversely affect our business, financial condition, and results of operations.

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 on social media or the press, or a data breach. Actions of activist shareholders could impact the pursuit of our business strategies and adversely affect our results of operations, financial condition, and/or share price. Furthermore, stakeholders are increasingly scrutinizing companies' Environmental, Social, and Governance, or 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 stakeholders expect, 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 from regulatory authorities, including the Israeli Ministry of Communication, the U.S. Federal Communications Commission, or FCC, and equivalent authorities in other jurisdictions. In Israel, the United States, and various other countries, the operation of satellite earth stations and VSAT systems is prohibited without such licenses.

Our airborne products require certifications and approvals from aviation regulators such as the U.S. Federal Aviation Administration, or FAA, the Luftfahrt-Bundesamt, or LBA, the European Union Aviation Safety Agency, or EASA, or other regional aviation authorities. These certifications are obtained by our customers or by our subsidiaries Wavestream or SBS, depending on the specific product.

We must also obtain regulatory approvals in each country in which we intend to provide network services or operate VSATs or connectivity terminals. In several regions, including in parts of Latin America, the approval process can be lengthy and resource intensive. Any licenses or approvals we obtain may be subject to operational conditions or limitations that restrict our activities. Regulatory authorities may also impose new requirements after licenses are granted. Failure to obtain required licenses, to renew them, or to comply with evolving regulatory obligations could result in significant monetary penalties or restrictions on our business activities. In addition, many of our products require certification of compliance with local technical and safety standards. Delays in obtaining such certifications could postpone product deployment or limit our ability to supply certain markets.

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.

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 the 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 and related Securities and Exchange Commission, or SEC and Public Company Accounting Oversight Board, or PCAOB rules require us to maintain, evaluate, and report on the effectiveness of our Internal Control Over Financial Reporting, or ICFR. Our management is required to assess the effectiveness of our ICFR, and our independent registered public accounting firm is required to attest to management's assessment. Compliance with these requirements involves significant costs and places demands on management's time and resources.

Although management concluded that our ICFR was effective as of December 31, 2025, we may identify material weaknesses or significant deficiencies in the future. Any failure to maintain effective ICFR could result in regulatory inquiries or sanctions, could adversely affect our ability to report accurate financial results on a timely basis, and could reduce investor confidence in our financial reporting, which may adversely affect 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, 2025, to March 10, 2026, our ordinary shares traded in a range from \$5.47 to a high of \$19.97, based on the closing price, and the daily trade volume on NASDAQ ranged from 116,245 shares to 3.8 million 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 2023, 2024 or 2025 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 August 2025, we filed a shelf registration statement with the SEC, allowing for the issuance and sale of up to \$150 million of ordinary shares and other securities. In addition, in September and December 2025, we issued an aggregate of approximately 15.9 million ordinary shares in Regulation S offerings to Israeli institutional investors, which increased the number of shares available for resale. We cannot predict what effect, if any, future sales of our ordinary shares by us or by our significant shareholders, or the availability of additional shares for sale (including shares issuable upon the exercise of outstanding options), will have on the market price of our ordinary shares.

Sales of substantial amounts of our ordinary shares, or the perception that such sales may occur, could adversely affect the market price of our ordinary shares and could make it more difficult for investors to sell their shares at a time or price they deem appropriate.

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

The Phoenix Financial Ltd., or Phoenix, our largest shareholder, holds approximately 11.38% of our outstanding ordinary shares, Migdal Insurance and Financial Holdings Ltd. holds approximately 10.66% of our outstanding ordinary shares, Yelin Lapidot Holdings Management Ltd., holds approximately 7.08% of our outstanding shares, Clal Insurance Enterprises Holdings Ltd. holds approximately 5.68%, and Harel Insurance Investments & Financial Services Ltd. holds approximately 5.29% 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.

We do not have a dividend policy, and any future dividends are uncertain.

We have distributed dividends in the past; however, we have not adopted a general dividend policy and cannot assure that we will distribute dividends in the future. Any decision to declare dividends is at the discretion of our board of directors and depends on our results of operations, cash needs, financial condition, contractual restrictions, and other relevant factors. In addition, under Israeli law, except in limited cases, dividends may be paid only out of retained earnings and only if the distribution does not create a reasonable concern that we will be unable to meet our obligations as they become due. Accordingly, investors should not rely on receiving dividend income from our shares. 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, or NASDAQ, and on the TASE. Trading in our ordinary shares on these markets is made in different currencies (U.S. dollars on the NASDAQ, 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 security conditions in Israel may adversely affect our operations and business.

We are incorporated in Israel and maintain our headquarters, principal R&D facilities, and certain manufacturing activities there. As a result, our business, financial condition, and results of operations are directly affected by political, economic, and military conditions in Israel. Any significant deterioration in these conditions may materially adversely affect our ability to produce and sell our products.

Ongoing hostilities and security threats.

Since October 2023, Israel has been engaged in sustained armed conflict following the Hamas attack on Israel, which resulted in extensive casualties, kidnappings, and widespread rocket fire. Hostilities subsequently expanded to additional fronts, including Hezbollah in Lebanon, militias operating from Syria, and the Houthis in Yemen. In 2025, Israel and Iran were engaged in an intense 12-day exchange of attacks, including missile strikes, cyberattacks, and aviation disruptions.

On February 28, 2026, the United States and Israel launched preemptive strikes against Iran, publicly described as targeting Iran’s nuclear and ballistic missile program and related military capabilities, and Iran responded with missile and drone attacks against Israel, U.S. forces and interests in the region, and locations in certain Gulf countries. Since that time, the armed conflict has resumed and remains ongoing, with repeated missile and drone attacks and heightened risk of escalation, including through cyber and other asymmetric activities. In addition, Hezbollah, the Iran-aligned armed group in Lebanon, has resumed attacks against Israel, further increasing regional instability and the risk of additional escalation on Israel’s northern border.

Although ceasefires were previously announced between Israel and Hamas, the overall regional situation remains volatile and unpredictable. In particular, the ceasefire arrangements and negotiations relating to Gaza have faced recurring strain, and there is continuing uncertainty regarding the potential for renewed and expanded hostilities between Israel and Hamas.

These events have created, and may continue to create, uncertainty and operational risks for Israeli companies. The Israel Defense Forces have mobilized large numbers of reservists at various points, including employees of our Company and their close family members. Significant or prolonged absences of key personnel could disrupt our operations.

Impact on logistics, supply chain, and business continuity.

Ongoing hostilities and regional tensions have affected commercial aviation routes, shipping lanes, and overland transport. Since February 28, 2026, the conflict has contributed to disruptions to regional air travel and to maritime traffic through critical routes, including increased risk and disruption around the Strait of Hormuz, and broader impacts on energy and freight markets. In addition, following the February 28, 2026 strikes, Houthi officials indicated an intent to resume missile and drone attacks against commercial shipping in and around the Red Sea and Gulf of Aden, which could lead to diversions, longer transit times, and higher shipping and insurance costs. Such circumstances may delay the receipt of raw materials or components, disrupt logistics, or increase our operating costs. While our production facilities in Israel have operated without material interruption to date, there is no assurance that future events will not adversely affect our manufacturing capacity or that of our Israeli suppliers or contractors.

Economic and geopolitical instability.

Armed conflicts, ongoing security threats, and geopolitical tensions may adversely affect Israel's economy, currency exchange rates, credit markets, investor confidence, and general business activity. Additionally, cyberattacks targeting Israeli entities have increased in frequency and sophistication, potentially heightening operational and security risks for Israeli technology companies.

Restrictions on market access.

Although the Abraham Accords expanded commercial opportunities in certain regional markets, a number of countries, primarily in the Middle East, as well as Malaysia and Indonesia, continue to restrict business with Israel or Israeli companies. These restrictions limit our ability to sell products in those jurisdictions directly from Israel. There are also increasing calls in certain markets for boycotts of Israeli products or of companies perceived to be associated with Israel, which may adversely affect demand for our products.

Insurance and infrastructure risks.

Commercial insurance available to Israeli companies may not cover losses resulting from acts of war or terrorism. While Israeli law currently provides a governmental compensation mechanism for certain direct damages caused by hostilities, there is no assurance that such protection will continue to be available in its current form or will adequately cover our potential losses.

Judicial System Changes.

In addition, the current Israeli government has continued to pursue extensive changes to Israel's judicial system. Public debate around these proposed reforms has been significant, and periods of political instability related to these initiatives have, at times, affected Israel's economic environment. Actual or perceived instability regarding changes to Israel's judicial framework may adversely affect investor confidence, Israel's credit profile, or the broader business climate, any of which could negatively impact our operations, financial condition, and share price.

Overall impact.

Although the hostilities and geopolitical developments described above have not had a material adverse effect on our business to date, the situation remains unpredictable. We continue to closely monitor political and military developments. Any significant escalation of regional hostilities, prolonged mobilization of Israeli reservists, interruption of transportation routes, or material compromise to Israel's economic stability could negatively impact our business, financial condition, and results of operations.

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, 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, 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, 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 the Israeli 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 global provider of satellite-based broadband communications, developing and manufacturing ground-segment equipment, including our cloud-based network platform, VSAT terminals, modems, on-the-move and IFC ESA antennas, SSPAs, BUCs, and transceivers, and delivering integrated end-to-end connectivity solutions for broadband, mobility, enterprise, government, and defense applications. We also provide managed connectivity services over networks we deploy and operate, primarily under BOT and BOO models. Our customers include satellite operators, communication and mobile network providers, system integrators, and government and defense organizations worldwide, supported by global sales and service offices, Network Operations Centers, and R&D centers in Israel, the United States, 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 4 issued patents in the U.S. relating to our satellite communication on the move antenna solutions and 14 issued patents (4 U.S. and 10 foreign) for our high power SSPAs, and other systems.

Recent Developments

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 (the "Purchase Agreement"). 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 drawn under a new secured credit line that we entered into with HSBC Bank USA, N.A., and Bank Hapoalim B.M. As of December 31, 2025, this credit line had been repaid in full. Following the determination that the first and second performance milestones were not achieved, the remaining contingent consideration was adjusted in accordance with the purchase agreement. As a result, the total cash consideration in connection with the acquisition may increase by up to an additional \$99 million, payable in cash, subject to the achievement of future performance milestones.

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 as network components (modems, BUCs, antennas), complete network solutions (including hubs, 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 and terminals, 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 North America, Latin America, Asia, Asia Pacific, 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 and SBS, our portfolio also includes defense ground systems and field services, and IFC ESA terminals.

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, 2025, approximately 73% of our revenues were derived from sales of products and 27% from services. During the same period, we derived 61%, 15% and 2% of our revenues from the U.S., Peru and Israel, respectively.

Industry Overview

Satellite-based communications continue to play a critical role in delivering broadband connectivity across regions that lack reliable terrestrial infrastructure and in supporting mobility, defense, enterprise, and government applications. Satellite networks provide global reach, rapid deployment, resilience, and highly reliable service availability, making them an essential complement to fiber, cellular, and wireless networks in many markets.

Broadband satellite networks typically operate using GEO satellites, and NGSO satellite constellations, including MEO and LEO satellite constellations. Leading operators in these markets include SES (which in 2025 completed the acquisition of Intelsat), Viasat, Hispasat, and emerging NGSO constellations such as SpaceX's Starlink, Amazon Leo, SES's O3b mPOWER, Telesat Lightspeed, and Eutelsat OneWeb. These systems provide wide geographic coverage and support high capacity, multibeam architectures, geostationary constellations, earth-orbit capacity, and multi-beam architectures.

Ground segment equipment, including Hubs, VSATs, amplification systems such as SSPAs and BUCs, and mechanical and ESAs terminals that enable two-way broadband communications. These systems connect remote sites, mobility platforms, and mission-critical applications through a centralized hub or distributed architecture. Industry research continues to highlight the importance of innovations such as software-defined satellites, cloud-integrated ground networks, ESA technology, and multi-orbit networking segment equipment

The demand for satellite-based solutions is driven by several long-term trends:

Capacity expansion. Industry analyses indicate that satellite capacity continues to expand, particularly through NGSO deployments, which are expected to contribute significantly to total global capacity in the coming years. Increasing available capacity has also contributed to reductions in effective capacity pricing.

Mobility and in-flight connectivity. Connectivity requirements for aviation, maritime, and land mobility continue to grow as airlines, vessel operators, and transportation networks adopt high-speed broadband solutions for passengers, crew, and operational systems. ESAs and compact in-motion terminals are increasingly required to support multi-orbit, low-latency connectivity.

Enterprise and government applications. Enterprises, financial institutions, government ministries, and defense organizations rely on satellite networks for secure communications, SCADA, backup connectivity, corporate networking, emergency response, and mission-critical operations.

Digital inclusion initiatives. Governments worldwide continue to invest in programs aimed at connecting underserved or remote populations, for which satellite technology remains a cost-effective and rapidly deployable solution.

Defense. Defense agencies increasingly require resilient, mobile, high-throughput solutions, including transportable terminals, UAV communications, and protected tactical networks, many of which leverage multi-orbit architectures and advanced RF technologies.

Multi Orbit. Multi-orbit architectures (LEO, MEO and GEO) are driving demand, as operators seek seamless global coverage, lower latency, and higher resiliency across diverse mission needs.

We believe these trends will continue to support the long-term demand for satellite communications equipment, mobility solutions, and managed network services. Although specific market growth rates vary across product segments and geographies, publicly available industry commentary indicates that the SATCOM sector demonstrated resilience in recent years and is expected to benefit from continued NGSO expansion, growth in enterprise backhaul, and the increasing adoption of mobility and cloud-based applications.

Our Competitive Strengths

We are a leading provider of satellite-based broadband communication technologies. Our key competitive strengths include:

Market presence across diverse geographies and applications. Since inception, we have deployed millions of VSATs and thousands of BUCs, SSPAs, and transceivers to hundreds of customers. Our customer base includes satellite operators, communication service providers, MNOs, system integrators, defense entities, and government agencies.

Proven technology and product innovation. For nearly four decades, we have developed advanced satellite network platforms and RF technologies for broadband, mobility, enterprise, cellular backhaul, government, and defense applications. Our platforms, including SkyEdge IIc and SkyEdge IV, support HTS, VHTS, NGSO, and multi-orbit architectures, with high throughput, efficient spectrum utilization, and flexible service management. Our ESA and IFC terminals offering, was significantly enhanced through the SBS acquisition. Amplifiers and RF product lines including SSPA, FCU and defense grade integrated SATCOM solutions such as Deployable Ku/Ka/X-band Earth Terminal, or DKET, and SkyEdge IV, support HTS, VHTS and NGSO. Our SBS acquisition provided us with new capabilities of Aero terminals integration and certifications in the Aero industry.

Global footprint and support capabilities. We operate through sales and service offices, R&D centers, and network operations centers across multiple regions, enabling us to provide localized deployment, integration, and support. This structure enhances operational reliability and customer responsiveness.

Integrated solutions and turnkey delivery. We provide complete, end-to-end solutions that integrate satellite network equipment, RF amplifiers, antennas, and managed services. Our offerings include design, deployment, operation, and maintenance of communication networks, including complex governmental and rural connectivity projects.

Diversified revenue model. For the year ended December 31, 2025, approximately 73% of our revenues were derived from equipment sales and 27% from services. Equipment revenues include ESA antennas, IFC terminals, VSATs, hubs, RF amplifiers, and construction phase project revenues. Services revenues include managed networks, connectivity, and field services, providing recurring and predictable revenue streams. Services revenues include managed networks, connectivity and maintenance.

Our operating segments, Gilat Commercial, Gilat Defense, and Gilat Peru, accounted for 62%, 22%, and 16% of our revenues, respectively.

Execution capabilities in remote and challenging environments. We have extensive experience deploying and operating communication networks in remote, rural, and logistically challenging areas. This experience supports our ability to execute multi-year government-funded and infrastructure projects.

Experienced management team. Our leadership team has deep industry, operational, and technology experience, supporting our long-term strategic and operational execution.

Our Growth Strategy

As of January 1, 2025, the Company adopted a new organizational structure and reporting segments. This structure 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. As of January 1, 2025, the Company reports 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, defense integrators, and other strategic governmental customers, with a strong emphasis on the U.S. Department of Defense, following our strategic acquisition of DataPath. By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the division is uniquely positioned to deliver resilient battlefield and mission-critical connectivity with multiple layers of communication redundancy to ensure high availability.

Gilat Commercial Division. Our commercial division offers advanced broadband satellite communication networks for IFC, Enterprise, and Cellular Backhaul, supporting HTS, VHTS, and NGSO constellations. Our acquisition of SBS serves as a 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 our new organizational structure, to leverage our technology and service capabilities in order to:

Continue to serve as a key partner of HTS, VHTS, and NGSO satellite operators. We intend to continue to serve as a prime partner of HTS and VHTS satellite operators, leveraging our new SkyEdge IV system, which is a leading technology in this market, 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. Following the acquisition of SBS in January 2025, our portfolio also includes next-generation Satcom ESA terminal solutions, such as SBS' Sidewinder terminal, which includes scalable subarrays and can support GEO satellites and LEO satellite constellations. These solutions are designed to support the rapid growth of IFC services in the commercial aviation and business aviation markets. We continue to develop our hub and modem technology and our Ka and Ku airborne BUCs, Transceivers, Frequency Conversion 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.

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 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 with an attractive offering for defense and government agencies.

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

Fortify our 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.

Products and Solutions – Commercial

Our products and solutions portfolio spans the full range of technologies supporting our Commercial division. At its core is our SkyEdge family of multi-orbit satellite networking platforms. Complemented by our SCPC modem solutions for high-capacity, dedicated links, our VSAT product families, IFC terminals, and antenna systems including mechanically steered antennas and ESA solutions, enable broadband and mobility services across aviation, maritime, land mobility, and government markets. In parallel, our RF Power Amplifier, BUC, FCU product lines provide the high power, high efficiency RF chains required for mission-critical commercial applications. Together, these product families form the technological foundation of our end-to-end connectivity solutions across our global Commercial segments.

SkyEdge Family of Network Systems

Gilat's SkyEdge family is our core portfolio of satellite networking platforms, designed to deliver high-speed, reliable connectivity across enterprise, mobility, cellular backhaul, government, maritime, and IFC markets. These platforms enable customers to deploy and operate broadband networks efficiently and at scale.

SkyEdge II-c. SkyEdge II-c is a proven multi-service platform used globally by service providers. It supports single-beam and multi-beam satellites and is designed for large-scale broadband deployments. The platform enables a broad range of applications, including enterprise connectivity, broadband, cellular backhaul, and mobility, supported through centralized, management across multiple gateways and terminals.

SkyEdge IV. SkyEdge IV is Gilat's next-generation multi-orbit platform supporting HTS, VHTS, and NGSO constellations within a unified network. Built on Gilat's Elastix Architecture, it is designed to provide higher capacity and improved space-segment efficiency and is being enhanced to support evolving standards.

VSAT Product Families

Our SkyEdge platforms are complemented by a range of VSAT products that address specific customer requirements:

Gemini. Compact broadband VSATs serving residential, small business, and enterprise applications, including retail, banking, ATMs, and government-funded digital inclusion programs.

Capricorn. High-performance VSATs tailored for enterprise networks, mobility, and 2G/3G/4G/5G cellular backhaul, supporting high user density and advanced acceleration technologies.

Taurus. VSATs are designed for in-flight connectivity, supporting broadband IFC.

Aquarius. Our latest VSAT family, supporting speeds up to 1.5 Gbps, is designed for high-speed mobility, maritime, and 5G-ready applications. Aquarius enables roaming across NGSO and GEO satellites and is available in indoor, outdoor, symmetric-SCPC, and cost-optimized enterprise versions.

Network Management

Both SkyEdge II-c and SkyEdge IV are managed through a unified, system that provides full visibility and centralized control from a Network Operations Center. This includes monitoring, configuration, performance management, and security. The platform supports multiple operator business models, integrates with operations support system/business support system, or OSS/BSS, and enables coordinated operations across multi-orbit networks.

SCPC Modems

We also provide a range of Single-Channel-Per-Carrier, or SCPC modems, designed for dedicated, high-capacity, point-to-point satellite links. These solutions provide reliable connectivity for enterprise and government applications, optimized for bandwidth efficiency and service continuity. Available models include the Aquarius Pro SCPC, GLT 1000, and GLT 1500, supporting high throughput, multi-orbit operation, and secure, robust performance in demanding environments.

IFC Terminals and Antenna Products

Sidewinder. A full ESA terminal solution that is 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.

ESR 2030. is an ultra-slim, low-profile ESA antenna for business aviation that operates in LEO constellations.

RF power amplifiers, BUCs, and transceivers

Our portfolio includes high-performance RF power amplifiers, SSPAs, BUCs, transceivers, and FCUs, used in satellite communications across commercial markets. These products form a core part of the ground segment infrastructure and are designed to deliver reliable, efficient operation in demanding environments.

We apply our proprietary Spatial AdvantEdge™ technology across this portfolio. This architecture enables high power output in compact form factors, improves energy efficiency and thermal performance, and reduces lifecycle costs.

Our solid-state power amplifiers, or SSPAs are field-proven in Ka, Ku, and X bands and are designed to meet stringent environmental and vibration standards required for mission-critical applications. These products support a variety of use cases, including satellite gateways, airborne and maritime communications, transportable terminals, and broadcast systems.

The product family includes several SSPA lines, such as EnduroStream, PowerStream®, TerraStream, AeroStream®, and MicroStream, offered in multiple power levels and configurations. AeroStream® is our transceiver line designed for in-flight satellite connectivity. It is certified to leading commercial aviation and military standards and integrates seamlessly with modems and antenna control units. AeroStream® leverages Spatial AdvantEdge™ technology to deliver high power and efficiency for aeronautical communications. Our integrated solutions approach allows these transceivers to operate with our broader portfolio of VSATs, antennas, and BUCs.

Products and Solutions – Defense

Our products and solutions portfolio spans the full range of technologies supporting our Defense division. At its core is our SkyEdge family of multi-orbit satellite networking platforms, complemented by our SCPC modem solutions for high-capacity, dedicated links, our VSAT product families, IFC terminals, and antenna systems, including mechanically steered antennas and ESA solutions, transportable, and portable antenna systems, enable resilient and secure broadband and mobility services across defense markets. In parallel, our RF Power Amplifier, BUC, FCU product lines provide the high power, high efficiency RF chains required for mission-critical defense applications. Together, these product families form the technological foundation of our end-to-end connectivity solutions across our global Defense segment.

SkyEdge Family of Network Systems

Gilat's SkyEdge family is our core portfolio of satellite networking platforms, designed to deliver high-speed, reliable connectivity for defense networking needs. These platforms enable customers to deploy and operate broadband defense networks efficiently and on a scale. The Defense portfolio includes additional features that are making the platform secure and immune. For example, TRANSEC and VLSNR.

SkyEdge II-c. SkyEdge IIc is a proven multi-service platform used globally by service providers. It supports single-beam and multi-beam satellites and is designed for large-scale broadband deployments. The platform enables a broad range of defense applications, including fixed and mobile, and is supported by centralized management across multiple gateways and terminals.

SkyEdge IV. SkyEdge IV is Gilat's next-generation multi-orbit platform supporting HTS, VHTS, and NGSO constellations within a unified network. Built on Gilat's Elastix Architecture, it is designed to provide higher capacity and improved space-segment efficiency and is being enhanced to support evolving standards.

VSAT Product Families

Our SkyEdge platforms are complemented by a range of VSAT products that address specific customer defense requirements:

Taurus-M. High-performance Mil-Standard VSATs tailored for fixed and mobile defense networks, supporting advanced security and acceleration technologies.

Taurus. VSATs are designed for in-flight connectivity, supporting broadband IFC.

Aquarius and Aquarius DS. Our latest VSAT family, supporting speeds up to 1.5 Gbps, is designed for high-speed mobile and maritime applications. Aquarius enables roaming across NGSO and GEO satellites and is available in indoor, outdoor, and SCPC configurations.

Network Management

Both SkyEdge II-c and SkyEdge IV are managed through a unified system that provides full visibility and centralized control from a Network Operations Center. This includes monitoring, configuration, performance management, and security. The platform supports multiple operator business models, integrates with operations support system/business support system, or OSS/BSS, and enables coordinated operations across multi-orbit networks.

SCPC Defense Modems

We provide a range of Single-Channel-Per-Carrier, or SCPC modems, designed for dedicated, high-capacity, point-to-point satellite links. These solutions provide reliable connectivity for defense applications optimized for security, resiliency, bandwidth efficiency, and service continuity. Available models include the Aquarius Pro SCPC, MLT 1000, and GLT 2000, supporting high throughput, multi-orbit operation, and secure, robust performance in demanding environments.

Defense Aviation Terminals and Antenna Products

Sidewinder. A full ESA terminal solution that is optimized to enable the performance and cost advantages of multi-orbit service LEO and GEO for defense aviation markets.

ESR 2030. is an ultra-slim, low-profile ESA antenna for business aviation that operates in LEO constellations. This antenna can be used in ISR defense missions and over narrow-body aircraft in the defense market segment.

BRP-60. is a lightweight, airborne SATCOM terminal, used for UAV applications.

RF power amplifiers, BUCs, and transceivers

Our defense portfolio includes high-performance RF power amplifiers, SSPAs, BUCs, and transceivers, used in satellite communications across defense markets. These products form a core part of the ground segment infrastructure and are designed to deliver reliable, efficient operation in demanding environments.

We apply our proprietary Spatial AdvantEdge™ technology across this portfolio. This architecture enables high power output in compact form factors, improves energy efficiency and thermal performance, and reduces lifecycle costs.

Our solid-state power amplifiers, or SSPAs, are field-proven in Ka, Ku, X, and V (under development) bands and are designed to meet stringent environmental and vibration standards required for mission-critical applications. These products support a variety of use cases, including satellite gateways (GEO, MEO, and LEO), airborne and maritime communications, and transportable terminals.

The product family includes several SSPA lines, such as EnduroStream - optimised for high power and extra resiliency, PowerStream® - TWTA replacement, TerraStream, AeroStream®, and MicroStream, offered in multiple power levels and configurations. Our integrated solutions approach allows these transceivers to operate with our broader portfolio of VSATs, antennas, and BUCs.

System Integration and Turnkey Implementation

We provide end-to-end system integration and turnkey implementation services, enabling customers to rely on a single provider for complex, interdisciplinary communication projects. Our turnkey capabilities encompass full project management, satellite network design, deployment logistics, integration of Gilat and third-party equipment, operational services, 24/7 maintenance and support, and, when required, the provision of satellite space segment. This comprehensive approach enables us to deliver complete solutions that meet customer requirements on scope, schedule, and budget. We provide on-site field services to our defense customers globally.

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.

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 and IFC network market, and in the defense 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 for VSAT products and within nine to twelve months for our IFC ESA terminals. 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.

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

Satellite Operators. Use 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 extensively for the IFC and maritime markets.

Defense and Homeland Security Agencies. Our products and solutions are used by defense and homeland security agencies to provide connectivity and control in the net-centric battlefield. That includes transportable and portable terminals, VSATs, Modems, Antenna products, including ESA, RF Power amplifiers, and transceivers.

Mobile Network Operators, 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 challenging for these operators, and they sometimes outsource them to rural telecom service providers.

Governments. Some of the rural communication projects are for government customers. Our platforms are used for projects of digital inclusion that are funded by governments.

ISP. 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.

Enterprises. Use our networks for internet access, broadband data, voice and video connectivity and for applications such as online banking, corporate intranet, distance learning, retail point-of-sale, inventory control, supervisory control data acquisition and IoT services.

Gilat Peru Segment

We provide network infrastructure construction for PRONATEL's fiber and wireless networks 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 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 2015 and 2018, we were awarded PRONATEL Regional Projects with initial contractual values of \$395 million and \$154 million, respectively, with additional \$17 million and \$88 million awarded in 2023 and 2025. The remaining revenues from these projects are expected to be generated over an additional period of 4 to 9 years.

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 direct 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 to continue to increase.

Due to the nature of the satellite solution, 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 directly compete with products from competitors such as, GetSat, QEST, Orbit, Thales, HNS, Intellian, Thinkom, C-Com Satellite Systems Inc, or C-Com. Indirectly, our customers compete with SpaceX's Starlink.

Our primary competitors with respect to our Wavestream subsidiary's BUCs and other products include CPI, Xicom, Mission, General Dynamics Satcom Technologies, and Paradise Datacom.

Our primary competitors with respect to our DataPath subsidiary's large-aperture terminal offerings (greater than 1 meter) include Airbus DS Government Solutions, Inc. or Airbus, Lite Coms LLC, or Lite Coms, AvL Technologies, Inc. or AVL, and L3Harris Technologies, Inc. or L3.

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 networks and fiber-optic become available in rural areas where not previously available, our business could be adversely affected.

Certain consolidations and acquisitions have occurred during the last few years among key players in the market, such as SES and Intelsat, Intelsat and Gogo, 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,		
	2025	2024	2023
U.S	61%	48%	39%
Peru	15%	17%	20%
Israel	2%	5%	2%
Other	22%	30%	39%
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 protecting human rights and conducting our business without infringing on human rights. We are further committed to conducting fair labor standards and to creating 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.

Training Policy. We implement organizational learning processes and invest in the professional 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 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 ensure the sustainability of the world's resources and environment.

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

Corporate Governance

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. 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 – "Insider Trading Policy". 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

<u>Significant Subsidiaries</u>	<u>Country/State of Incorporation</u>	<u>% Ownership</u>
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%
5. RaySat Bulgaria EOOD	Bulgaria	100%
6. Gilat Satellite Networks Spain S.L.	Spain	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 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 2026 and 2028. 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 15, 2026. We intend to renew or replace the leases that expire in 2026. We also maintain facilities and representative offices in other jurisdictions we operate in. 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 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, VSATs, amplifiers, high-speed modems, high-performance on-the-move antennas, and high efficiency, high power SSPAs, BUCs, and Transceivers, furthermore, following the acquisitions of SBS in January 2025 and DataPath in 2023 our portfolio also includes next-generation IFC, Satellite Communication, 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, digital inclusion solutions, IFC, maritime, land mobility, defense, and public safety, all while meeting the most stringent service level requirements. We have a large installed base and currently operate hundreds of active networks.

We develop and market ground-based satellite communications equipment. We have proven experience in delivering complex projects and services worldwide, in addition to providing managed networks and services through satellite and terrestrial networks. Moreover, we offer complete turnkey integrated solutions.

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, digital 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.
- Network Infrastructure and Services.

Commencing January 1, 2025, as we increased 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 Commercial Division.
- Gilat Defense Division.
- Gilat Peru Division.

Recent Events

Since October 2023, Israel has been engaged in sustained armed conflict following the Hamas attack on Israel, which resulted in extensive casualties, kidnappings, and widespread rocket fire. Hostilities subsequently expanded to additional fronts, including Hezbollah in Lebanon, militias operating from Syria, and the Houthis in Yemen. In 2025, Israel and Iran were engaged in an intense 12-day exchange of attacks, including missile strikes, cyberattacks, and aviation disruptions.

On February 28, 2026, the United States and Israel launched preemptive strikes against Iran, publicly described as targeting Iran's nuclear and ballistic missile program and related military capabilities, and Iran responded with missile and drone attacks against Israel, U.S. forces and interests in the region, and locations in certain Gulf countries. Since that time, the armed conflict has resumed and remains ongoing, with repeated missile and drone attacks and heightened risk of escalation, including through cyber and other asymmetric activities. In addition, Hezbollah, the Iran-aligned armed group in Lebanon, has resumed attacks against Israel, further increasing regional instability and the risk of additional escalation on Israel's northern border.

Although ceasefires were previously announced between Israel and Hamas, the overall regional situation remains volatile and unpredictable. In particular, the ceasefire arrangements and negotiations relating to Gaza have faced recurring strain, and there is continuing uncertainty regarding the potential for renewed and expanded hostilities between Israel and Hamas.

These events have created, and may continue to create, uncertainty and operational risks for Israeli companies. The Israel Defense Forces have mobilized large numbers of reservists at various points, including employees of our Company and their close family members. Significant or prolonged absences of key personnel could disrupt our operations.

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. 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 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, low-profile antennas on-the-move/on-the-pause terminals, SSPAs 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 2025, 2024, and 2023, PRONATEL, a customer of our Gilat Peru operating segment, accounted for 14%, 15% and 15% of our revenue, respectively. Following the merger of a major European customer and a major U.S. customer in 2025, both primarily associated with our Gilat Commercial operating segment, the European customer accounted for 24%, 12% and 14% of our revenue in 2025, 2024 and 2023, respectively, and the U.S. customer accounted for 20%, 11% and 15% of our revenue in 2025, 2024 and 2023, respectively. Collectively, these two customers accounted for approximately 44% of our revenue in 2025, compared to 23% and 29% in 2024 and 2023, respectively.

Costs and Operating Expenses

Cost of revenues, primarily includes the cost of system design, equipment, 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 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 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.

Year Ended December 31, 2025 compared to Year Ended December 31, 2024

Revenues. Revenues for the years ended December 31, 2025 and 2024 for our three operating segments were as follows:

	Year Ended December 31,		Percentage change	Year Ended December 31,	
	2025	2024		2025	2024
	U.S. dollars in thousands			Percentage of revenues	
Gilat Commercial	281,352	155,344	81%	62%	51%
Gilat Defense	100,430	97,755	3%	22%	32%
Gilat Peru	69,875	52,349	33%	16%	17%
Total	451,657	305,448	48%	100%	100%

Our total revenues for the years ended December 31, 2025, and 2024 were \$451.7 million and \$305.4 million, respectively. The increase is attributable to \$126.0 million, \$2.7 million, and \$17.5 million increases in Gilat Commercial, Gilat Defense, and Gilat Peru revenues, respectively.

The increase in Gilat Commercial revenues in 2025 is primarily attributable to the contribution of SBS, acquired in January 2025, partially offset by the termination of our activity in the Russian market during 2024.

The increase in Gilat Peru’s revenues in 2025 is primarily attributable to higher revenues driven by expansion projects awarded under the Regional PRONATEL Projects, as well as the recognition of revenues from services provided, following the resolution of variable considerations constraint.

Gross profit. The gross profits and the gross margins of our three operating segments for the years ended December 31, 2025 and 2024 were as follows:

	Year Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
	U.S. dollars in thousands		Percentage of revenues	
Gilat Commercial	74,581	75,281	27%	48%
Gilat Defense	29,722	25,580	30%	26%
Gilat Peru	29,041	12,470	42%	24%
Total	133,344	113,331	30%	37%

Our gross profit and gross margin are affected year-to-year by revenue volume, the mix of 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 their consummation. 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 30% in 2025 from 37% in 2024. The decrease in our gross margin in the year ended December 31, 2025 is mainly as a result of the following:

- The decrease in the Gilat Commercial operating segment is mainly attributable to our newly acquired subsidiary, SBS, which has lower gross margins during its initial production periods as well as the amortization of purchased intangibles related to this acquisition, partially offset by a favourable deal mix.
- The increase in Gilat Defense operating segment is mainly attributable to a favourable deal mix.
- The increase in Gilat Peru operating segment is primarily attributable to higher revenues driven by expansion projects awarded under the Regional PRONATEL Projects, as well as the recognition of revenue from services provided, due to the resolution of a variable consideration constraint.

Operating expenses:

	Year Ended December 31,		Percentage change
	2025	2024	
	U.S. dollars in thousands		
Research and development expenses, net	46,651	38,136	22%
Selling and marketing expenses	35,114	27,381	28%
General and administrative expenses	31,345	26,868	17%
Other operating income, net	(3,206)	(6,751)	(53)%
Total operating expenses	109,904	85,634	28%

Research and development expenses, net were incurred by our Commercial and Defense operating segments. R&D expenses, net increased by approximately \$8.5 million in 2025 compared to 2024. The increase is mainly attributable to our newly acquired subsidiary, SBS, and was partially offset by an increased number of engineers performing work at customers' request in connection with ongoing projects.

Selling and marketing expenses increased by approximately \$7.7 million in the year ended December 31, 2025, compared to the year ended December 31, 2024. The increase is mainly attributable to our newly acquired subsidiary, SBS, as well as the amortization of purchased intangibles related to this acquisition.

General and administrative expenses increased by approximately \$4.5 million in the year ended December 31, 2025, compared to the year ended December 31, 2024. The increase is mainly attributable to our newly acquired subsidiary, SBS.

Other operating income, net amounted to approximately \$3.2 million in the year ended December 31, 2025, compared to approximately \$6.8 million in the year ended December 31, 2024. The change was driven primarily by lower income from arbitration funds, which was partially offset by higher net income from the revaluation of the DPI and SBS earn-out considerations in the year ended December 31, 2025.

Financial income (expenses), net

In the year ended December 31, 2025, we incurred financial expenses, net of \$4.5 million, compared to financial income, net of \$1.5 million for the year ended December 31, 2024. The change is primarily attributable to interest expenses and associated costs related to the loan we took for the SBS acquisition.

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, 2025, we had a tax benefit of approximately \$1.8 million compared to tax expenses of approximately \$4.4 million in the year ended December 31, 2024. The tax benefit for the year ended December 31, 2025, was primarily related to the Company's recognition of deferred tax assets in the U.S.

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

For a discussion of our results of operations for the year ended December 31, 2024, including a year-to-year comparison between 2024 and 2023, refer to Item 5. "Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on March 27, 2025, as retrospectively revised to reflect recast segment information, and filed with the SEC on August 28, 2025.

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, low-profile antennas, and SSPAs, BUCs, 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 customer demands effectively, 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 an 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 Asia, Europe and to a lesser extent Australia, 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 2025, the U.S. dollar depreciated in relation to the NIS at a rate of 14%, from NIS 3.65 per \$1 on December 31, 2024 to NIS 3.19 per \$1 on December 31, 2025. In 2025 and 2024, 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 2.6% in 2025 and 3.2% in 2024.

Our monetary balances that are not linked to the U.S. dollar impacted our financial expenses during the 2025 and 2024 periods, resulting in an approximately \$173 thousand gain and \$839 thousand loss, respectively. This is due to fluctuations in currency rates in certain regions in which we do business, mainly in Europe and Latin America. 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 Pronouncements

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, 2025, and 2024, we had cash and cash equivalents, short-term deposits and restricted cash of \$185.4 million and \$120.2 million, respectively. We believe that our working capital is sufficient for our present requirements.

In 2025, we completed two private placements of ordinary shares to Israeli institutional and accredited investors (as defined under the Securities Law), generating aggregate net proceeds of approximately \$164 million. On September 16, 2025, we issued 7,058,820 ordinary shares at a purchase price of \$9.35 per share, resulting in net proceeds of approximately \$65.3 million. On December 30, 2025, we issued 8,888,889 ordinary shares at a purchase price of \$11.25 per share, resulting in net proceeds of approximately \$98.7 million. Both offerings were conducted exclusively in Israel in reliance on Regulation S under the U.S. Securities Act of 1933.

The acquisition of SBS was partly funded by a new \$100 million secured credit line from HSBC Bank USA and Bank Hapoalim. We drew \$60 million under this facility to fund the initial cash consideration payable at closing. The remaining \$40 million was available to fund potential future earn-out payments. The loan bore interest at a rate of SOFR plus 2.75% to 3.5% and was subject to customary covenants that, under certain circumstances, limited our ability to incur indebtedness, create liens, make investments, merge with other companies, dispose of assets, prepay other indebtedness, or make dividends and other distributions. The outstanding balance under this facility was fully repaid on December 31, 2025.

As of December 31, 2025, DataPath's debt was \$2 million in current maturities of a long-term loan. The long-term loan was obtained from DataPath's former shareholders and bears an 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 worldwide. The guarantees typically expire upon meeting certain operational milestones. 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 the First International Bank of Israel, or FIBI, as of December 31, 2025, was approximately \$87.6 million, including an aggregate of approximately \$83.7 million related to our business in Peru. To secure these guarantees, we provided a floating charge over our assets, as well as pledges, including a fixed pledge, over certain assets and property. 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, 2025, 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.

Cash Flows

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

	Years Ended December 31,	
	2025	2024
	U.S. dollars in thousands	
Net cash provided by operating activities	20,675	31,669
Net cash used in investing activities	(136,366)	(6,610)
Net cash provided by (used in) financing activities	163,196	(8,107)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,241	(1,454)
Net increase in cash, cash equivalents and restricted cash	48,746	15,498
Cash, cash equivalents and restricted cash at beginning of the period	120,249	104,751
Cash, cash equivalents and restricted cash at end of the period	168,995	120,249

Our cash, cash equivalents, and restricted cash increased by approximately 48.7\$ million during the year ended December 31, 2025 primarily as a result of the following:

Operating activities. Cash provided by our operating activities was approximately \$20.7 million in 2025 compared to approximately \$31.7 million in 2024. The change was primarily attributable to higher arbitration funds collected in 2024, interest payments made in 2025 in connection with the SBS acquisition, and increased investment in working capital, mainly related to SBS as it ramps up production.

Investing activities. Cash used in investing activities was approximately \$136.4 million in 2025 compared to approximately \$6.6 million in 2024. The change is mainly attributable to the cash used to acquire SBS, as well as investment in short term deposits in 2025 compared to 2024.

Financing activities. Cash provided by financing activities was approximately \$163.2 million in 2025 compared to cash used in financing activities of approximately \$8.1 million in 2024. The change reflects mainly the net proceeds from private placements totalling approximately \$164 million completed in 2025.

For a discussion of our cash flow for the year ended December 31, 2024, including a year-to-year comparison between 2024 and 2023, refer to Item 5. “Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on March 27, 2025, as retrospectively revised to reflect recast segment information, and filed with the SEC on August 28, 2025.

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, our DKET solutions, BUCs, SSPAs, and Transceivers products. In particular, we continue to invest in expanding our portfolio to address HTS, VHTS and NGSO satellites constellations solutions, mobility applications, both IFC and maritime, as well as defense solutions. We intend to continue to devote substantial resources to complete the development of certain features, including improving functionality, supporting 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. (in California and Georgia), Bulgaria, Moldova, Poland 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, and the development of VSATs and baseband equipment. Our facilities in California focus on the design and development of BUCs, SSPAs, and Transceivers and our ESA terminal. Our facility in Georgia, U.S. focuses on development of satellite communication portable and transportable solutions. Our Poland center focuses on developments related to our ESA solutions.

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 2025, 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 and 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 2025, we also invested in the development of our ESA for IFC applications. In addition, we invested in developing 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 on copyright laws to protect against unauthorized copying of the object code of our software and on copyright and trade secret laws to protect 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 in various other countries to provide additional protection to 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 to finance 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,	
	2025	2024
	(U.S. dollars in thousands)	
Gross research and development expenses	48,659	40,597
Grants	(2,008)	(2,461)
Net research and development expenses	<u>46,651</u>	<u>38,136</u>

For a discussion of our research and development expenses for the year ended December 31, 2024, including a year-to-year comparison between 2024 and 2023, refer to Item 5. “Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on March 27, 2025, as retrospectively revised to reflect recast segment information, and filed with the SEC on August 28, 2025.

D. Trend Information

The satellite communications market continues to evolve toward VHTS, software-defined satellites, and NGSO constellations, driving demand for multi-orbit, high-capacity ground-segment solutions. These industry trends support growing interest in advanced platforms such as our SkyEdge IV system and in mobility and IFC solutions strengthened by our acquisition of SBS. In addition, long-term global developments, including increased requirements for broadband connectivity, digital inclusion programs, and defense-related communications, continue to influence customer priorities in the markets we serve.

Operationally, we are also monitoring the effects of regional geopolitical conditions in Israel, which have led to periodic adjustments in transportation routes, supply-chain logistics, and workforce availability. While these factors have not materially affected our operations to date, the environment remains dynamic, and we continue to manage and evaluate potential implications for production, logistics, and customer deliveries. For additional discussion of risks and uncertainties that could impact these trends, see Item 3.D, Risk Factors.

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, 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. For further details, see note 2(m) in our consolidated financial statements, which appear elsewhere in this Annual Report.

Income Taxes.

For further details, see note 2(s) in our consolidated financial statements, which appear elsewhere in this Annual Report.

Inventory Valuation. For further details, see note 2(g) in our consolidated financial statements, which appear elsewhere in this Annual Report.

Goodwill. For further details, see note 2(k) in our consolidated financial statements, which appear elsewhere in this Annual Report.

Intangible assets. For further details, see note 2(i) in our consolidated financial statements, which appear elsewhere in this Annual Report.

In the years ended December 31, 2025, 2024 and 2023 we performed assessments to continue to support our conclusion that no impairment of goodwill was required for any of our reporting units.

Contingencies. 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. For further details, see note 2(l) in our consolidated financial statements, which appear elsewhere in this Annual Report.

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 18 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 10, 2026:

Name	Age	Position
Amiram Boehm	54	Chairman of the Board of Directors
Adi Sfadia	55	Chief Executive Officer
Amir Ofek ⁽³⁾⁽⁴⁾⁽⁵⁾	49	Director
Aylon (Lonny) Rafaeli ⁽²⁾⁽³⁾⁽⁴⁾	72	Director
Dafna Sharir ⁽¹⁾⁽³⁾⁽⁴⁾	58	Director
Elyezer Shkedy ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	69	External Director
Amikam (Ami) Shafran ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	71	External Director
Dana Porter Rubinshtein ⁽³⁾	53	Director
Hilla Haddad Chmelnik ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	42	External Director
Gil Benyamini	52	Chief Financial Officer
Ron Levin	50	President, Gilat Commercial Division
Gilad Landsberg	46	President, Gilat Defense Division
Arieh Rohrstock	51	President, Gilat Peru Division
Lior Moyal	48	Chief People Officer
Hagay Katz	66	Chief Product and Marketing Officer
Aharon Mullokandov	42	Chief R&D Officer
Doron Kerbel	54	Chief Legal Officer & Corporate Secretary
Ronen (Roni) Stoleru	55	Chief Corporate Development Officer

(1) Member of our Audit Committee.

- (2) Member of our Compensation Committee.
- (3) Member of our Nomination and ESG Committee.
- (4) "Independent Director" under the applicable NASDAQ Marketplace Rules and the applicable rules of the SEC (see explanation below).
- (5) "Independent Director" under the applicable Israeli law (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. From 2004 through November 2022, Mr. Boehm had been a Partner in the FIMI Opportunity Funds, Israel's largest group of private equity funds. In February 2023, Mr. Boehm was appointed as Chairman of the Board of BrainsWay Ltd. (NASDAQ and TASE), and between May 2023 and October 2025, Mr. Boehm was a member of the Board of Directors of Leumi Partners. 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 at 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 is a Certified Public Accountant (Israel) and 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.

Hilla Hadad Chmelnik has served on our Board of Directors since August 2025. Ms. Hadad Chmelnik is a senior executive with extensive experience in the public and private sectors, specializing in strategic leadership of complex projects in the fields of innovation, transportation, and space technologies. Since May 2023, she has served as Co-Founder and Chief Strategy Officer of Moonshot, a startup developing an innovative electromagnetic launcher for raw materials and cargo to space. Ms. Hadad Chmelnik also led strategic and fundraising efforts at DOTS, an agri-tech company and since August 2023 has served as an external director at NextGen Biomed Ltd. (TASE). From November 2021 to February 2023, Ms. Hadad Chmelnik served as the Director-General of the Israeli Ministry of Innovation, Science, and Technology. Prior to that, she held senior roles at Israel National Roads Company and the Ministry of Transport, including Vice President of Strategy and Innovation and Head of the National Infrastructure Directorate. Earlier in her career, she held key positions in Israel's Ministry of Defence. Ms. Hadad Chmelnik holds a B.Sc. degree in Aerospace Engineering from the Technion, an M.A. in Diplomacy and an MBA from Tel Aviv University, and an M.A. degree in Public Policy from the Hebrew University of Jerusalem.

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.

Dana Porter Rubinshtein has served on our Board of Directors since August 2025. Ms. Porter Rubinshtein has more than 20 years of professional experience as a marketing, product and strategy executive in the high-tech industry. Ms. Porter Rubinshtein had served as a Board member of Rafael Advanced Defense Systems Ltd. between 2015 and 2017, and as a Board observer of Inception XR between May 2022 and March 2025, an XR platform which she co-founded in 2016 and was later sold to a training company for the healthcare industry. Ms. Porter Rubinshtein also serves on the Advisory Board of Sapiens International Corp NV (NASDAQ: SPNS) since February 2023, and as a Board member at Elem, Israel's leading non-profit supporting youth in distress, since May 2021. Prior to that, Ms. Porter Rubinshtein held senior management positions, including Head of Strategy and Marketing at the ILDC of Microsoft Corporation (NASDAQ: MSFT) between 2013 and 2016, and as Chief Marketing Officer of Amdocs Limited (NASDAQ: DOX) between 2010 and 2013, and other senior roles at Amdocs between 2003 and 2010. Prior to Amdocs, Ms. Porter Rubinshtein was an international consultant at Deloitte and Teffen. Ms. Porter Rubinshtein holds a B.Sc. degree in Industrial Engineering from Ben-Gurion University and an MBA degree from New York University (NYU).

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.

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 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, a 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 and a B.Sc. degree in Mathematics and Computer Science (with distinction) from Ben Gurion University.

Major General (ret.) Amikam (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 through October 2024, 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 D.C. 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 and a M.B.A. degree from the Tel Aviv University.

Gil Benyamini has served as our Chief Financial Officer since February 2022. From November 2017 through January 2022, Mr. Benyamini served as CFO at Panaxia Pharmaceutical Industries (TASE). From 2009 through 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 served four years in a public accounting firm PwC, Israel. 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.

Gilad Landsberg has served as President of 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.Sc. degree in Industrial and Management Engineering, specializing in Information Technology from the Technion, Israel Institute of Technology.

Arieh Rohrstock has served as President of our Gilat Peru Division Since January 2025. Mr. Rohrstock joined Gilat Satellite Networks in 1998. Since 2008 he has served as General Manager of Gilat Peru. Previously, Mr. Rohrstock has held the positions of COO of Spacenet Rural, COO of Gilat Latin America, and Planning and Development Manager, among other management positions. Mr. Rohrstock is an electronic engineer from Ort Brauda University, 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 a 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 Servotronic 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 Chief Legal Officer and Corporate Secretary since September 2025 and has served as our General Counsel and Corporate 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.

Ronen (Roni) Stoleru has served as our Chief Corporate Development Officer since August 2023. Mr. Stoleru joined our company over 26 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 Gilat, 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 and a Bachelor of Science degree in Electrical Engineering from Ben Gurion University.

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, 2025:

	Salaries, Fees, Directors' Fees, Commissions and Bonuses (1)	Amounts Set Aside for Pension, Retirement and Similar Benefits
All directors and officers as a group (18 persons) (2)	\$ 7,382,334	\$ 603,213

(1) Includes bonuses and equity-based compensation accrued in 2025, 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, 2025, in accordance with the expenses recorded in our financial statements for the year ended December 31, 2025. 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	438,613	89,007	386,613	549,571	1,463,804
Gilad Landsberg, President, Defense Division	308,709	63,134	149,541	180,292	701,676
Ron Levin, President, Commercial Division	276,342	73,979	144,789	165,153	660,263
Amiram Boehm, Chairman of the Board of Directors	176,695	-	141,066	341,772	659,533
Aharon Mullokandov, Chief R&D Officer	256,150	59,063	140,593	199,400	655,206

(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, incentives, and bonus payments payable upon conditions met in the year ended December 31, 2025, 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, 2025, 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 video or 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, 2025, our directors and executive officers, as a group, consisting of 18 persons, held, in the aggregate, 468,000 Restricted (Performance) Share Units, or RSUs. The RSUs were granted under our 2008 Option Plan and vest over four years. As of December 31, 2025, our directors and executive officers, as a group, held options to purchase an aggregate of 1,255,416 ordinary shares, with exercise prices ranging from \$5.53 to \$11.0 (adjusted for dividend distributions 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 2027 and 2031. 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 our company's Board of Directors since March 2023. Mr. Boehm is entitled to: (i) a monthly fee in the amount of NIS 50,000 (approximately \$15,920), 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 \$95,500) 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 overachievement bonus of up to NIS 150,000 (approximately \$47,750). 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 \$39,800) 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 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 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 RSUs, which grant was approved by the Company's shareholders in August 2025. The RSUs were granted under our 2008 Option Plan and will vest over a period of four years. In February 2026 Mr. Sfadia was granted 10,180 RSUs. The RSUs were granted under our 2008 Option Plan and will vest over a period of four years and are still subject to the approval of the Company's shareholders. All RSUs 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 August 2025.

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 eight members, including three 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 Independent 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 an 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 Shafraan 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 re-election 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 re-election for such additional period is beneficial to the Company, and (ii) prior to the approval of the re-election 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 three external directors under Israeli law: Mr. Ami Shafran, whose term expires in May 2027, Mr. Elyezer Shkedy, whose term expires in June 2026 and Ms. Hilla Haddad Chmelnik, whose term expires in August 2028.

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 eight 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. Hilla Haddad Chmelnik. 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 Ms. Haddad Chmelnik, 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, Ms. Haddad, 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. Porter Rubinshtein.

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 our company, 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 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 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 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 16B – Code of Ethics" of this Annual Report.

D. Employees

We consider our employees our most valuable asset. 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, 2025, we had 1,159 full-time employees, including 370 employees in engineering, research and development, 367 employees in manufacturing, operations and technical support, 87 employees in marketing and sales, 119 employees in administration and finance and 216 in other departments. Of these employees, 283 were based in our facilities in Israel, 293 were employed in the U.S., 276 were employed in Latin America, and 307 were employed in Asia, the Far East, and other parts of the world.

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.

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, 81 employees in marketing and sales, 108 employees in administration and finance, and 212 employees 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.

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

We provide our employees worldwide with benefits in accordance with applicable labor laws, and we operate under diverse labor practices across the jurisdictions in which we do business. In Israel, although neither our employees nor we are party to collective bargaining agreements and our workforce is not unionized, certain provisions of nationwide collective agreements, extended by the Israeli Minister of Economy and Industry, apply to all Israeli employees. These provisions address matters such as working hours, minimum wages, pension contributions, work-related injury insurance, dismissal procedures, and severance terms, and may be updated from time to time. Under Israeli law, employees are generally entitled to severance pay upon termination, certain resignations, or death, and we fund most of our severance obligations through monthly contributions to approved severance funds or insurance policies, with any remainder recorded as a long-term liability. Israeli employees and employers are also required to contribute to the National Insurance Institute, similar to U.S. Social Security. Our permanent employees in Israel typically receive life and pension insurance that provides customary retirement and severance-related 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 non-discrimination 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, 2025, our directors and executive officers as a group (18 persons) held options to purchase 1,255,416 of our ordinary shares under our share option plan (described below), exercisable at a weighted average exercise price of \$6.93 per share (adjusted for the distribution of dividends in April 2019, December 2020, and January 2021). These options have expiration dates ranging from 2027 to 2031. As of December 31, 2025, our directors and executive officers held, in the aggregate, 468,000 Restricted (Performance) Share Units, or RSUs. The RSUs were granted under our 2008 Option Plan and vest over four years.

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 in October 2015 and subsequently in August 2025 until October 28, 2035. 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, 2025, is 15.99 million shares. As of December 31, 2025, we have granted options to purchase 10.5 million ordinary shares under the 2008 Plan (excluding options that were granted and cancelled), pursuant to which 3.9 million ordinary shares have been issued as of December 31, 2025. As of December 31, 2025, we had outstanding options to purchase 5.0 million ordinary shares, with exercise prices ranging from \$4.92 to \$11 per share (adjusted due to the distribution of dividends in April 2019, December 2020, and January 2021). Such options expire at various times through March 2026 to August 2031. As of December 31, 2025, there were 1.18 million outstanding Restricted (Performance) Share Units, or 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 administering 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 options and RSUs granted under the 2008 Plan is six years, subject to the terms of the specific plan and grant letter.

Options granted under the 2008 Plan to our executives generally vest over a four-year period. RSUs granted under the 2008 Plan to our executives generally vest over four-year or three-year periods. Equity incentives granted under the 2008 Plan to our directors generally vest ratably each quarter over a three-year period, except for the grant to our Chairman of the Board of Directors, which vests 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 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 and RSUs 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 and RSUs are exercisable, and restrictions on the disposition of shares lapse, according to the terms of the applicable plan and of the individual agreements under which such options or RSUs 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 10, 2026, 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 10, 2026, and includes the number of ordinary shares underlying options and RSUs that are exercisable within sixty (60) days from the date of March 10, 2026. 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 75,470,948 ordinary shares outstanding as of March 10, 2026. 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 10, 2026, and information provided to us by such shareholders.

Name	Number of Shares	Percent
Phoenix Financial Ltd. (1)	8,325,123	11.38%
Migdal Insurance and Financial Holdings Ltd.(2)	7,800,503	10.66%
Yelin Lapidot Holdings Management Ltd.(3)	5,175,188	7.08%
Clal Insurance Enterprise Holdings (4)	4,084,120	5.58%
Harel Insurance Investments & Financial Services Ltd. (5)	3,873,305	5.29%
All directors and executive officers as a group (18 persons) (6)	1,484,759	1.97%

(1) Based on Schedule 13G/A filed on January 27, 2026, with the SEC by Phoenix Financial Ltd.. The ordinary shares reported are beneficially owned by various direct or indirect, majority or wholly owned subsidiaries of Phoenix Financial Ltd. (the "Subsidiaries"). 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. Each of the Subsidiaries operates under independent management and makes its own independent voting and investment decisions. The principal office of Phoenix Holdings Ltd. is 53 Derech Hashalom Drive, Givataim, 53454, Israel.

(2) Based on Schedule 13G filed on February 16, 2026, with the SEC by Migdal Insurance & Financial Holdings Ltd. The securities reported herein are beneficially owned by various direct or indirect, majority or wholly owned subsidiaries of Migdal Insurance & Financial Holdings Ltd. (the "Subsidiaries"), such as Migdal Insurance Company Ltd., Migdal Sal Domestic Equities, Migdal Makefet Pension & Provident Funds Ltd., and Migdal Mutual Funds Ltd.. The Subsidiaries manage their own funds and/or the funds of others, including for holders of various insurance policies, members of pension or provident funds, unit holders of mutual funds, portfolio management clients and their nostro accounts. Each of the Subsidiaries operates under independent management and makes its own independent voting and investment decisions. The principal office of Migdal Insurance & Financial Holdings Ltd. is 4 Efal Street; P.O. Box 3063; Petach Tikva 49512, Israel.

(3) Based on Schedule 13G filed on December 31, 2025, with the SEC by Yelin Lapidot Holdings Management Ltd.. The securities reported herein are beneficially owned by provident funds managed by Yelin Lapidot Provident Funds Management Ltd. and/or mutual funds managed by Yelin Lapidot Mutual Funds Management Ltd. (the "Subsidiaries"), each a wholly-owned subsidiary of Yelin Lapidot Holdings Management Ltd. ("Yelin Lapidot Holdings"). Mr. Yelin owns 24.38% of the share capital and 25.00% of the voting rights of Yelin Lapidot Holdings, Mr. Lapidot owns 24.62% of the share capital and 25.00% of the voting rights of Yelin Lapidot Holdings. Messrs Yelin and Lapidot are responsible for the day-to-day management of Yelin Lapidot Holdings. In accordance with the Shareholders' Agreement, dated December 5, 2018, until the End of the "Suspension Period" Messrs Yelin and Lapidot are entitled to jointly appoint the majority of the members of Yelin Lapidot Holdings board. The Subsidiaries operate under independent management and make their own independent voting and investment decisions. Any economic interest or beneficial ownership in any of the securities covered by this report is held for the benefit of the members of the provident funds or mutual funds, as the case may be. The 13G Statement shall not be construed as an admission by Messrs. Yelin and Lapidot, Yelin Lapidot Holdings or the Subsidiaries that he or it is the beneficial owner of any of the securities covered by this 13G Statement, and each of Messrs. Yelin and Lapidot, Yelin Lapidot Holdings, and the Subsidiaries disclaims beneficial ownership of any such securities. The principal office of Yelin Lapidot Holdings Management Ltd. is 50 Dizengoff St., Dizengoff Center, Gate 3, Top Tower, 13th floor, Tel Aviv 64332, Israel.

- (4) Based on Schedule 13G filed on September 17, 2025, with the SEC and the TASE by Clal Insurance Enterprises Holdings Ltd. The shares reported herein are held for members of the public through, among others, provident funds and/or pension funds and/or insurance policies, which are managed by subsidiaries of Clal, which operate under independent management and make independent voting and investment decisions. The principal office of Clal Insurance Enterprises Holdings Ltd. is 36 Raul Walenberg St., Tel Aviv 66180, Israel.
- (5) Based on Schedule 13G filed on February 23, 2026, with the SEC by Harel Insurance Investments & Financial Services Ltd. Of the 3,873,305 Ordinary Shares reported in this 13G Statement as beneficially owned by the Reporting Person, (i) 3,872,201 Ordinary Shares are held for members of the public through, among others, provident funds and/or mutual funds and/or pension funds and/or insurance policies and/or exchange traded funds, which are managed by subsidiaries of the Reporting Person, each of which subsidiaries operates under independent management and makes independent voting and investment decisions and (ii) 1,104 Ordinary Shares are beneficially held for its own account. Consequently, the 13G Statement shall not be construed as an admission by the Reporting Person that it is the beneficial owner of more than 1,104 Ordinary Shares covered by this Statement. The principal office of Harel Insurance Investments & Financial Services Ltd. is 3 Aba Hillel Street, Ramat Gan 52118, Israel.
- (6) As of March 10, 2026, all directors and executive officers as a group (18 persons) held 517,061 options that are vested or that vest within 60 days of March 10, 2026, 19,500 Restricted (Performance) Share Units, or RSUs that vest within 60 days of March 10, 2026, and 93,158 shares.

Significant Changes in the Ownership of Major Shareholders

As of March 10, 2026, our major shareholders were Phoenix Financial Ltd. beneficially owning 8,325,123 ordinary shares (approximately 11.38% ownership), Migdal Insurance and Financial Holdings Ltd. beneficially owning 7,800,503 ordinary shares (approximately 10.66% ownership), Yelin Lapidot Holdings Management Ltd. beneficially owning 5,175,188 ordinary shares (approximately 7.08% ownership), Clal Insurance Enterprise Holdings, beneficially owning 4,084,120 ordinary shares (approximately 5.58% ownership), and Harel Insurance Investments & Financial Services Ltd. beneficially owning 3,873,305 ordinary shares (approximately 5.29% ownership).

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

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 9, 2026, there were 64 holders of record of our ordinary shares, of which 49 record holders holding approximately 94% 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 Depository Company (the central depository 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, 2025, the total amount of this claim, including interest, penalties, and legal fees, is approximately \$7.2 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 cancelled 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 plus legal interest. 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 plus procedural costs and legal interests. 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 2025, our subsidiary received the second and third payments of approximately \$4.55 million.

In April 2024, our Peruvian subsidiary, Gilat Networks Peru S.A. ("GNP"), initiated arbitration proceedings against PRONATEL at the ANKAWA International Arbitration and Dispute Resolution Center, Lima, relating to PRONATEL projects awarded in 2015. Under these projects, GNP constructed telecommunications transport networks in rural areas of Ayacucho, Apurímac and Huancavelica. Although GNP completed the construction phase, PRONATEL has not formally accepted the network, and GNP has continued to operate and maintain the network at its own cost. GNP's principal claim sought payment for these operation and maintenance services. In April 2025, the arbitral tribunal issued awards ordering PRONATEL to pay GNP approximately \$9.6 million, plus procedural costs and legal interest. PRONATEL has filed annulment requests, and GNP has initiated collection proceedings against PRONATEL and the Ministry of Transport and Communications of Peru ("MTC").

PRONATEL continues to dispute responsibility for ongoing operation and maintenance costs. Accordingly, in November 2025, GNP commenced a second arbitration seeking payment for services provided since January 1, 2025, that are not covered by the prior awards, with claims currently totaling approximately \$9 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" of this Annual Report.

B. Significant Changes

None

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 drawn under a new secured credit line that we entered into with HSBC Bank USA, N.A., and Bank Hapoalim B.M. As of December 31, 2025, this credit line had been repaid in full. Following the determination that the first and second performance milestones were not achieved, the remaining contingent consideration was adjusted in accordance with the purchase agreement. As a result, the total cash consideration in connection with the acquisition may increase by up to an additional \$99 million, payable in cash, subject to the achievement of future performance milestones.

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. Additional amounts of \$17 million and \$88 million for expansions of the Regional Projects were awarded in 2023 and 2025, respectively. Remaining revenues from these projects are expected to be generated over an additional period of 4 to 9 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, generally 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 2023, 2024, 2025, and 2026, 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 2025, 2026 and 2027. Additionally, Effective January 1, 2025, a surtax of 2% applies 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% or 20% (depending on the commencement date of the benefit period applicable to the distributed profits), 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 expired 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 Benefitted 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 2021–2022 Budget) ("2021 Budget Law") was enacted, introducing a dividend ordering rule under which dividend distributions are deemed to be paid proportionally from both previously tax-exempt earnings ("Trapped Earnings") and taxed earnings, potentially giving rise to additional corporate tax liability. The law also included a temporary provision allowing the release of Trapped Earnings at a reduced corporate tax rate (subject to a minimum of 6%) during a one-year period beginning November 15, 2021. In 2022, the Company elected to apply this temporary provision and released all of its Trapped Earnings.

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 your 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)(1)(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 2025. 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 One Big Beautiful Bill Act On July 4, 2025, the One Big Beautiful Bill Act (the “Act”) was signed into U.S. law. The Act extends and modifies several provisions originally introduced under the Tax Cuts and Jobs Act of 2017, while also implementing additional changes to U.S. federal tax law. Key provisions of the Act include (i) the permanent extension of 100% bonus depreciation for qualifying assets, (ii) the elimination of the requirement to capitalize and amortize U.S.-based research and experimental expenditures, allowing for immediate expensing, (iii) changes to the limitation on the deductibility of interest expense, and (iv) modifications to the taxation of foreign earnings and other international income tax provisions. The Act contains multiple effective dates, with certain provisions taking effect beginning in calendar year 2025 and others phased in through calendar year 2027.

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 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 amounts have been translated using specific rates. The resulting translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive 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 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, 2025, a 10% strengthening of the U.S. dollar versus other currencies would have resulted in a decrease of approximately \$2.6 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 \$2.6 million in our net monetary assets.

During the year ended December 31, 2025, we recognized income of \$3.1 million 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.

As of December 31, 2025, 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 have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the annual period covered by this report. In accordance with the guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their first assessment of internal control over financial reporting following the date of acquisition. Excluding goodwill and intangible assets, SBS represented 5% percent of our total assets as of December 31, 2025, and 28% percent of our consolidated revenues for the end of the annual period covered by this report.

Based on those guidelines, our management's assessment of the effectiveness of our internal control over financial reporting excluded SBS, which we acquired in the first quarter of 2025.

Our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures, excluding the assessment of those related to SBS, were effective as of the end of the annual period covered by this report.

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 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. 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, 2025. 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, 2025, our internal control over financial reporting is effective. Our management assessment of and conclusion on the effectiveness of internal control over our financial reporting did not include the internal controls of SBS which is included in our 2025 consolidated financial statements and constituted 5% of the total assets (excluding acquired intangibles and goodwill), as of December 31, 2025 and 28% of revenues for the year then ended.

The effectiveness of management's internal control over financial reporting as of December 31, 2025 has been audited by Kost Forer Gabbay & Kasierer, a member of EY Global, an independent registered public accounting firm as stated in their report included in Item 18. Financial Statements. As indicated, the evaluation of the effectiveness of our internal control over financial reporting did not include an evaluation of the internal control over financial reporting of a subsidiary acquired in 2025.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting that have occurred during the period covered by this Annual Report 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.

Services Rendered	Year Ended December 31,			
	2025		2024	
	Fees (in thousands)	Percentages	Fees (in thousands)	Percentages
Audit fees (1)	\$ 1,195	84%	\$ 770	55%
Tax fees (2)	70	5%	159	12%
Other (3)	156	11%	463	33%
Total	\$ 1,421	100%	\$ 1,392	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. The increase in 2025 compared to 2024 is related to the acquisition of SBS and DataPath's proxy agreement.
- (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, 2025, 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 March 16, 2026, 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, or CIO, who holds over 25 years of experience in information technology and Company's Chief Information Security Officer, or CISO, that holds over 10 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, or DFARS, related to adequately safeguarding controlled unclassified information, or 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 \(including the Israeli Sub-plan to the Gilat Satellite Networks Ltd. 2008 Share Incentive Plan\), as amended.](#)
- 4.24 [Compensation Policy for Executive Officers and Directors, as amended on August 14, 2025, previously filed on July 17, 2025 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 Apurimac'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 March 16, 2026](#)
- [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

* 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 16, 2026

GILAT SATELLITE NETWORKS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 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.

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, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, 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, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, 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, 2025, 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 16, 2026, 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 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 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 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 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.

Valuation of acquired intangible assets and fair value of contingent consideration liability in the acquisition of Stellar Blu Solutions LLC

Description of the Matter

As described in Note 17 to the consolidated financial statements, on January 6, 2025, the Company completed the acquisition of 100% of the membership interests of Stellar Blu Solutions LLC ("SBS") for a total consideration of \$138,975 thousands, which included contingent consideration liability of \$31,187 thousands. The transaction was accounted for as a business combination. The Company's accounting for the acquisition included determining the fair value of identified intangible assets acquired, which included technology, customer contracts and backlog, with estimated fair value as of the acquisition date in the aggregate amount of \$53,417 thousands (the "Intangible Assets").

Auditing the Company's determination of the fair value of the Intangible Assets and the contingent consideration liability was complex due to the significant estimation required by management. The complexity was primarily due to the sensitivity of the fair value to certain underlying assumption in the valuation models used by management to measure the fair value of the Intangible Assets and the contingent consideration liability.

The Company primarily used discounted cash flow model to measure the fair value of the Intangible Assets. The significant assumptions used to estimate the fair value of the Intangible Assets and the contingent consideration liability included discount rates, projected financials information, including projected revenues growth, royalty rates and profit margins. 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 the controls over the Company's accounting for the acquisition. For example, controls over the valuation of the Intangible Assets acquired and contingent consideration liability, including the valuation models and the underlying assumptions used to develop such estimates.

To test the estimated fair value of the Intangible Assets and contingent consideration liability, our audit procedures included, evaluating the Company's selection of the valuation methodology, testing projected financial information, evaluating the significant assumptions used by management and testing the completeness and accuracy of the underlying data. For example, we compared the significant assumptions to industry, market and economic trends of the acquired business and to other relevant factors.

We involved our valuation specialists to assist with our evaluation of the methodology used by the Company and certain assumptions included in the fair value estimates. For example, our valuation professionals performed independent comparative calculations to estimate the acquired entity discount rate.

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 \$15,558 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.

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 tax asset, our audit procedures included, 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 assessed the historical accuracy of management's projections and compared it to the actual results of prior periods. Additionally, we reconciled the projections of future taxable income with other forecasted financial information prepared by the Company. We also performed a sensitivity analysis on the significant assumptions to evaluate how changes in those assumptions would impact the utilization of deferred tax asset.

/s/ Kost Forer Gabbay & Kasierer
A Member of EY Global

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

Tel-Aviv, Israel
March 16, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of

GILAT SATELLITE NETWORKS LTD.

Opinion on Internal Control Over Financial Reporting

We have audited Gilat Satellite Networks Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2025, 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, 2025, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Stellar Blu Solutions LLC, which is included in the 2025 consolidated financial statements of the Company and constituted 5% of total assets (excluding acquired intangible assets and goodwill) as of December 31, 2025 and 28% of revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Stellar Blu Solutions LLC.

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, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated March 16, 2026 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 16, 2026

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31,	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 168,907	\$ 119,384
Short-term deposits	16,433	-
Restricted cash	88	853
Trade receivables (net of allowance for credit losses of \$1,251 and \$461 as of December 31, 2025 and 2024, respectively)	85,929	49,600
Contract assets	36,987	24,941
Inventories	45,430	38,890
Other current assets	37,406	21,963
Total current assets	391,180	255,631
LONG-TERM ASSETS:		
Restricted cash	-	12
Long-term contract assets	7,890	8,146
Severance pay funds	6,941	5,966
Deferred taxes, net	15,558	11,896
Operating lease right-of-use assets	5,922	6,556
Other long-term assets	19,871	5,288
Total long-term assets	56,182	37,864
PROPERTY AND EQUIPMENT, NET	75,172	70,834
INTANGIBLE ASSETS, NET	53,986	12,925
GOODWILL	169,534	52,494
Total assets	\$ 746,054	\$ 429,748

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,	
	2025	2024
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term loan	\$ 2,000	\$ -
Trade payables	31,614	17,107
Accrued expenses	58,878	45,368
Advances from customers and deferred revenues	78,499	18,587
Operating lease liabilities	2,957	2,557
Other current liabilities	41,529	17,817
Total current liabilities	215,477	101,436
LONG-TERM LIABILITIES:		
Long-term loan	-	2,000
Accrued severance pay	7,508	6,677
Long-term advances from customers and deferred revenues	67	580
Operating lease liabilities	3,102	4,014
Other long-term liabilities	19,622	10,606
Total long-term liabilities	30,299	23,877
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.2 par value: Authorized: 90,000,000 shares as of December 31, 2025 and 2024; Issued and outstanding: 73,831,318 and 57,017,032 shares as of December 31, 2025 and 2024, respectively	3,765	2,733
Additional paid-in capital	1,115,030	943,294
Accumulated other comprehensive loss	(3,768)	(6,120)
Accumulated deficit	(614,749)	(635,472)
Total shareholders' equity	500,278	304,435
Total liabilities and shareholders' equity	\$ 746,054	\$ 429,748

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

CONSOLIDATED STATEMENTS OF INCOME

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

	Year ended December 31,		
	2025	2024	2023
Revenues:			
Products	\$ 328,172	\$ 192,112	\$ 174,278
Services	123,485	113,336	91,812
Total revenues	451,657	305,448	266,090
Cost of revenues:			
Products	242,409	121,862	105,617
Services	75,904	70,255	55,528
Total cost of revenues	318,313	192,117	161,145
Gross profit	133,344	113,331	104,945
Operating expenses:			
Research and development expenses, net	46,651	38,136	41,173
Selling and marketing expenses	35,114	27,381	25,243
General and administrative expenses	31,345	26,868	19,215
Other operating income, net	(3,206)	(6,751)	(8,771)
Total operating expenses	109,904	85,634	76,860
Operating income	23,440	27,697	28,085
Financial income (expenses), net	(4,526)	1,504	109
Income before taxes on income	18,914	29,201	28,194
Tax benefit (taxes on income)	1,809	(4,352)	(4,690)
Net income	\$ 20,723	\$ 24,849	\$ 23,504
Earnings per share:			
Basic	\$ 0.35	\$ 0.44	\$ 0.41
Diluted	\$ 0.34	\$ 0.44	\$ 0.41
Weighted average number of shares used in computing earnings per share:			
Basic	59,428,823	57,016,920	56,668,999
Diluted	60,402,165	57,016,920	56,672,537

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
Net income	\$ 20,723	\$ 24,849	\$ 23,504
Other comprehensive income (loss):			
Foreign currency translation adjustments	679	(1,193)	217
Change in unrealized gain (loss) on hedging instruments, net	4,741	565	(1,290)
Less - reclassification adjustments for net loss (gain) realized on hedging instruments, net	(3,068)	(177)	2,605
Total other comprehensive income (loss)	2,352	(805)	1,532
Comprehensive income	\$ 23,075	\$ 24,044	\$ 25,036

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, 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
Issuance of Ordinary shares in private placements, net (see Note 1)	15,947,709	981	163,079	-	-	164,060
Stock-based compensation	-	-	7,781	-	-	7,781
Exercise of stock options and issuance of shares	866,577	51	876	-	-	927
Comprehensive income	-	-	-	2,352	20,723	23,075
Balance as of December 31, 2025	<u>73,831,318</u>	<u>3,765</u>	<u>1,115,030</u>	<u>(3,768)</u>	<u>(614,749)</u>	<u>500,278</u>

*) Represents an amount of 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,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 20,723	\$ 24,849	\$ 23,504
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,651	13,554	13,402
Capital gain from sale of property	-	-	(2,084)
Stock-based compensation	8,420	6,726	3,423
Accrued severance pay, net	(145)	(89)	167
Deferred taxes, net	(3,662)	1,834	2,662
Decrease (increase) in trade receivables, net	(42,385)	(5,393)	13,448
Decrease (increase) in contract assets	(11,831)	4,565	(1,694)
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)	16,940	11,661	(351)
Decrease (increase) in inventories	1,539	(1,928)	(2,387)
Increase (decrease) in trade payables	(2,195)	3,196	(7,635)
Increase (decrease) in accrued expenses	6,977	(5,906)	735
Increase (decrease) in advances from customers and deferred revenues	5,652	(16,390)	803
Decrease in other liabilities	(3,009)	(5,010)	(12,049)
Net cash provided by operating activities	20,675	31,669	31,944
Cash flows from investing activities:			
Purchase of property, equipment and intangible assets	(11,490)	(6,610)	(10,746)
Investment in other asset	(3,500)	-	-
Investments in short-term deposits	(16,433)	-	-
Acquisitions of subsidiary, net of cash acquired (see Note 17)	(104,943)	-	(4,107)
Receipts from sale of properties	-	-	2,168
Net cash used in investing activities	(136,366)	(6,610)	(12,685)

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,		
	2025	2024	2023
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	-
Proceeds from long-term loan, net of associated costs (see Note 19)	58,970	(654)	-
Repayment of long-term loan (see Note 19)	(60,000)	-	-
Proceeds from issuance of Ordinary shares in private placements, net (see Note 1)	164,060	-	-
Proceeds from exercise of stock options	166	-	-
Net cash provided by (used in) financing activities	163,196	(8,107)	(1,590)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,241	(1,454)	(63)
Increase in cash, cash equivalents and restricted cash	48,746	15,498	17,606
Cash, cash equivalents and restricted cash at the beginning of the year	120,249	104,751	87,145
Cash, cash equivalents and restricted cash at the end of the year (a)	<u>\$ 168,995</u>	<u>\$ 120,249</u>	<u>\$ 104,751</u>
Supplementary disclosure of cash flows activities:			
(A) Cash paid during the year for:			
Interest	\$ 4,600	\$ 544	\$ 564
Taxes on income	\$ 1,576	\$ 1,886	\$ 13,641
(B) Non-cash transactions:			
Purchases of property and equipment that were not paid for and reclassification from inventories to property and equipment	\$ 2,692	\$ 312	\$ 4,475
New operating lease assets obtained in exchange for operating lease liabilities	\$ 1,840	\$ 4,629	\$ 1,034

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

	December 31,		
	2025	2024	2023
Cash and cash equivalents	\$ 168,907	\$ 119,384	\$ 103,961
Restricted cash - current	88	853	736
Restricted cash - long-term	-	12	54
Cash, cash equivalents and restricted cash	<u>\$ 168,995</u>	<u>\$ 120,249</u>	<u>\$ 104,751</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1:- GENERAL

- a. 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 solution, and 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, 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 broadband connectivity. The Company also provides managed network services over VSAT networks owned by others.
- b. The Company depends on major suppliers to supply certain components and services for the production of its products or to provide 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 delay 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. 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. In January 2025, the Company completed the acquisition of SBS. For additional information, see Note 17.
- d. Due to ongoing sanctions and regulatory restrictions that limited the Company's ability to operate in Russia, the Company wound down its business activities in Russia in 2024. Although the Company's operations in Russia were limited, the wind-down resulted in a reduction in sales and negatively affected financial results.
- e. In January 2025, the Company reorganized its operations and began reporting under three new reportable segments: Gilat Commercial, Gilat Defense and Gilat Peru. While the new structure was adopted in 2025, all comparative segment information in these consolidated financial statements has been recast on a retrospective basis to reflect the new segment presentation. See Note 15 for further details.
- f. In 2025, the Company completed two private placements of its Ordinary shares, generating aggregate net proceeds of approximately \$164,060, net of \$1,940 related issuance costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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"), are denominated in U.S. dollars, and followed on a consistent basis.

- b. Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

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 total 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, contingent considerations and intangibles from business combination transaction and stock-based compensation. Actual results could differ from those estimates.

- 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". All transaction gains and losses of the remeasurement of monetary balance sheet items are reflected in the consolidated statements of income 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 amounts have been translated using specific rates. The resulting translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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, Cash equivalents and Short-term deposits:

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.

Short-term deposits are deposits with original maturities of more than three months but less than twelve months as of the consolidated balance sheets date.

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.

g. Inventories:

Inventories are stated at the lower of cost or net realizable value. 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 as cost of revenues. In addition, if required, the Company records a liability for firm non-cancellable 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 - represent the cost of manufacturing, including 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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:

	<u>Years</u>
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.

i. Intangible assets:

Intangible assets acquired in a business combination are recorded at fair value allocated to them as of 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".

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", 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.

There was no impairment of long-lived assets in the years ended December 31, 2025, 2024 and 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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 networks construction), satellite-based communications networks services and connectivity services, 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 the construction of massive fiber-optic and wireless networks. Revenues from the sale of products include mainly the sale of VSATs, hubs, SSPAs, low-profile and ESA 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 expected to be received according to ASC 606. Revenue is recognized net of any taxes collected from customers and remitted to governmental entities.

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 includes a variable amount (e.g., penalties), the Company estimates the amount of consideration to which it will be entitled to, usually based on the "most likely amount" method, and includes it in the transaction price only to the extent it is probable that a significant revenue reversal will not occur when the associated uncertainty is resolved.

Revenue from the sale of equipment is recognized at a point in time, when control transfers to the customer, generally upon shipment, or at acceptance to the extent significant acceptance provisions exist. Revenue from periodic services is recognized ratably over the term of the services. Revenue from time and material contracts is recognized when the service is rendered. Revenue from other services is recognized upon their completion.

Revenues from long-term contracts under which the Company provides significant construction to the customer's specifications and networks operation and maintenance 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 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. The Company generally uses the cost-to-cost measure of progress for these contracts, as management believes this method is appropriate and reasonably depicts the progress of the work efforts toward satisfying the performance obligation. In the years ended December 31, 2025, 2024 and 2023, the Company recognized revenues from these construction performance obligations in the amounts of \$26,525, \$15,745 and \$12,926, respectively, which are presented under the Gilat Peru 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

SSPs for the Company's products and services provided as part of the long-term contracts are generally not observable, and consequently the Company uses the expected cost plus a reasonable margin approach to estimate SSP ranges. The estimation of SSP requires the exercise of management judgement.

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 recognized at a point in time. The Company determines SSP for such equipment based on observable market data.

Revenues from performance obligations relating to the design, development, qualification, integration or manufacture of complex equipment or technology platforms to a customer's specification are generally recognized over time because of continuous transfer of control to the customer, which 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. The Company generally uses the cost-to-cost measure of progress for these contracts, as management believes this method is appropriate and reasonably depicts the progress of the work efforts toward satisfying the performance obligation.

Contract estimated profits reflect the difference between the estimated transaction price and the expected performance costs of the contract. Changes to performance costs 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 or costs which are related to a single existing performance obligation are recorded in the period the change is reasonably determinable, 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 or assumptions were to change, 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 described above, customers pay milestone-based payments or advances. Depending on the timing of payments relative to revenue recognition, amounts are presented as either "contract assets" (when revenue recognized in excess of billings) or "deferred revenue and advances from customers" (when payments received in advance). These payments are typically not considered as significant financing components. The increase in contract assets during 2025 was mainly as a result of revenues recognized in excess of billings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

The Company pays sales commissions to internal and external sales agents 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. Expenses related to these costs are mostly included in selling and marketing expenses in the consolidated statements of income. Such expenses during the years ended December 31, 2025, 2024 and 2023 were \$2,964, \$2,099, and \$3,330, respectively. The capitalized balances related to these costs as of December 31, 2025 and 2024 were \$1,904 and \$1,755, 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 as incurred.

o. Warranty costs:

Generally, the Company provides product assurance warranties for periods between twelve to thirty-six 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 \$2,353 and \$1,139 as of December 31, 2025 and 2024, respectively.

p. Research and development expenses:

Research and development costs are charged to the consolidated statements of income 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 \$2,008, \$2,461 and \$1,043 for the years ended December 31, 2025, 2024 and 2023, 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.

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 market or 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.

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.

The Company establishes reserves for uncertain tax positions based on an evaluation of whether the tax position is "more likely than not" to be sustained upon examination. The Company records interest and penalties pertaining to its uncertain tax positions in the financial statements as income tax expense. The Company classifies interest and penalties on income taxes (which includes uncertain tax positions) as taxes on income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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, short-term deposits, trade receivables and contract assets.

As of December 31, 2025 and 2024, the majority of the Company's cash and cash equivalents, restricted cash and short-term deposits are invested in dollars with major banks in Israel and the United States. Generally, cash and cash equivalents may be redeemed upon demand and therefore, management believes that they bear low risk.

The Company may redeem the short-term deposits prior to their contractual maturity; however, in such cases it may forfeit accrued interest or receive only partial interest. Accordingly, management considers these deposits to bear low risk, similar to cash and cash equivalents.

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 \$851, \$151 and recorded net income of \$69 for the years ended December 31, 2025, 2024 and 2023, respectively.

u. Employee 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 Israeli Severance Pay Law, ("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, 2025, 2024 and 2023, amounted to \$3,682, \$3,889 and \$3,403, 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 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 \$1,022, \$916 and \$631 for the years ended December 31, 2025, 2024 and 2023, respectively.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The carrying amounts of cash and cash equivalents, restricted cash, short-term deposits, 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 or market conditions 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.

x. Derivatives and hedging activities:

ASC 815, "Derivatives and Hedging", 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. Other comprehensive income (loss):

The Company accounts for other 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The following tables show the components of accumulated other comprehensive income (loss), as of December 31, 2025:

	December 31, 2025		
	Foreign currency translation adjustments	Unrealized gains on cash flow hedges	Total
Beginning balance	\$ (7,188)	\$ 1,068	\$ (6,120)
Other comprehensive income before reclassifications	679	4,741	5,420
Amounts reclassified from accumulated other comprehensive income	-	(3,068)	(3,068)
Net current-period other comprehensive income	679	1,673	2,352
Ending balance	\$ (6,509)	\$ 2,741	\$ (3,768)

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 because the interest rate implicit in the Company's leases is not readily determinable and based on the information available at the commencement date to determine the present value of the lease payments. Several of the Company's leases include options to extend the lease. In determining the lease term, the Company includes only the non-cancellable period of the lease and takes into account renewal options only when it is reasonably certain that such options will be exercised. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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 incurred in a business combination is included as part of the acquisition price and recorded at fair value as of the acquisition date. The fair value of the contingent consideration, which was initially recorded as a liability, is re-measured at each reporting period, with any adjustments in fair value recognized in Other operating income, net in the consolidated statements of income.

When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, including the selection of valuation methodologies, estimates of future revenues and cash flows and discount rates, especially with respect to intangible assets.

Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer contracts, backlog, technology, and discount rates. The Company estimates fair value based upon assumptions that are believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

ab. Recently issued and adopted accounting pronouncement:

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 adopted this guidance prospectively for its annual period beginning January 1, 2025. See Note 12 for further information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

ac. Recently issued accounting pronouncements - not yet adopted:

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income (loss) Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires disaggregation of certain costs and expenses included in each relevant expense caption on the Company's consolidated income statements in a separate note to the financial statements at each interim and annual reporting period, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. ASU 2024-03 is effective fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. The practical expedient assumes that current conditions as of the balance sheet date do not change for the remaining life of the assets. The guidance is effective for the Company beginning December 15, 2025, with early adoption permitted. The Company does not expect the adoption to have a material impact on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 3:- INVENTORIES

- a. Inventories are comprised of the following:

	December 31,	
	2025	2024
Raw materials, parts and supplies	\$ 16,214	\$ 16,291
Work in progress and assembled raw materials	11,894	10,335
Finished products	17,322	12,264
	<u>\$ 45,430</u>	<u>\$ 38,890</u>

- b. Inventory net write-offs amounted to \$3,124, \$2,612 and \$3,674 for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 4:- PROPERTY AND EQUIPMENT, NET

- a. Property and equipment, net is comprised of the following:

	December 31,	
	2025	2024
Cost:		
Buildings and land	\$ 84,449	\$ 84,022
Computers, software and electronic equipment	76,603	67,627
Network equipment	43,884	39,739
Office furniture and equipment	4,364	4,165
Vehicles	294	299
Leasehold improvements	3,024	2,624
	<u>212,618</u>	<u>198,476</u>
Accumulated depreciation	(137,446)	(127,642)
Depreciated cost	<u>\$ 75,172</u>	<u>\$ 70,834</u>

- b. Depreciation expenses amounted to \$10,482, \$10,177 and \$12,690 for the years ended December 31, 2025, 2024 and 2023, respectively.
- c. The Company leases part of its buildings as office space to others. The gross income generated from such leases amounted to approximately \$4,671, \$5,141 and \$5,401 for the years ended December 31, 2025, 2024 and 2023, respectively. These amounts do not include the corresponding offsetting expenses related to this income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 5:- ADVANCES FROM CUSTOMERS AND DEFERRED REVENUES

Approximately \$14,009 out of the advances from customers and deferred revenue balance as of December 31, 2024 was recognized as revenues during the year ended December 31, 2025.

The balance of advances from customers and deferred revenues approximates the aggregate amount of the billed and collected amount allocated to the unsatisfied performance obligations at the end of the reporting period. The increase of advances from customers and deferred revenues in the year ended December 31, 2025 is mainly related to the acquisition of SBS (see Note 17).

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, 2025 is approximately \$431,533. Such unsatisfied performance obligations, other than for large scale governmental projects (expected to be recognized over periods of approximately 4-9 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, 2025, the Company expects to recognize approximately 83% of its remaining performance obligations as revenue within the next 3 years, with the remainder recognized over a period of approximately 4-9 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.

During the year ended December 31, 2025, the Company recognized approximately \$10,885 of revenue from performance obligations that were satisfied (or partially satisfied) in previous periods, due to the variable consideration constraint in ASC 606. The corresponding balance is presented under long-term assets as of December 31, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 6:- INTANGIBLE ASSETS, NET

- a. Intangible assets, net are comprised of the following:

	December 31,	
	2025	2024
Original amounts:		
Technology	\$ 61,375	\$ 43,697
Customer relationships	43,977	15,388
Marketing rights and patents	3,421	3,421
Backlog	10,447	2,564
Trademark	1,775	1,775
	<u>120,995</u>	<u>66,845</u>
Accumulated amortization:		
Technology	(45,228)	(42,671)
Customer relationships	(9,538)	(5,285)
Marketing rights and patents	(3,421)	(3,421)
Backlog	(8,570)	(2,410)
Trademark	(252)	(133)
	<u>(67,009)</u>	<u>(53,920)</u>
	<u>\$ 53,986</u>	<u>\$ 12,925</u>

- b. Amortization expenses amounted to \$13,169, \$3,126 and \$712 for the years ended December 31, 2025, 2024 and 2023, respectively.
- c. Estimated amortization expenses for the following years are as follows:

<u>Year ending December 31,</u>	
2026	8,914
2027	7,277
2028	7,277
2029	7,277
2030	7,040
2031 onwards	16,201
	<u>\$ 53,986</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 7:- GOODWILL

The following table represents the changes in goodwill per operating segment:

	<u>Commercial</u>	<u>Defense</u>	<u>Total</u>
Balance as of December 31, 2024 *)	\$ 35,420	\$ 17,074	\$ 52,494
Addition from acquisition (see Note 17)	115,211	-	115,211
Measurement period adjustments (see Note 17)	<u>1,829</u>	<u>-</u>	<u>1,829</u>
Balance as of December 31, 2025 *)	<u>\$ 152,460</u>	<u>\$ 17,074</u>	<u>\$ 169,534</u>

*) Net of accumulated impairment losses of \$62,179.

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, 2025, are as follows:

2026	3,925
2027	224
	<u>\$ 4,149</u>

- b. In 2025 and 2024, 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 several of the Company's inventory suppliers. As of December 31, 2025 and 2024, the Company's major outstanding inventory purchase commitments amounted to \$164,281 and \$31,001, respectively, all of which were orders placed or commitments made in the ordinary course of its business. As of December 31, 2025 and 2024, \$141,183 and \$24,720, respectively, of these orders and commitments were from suppliers that 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

- 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 IIA for royalty-bearing programs. The Company recorded income from IIA grants for the years ended December 31, 2025, 2024 and 2023 in the amount of \$2,008, \$2,461 and \$1,043, respectively. As of December 31, 2025, the Company had a contingent liability to pay royalties in the amount of approximately \$1,506.
2. The Company received partial funding for certain R&D projects from the BIRD Foundation and is required to pay royalties of 5% of sales generated from these projects, up to 150% of the funding received. The royalty obligation is contingent on future sales, and as of December 31, 2025, the related contingent liability was approximately \$409.
- 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, 2025, the total amount of this claim, including interest, penalties and legal fees is approximately \$7,200, of which approximately \$700 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 the 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

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.

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. During 2024 and 2023 GTH Peru received payments of approximately \$10,629 and \$3,213, respectively. These amounts were recognized as income under "Other operating income, net" in the consolidated statements of income for the years ended December 31, 2024 and 2023, respectively.

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 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. During 2025 and 2024 GTH Peru received payments of approximately \$4,550 and \$3,093, respectively. These amounts were recognized as income under "Other operating income, net" in the consolidated statements of income for the years ended December 31, 2025 and 2024, respectively. See note 14.
4. In April 2024, GNP Peru initiated arbitration proceedings against PRONATEL at the ANKAWA International Arbitration and Dispute Resolution Center, Lima, relating to PRONATEL projects awarded in 2015. Under these projects, GNP Peru constructed telecommunications transport networks in rural areas of Ayacucho, Apurímac and Huancavelica. Although GNP Peru completed the construction phase, PRONATEL has not formally accepted the network, and GNP Peru has continued to operate and maintain the network at its own cost. GNP's principal claim sought payment for these operation and maintenance services. In April 2025, the arbitral tribunal issued awards ordering PRONATEL to pay GNP approximately \$9,600 plus procedural costs and legal interest. PRONATEL has filed annulment requests, and GNP Peru has initiated collection proceedings against PRONATEL and MTC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

5. PRONATEL continues to dispute responsibility for ongoing operation and maintenance costs. Accordingly, in November 2025, GNP Peru commenced a second arbitration seeking payment for services provided since January 1, 2025, that are not covered by the prior awards, with claims currently totaling approximately \$9,000.
6. 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, 2025, the aggregate amount of financial guarantees outstanding to secure the Company's various obligations was approximately \$87,594, including an aggregate of approximately \$83,702 related to the Company's business in Peru. To secure these guarantees, the Company provided a floating charge over its assets, as well as other pledges, including a fixed pledge, on certain assets and property. In addition, the Company has approximately \$72 of restricted cash to secure some of those guarantees.

Under the arrangements with banks that provide credit line for guarantees, the Company is required to observe certain conditions. As of December 31, 2025, 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 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 been exercised against the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 9:- LEASES

The Company entered into various non-cancelable operating lease agreements for certain of its offices, facilities and equipment, expiring between 2025 and 2031. The components of operating lease expense were as follows:

	Year ended December 31,		
	2025	2024	2023
Operating lease expenses *)	\$ 3,177	\$ 2,984	\$ 2,714
Short-term lease expenses	892	515	560
Total lease expenses	<u>\$ 4,069</u>	<u>\$ 3,499</u>	<u>\$ 3,274</u>

*) Operating lease expenses were mainly paid in cash during the years ended December 31, 2025, 2024 and 2023.

As of December 31, 2025 and 2024, the Company's operating leases had a weighted average remaining lease term of 1.46 and 3.37 years, respectively, and a weighted average discount rate of 5.59% and 5.18%, respectively.

Future lease payments under operating leases as of December 31, 2025, are as follows:

2026	3,356
2027	2,069
2028	929
2029	643
2030 and thereafter	112
Total undiscounted future lease payments	7,109
Less: imputed interest	(1,050)
Total lease liability balance	<u>\$ 6,059</u>

NOTE 10:- DERIVATIVE INSTRUMENTS

The Company has entered into several foreign currency hedging contracts to protect against changes in the 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 gains and losses related to derivative instruments within payroll expenses, included in Cost of revenues and Operating expenses in the consolidated statements of income. The Company recorded a gain of \$3,068, a gain of \$177 and a loss of \$2,605 for the years ended December 31, 2025, 2024 and 2023, respectively. The notional amounts of hedging contracts were \$16,081 and \$32,021 as of December 31, 2025 and December 31, 2024, respectively.

The fair value of derivative instruments in the consolidated balance sheets, which are presented under Other current assets amounted to \$2,741 and \$1,068 as of December 31, 2025 and 2024, respectively.

The estimated net amount of the existing profit that is reported in accumulated other comprehensive income as of December 31, 2025 that is expected to be reclassified into consolidated statement of income within the next twelve months is \$2,741.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2025, the Company's Board of Directors approved, in the aggregate, an increase of 14,986,316 shares to the number of shares available for grant under the 2008 Plan, bringing the total number of shares available for grant to 15,986,316. As of December 31, 2025, 2,980,372 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.

During the year ended December 31, 2025, the Company granted awards subject to market and performance conditions ("RSUs"). These RSUs generally vest over a four-year period of continued employment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

In addition, the Company approved the issuance of additional RSUs, some of which were also subject to performance conditions, contingent upon shareholder approval. As of August 14, 2025, such shareholder approval had been obtained. Accordingly, share-based compensation expense was recognized in respect of these awards.

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.

Options granted to employees and directors:

The fair value of the Company's stock options granted in the years ended December 31, 2025, 2024 and 2023 was estimated using the following weighted average assumptions:

	Year ended December 31,		
	2025	2024	2023
Risk free interest	3.79%-4.36%	3.85%-4.56%	3.57%-4.58%
Dividend yields	0%	0%	0%
Volatility	42.39%-43.26%	47.75%-49.00%	52.77%-53.87%
Expected term (in years)	3.76-3.82	3.82-3.83	3.85-3.92

A summary of employees' and directors' option balances under the 2008 Plan as of December 31, 2025 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, 2025	5,290,625	\$ 6.6	3.6	\$ 1,060
Granted	1,010,000	\$ 6.9		
Exercised	(2,127,060)	\$ 6.4		
Forfeited and cancelled	(311,042)	\$ 7.4		
Outstanding as of December 31, 2025	<u>3,862,523</u>	<u>\$ 6.7</u>	<u>3.5</u>	<u>\$ 24,140</u>
Exercisable as of December 31, 2025	<u>1,332,536</u>	<u>\$ 7.2</u>	<u>2.4</u>	<u>\$ 7,606</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

The weighted-average grant-date fair value of options granted during the years ended December 31, 2025, 2024 and 2023 were \$2.40, \$2.14 and \$2.50, 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, 2025, 2024 and 2023 was \$7,476, \$6 and \$104, respectively.

RSUs granted to employees:

A summary of the Company's RSUs balances under the 2008 Plan as of December 31, 2025 and changes during the twelve months then ended are as follows:

	<u>Number of RSUs</u>
Outstanding as of January 1, 2025	-
Granted	1,215,500
Vested	-
Forfeited	<u>(38,000)</u>
Outstanding as of December 31, 2025	<u>1,177,500</u>

The weighted-average grant-date fair value of RSUs granted during the twelve months ended December 31, 2025, were \$6.77.

For market-based awards, the Company determined the grant-date fair value using a Monte Carlo simulation model that incorporates various assumptions. The fair value of the Company's RSUs granted in the twelve months ended December 31, 2025, was estimated using the following weighted average assumptions:

	<u>Twelve months ended December 31, 2025</u>
Risk free interest	3.73% - 4.35%
Volatility	41.40% - 44.17%
Expected term (in years)	0.5 - 4
Minimal share price for vesting	5.25

Additional stock-based compensation data:

As of December 31, 2025, there was \$9,232 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 2.4 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

- c. As part of DataPath Inc. ("DPI") acquisition, the Company issued Ordinary shares and may issue additional Ordinary shares in the future if certain criteria are met (see Note 17).
- d. During the years ended December 31, 2025, 2024 and 2023, 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 in the following line items:

	Year ended December 31,		
	2025	2024	2023
Cost of revenues of products	\$ 411	\$ 214	\$ 185
Cost of revenues of services	403	304	222
Research and development expenses, net	1,512	674	654
Selling and marketing expenses	1,445	611	417
General and administrative expenses	4,642	4,923	1,945
Other operating expenses (income), net	7	-	-
	<u>\$ 8,420</u>	<u>\$ 6,726</u>	<u>\$ 3,423</u>

- e. Dividends:
- 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.
 - The Company has not adopted a policy regarding the distribution of dividends.
 - 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:
- Corporate tax rates: Generally, income of Israeli companies is subject to corporate tax rate of 23%.
 - The Company previously participated in incentive programs under the Israeli Law for the Encouragement of Capital Investments, 1959, (the "Law") including Approved Enterprise and Benefitted Enterprise programs. These programs provided certain tax benefits for qualifying investment programs and production facilities during their applicable benefit periods. As of December 31, 2023, the benefit period expired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 12:- TAXES ON INCOME (Cont.)

3. 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.

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%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 12:- TAXES ON INCOME (Cont.)

4. In November 2021, the Israeli Parliament enacted the 2021 - 2022 Budget Law, which introduced changes to the taxation of previously tax-exempt "trapped earnings." In 2022, the Company utilized the temporary tax relief under this law to release such trapped earnings, resulting in a one-time tax expense of \$12,880, with the related taxes primarily paid in 2023.

- 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 for 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, 2025, the amount of undistributed earnings of non-Israeli subsidiaries, which is considered indefinitely reinvested, was \$4,083 with a corresponding unrecognized deferred tax liability of \$643.

In July 4, 2025, the One Big Beautiful Bill Act (the "Act") was signed into U.S. law. The Act extends and modifies several provisions originally introduced under the Tax Cuts and Jobs Act of 2017, while also implementing additional changes to U.S. federal tax law. The Act contains multiple effective dates, with certain provisions taking effect beginning in calendar year 2025 and others phased in through calendar year 2027. The Act did not have a material effect on the Company's consolidated financial statements for the year ended December 31, 2025.

- c. Carryforward tax losses and credits:

As of December 31, 2025, the Company had operating loss carryforwards for Israeli income tax purposes of approximately \$10,761 which may be offset indefinitely against future taxable income.

As of December 31, 2025 and 2024, the Company had capital loss carryforwards for Israeli tax purposes which may be offset indefinitely against future capital gains. The Company does not expect future utilization of such carry forward losses and accordingly recorded a full valuation allowance.

As of December 31, 2025, the Company's U.S. subsidiaries had approximately \$22,636 of carryforward tax losses for Federal tax purposes and \$28,621 of carryforward tax losses for state tax purposes, some of which can be utilized for 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 \$2,925 and for state tax purposes of approximately \$5,872.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 12:- TAXES ON INCOME (Cont.)

The Company has carryforward tax losses relating to other subsidiaries in Europe and South America of approximately \$41,008 (which can be utilized indefinitely) and \$73,570 (\$66,892 can be utilized up to 4 years since incurred, with expiration commencing in 2026, and the remaining \$6,678 can be utilized in part for up to 12 years and in part indefinitely), as of December 31, 2025, respectively.

d. Deferred taxes:

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31,	
	2025	2024
1. Provided in respect of the following:		
Gross deferred tax assets:		
Carryforward tax losses and credits *) **)	\$ 45,101	\$ 34,030
Property, equipment and intangibles	34,817	28,645
Inventory accrual	3,058	2,268
Vacation accrual	775	662
Supplementary tax advances	2,329	1,530
Research and development costs	6,017	7,056
Other temporary differences	4,176	883
Gross deferred tax assets	<u>96,273</u>	<u>75,074</u>
Valuation allowance	<u>(69,173)</u>	<u>(57,667)</u>
Net deferred tax assets	<u>27,100</u>	<u>17,407</u>
Gross deferred tax liabilities:		
Property, equipment and intangibles	<u>(11,542)</u>	<u>(5,511)</u>
Gross deferred tax liabilities	<u>(11,542)</u>	<u>(5,511)</u>
Net deferred tax assets	<u>\$ 15,558</u>	<u>\$ 11,896</u>

*) The amounts are presented after reduction for unrecognized tax benefits of \$3,532 and \$3,241 as of December 31, 2025 and 2024, 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.

\$ (1,809) \$ 4,352 \$ 4,690

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 12:- TAXES ON INCOME (Cont.)

- g. Income before taxes on income:

	Year ended December 31,		
	2025	2024	2023
Domestic	\$ 8,575	\$ 13,207	\$ 24,532
Foreign	10,339	15,994	3,662
	<u>\$ 18,914</u>	<u>\$ 29,201</u>	<u>\$ 28,194</u>

- h. Unrecognized tax benefits:

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

	December 31,	
	2025	2024
Balance at beginning of year	\$ 3,594	\$ 3,397
Decrease in tax positions for prior years, net	(44)	(221)
Increase in tax positions for current year	330	417
Balance at the end of year *)	<u>\$ 3,880</u>	<u>\$ 3,594</u>

- *) The amounts for the years ended December 31, 2025 and 2024 include \$3,532 and \$3,241, respectively, of unrecognized tax benefits which are presented as a reduction from deferred tax assets, see Note 12d.

The unrecognized tax benefits included accrued penalties and interest of \$109 and \$116 as of December 31, 2025 and 2024, respectively. During the years ended December 31, 2025, 2024 and 2023, the Company recorded expense (income) of \$0, (\$194) and \$194 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, 2025 is \$1,932.

- 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 2020 are considered final. As of December 31, 2025, the tax returns of the Company's main subsidiaries are still subject to audits by the tax authorities for the tax years 2020 through 2025.
- j. Taxes paid in cash:

	Year ended December 31, 2025
Israel	\$ 369
Foreign:	
Moldova	395
Brazil	384
United States	274
Other foreign jurisdictions	154
Total	<u>\$ 1,576</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 13:- SUPPLEMENTARY CONSOLIDATED BALANCE SHEETS INFORMATION

- a. Other current assets are comprised of the following:

	December 31,	
	2025	2024
Governmental authorities	\$ 3,006	\$ 3,033
Prepaid expenses	7,877	6,268
Deferred charges	10,040	4,510
Advance payments to suppliers	10,542	4,763
Other	5,941	3,389
	<u>\$ 37,406</u>	<u>\$ 21,963</u>

- b. Other current liabilities are comprised of the following:

	December 31,	
	2025	2024
Payroll and related employee accruals	\$ 16,720	\$ 14,192
Governmental authorities	1,920	2,651
Holdback Amount (see Note 17)	-	800
Earn-out considerations (see Note 17)	19,266	-
Other	3,623	174
	<u>\$ 41,529</u>	<u>\$ 17,817</u>

- c. Other long-term liabilities are comprised of the following:

	December 31,	
	2025	2024
Earn-out considerations (see Note 17)	\$ 17,172	\$ 10,400
Other	2,450	206
	<u>\$ 19,622</u>	<u>\$ 10,606</u>

- d. During 2025, the Company invested \$3,500 in Crosense Technology Ltd. ("Crosense"), an early-stage startup developing drone detection and tracking technology. The investment is presented under Other long-term assets. The Company elected to measure its equity securities of Crosense, at cost less any impairment, plus or minus changes resulting from observable price changes. Equity investments without readily determinable fair value are assessed for impairment periodically.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 14:- SELECTED CONSOLIDATED STATEMENTS OF INCOME DATA

- a. Other operating expenses (income), net are comprised of the following:

	Year ended December 31,		
	2025	2024	2023
Capital gain from disposal of property	\$ -	\$ -	\$ (2,084)
Arbitrations and legal proceedings in Peru, net	(3,374)	(13,305)	(2,962)
Income, net from changes in fair value of earn-out considerations and Holdback Amount (see Note 17)	(5,828)	(1,803)	(361)
Income from legal proceedings in the Philippines, net	-	-	(5,357)
Mergers and acquisitions related expenses	4,620	3,684	1,550
Indirect tax related expenses	-	3,349	-
Other, net	1,376	1,324	443
	<u>\$ (3,206)</u>	<u>\$ (6,751)</u>	<u>\$ (8,771)</u>

- b. Financial income (expenses), net are comprised of the following:

	Year ended December 31,		
	2025	2024	2023
Income:			
Interest on cash equivalents, short-term deposits and restricted cash	\$ 3,692	\$ 4,350	\$ 3,710
Exchange rate differences, net	172	-	-
Other	63	117	46
	<u>3,927</u>	<u>4,467</u>	<u>3,756</u>
Expenses:			
Interest expenses and associated costs	*) (6,521)	(501)	(232)
Exchange rate differences, net	-	(839)	(35)
Bank charges including guarantees	(1,605)	(1,578)	(1,581)
Revaluation of investment in a convertible debt	-	-	(1,401)
Other	(327)	(45)	(398)
	<u>(8,453)</u>	<u>(2,963)</u>	<u>(3,647)</u>
Total financial income (expenses), net	<u>\$ (4,526)</u>	<u>\$ 1,504</u>	<u>\$ 109</u>

*) Includes \$1,684 transaction costs associated with the credit facility detailed in Note 19.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 14:- SELECTED CONSOLIDATED STATEMENTS OF INCOME DATA (Cont.)

c. Earnings per share:

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

1. Numerator:

	Year ended December 31,		
	2025	2024	2023
Net income available to holders of Ordinary shares	\$ 20,723	\$ 24,849	\$ 23,504

2. Denominator:

	Year ended December 31,		
	2025	2024	2023
Weighted average number of shares	59,428,823	57,016,920	56,668,999
Add - stock options	973,342	-	3,538
Denominator for diluted earnings per share - adjusted weighted average shares assuming exercise of stock options	<u>60,402,165</u>	<u>57,016,920</u>	<u>56,672,537</u>

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 0, 5,215,625 and 5,676,237 for the years ended December 31, 2025, 2024 and 2023, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION

The Company applies ASC 280, "Segment Reporting". 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.

Commencing January 1, 2025, the Company operates in three new operating segments as follows:

- *Gilat Defense Division*: provides secure, rapid-deployment solutions for military organizations, government agencies, defense integrators, and other strategic governmental customers, with a strong focus on the U.S. Department of Defense resulting from the Company's strategic acquisition of DataPath Inc ("DPI"). By integrating technologies from Gilat, Gilat DataPath, and Gilat Wavestream, the Gilat Defense Division delivers resilient battlefield and mission-critical 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 satellite constellations with turnkey solutions for service providers, satellite operators, and enterprises. The Company's acquisition of SBS (see Note 17) 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.
- *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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

- a. Information on the reportable operating segments:
- 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.
 - Financial information relating to reportable operating segments:

	Year ended December 31, 2025			
	Commercial	Defense	Peru	Total
Revenues	\$ 281,352	\$ 100,430	\$ 69,875	\$ 451,657
Cost of Revenues	206,771	70,708	40,834	318,313
Gross profit	74,581	29,722	29,041	133,344
Research and development expenses, net	34,101	12,550	-	46,651
Selling and marketing expenses	22,018	11,017	2,079	35,114
General and administrative expenses	13,923	10,562	6,860	31,345
Other operating expenses (income), net*	(18,311)	18,448	(3,343)	(3,206)
Operating income (loss)	22,850	(22,855)	23,445	23,440
Financial income, net				(4,526)
Income before taxes on income				18,914
Tax benefit				1,809
Net income				\$ 20,723
Depreciation and amortization expenses	\$ 18,924	\$ 2,857	\$ 1,870	\$ 23,651

	Year ended December 31, 2024			
	Commercial	Defense	Peru	Total
Revenues	\$ 155,344	\$ 97,755	\$ 52,349	\$ 305,448
Cost of Revenues	80,063	72,175	39,879	192,117
Gross profit	75,281	25,580	12,470	113,331
Research and development expenses, net	28,760	9,376	-	38,136
Selling and marketing expenses	17,395	7,825	2,161	27,381
General and administrative expenses	7,248	12,760	6,860	26,868
Other operating expenses (income), net*	2,973	(465)	(9,259)	(6,751)
Operating income (loss)	18,905	(3,916)	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	\$ 6,571	\$ 5,223	\$ 1,760	\$ 13,554

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, 2023			
	Commercial	Defense	Peru	Total
Revenues	\$ 195,022	\$ 19,638	\$ 51,430	\$ 266,090
Cost of Revenues	101,980	12,655	46,510	161,145
Gross profit	93,042	6,983	4,920	104,945
Research and development expenses, net	34,987	6,186	-	41,173
Selling and marketing expenses	21,354	2,254	1,635	25,243
General and administrative expenses	9,760	2,448	7,007	19,215
Other operating expense (income), net *)	(7,347)	1,185	(2,609)	(8,771)
Operating income (loss)	34,288	(5,090)	(1,113)	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	\$ 7,800	\$ 1,610	\$ 3,992	\$ 13,402

*) See Note 14

b. Geographic information:

Revenues attributed to geographic areas, based on the location of the end customers are as follows:

	Year ended December 31,		
	2025	2024	2023
United States	\$ 275,851	\$ 145,780	\$ 103,389
Peru	69,875	52,383	53,187
Israel	9,118	15,386	4,074
Others	96,813	91,899	105,440
	\$ 451,657	\$ 305,448	\$ 266,090

c. The Company's long-lived assets (property and equipment, net and operating lease right-of-use assets) are located as follows:

	December 31,	
	2025	2024
Israel	\$ 56,531	\$ 57,413
United States	10,314	9,046
Peru	6,447	5,011
Others	7,802	5,920
	\$ 81,094	\$ 77,390

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 15:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION (Cont.)

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

	Year ended December 31,		
	2025	2024	2023
Customer A – Commercial	24%	12%	14%
Customer B – Commercial	20%	11%	15%
Customer C – Peru	14%	15%	15%

Customer A is located in the European Union, Customer B is located in the U.S. and Customer C is located in Peru. During 2025, Customer A announced the completion of its acquisition of Customer B.

NOTE 16:- RELATED PARTY BALANCES AND TRANSACTIONS

As of December 31, 2025 and 2024, the Company had no related parties. Accordingly, the Company had no related party transactions during the years then ended.

NOTE 17:- BUSINESS COMBINATION

- a. On January 6, 2025, the Company acquired SBS, a leading U.S. based provider of next-generation SATCOM terminal solutions for the In-Flight-Connectivity (“IFC”) market.

In accordance with the acquisition method of accounting, the total estimated purchase price consideration for the SBS acquisition was \$138,975, comprised of the following components:

- i. A closing payment totaling \$98,000 (\$107,788 as adjusted) paid in cash; and
- ii. \$31,187 contingent earn-out payments, to be settled in cash (“SBS Earn-out Consideration”). The SBS Earn-out Consideration consists of potential payments of up to \$147,000 in cash, contingent upon the achievement of certain performance milestones.

The Company estimated the fair value of the SBS Earn-out Consideration by utilizing the Scenario Based Method. Changes in the SBS Earn-out Consideration fair value are recorded in the consolidated statements of income under Other operating income, net. As of December 31, 2025, the fair value of the SBS Earn-out Consideration was \$7,690.

Under the preliminary purchase price consideration allocation, the Company allocated the purchase price consideration to tangible and identified intangible assets acquired and liabilities assumed based on the preliminary estimates of their fair values (with certain measurement exceptions prescribed by the purchase method such as contract assets, lease liabilities and assets, tax balances and other applicable items), which were determined using generally accepted valuation techniques based on estimates and assumptions made by management at the time of the acquisition. Such estimates are subject to change during the measurement period which is limited to up to one year from the acquisition date. Any adjustments to the preliminary purchase price consideration allocation identified during the measurement period will be recognized in the period in which the adjustments are made.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 17:- BUSINESS COMBINATION (Cont.)

Acquisition-related transaction costs are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. The Company incurred transaction costs of \$3,488 and \$2,734 during the years ended December 31, 2025, and 2024, respectively, which were included in Other operating income, net in the consolidated statements of income.

The following table summarizes the value of assets acquired and liabilities assumed as of the acquisition date:

	Value
Cash and Cash equivalents	\$ 2,845
Trade receivables and contract assets	3,594
Inventories	10,365
Prepaid expenses and other current assets	30,468
Identified intangible assets	53,417
Goodwill	117,040
Operating lease right-of-use assets	498
Other long-term assets	1,838
Property and equipment, net	326
Total assets acquired	<u>220,391</u>
Accounts payable	16,233
Accrued expenses	7,317
Advances from customers and deferred revenues	53,720
Operating lease liabilities, current	430
Other current liabilities	3,340
Operating lease liabilities, non-current	105
Other long-term liabilities	271
Total liabilities assumed	<u>81,416</u>
Total purchase price consideration	<u>\$ 138,975</u>

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 SBS and other intangible benefits. Goodwill is allocated to the Commercial operating segment and is deductible for income tax purposes.

During the year ended December 31, 2025, the Company finalized measurement period adjustments related to its inventory commitments, which were recorded to reflect facts and circumstances that existed as of the acquisition date. These adjustments increased the goodwill balance by \$1,829 to \$117,040.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 17:- BUSINESS COMBINATION (Cont.)

The following table summarizes the estimates of the identified intangible assets and their estimated useful lives as of the acquisition date:

	<u>Fair Value</u>	<u>Average expected useful life</u>
Backlog	\$ 7,883	1.25 years
Customer Contracts	28,589	8 years
Technology	16,945	7 years
	<u>\$ 53,417</u>	

The stand-alone results of operations of SBS have been included in the consolidated financial statements since the acquisition date. SBS revenue and net loss (excluding mergers and acquisitions related expenses, changes in fair value of earn-out considerations and corporate allocations) included in the Company's consolidated statement of income from the acquisition date through December 31, 2025, were \$126,714 and \$10,245, respectively.

The following unaudited pro forma combined financial information table presents the results of operations of the Company and SBS as if the acquisition of SBS had been completed on January 1, 2024. The unaudited pro forma financial information includes adjustments primarily related to amortization of the acquired intangible assets, elimination of historical amortization expense, recognition of retention bonuses, recognition of share-based compensation associated with issuance of stock options to SBS key employees and reflects the net adjustment to financial expenses resulting from the \$60,000 drawdown under the new \$100,000 secured credit facility and the repayment of SBS existing debt as part of the acquisition. In addition, the unaudited pro forma financial information assumes no additional pro forma adjustments to the fair value of the SBS 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 SBS, combined, would have been due to any synergies, economies of scale, the assembled workforce of SBS and other elements typically associated with business combinations.

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
	<u>Unaudited</u>	
Revenues	451,657	325,875
Net income (loss)	15,685	(27,287)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 17:- BUSINESS COMBINATION (Cont.)

- b. 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.

The total purchase price consideration for the acquisition was \$19,231, comprising:

- 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; and
- iv. \$11,163 Contingent earn-out payments, to be settled using the Company’s Ordinary shares (“DPI Earn-out Consideration”).

The DPI 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.

Additionally, the Company has committed to issue 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, 2025, and 2024, the Company recognized a liability in the amount of \$2,000 and \$1,382, respectively, which was presented under Other long-term liabilities in its balance sheet.

The Holdback Amount was settled through the issuance of Ordinary shares during the year ended December 31, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 18:- FAIR VALUE MEASUREMENTS

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 from the DPI and SBS acquisitions are classified within Level 3, as these liabilities are valued using valuation techniques.

	December 31, 2025			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	-	2,741	-	2,741
Total financial assets	\$ -	\$ 2,741	\$ -	\$ 2,741
Liabilities:				
Earn-out considerations	-	-	34,396	34,396
Total financial liabilities	\$ -	\$ -	\$ 34,396	\$ 34,396
	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

The table below presents the changes in the earn-out considerations related to the acquisitions of DPI and SBS, which were classified as Level 3 and measured at fair value on a recurring basis, in the year ended December 31, 2025:

Fair value at the beginning of the year	\$ 9,018
Addition related to business combination (See Note 17)	31,187
Revaluation changes in fair value	(5,809)
Fair value at the end of the year	<u>\$ 34,396</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 18:- FAIR VALUE MEASUREMENTS (Cont.)

The Company estimated the fair value of the DPI 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 remaining forecasted year, including a revenue growth rate of 15.4% and an adjusted EBITDA margin of 11.3%. Changes in the Earn-out Consideration fair value are recorded in the consolidated statements of income under Other operating income, net.

The Company estimated the fair value of the SBS Earn-out Consideration by using the Scenario-Based Method. The significant assumptions used in the scenario-based model relate to the probability of meeting the specified performance milestones, which directly impacts the expected payout under the SBS Earn-out Consideration, as well as the discount rate applied in determining the present value of such expected payouts.

NOTE 19:- LONG-TERM LOANS

On October 13, 2024, in connection with the closing of the SBS acquisition, the Company entered into an up to \$100,000 secured credit facility (the "Credit Facility"), among the Company, Wavestream Corp., a wholly owned subsidiary of the Company (the "Borrower"), and the lenders party to the agreement HSBC Bank USA, N.A. and Bank Hapoalim B.M. (the "Lenders"). \$60,000 was drawn down at the SBS acquisition closing date, before issuance expenses of \$1,684, and the proceeds were used by the Company to finance a portion of the SBS acquisition. According to its original terms, the Credit Facility was scheduled to mature on the third anniversary of its entry date and amortized at a rate of between 5% - 10% per annum payable in quarterly installments, with the remaining principal amount due at maturity.

The Credit Facility bore interest at an annual rate of SOFR plus 2.85% to 3.6%. The terms of the Credit Facility contained a number of covenants. During the year ended December 31, 2025, the Company was in compliance with the Credit Facility covenants.

The Credit Facility was guaranteed by a combination of floating and fixed liens, provided by the Company, the Borrower, and certain of the Company's subsidiaries (collectively, the "Guarantors"). The liens and the obligations of the Borrower and the Guarantors were subject to certain exceptions set forth in the Credit Facility.

The total interest expenses, including related transaction costs, recognized in connection with the Credit Facility, were \$6,068 for the year ended December 31, 2025.

On December 31, 2025, the Company voluntarily repaid the outstanding principal balance under the Credit Facility, prior to its contractual maturity, and the facility was terminated in accordance with its terms. Accordingly, no amounts were outstanding as of December 31, 2025, and the related guarantees and liens, as described below, were released.

As of December 31, 2025 and 2024, the Company had an outstanding balance of \$2,000 related to another loan bearing interest at 14% and maturing in 2026. The loan balance was classified as short-term as of December 31, 2025 and as long-term as of December 31, 2024.

GILAT SATELLITE NETWORKS LTD
SHARE INCENTIVE PLAN

1. **Purpose**

The Gilat Satellite Networks Ltd. 2008 Share Incentive Plan (the "Plan") is intended to encourage directors, service providers, officers and other designated employees of Gilat Satellite Networks Ltd. (the "Company") and its subsidiaries and affiliates to acquire the Company's ordinary shares, par value NIS 0.20 ("Ordinary Shares"). It is believed that the Plan will serve the interests of the Company and its shareholders because it allows Participants (as defined in Section 3 below) to have a greater personal financial interest in the Company through ownership of, or the right to acquire, its Ordinary Shares, which in turn will stimulate the efforts of the Participants on the Company's behalf, and maintain and strengthen their desire to remain with the Company. It is believed that the Plan also will assist in the recruitment of individuals who may be eligible to participate in the Plan.

It is intended that the Plan shall serve as the primary plan under which equity-based awards are awarded on a worldwide basis to Participants who are employed by or perform services for the Company or the Company's subsidiaries and affiliates.

2. **Administration**

The Board of Directors of the Company (the "Board") will have exclusive authority to (i) approve one or more subplans that will be established, within the parameters and according to the overall terms and provisions of the Plan, to facilitate local administration of the Plan in Israel and in various other jurisdictions in which the Company and its subsidiaries operate, and to conform the broad provisions of the Plan with legal and tax requirements of each such jurisdiction (each a "Subplan"); (ii) allocate from within the aggregate number of Ordinary Shares covered by the Plan, a portion of such Ordinary Shares to be specifically utilized in connection with each of the Subplans, and determine the types of Incentives (as defined in Section 5 below) to be granted; (iii) if necessary, establish such broad overriding policies, broad guidelines or parameters that shall be applicable to all Incentives granted under the Subplans during the forthcoming year as the Board may deem appropriate (the "Annual Policies"); (iv) grant awards under the Plan and Sub-Plans; (v) approve any supplements to or amendments, restatements or alterations of the Plan or any such Subplan, as may be necessary to comply with legal or tax requirements or which they may otherwise deem necessary and appropriate, and (vi) make determinations with respect to adjustments of Ordinary Shares pursuant to Section 6(b). Any such actions or authority may be delegated to a committee comprised of "independent directors" as defined under the rules and regulations of the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), and shall include at least one Statutory Independent Director (as defined under Israeli law), subject and to the extent such delegation is permitted under applicable law.

In all other respects, the Plan shall be administered (a by a committee appointed by the Board and consisting of not less than two members (each such committee, as applicable, the "Committee"). The Committee shall have the power, within the parameters and terms and conditions of the Plan and any Annual Policies, to the extent that such policies may have been adopted, to (i) approve the Participants to whom Incentives may be granted under the Plan (or any Subplan); (ii) determine the type or types of Incentives to be granted to each Participant; (iii) determine the terms and conditions of any Incentive granted; and (iv) interpret and administer the Plan or applicable Subplan and any instrument or agreement entered into under or in connection with the Plan or any such Subplan, including any Incentive award agreement. The terms and provisions of Incentives and the agreements evidencing Incentives need not be uniform and may be made selectively among Participants who receive, or are eligible to receive, Incentives under the Plan or any Subplan, whether or not such Participants are similarly situated.

The Committee shall have the responsibility of construing and interpreting the Plan and any Subplan, including the right to construe disputed Plan provisions, and of establishing, amending and construing such rules and regulations as it may deem necessary or desirable for the proper administration of the Plan or any Subplan. Any decision or action taken or to be taken by the Committee, arising out of or in connection with the construction, administration, interpretation and effect of the Plan or any Subplan and of its rules and regulations, shall, to the maximum extent permitted by applicable law, be within its absolute discretion and shall be final, binding and conclusive upon the Company, or the relevant Company subsidiary, all Participants and any person claiming under or through any Participant.

For the purpose of this Section and all subsequent Sections, the Plan shall be deemed to include this Plan and any Subplans, supplements to or amendments, restatements or alternative versions of this Plan or any Subplan approved by the Board which, in the aggregate, shall constitute one Plan governed by the terms set forth herein.

3. Eligibility

- (a) Participants. Directors, officers, service providers and employees of the Company and its subsidiaries and affiliates have been approved by the Committee as participants (collectively referred to as "Participants" and individually as a "Participant") shall be eligible to receive grants of Incentives under the Plan. Incentives granted to directors of the Company shall be subject to the prior approval of the shareholders of the Company. Once such approval is obtained, the Ordinary Shares subject to Incentives shall count against the maximum number of Ordinary Shares permitted to be issued under the Plan pursuant to Section 6(a). Participation in the Plan shall be limited to Participants who have entered into a written agreement evidencing the terms of an Incentive award granted pursuant to the terms of the Plan. However, no individual shall at any time have a right to be selected for participation in the Plan.
- (b) No Right to Continued Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company or its subsidiaries or affiliates to terminate the employment of a Participant at any time, nor confer upon any Participant the right to continue in the employ of the Company or its subsidiaries or affiliates, as applicable. No director, officer or employee shall have a right to receive an Incentive or any other benefit under this Plan or, having been granted an Incentive or other benefit, to receive any additional Incentive or other benefit. Except as may be otherwise specifically stated in any other employee benefit plan, policy or program, neither any Incentive under this Plan nor any amount realized from any such Incentive shall be treated as compensation for the purpose of calculating an employee's benefit under any such benefit plan, policy or program.

4. **Term of the Plan**

This Plan shall be effective as of October 29, 2008 (the "Effective Date"). No Incentive shall be granted under the Plan after October 29, 2035, but the term and exercise of Incentives granted theretofore may extend beyond that date.

5. **Incentives**

Incentives under the Plan may be granted in any one or a combination of the following awards: (a) Share Options; (b) Performance Share Awards; (c) Performance Share Unit Awards; (d) Restricted Share Awards; (e) Restricted Share Unit Awards; and (f) other Share-Based Awards (collectively, "Incentives"). All Incentives shall be subject to the terms and conditions set forth in the Plan and in any Incentive award agreement executed by the Participant and the Company and such other terms and conditions as may be established by the Committee.

6. **Ordinary Shares Available for Incentives; Adjustments; Delay in Delivery; Limit on Aggregate Incentives and Change in Control Provisions**

- (a) **Ordinary Shares Available.** Subject to the provisions of Section 6(b), the maximum number of Ordinary Shares that may be issued under the Plan is 15,986,316 in a fungible pool of Ordinary Shares. The board may elect to increase the number of Ordinary shares available under the plan at any time. The maximum number of available Ordinary Shares will be reduced by one Ordinary Share for every Share Option or any other unit of an Incentive that is awarded under the Plan. Any Ordinary Shares under this Plan that are not purchased or awarded under an Incentive that has lapsed, expired, terminated or been canceled may be used for the further grant of Incentives under the Plan. Incentives and similar awards issued by an entity that is merged into or with the Company, acquired by the Company or otherwise involved in a similar corporate transaction with the Company are not considered issued under this Plan. Ordinary Shares under this Plan may be delivered by the Company from its authorized and newly issued Ordinary Shares or from issued and reacquired Ordinary Shares held as treasury stock, or both. In no event shall fractional shares be issued under the Plan.
- (b) **Adjustment of Ordinary Shares.** The aggregate number of Ordinary Shares that may be purchased or acquired pursuant to Incentives granted hereunder, the number of Ordinary Shares covered by each outstanding Incentive and the price per share with respect to any Share Option shall be appropriately adjusted for any increase or decrease in the number of outstanding Ordinary Shares resulting from stock splits, recapitalizations, reorganizations or any other subdivision or consolidation of Ordinary Shares or for other capital adjustments or payments of stock dividends or distributions or other increases or decreases in the outstanding Ordinary Shares effected without receipt of consideration by the Company. Any adjustment shall be conclusively determined by the Board in its sole discretion.

(b1) In the event the Company declares a cash dividend to its shareholders and the Ex-date date of such cash dividend preceded the exercise of a Share Option, then the Exercise Price of each outstanding Share Option (whether vested or not) on the applicable Ex-date date of such cash dividend shall be automatically reduced by an amount equal to the cash dividend per Share distributed by the Company on such applicable distribution date (the "Dividend Adjustment"); provided, however, that the Dividend Adjustment shall not apply to any cash dividend for which the Board resolves on the declaration date of such cash dividend not to apply the Dividend Adjustment.

To the extent required by applicable stock exchange regulations, no Share Options shall be exercised on a record date and ex-date, if earlier, of any stock dividend, other distribution of dividends, rights offering, stock split, reverse stock split or reduction of authorized share capital.

(c) Delay in Delivery.

- (i) The Company is relieved from any liability for the non-issuance or non-transfer, or for any delay in the issuance or transfer of any Ordinary Shares subject to Incentives, resulting from the inability of the Company to obtain, or from any delay in obtaining, from any regulatory body having jurisdiction or authority, any requisite approval to issue or transfer any such Ordinary Shares, if counsel for the Company deems such approval necessary for the lawful issuance or transfer thereof.
- (ii) Without limiting the generality of the foregoing, the Company shall not have any obligation or liability as a result of any delay in issuing any certificate evidencing Ordinary Shares or in the delivery thereof to Participants, or any act or omission of the Company-designated brokerage firm in relation to the Ordinary Shares.

(d) Change in Control Provisions.

In the event of a Change in Control, then, without derogating from the general authority and power of the Board or the Committee under this Plan, without the Participant's consent and action and without any prior notice requirement:

- (i) Unless otherwise determined by the Committee in its sole and absolute discretion, any Incentive then outstanding shall be assumed or be substituted by the Company, or by the successor corporation in such Change in Control or by any Affiliate thereof, as determined by the Committee in its discretion (the "Successor Corporation"), under terms as determined by the Committee or the terms of this Plan applied by the Successor Corporation to such assumed or substituted Incentives.

For the purposes of this Section d(i), the Incentive shall be considered assumed or substituted if, following a Change in Control, the Incentive confers on the holder thereof the right to purchase or receive, for each Ordinary Share underlying an Incentive immediately prior to the Change in Control, either (1) the consideration (whether stock, cash, or other securities or property, or any combination thereof) distributed to or received by holders of Ordinary Shares in the Change in Control for each Ordinary Share held on the effective date of the Change in Control (and if holders were offered a choice or several types of consideration, the type of consideration as determined by the Committee), or (2) regardless of the consideration received by the holders of Ordinary Shares in the Change in Control, solely shares or any type of Incentives (or their equivalent) of the Successor Corporation at a value to be determined by the Committee in its discretion, or a certain type of consideration (whether stock, cash, or other securities or property, or any combination thereof) as determined by the Committee. Any of the above consideration referred to in clauses (1) and (2) may be subject to vesting, expiration and other terms as determined by the Committee in its discretion and may differ from the vesting, expiration and other terms applying on the Incentives immediately prior to the Change in Control. The foregoing shall not limit the Committee's authority to determine, in its sole discretion, that in lieu of such assumption or substitution of Incentives for Incentives of the Successor Corporation, such Incentive will be substituted for any other type of asset or property, including as set forth in Section d(ii) hereunder.

- (ii) Regardless of whether or not Incentives are assumed or substituted the Committee may (but shall not be obligated to), in its sole discretion:
- a provide for the Participant to have the right to exercise the Incentive or otherwise for the acceleration of vesting of the Incentive in respect of all or part of the Ordinary Shares covered by the Incentive which would not otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine, and the cancellation of all unexercised (whether vested or unvested) Incentives upon or immediately prior to the closing of the Change in Control; and/or
 - b provide for the cancellation of each outstanding and unexercised Incentives at or immediately prior to the closing of such Change in Control, and payment to the Participant of an amount in cash, shares of the Company, the acquirer or of a corporation or other business entity which is a party to the Change in Control or other property, as determined by the Committee to be fair in the circumstances, and subject to such terms and conditions as determined by the Committee. The Committee shall have full authority to select the method for determining the payment (being the Black-Scholes model or any other method). The Committee's determination may further provide that payment shall be set to zero if the value of the Ordinary Shares is determined to be less than the exercise price of the Incentive or in respect of Ordinary Shares covered by the Incentive which would not otherwise be exercisable or vested, or that payment may be made only in excess of the exercise price of the Incentive.

- (iii) The Committee may determine that any payments made in respect of Incentives shall be made or delayed to the same extent that payment of consideration to the holders of the Ordinary Shares in connection with the Change in Control is made or delayed as a result of escrows, indemnification, earn outs, holdbacks or any other contingencies; and the terms and conditions applying to the payment made to the Participants, including participation in escrow, indemnification, releases, earn-outs, holdbacks or any other contingencies.
- (iv) Notwithstanding the foregoing, in the event of a Change in Control, the Committee may determine, in its sole discretion, that upon completion of such Change in Control the terms of any Incentive shall be otherwise amended, modified or terminated, as the Committee shall deem in good faith to be appropriate and without any liability to the Company or its Affiliates and to their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing, in connection with the method of treatment or chosen course of action permitted hereunder.
- (v) Neither the authorities and powers of the Committee under this Section 6(d), nor the exercise or implementation thereof, shall (i) be restricted or limited in any way by any adverse consequences (tax or otherwise) that may result to any holder of an Incentive, and (ii) as, inter alia, being a feature of the Incentive upon its grant, be deemed to constitute a change or an amendment of the rights of such holder under this Plan, nor shall any such adverse consequences (as well as any adverse tax consequences that may result from any tax ruling or other approval or determination of any relevant tax authority) be deemed to constitute a change or an amendment of the rights of such holder under this Plan, and may be effected without consent of any Participant and without any liability to the Company or its Affiliates and to their respective its officers, directors, employees and representatives and the respective successors and assigns of any of the foregoing. The Committee need not take the same action with respect to all Incentives. The Committee may take different actions with respect to the vested and unvested portions of an Incentive. The Committee may determine an amount or type of consideration to be received or distributed in a Change in Control which may differ as among the Participants, and as between the Participants and any other holders of shares of the Company.

- (vi) The Committee's determinations pursuant to this Section 6(d) shall be conclusive and binding on all Participants.
 - (vii) If determined by the Committee, the Participants shall be subject to the definitive agreement(s) in connection with the Change in Control as applying to holders of Shares including, such terms, conditions, representations, undertakings, liabilities, limitations, releases, indemnities, participating in transaction expenses and escrow arrangement, in each case as determined by the Committee. Each Participant shall execute (and authorizes any person designated by the Company to so execute) such separate agreement(s) or instruments as may be requested by the Company, the Successor Corporation or the acquiror in connection with such in such Change in Control and in the form required by them. The execution of such separate agreement(s) may be a condition to the receipt of assumed or substituted Incentives, payment in lieu of the Incentive or the exercise of any Incentive".
- (e) Definition of Change in Control. For purposes of the Plan, Change in Control shall mean a change in ownership or control of the Company effected through any of the following transactions:
- (i) A merger, consolidation or other reorganization approved by the Company's shareholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor company are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company's outstanding voting securities immediately prior to such transaction; or
 - (ii) The sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company; or
 - (iii) Any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company's shareholders; or
 - (iv) The individuals who constituted the Board as of the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the directors of the Company; provided, however, that individuals whose election, or whose nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered, for purposes of this Plan, members of the Incumbent Board; and provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "election contest" (as described in Rule 14a-11 promulgated under the Exchange Act) (an "Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity other than the Board (a "Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest.

7. **Share Options**

The Committee may grant options (“Share Options”) hereunder to Participants. The Share Options shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with the terms of the Plan as the Committee may prescribe:

- (a) Incentive Award Agreement. All Share Options granted pursuant to this Section 7 shall be evidenced by a written Incentive award agreement in such form and containing such terms and conditions as the Committee shall determine that are not inconsistent with the provisions of the Plan. With respect to Share Options granted to U.S. Participants, such Share Options granted are not intended to qualify as incentive stock options under Section 422 of the U.S. Internal Revenue Code (the “Code”) and shall be designated as options which do not so qualify.
- (b) Share Option Price. The exercise price of each Share Option granted under the Plan shall be determined by the Committee; provided, that the exercise price shall not be less than 100 percent of the fair market value (as defined below) of an Ordinary Share on the date the Share Option is granted, or the grant thereof is approved, as applicable under the laws or regulations of the various jurisdictions. At any time when the Ordinary Shares are quoted on the, NASDAQ, the fair market value shall be the closing price on, NASDAQ on the date on which the option is granted, or, if not quoted on that day, then on the last preceding date on which such Ordinary Shares are quoted. If the Ordinary Shares are not quoted on NASDAQ, or if representative quotes are not otherwise available, the fair market value of the Ordinary Shares shall mean the amount determined by the Committee to be the fair market value based upon a good faith attempt to value the Ordinary Shares accurately and computed in accordance with applicable laws, rules and regulations.

- (c) Share Option Period. The period of each Share Option shall be fixed by the Committee, provided that, unless otherwise determined by the Committee, the period for Share Options shall not exceed seven years from the date of grant (the "Termination Date").
- (d) Exercise of Share Option and Payment. Unless otherwise determined in a Sub-Plan, no Ordinary Shares shall be issued until full payment of the option price has been made. Payment for the Ordinary Shares acquired pursuant to a Share Option shall be made in full, upon exercise of the Share Option, in immediately available funds, by cash or certified or bank cashier's check.

Notwithstanding, pursuant to Board resolution, payment may be made by a method whereby the Committee shall withhold a number of Shares otherwise deliverable to the Participant pursuant to the Option (in this Section 7(d) ("Net Exercise")), according to the following formula:

$$N = X(A-B)/A$$

Where:

"N" = the calculated number of Shares to be issued to the Participant upon exercise of the Option after rounding to the nearest whole number;

"X" = the number of Shares with respect to which the Option is exercised, according to the Participant's notice of exercise;

"A" = the higher between: (1) the closing price for a Share on the last trading day prior to the exercise date or (2) the limit price that the Participant has indicated when submitted the same-day sale instructions to a broker.

"B" = the exercise price per Share (as defined in the Participant's applicable Award Agreement)."

- (e) First Exercisable Date. The Committee shall determine how and when Ordinary Shares covered by a Share Option may be purchased. Subject to Section 6(b), Share Options granted under the Plan shall vest and become exercisable subject to vesting to be determined by the Committee. Share Options may be exercisable in whole or in part and if an option is exercisable in part, the portion thereof which is exercisable and not exercised shall remain exercisable.
- (f) Termination of Share Options. Unless otherwise determined by the Committee, if prior to the Termination Date, a Participant ceases to be employed by the Company or a subsidiary or affiliate, as applicable, (i) for any reason other than death, disability, retirement or for cause, the Share Option will remain exercisable by the Participant for a period not extending beyond three months after the date of cessation of employment, but in no event later than the Termination Date, to the extent it was exercisable at the time of cessation of employment, and (ii) by reason of termination of employment for cause, or by voluntary termination at a time when the Company, or any subsidiary or affiliate, as applicable, is entitled to terminate such Participant's employment for cause, the Share Option (both vested and unvested options) shall terminate immediately, unless prohibited by applicable law. The terms and conditions under which a Participant's Share Options shall terminate in connection with any cessation of employment, other than as provided in (i) or (ii) above, shall be provided in the Participant's Incentive award agreement.

- (g) Escrow Agreement. The Committee may require a Participant who receives a Share Option to enter into an escrow or trustee agreement providing that such Share Option, or the Ordinary Shares to distributed in connection with the exercise thereof, will remain in the physical custody of an escrow holder or trustee, as necessary to satisfy applicable local law.

For purposes of the Plan, in the case of a Participant who is a director, references to employment herein shall be deemed to refer to such director's service in such capacity.

8. Performance Share Awards

The Committee may grant awards under which payment shall be made in Ordinary Shares if the performance of the Company or any subsidiary, division or affiliate of the Company approved by the Committee during the Award Period (defined below) meets certain goals established by the Committee ("Performance Share Awards"). Such Performance Share Awards shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with the terms of the Plan as the Committee may prescribe:

- (a) Incentive Award Agreement. The terms of any Performance Share Award granted under the Plan shall be set forth in a written Incentive award agreement, which shall contain provisions determined by the Committee and not inconsistent with the Plan.
- (b) Award Period and Performance Goals. The Committee shall determine and include in a Performance Share Award grant the period of time for which a Performance Share Award is made ("Award Period"). The Committee also shall establish, consistent with any Annual Policies, to the extent that any such policies may have been established performance objectives ("Performance Goals") to be met by the Company or any subsidiary, division or affiliate of the Company or any employees thereof during the Award Period as a condition to payment of the Performance Share Award. The Performance Goals may include share price, pre-tax profits, earnings per share, return on shareholders' equity, return on assets, sales, net income or any combination of the foregoing or any other financial or other measurement established by the Committee. The Performance Goals may include minimum and optimum objectives or a single set of objectives.

- (c) Payment of Performance Share Awards. The Committee shall establish the method of calculating the amount of payment to be made under a Performance Share Award if the Performance Goals are met, including the fixing of a maximum payment. The Performance Share Award shall be expressed in terms of Ordinary Shares and referred to as "Performance Shares." After the completion of an Award Period, the performance of the Company or subsidiary, division or affiliate of the Company, as applicable, shall be measured against the Performance Goals, and the Committee or the Board shall determine, in accordance with the terms of such Performance Share Award, whether all, none or any portion of a Performance Share Award shall be paid.
- (d) Revision of Performance Goals. At any time prior to the end of an Award Period, the Committee may revise the Performance Goals and the computation of payment if unforeseen events occur that have a substantial effect on the performance of the Company or any subsidiary, division or affiliate of the Company and which, in the judgment of the Committee, makes the application of the Performance Goals unfair unless a revision is made.
- (e) Requirement of Employment. A grantee of a Performance Share Award must remain in the employ of the Company or any subsidiary or affiliate until the completion of the Award Period in order to be entitled to payment under the Performance Share Award; provided, that the Committee may, in its discretion, provide for a full or partial payment where such an exception is deemed equitable.
- (f) Escrow Agreement. The Committee may require a Participant who receives a Performance Share Award to enter into an escrow or trustee agreement providing that the Ordinary Shares to be distributed in connection with the settlement of a Performance Share Award will remain in the physical custody of an escrow holder or trustee, as necessary to satisfy applicable local law. To the extent deemed appropriate by the Committee, such escrow or trustee agreements may include a request to transfer the record ownership of such Ordinary Shares into the name of the escrow agent.
- (g) Dividends. The Committee may, in its discretion, at the time of the granting of a Performance Share Award, provide that the cash equivalent of any dividends declared on the Ordinary Shares during the Award Period, and which would have been paid with respect to Performance Shares had they been owned by a grantee, shall be paid to the Participant at the time the Performance Shares become payable to the Participant.

9. Performance Share Unit Awards

The Committee may grant performance share units (each, a “Performance Share Unit,” and any award of Performance Share Units is hereafter referred to as a “Performance Share Unit Award”) to Participants. Each Performance Share Unit is a notional unit representing the right to receive one Ordinary Share as provided in Section 9(c). Each Performance Share Unit Award shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with the terms of the Plan as the Committee may prescribe:

- (a) Incentive Award Agreement. The terms of any Performance Share Unit Award granted under the Plan shall be set forth in a written Incentive award agreement, which shall contain provisions determined by the Committee and not inconsistent with the Plan.
- (b) Award Period and Performance Goals. The Committee shall determine and include in a Performance Unit Share Award grant the Award Period. The Committee also shall establish, consistent with any Annual Policies, to the extent that any such policies may have been established, Performance Goals to be met by the Company or any subsidiary, business unit, division or affiliate of the Company during the Award Period as a condition to settlement of the Performance Share Unit Award. The Performance Goals may include minimum and optimum objectives or a single set of objectives.
- (c) Payment of Performance Share Unit Awards. The Committee shall establish the method of calculating the amount of payment to be made under a Performance Share Unit Award if the Performance Goals are met, including the fixing of a maximum payment. The Performance Share Unit Award shall be expressed in terms of Ordinary Shares and referred to as “Performance Unit Shares.” After the completion of an Award Period, the performance of the Company or subsidiary, division or affiliate of the Company, as applicable, shall be measured against the Performance Goals, and the Committee or the Board shall determine, in accordance with the terms of such Performance Share Unit Award, whether all, none or any portion of a Performance Share Unit Award shall be paid.
- (d) Revision of Performance Goals. At any time prior to the end of an Award Period, the Committee may revise the Performance Goals and the computation of payment if unforeseen events occur that have a substantial effect on the performance of the Company or any subsidiary, division or affiliate of the Company and which, in the judgment of the Committee, makes the application of the Performance Goals unfair unless a revision is made.
- (e) Requirement of Employment. A grantee of a Performance Share Unit Award must remain in the employ of the Company or any subsidiary or affiliate until the completion of the Award Period in order to be entitled to payment under the Performance Share Unit Award; provided, that the Committee may, in its discretion, provide for a full or partial payment where such an exception is deemed equitable.
- (f) Dividends. The Committee may, in its discretion, at the time of the granting of a Performance Share Unit Award, provide that the cash equivalent of any dividends declared on the Ordinary Shares during the Award Period, and which would have been paid with respect to Performance Unit Shares had they been owned by a grantee, shall be paid to the Participant at the time the Performance Unit Shares become payable to the Participant.

- (g) Escrow Agreement. The Committee may require a Participant who receives a Performance Share Unit Award to enter into an escrow or trustee agreement providing that the Ordinary Shares to be distributed in connection with the settlement of a Performance Share Unit Award will remain in the physical custody of an escrow holder or trustee, as necessary to satisfy applicable local law.
- (h) Creditors' Rights. A Participant who has been granted a Performance Share Unit Award shall have no rights other than those of a general creditor of the Company. A Performance Share Unit represents an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Incentive award agreement.

10. Restricted Share Awards

The Committee may grant Ordinary Shares to a Participant, which shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with the terms of the Plan as the Committee may prescribe ("Restricted Share Award"):

- (a) Incentive Award Agreement. The terms of any Restricted Share Award granted under the Plan shall be set forth in a written Incentive award agreement, which shall contain provisions determined by the Committee and not inconsistent with the Plan. The Committee shall have absolute discretion to determine whether any consideration (other than services) is to be received by the Company as a condition precedent to the issuance of the Ordinary Shares.
- (b) Requirement of Employment. A grantee of a Restricted Share Award must remain in the employment of the Company, subsidiary or affiliate during a period designated by the Committee in order to retain the Ordinary Shares under the Restricted Share Award; provided that, unless specifically determined by the Committee, the Restricted Share Award shall be subject to vesting as determined in the Sub-Plan ("Restricted Share Restriction Period"). If the grantee leaves the employment of the Company, subsidiary or affiliate prior to the end of the Restricted Share Restriction Period, the Restricted Share Award shall terminate and the Ordinary Shares shall be returned immediately to the Company, or cancelled. The Committee may, in its discretion, also provide for such complete or partial exceptions to the employment restriction as it deems equitable.
- (c) Rights of Holders of Restricted Share Awards. Beginning on the date of grant of the Restricted Share Award and subject to the execution of an Incentive award agreement, the Participant shall become a shareholder of the Company with respect to any Ordinary Shares subject to the Restricted Share Award and shall have all the rights of a shareholder, including the right to vote such Ordinary Shares and, subject to the Committee's discretion pursuant to Section 10(f), the right to receive distributions made with respect to such Ordinary Shares.

- (d) Restrictions on Transfer and Legend on Ordinary Share Certificates. During the Restricted Share Restriction Period, the grantee may not sell, assign, transfer, pledge or otherwise dispose of Ordinary Shares. Each certificate for Ordinary Shares issued hereunder shall contain a legend giving appropriate notice of the restrictions in the grant.
- (e) Lapse of Restrictions. All restrictions imposed under the Restricted Share Award shall lapse upon the expiration of the Restricted Share Restriction Period if the conditions as to employment set forth above have been met. The grantee shall then be entitled to have the legend removed from the certificates.
- (f) Performance Goals. The Committee may designate whether any Restricted Share Award is intended to be performance-based. Any such Restricted Share Award shall be conditioned on the achievement of one or more Performance Goals (as defined in Section 8(b)) (subject to revision as provided in Section 8(d)).
- (g) Escrow Agreement. The Committee may require a Participant who receives a Restricted Share Award to enter into an escrow or trustee agreement providing that the Ordinary Shares to be distributed in connection with the settlement of the Restricted Share Award will remain in the physical custody of an escrow holder or trustee, as necessary to satisfy applicable local law. To the extent deemed appropriate by the Committee, such escrow or trustee agreements may include a request to transfer the record ownership of such Ordinary Shares into the name of the escrow agent.
- (h) Dividends. The Committee may, in its discretion, at the time of the Restricted Share Award, provide that any dividends declared on the Ordinary Shares during the Restricted Share Restriction Period shall be (i) paid to the grantee, or (ii) accumulated for the benefit of the grantee and paid to the grantee only after the expiration of the Restricted Share Restriction Period.

11. Restricted Share Unit Awards

The Committee may grant restricted share units (each, a “Restricted Share Unit,” and any award of Restricted Share Units is hereafter referred to as a “Restricted Share Unit Award”) to Participants. Each Restricted Share Unit is a notional unit representing the right to receive one Ordinary Share on the Settlement Date (as defined below). Each Restricted Share Unit Award shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with the terms of the Plan as the Committee may prescribe:

- (a) Incentive Award Agreement. The terms of any Restricted Share Unit Award granted under the Plan shall be set forth in a written Incentive award agreement, which shall contain provisions determined by the Committee and not inconsistent with the Plan. The Committee shall have absolute discretion to determine whether any consideration (other than services) is to be received by the Company as a condition precedent to the issuance of the Ordinary Shares.

- (b) Requirement of Employment. A grantee of a Restricted Share Unit Award must remain in the employment of the Company, subsidiary or affiliate during a period designated by the Committee in order to receive Ordinary Shares under the terms of the Incentive award agreement; provided that, unless specifically determined by the Committee, the Restricted Share Award shall be subject to vesting no earlier than the second anniversary of the date of grant (“Restricted Unit Restriction Period”). If the grantee leaves the employment of the Company, subsidiary or affiliate prior to the end of the Restricted Unit Restriction Period, the Restricted Share Unit Award shall terminate, and all rights of the grantee to such award shall terminate. The Committee may, in its discretion, also provide for such complete or partial exceptions to the employment restriction as it deems equitable.
- (c) Settlement of Restricted Share Units. Upon a date or dates on or following the expiration of the Restricted Unit Restriction Period, unless earlier forfeited, the Company shall settle the Restricted Share Unit Award by delivering (i) a number of Ordinary Shares equal to the number of Restricted Share Units subject to the Restricted Share Unit Award then vested and not otherwise forfeited, and (ii) if applicable, a number of Ordinary Shares having a value equal to any unpaid dividends declared on the Ordinary Shares subject to the Restricted Share Unit Award during the Restricted Unit Restriction Period. No Ordinary Shares shall be issued to Participants at the time a Restricted Share Unit Award is granted.
- (d) Creditors’ Rights. A Participant who has been granted a Restricted Share Unit Award shall have no rights other than those of a general creditor of the Company. A Restricted Share Unit represents an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Incentive award agreement.
- (e) Performance Goals. The Committee may designate whether any Restricted Share Unit Award is intended to be performance-based. Any such Restricted Share Unit Award shall be conditioned on the achievement of one or more Performance Goals (as defined in Section 8(b)) (subject to revision as provided in Section 8(d)).
- (f) Escrow Agreement. The Committee may require a Participant who receives a Restricted Share Unit Award to enter into an escrow or trustee agreement providing that the Ordinary Shares to be distributed in connection with the settlement of the Restricted Share Unit Award will remain in the physical custody of an escrow holder or trustee, as necessary to satisfy applicable local law.

12. Other Share-Based Awards

The Board may establish other share-based awards payable in Ordinary Shares (each, a “Share-Based Award”), which may be granted to Participants by the Committee based on such terms and conditions not inconsistent with the terms of the Plan as the Board or the Committee may determine in its sole discretion. Share-Based Awards may be made as additional compensation for services rendered by a Participant or may be in lieu of cash or other compensation to which the Participant is entitled from the Company or any subsidiary or affiliate.

13. Transferability

Each Incentive granted under the Plan will not be transferable or assignable by the recipient, and may not be made subject to execution, attachment or similar procedures, other than by will or the laws of descent and distribution or as determined by the Committee pursuant to the terms of any written Incentive award agreement in accordance with any other applicable law, rule or regulation.

14. Discontinuance or Amendment of the Plan

The Board may discontinue the Plan at any time and may from time to time amend or revise the terms of the Plan as permitted by applicable statutes, rules and regulations, except that it may not, without the consent of the grantees affected, revoke or alter, in a manner unfavorable to the grantees of any Incentives hereunder, any Incentives then outstanding, nor may the Board amend the Plan without shareholder approval where the absence of such approval would cause the Plan to fail to comply with applicable law or regulation. Unless approved by the Company's shareholders or as otherwise specifically provided under this Plan, no adjustments or reduction of the exercise price of any outstanding Incentives shall be made in the event of a decline in stock price, either by reducing the exercise price of outstanding Incentives or through cancellation of outstanding Incentives in connection with a re-granting of Incentives at a lower price to the same individual.

15. No Limitation on Compensation

Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner that is not expressly authorized under the Plan.

16. No Constraint on Corporate Action

Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) except as provided in Section 14, to limit the right or power of the Company or any subsidiary or affiliate to take any action that such entity deems to be necessary or appropriate.

17. Withholding Taxes

The Company or any of its subsidiaries or affiliates shall have the right to make all payments or distributions pursuant to the Plan to a Participant net of any applicable federal, state, local and foreign taxes required to be paid or withheld as a result of (a) the grant of any Incentive, (b) the exercise of a Share Option, (c) the delivery of Ordinary Shares, (d) the lapse of any restrictions in connection with any Incentive or (e) any other event occurring pursuant to the Plan. The Company, or any subsidiary or affiliate, as applicable, shall have the right to withhold from wages or other amounts otherwise payable to a Participant such withholding taxes as may be required by law, or to otherwise require the Participant to pay such withholding taxes. If the Participant shall fail to make such tax payments as are required, the Company or any of its subsidiaries or affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant or to take such other action as may be necessary to satisfy such withholding obligations.

18. Use of Proceeds

The proceeds received by the Company from the sale of Ordinary Shares under the Plan shall be added to the general funds of the Company and shall be used for general corporate purposes.

19. Provision for Foreign Participants

Incentives may be granted to Participants who are foreign nationals or employed outside Israel, or both, on such terms and conditions different from those applicable to Incentives to Participants employed in Israel as may, in the discretion of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee may also impose conditions on the exercise or vesting of Incentives in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home countries.

20. Restrictions

The Committee shall have the power to impose such other restrictions on Incentives as it may deem necessary or appropriate to ensure that such Incentives satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code or any successor provision thereto, Section 102 of the Israeli Tax Ordinance or any other applicable tax law provision.

21. Governing Law

The Plan shall be construed in accordance with and governed by the laws of the State of Israel without giving effect to the principles of conflicts of laws.

**ISRAELI SUB-PLAN
TO THE GILAT SATELLITE NETWORKS LTD.
2008 SHARE INCENTIVE PLAN**

This Israeli Sub-Plan to the to the Gilat Satellite Networks Ltd. (the “**Company**”) 2008 Share Incentive Plan (respectively “**Sub-Plan**” and “**Plan**”) was adopted by the Board of Directors of the Company in accordance with article 2 of the 2008 Plan in order to adjust the 2008 Plan to Section 102 of the Israeli Income Tax Ordinance [new version] - 1961 and the Income Tax Rules (Tax Relief for Issuance of Shares to Employees), 2003.

The Sub-Plan shall be valid for all grants of Incentives made by the Company under the 2008 Plan to Participants (all as defined below) under the 2008 Plan.

Except as detailed below, all other provisions, definitions, terms and conditions, of the 2008 Plan shall continue to be valid and in full force and effect.

1. DEFINITIONS

DEFINED TERMS

Initially capitalized terms, except as detailed below, shall have the meaning ascribed to them in the 2008 Plan.

Definition	Meaning
“Affiliate(s)”	means a present or future company that either (i) Controls Gilat Satellite Networks Ltd., or is Controlled by Gilat Satellite Networks Ltd.; or (ii) is Controlled by the same person or entity that Controls Gilat Satellite Networks Ltd.
“Control” or “Controlled”	shall have the meaning ascribed thereto in Section 102.
“Holding Period”	means the period in which the Incentives granted to a Participant or, upon exercise thereof the underlying Shares, are to be held by the Trustee on behalf of the Participant, in accordance with Section 102, and pursuant to the Tax Track which the Company selects.
“Incentives”	mean any one or a combination of the following stock based incentives that may be granted to Participants under the 2008 Plan: (a) Share Options; (b) Performance Shares; (c) Performance Share Units; (d) Restricted Shares; (d) Restricted Share Units; and (e) other Share Based Awards.
“102 Letter”	means a letter from the Company to a Participant in which the Participant is notified of the decision to grant the Participant Incentives according to the terms of Section 102. The 102 Letter shall specify among other things, the Tax Track that the Company selected.
“Participant”	means an Israeli employee, officer or director of the Company or any Affiliate (provided that such person does not Control the Company), to whom Incentives are granted pursuant to the 2008 Plan.

“Section 102”	means Section 102 of the Tax Ordinance.
“Section 102 Rules”	means the Income Tax Rules (Tax Relief for Issuance of Shares to Employees), 2003.
“Tax Ordinance”	means the Israeli Income Tax Ordinance [New Version], 1961, as amended, and any regulations, rules, orders or procedures promulgated thereunder.
“Tax Track”	means one of the three tax tracks described under Section 102, specifically: (1) the “Capital Gains Track Through a Trustee”; (2) “Income Tax Track Through a Trustee”; or (3) the “Income Tax Track Without a Trustee”; each as defined in Sections 2.1-2.2, respectively.

2. TRUST ARRANGEMENT AND HOLDING PERIOD

2.1 TRUSTEE TAX TRACKS

If the Company elects to grant Incentives through (i) the Capital Gains Track Through a Trustee, or (ii) the Income Tax Track Through a Trustee, then, in accordance with the requirements of Section 102, the Company shall appoint a trustee (the “**Trustee**”) who will hold in trust on behalf of each Participant the granted Incentives and the underlying shares issued upon exercise of such Incentives. For so long as the Trustee holds Ordinary Shares for the benefit of a Participant, the voting rights at the Company’s general meetings attached to such Ordinary Shares will remain with the Trustee. However, the Trustee shall not exercise such voting rights at meetings of the Company’s stockholders. The Trustee shall not be required to notify any such Israeli Participant of any meeting of the Company’s stockholders.

The Holding Period for the Incentives will be as follows:

- (A) *The Capital Gains Tax Track Through a Trustee* – if the Company elects to allocate the Incentives according to the provisions of this track, then the Holding Period will be: (1) 24 months as from the date of allocation of such Incentives to the Trustee; or (2) such period as may be determined in any amendment of Section 102.
- (B) *Income Tax Track Through a Trustee* – if the Company elects to allocate Incentives according to the provisions of this track, then the Holding Period will be (1) 12 months from the date of allocation; or (2) such period as may be determined in any amendment of Section 102.

Subject to Section 102 and the Rules, Participants shall not be able to receive from the Trustee, nor shall they be able to sell or dispose of underlying shares before the end of the applicable Holding Period. However, if a Participant sells or removes the shares from the Trustee before the end of the applicable Holding Period (“**Breach**”), then the Participant shall pay all applicable taxes imposed on such Breach by Section 7 of the Rules.

In the event of a distribution of rights, including an issuance of bonus shares, in connection with Incentives originally granted (the “**Additional Rights**”), all such Additional Rights shall be granted and/or issued to the Trustee for the benefit of Participants, and shall be held by the Trustee for the remainder of the Holding Period applicable to the Incentives originally granted. Such Additional Rights shall be treated in accordance with the provisions of the applicable Tax Track.

2.2 INCOME TAX TRACK WITHOUT A TRUSTEE

If the Company elects to grant Incentives according to the provisions of this track, then the Incentives will not be subject to a Holding Period.

2.3 TRACK SELECTION

The Company, in its sole discretion, shall elect under which of above three Tax Tracks each Incentive is granted and shall notify the Participant in the 102 Letter, which Tax Track applies to each Incentive.

No Incentive under the Capital Gains Track Through a Trustee or the Income Tax Track Through a Trustee may be granted pursuant to this Sub-Plan to any eligible Participant, unless and until, the Company's election of the type of Incentive as Capital Gains Track Through a Trustee or Income Tax Track Through a Trustee (the "**Election**") is appropriately filed with the Israeli Tax Authorities. Such Election shall become effective beginning with the date of grant of the first Incentive pursuant to such Tax Track and shall remain in effect at least until the end of the year following the year during which the Company first granted Incentives pursuant to such Tax Track under this Sub-Plan. The Election shall apply to all such Incentives granted during the period the Election is in effect, all in accordance with the provisions of Section 102(g) of the Tax Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Incentives under the Income Tax Track without a Trustee, at any time.

2.4 CONCURRENT CONDITIONS

The Holding Period, if any, is in addition to the vesting period as specified in the 2008 Plan. The Holding Period and vesting period may run concurrently, but neither is a substitute for the other, and each are independent terms and conditions for Incentives granted.

2.5 TRUST AGREEMENT

The terms and conditions applicable to the trust relating to the Tax Track selected by the Company, as appropriate, shall be set forth in an agreement signed by the Company and the Trustee (the "**Trust Agreement**").

2.6 DIVIDENDS

Any dividends payable with respect to Ordinary Shares acquired or issued with respect to any Incentive granted pursuant to this Sub-Plan shall be subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 of the Tax Ordinance and the rules, regulations or orders promulgated thereunder.

3. TAX MATTERS

Grants to Participants shall be governed by, and shall conform with and be interpreted so as to comply with, the requirements of Section 102 and any written approval from the Israeli Tax Authorities. All tax consequences under any applicable law (other than stamp duty) which may arise from the grant of Incentives, from the exercise thereof or from the holding or sale of underlying shares (or other securities issued under the 2008 Plan) by or on behalf of the Participant, shall be borne solely on the Participant. The Participant shall indemnify the Company and/or Affiliate and/or the Trustee, as the case may be, and hold them harmless, against and from any liability for any such tax or any penalty, interest or indexing.

If the Company elects to grant Incentives according to the provisions of the Income Tax Track Without a Trustee (Section 2.2 of this Sub-Plan), and if prior to the exercise of any and/or all of these Incentives, such Participant ceases to be an employee, director, or officer of the Company or Affiliate, the Participant shall deposit with the Company a guarantee or other security as required by law, in order to ensure the payment of applicable taxes upon the exercise of such Incentives.

4. WITHHOLDING TAXES

Whenever an amount with respect to withholding tax relating to Incentives granted to a Participant and/or underlying shares issued upon the exercise thereof is due from the Participant and/or the Company and/or an Affiliate, the Company and/or an Affiliate shall have the right to demand from a Participant such amount sufficient to satisfy any applicable withholding tax requirements related thereto, and whenever shares or any other non-cash assets are to be delivered pursuant to the exercise of an Incentives, or transferred thereafter, the Company and/or an Affiliate shall have the right to require the Participant to remit to the Company and/or to the Affiliate, or to the Trustee an amount in cash sufficient to satisfy any applicable withholding tax requirements related thereto, and if such amount is not timely remitted, the Company and/or the Affiliate shall have the right to withhold or set-off (subject to Law) such shares or any other non-cash assets pending payment by the Participant of such amounts.

Until all taxes have been paid in accordance with Rule 7 of the Section 102 Rules, Incentives and/or underlying shares may not be sold, transferred, assigned, pledged, encumbered, or otherwise willfully hypothecated or disposed of, and no power of attorney or deed of transfer, whether for immediate or future use may be validly given. Notwithstanding the foregoing, the Incentives and/or underlying shares may be validly transferred in a transfer made by will or laws of descent, provided that the transferee thereof shall be subject to the provisions of Section 102 and the Section 102 Rules as would have been applicable to the deceased Participant were he or she to have survived.

5. PARTICIPANT UNDERTAKINGS

Participants receiving Incentive grants under the 2008 Plan shall be required to sign an approval stating that: “by receiving grants under the 2008 Plan, the Participant (1) agrees and acknowledges that he or she have received and read the 2008 Plan and the 102 Letter; (2) undertakes all the provisions set forth in: Section 102 (including provisions regarding the applicable Tax Track that the Company has selected), the 102 Rules, the 2008 Plan, the 102 Letter and the Trust Agreement; and (3) subject to the provisions of Section 102 and the Rules, undertakes not to sell or release the shares from trust before the end of the Holding Period.”

LIST OF SUBSIDIARIES

Significant subsidiaries:

Wavestream Corporation

Gilat Networks Peru S.A

DataPath Inc.

Stellar Blu Solutions LLC.

RaySat Bulgaria EOOD

Gilat Satellite Networks Spain S.L.



Document name: Gilat Satellite Networks - Insider Trading Policy – March, 2026	
Document Number:	Rev: 03
Department: Legal	

Insider Trading Policy

This Policy provides guidelines to personnel of Gilat Satellite Networks Ltd. and its subsidiaries (collectively, the “Company”) with respect to transactions in the securities of, and the disclosure of information regarding, the Company and its business partners.

Background

The Company’s shares are listed on the NASDAQ Stock Market and the Tel Aviv Stock Exchange. Law enforcement officials in both the United States and Israel vigorously pursue violations of the respective insider trading laws of such jurisdictions, which in general, prohibit the purchase or sale of a company’s securities while in possession of material information that has not been publicly disclosed. If we do not take active steps to adopt preventive policies and procedures covering share trading by Company personnel, the consequences could be severe.

We have adopted this Policy to avoid even the appearance of improper conduct on the part of anyone employed by or associated with our Company. We have all worked hard to establish the Company’s reputation for integrity and ethical conduct. Compliance with this Policy will help to avoid situations that could tarnish this important corporate asset.

The Consequences

The consequences of insider trading violations can be staggering. Individuals may be fined up to \$5,000,000 and up to twenty years in prison for engaging in transactions in the Company’s securities at a time when they have knowledge of material non-public information regarding the Company. In addition, the Securities Exchange Commission (“SEC”) may seek to impose a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made and are often subjected to an injunction against future violations. Finally, under some circumstances, insider traders may be subjected to civil liability in private lawsuits. In addition, according to the Israeli Securities Law, 5728-1968, an insider may be subject to penalties of approximately NIS 2,000,000 or to imprisonment for a term of up to five years. Violators can also be barred from serving as officers or directors of public companies. Individuals also may be subjected to civil liability in private lawsuits.

Moreover, if an employee violates this Policy, Company-imposed sanctions, including dismissal for cause, could result from failing to comply with the Company’s policy or procedures. Needless to say, any of the above consequences, even an investigation by the SEC or the Israel Securities Authority that does not result in prosecution, can tarnish one’s reputation and irreparably damage a career.

Our Policy

If a director, officer, employee, consultant, or contractor of the Company (each of the foregoing, an “Insider”) has material non-public information relating to our Company, neither that person nor any related person may buy or sell securities of the Company or engage in any other action to take advantage of or pass on to others, that information. This policy also applies to information relating to any other company, including our customers, suppliers, strategic partners, or M&A candidates, obtained in the course of employment.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. Material information is any information that a reasonable investor would consider important in a decision to buy, hold, or sell shares. In short, any information which could reasonably affect the price of the shares.

Examples. Common examples of information that will frequently be regarded as material are annual or quarterly financial results; projections of future earnings or losses; news of a pending or proposed merger, acquisition, or tender offer; news of a significant sale of assets or the disposition of subsidiary; changes in dividend policies or the declaration of a stock split or the offering of additional securities; major management changes; significant new products or discoveries; financial liquidity problems; and the gain or loss of a substantial customer or supplier. Either positive or negative information may be material.

Hindsight. Remember, if your securities transactions become the subject of scrutiny, they will be viewed after the fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators and others might view your transaction in hindsight.

Transactions by Related Persons. The very same restrictions apply to your family members and others living in your household, as well as entities controlled by you or such other individuals. Insiders are responsible for the compliance of their immediate family, household members, and controlled entities.

Tipping Information to Others. Each individual who has access to material non-public information must exercise great caution in preserving the confidentiality of that information within the Company. The communication of such information on other than a “need to know” basis to third parties, or recommending, suggesting, or discussing the purchase or sale of Company shares while in possession of such information, is a violation of Company policy and can be unlawful, whether or not you derive any benefit from another’s actions. In fact, the SEC has imposed a \$470,000 penalty on a tipper, even though he did not profit from his tippees’ trading.

When Information is Public. It is also improper for an officer, director, or employee to enter a trade immediately after the Company has made a public announcement of material information. Because shareholders and the investing public should be afforded the time to receive the information and act upon it, as a general rule, you should not engage in any transactions until the completion of the first full trading day on the NASDAQ after the information has been publicly released.

“Quiet Periods”. Because Company personnel may be deemed likely to have advance access to periodic financial and other material information, the Company has established a regular “quiet period” that further restricts trading by Company personnel. The Company policy is that all personnel — and their family members — must refrain from trading in its securities during the period beginning at 11:59 p.m. ET on the 14th calendar day before the end of any fiscal quarter of the Company and ending upon completion of the first full trading day on NASDAQ after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company. For example, if the Company’s fourth fiscal quarter ends on December 31, the corresponding quiet period would begin at 11:59 p.m., ET, on December 17 and end at the close of trading on NASDAQ (generally, 4:01 p.m., ET) on the completion of the first full trading day after the public release of earnings data for such fiscal quarter.

Derivative Trading and Short Selling. Insiders are prohibited from trading in derivative securities of the Company unless specifically approved in advance in writing by at least two of the following individuals (excluding the individual whose prospective trade is the subject of the approval): the Company's Chairman of the Board, Chairman of the Audit Committee, Chief Executive Officer, Chief Financial Officer, or Chief Legal Officer. Any short selling of the Company's shares by any Insider is absolutely prohibited without prior written approval of at least two of the above-listed individuals.

Presumption against Trading within Three Months under Israeli Law. Under applicable provisions of Israeli law, if an office holder purchases securities of the Company within three months of the date that he or she sold securities of the Company (or sells securities of the Company within three months of the date that he or she purchased securities of the Company), it would be prima facie evidence that such person was using inside information, and the office holder could have the burden to prove that he or she was not using inside information. Therefore, although this Policy does not prohibit purchases and sales by office holders within a three-month period, this Policy strongly discourages such practice.

Share Option Exercises. The Policy does not apply to the cash exercise of share options granted under the Company's equity incentive plans as in effect from time to time, provided such option exercise is not executed as a "cashless" or "same-day sale" exercise.

RSU/PSU Vesting and Tax Withholding (Net Settlement / "Sell-to-Cover")

(a) Company Withholding / Net Share Settlement. This Policy does not apply to (and the trading restrictions and Quiet Period limitations in this Policy shall not prohibit) the automatic withholding by the Company of shares of the Company's securities upon the vesting or settlement of restricted stock units ("RSUs"), performance share units ("PSUs"), or similar equity awards solely to satisfy applicable tax withholding obligations, where such withholding is conducted as a net share settlement (i.e., the Company withholds and cancels or retains the necessary number of shares otherwise deliverable to the participant).

(b) Broker-Assisted "Sell-to-Cover" (Only if Pre-Elected and Automatic). Subject to the limitations below, this Policy does not prohibit an automatic sale of a limited number of shares on the open market solely to satisfy required tax withholding obligations in connection with the vesting or settlement of RSUs, PSUs, or similar equity awards (a "Sell-to-Cover Transaction"), provided that: (1) the Sell-to-Cover Transaction is effected pursuant to a written, irrevocable election or instruction made by the participant in advance and outside any Quiet Period, and at a time when the participant is not in possession of material non-public information; (2) the sale is automatic and non-discretionary as to the timing, amount, and price parameters (other than parameters that are fixed or formulaic under the award agreement or plan administrator procedures); (3) the number of shares sold does not exceed the number reasonably necessary to satisfy the participant's minimum statutory tax withholding and related mandatory payroll obligations; and (4) the transaction is administered through the Company's designated equity plan administrator (or the Company's designated broker) pursuant to the applicable equity plan and award agreement.

(c) *No Discretionary Changes During Quiet Periods / While in Possession of Material Non- Public Information.* Regardless of subsection (a) or (b), no participant may initiate, modify, revoke, or re-elect any withholding method (including any Sell-to-Cover Transaction election or related brokerage instructions) during a Quiet Period or at any time the participant is in possession of material non-public information.

(d) *Other Sales Remain Fully Subject to the Policy.* Except as expressly permitted in this Section, any sale of Company securities (including sales of shares received upon settlement of RSUs/PSUs) remains fully subject to this Policy, including the prohibitions on trading while in possession of material non-public information and any applicable Quiet Period restrictions.

(e) *Administration; Documentation.* The Company may require participants to use specified forms and/or procedures to implement withholding or sell-to-cover mechanics and may impose additional administrative controls (including pre-clearance) to ensure compliance with applicable law and this Policy.

Company Assistance

If you have any questions about specific transactions, you may obtain additional guidance from the Company's legal department and are strongly encouraged to do so. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

Pre-Clearance of All Trades by Certain Insiders

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engaging in a trade while unaware of a pending major development), it is highly recommended that directors, executive officers, senior managers, and other Insiders having access to Company consolidated financial matters consult with the Company's CFO, prior to engaging in such a transaction. Exceptions to this Policy may be made with the specific approval in writing and in advance by at least two of the following individuals (excluding the individual whose prospective trade is the subject to the approval): the Company's Chairman of the Board, Chairman of the Audit Committee, Chief Executive Officer, Chief Financial Officer, or Chief Legal Officer.

Qualified Trading Plans

Notwithstanding the foregoing, transactions effected pursuant to a Qualified Trading Plan shall be permitted by this Policy. A "Qualified Trading Plan" means a written plan for purchasing or selling securities of the Company which meets each of the following requirements: (1) the plan is adopted during a period other than a "quiet period"; (2) the plan is adopted by the individual during a period when the employee is not in possession of material non-public information; (3) the plan is adhered to strictly by the individual; (4) there is a "cooling off period" between the establishment or modification of the Qualified Trading Plan and the initial trade thereunder in accordance with applicable law and as set forth; (5) for directors and executive officers, at the time it is adopted, the plan conforms to all requirements of Rule 10b5-1(c)(1)(C) under the U.S. Securities Exchange Act of 1934 as then in effect; (6) the plan provides that the transactions be effected on the NASDAQ Stock Market or any other stock market located outside Israel; and (7) the plan provides that the transactions be effected via a non-Israeli broker (although coordination with an Israeli affiliate, branch, agent of such broker shall be permitted).

Cooling-off Period. In accordance with applicable law, the Company requires the Qualified Trading Plan to provide for the following cooling-off period:

- *for directors and officers of the Company*, at least the later of (i) 90 days after the adoption or modification of the Qualified Trading Plan or (ii) one business day following the filing of the Form 20-F or Form 6-K containing the quarterly financial results for the fiscal quarter in which the Qualified Trading Plan was adopted or modified; provided, that in any event, the required cooling-off period is not to exceed 120 days following adoption or modification of the Qualified Trading Plan; and
- *for all other Company employees*, a cooling-off period of at least 30 days between the establishment or modification of the Qualified Trading Plan and the commencement of any transactions under such plan.

The submission of a “limit” or other order to transact in Company securities that may not be revoked during a Quiet Period, shall not qualify as a “Qualified Trading Plan” unless such order complies with all the conditions outlined in the previous paragraph for being classified as a “Qualified Trading Plan”. Accordingly, no such order may be executed during a Quiet Period if it does not fully qualify with all “Qualified Trading Plan” conditions, including the applicable cooling-off period.

An individual may not have in effect more than one Qualified Trading Plan at the same time, except in limited circumstances permitted by applicable law and approved in advance by the Chief Legal Officer.

Termination

The restrictions set forth in this Policy apply to Insiders following the termination of their employment, engagement or term of office, as applicable, for the longer of the following: (1) if the Insider is aware of material non-public information when his or her employment, engagement or term of office terminates, until such information ceases to be material or until the close of business on the first trading day following the date on which such information is publicly disclosed, (2) if the termination of employment, engagement or term of office occurs during a quiet period, until the expiration of the quiet period and (3) for such period as the Company shall determine such person is likely to be in possession of material non-public information, such determination shall be made by at least two of the following individuals (excluding the Insider): the Company’s Chairman of the Board, Chairman of the Audit Committee, Chief Executive Officer, Chief Financial Officer or Chief Legal Officer.

Confidentiality of Non-public Information

Nonpublic information relating to the Company is the property of the Company, and the unauthorized disclosure of such information is forbidden. If an Insider receives inquiries about the Company from securities analysts, reporters, or others, decline to comment and direct them to the Company’s Chief Legal Officer. Keep all memoranda, correspondence, and other documents that reflect nonpublic information in a secure place, such as a locked office, a locked file cabinet, or a protected computer file, so that they cannot be seen or accessed by third persons.

No Insiders at any time should participate in discussions or “talkbacks” regarding the Company in Internet chat rooms, message boards, websites, or other similar venues. Posting Company information to such venues would be considered a violation of this Policy and be subject to appropriate disciplinary actions. Do not discuss material non-public information where it may be overheard, such as in restaurants, elevators, restrooms, and other public places. Remember that cellular phone conversations are often overheard and that voicemail and e-mail messages may be retrieved by persons other than their intended recipients if not carefully addressed. Any intentional or unintentional disclosure of material non-public information should be reported immediately to the Company’s CFO or CLO.

	Name	Position Title	Date
Prepared by	Doron Kerbel	Chief Legal Officer & Corporate Secretary	12.3.2026
Checked/ Approved by	Board		16.3.2026

Revision History

Rev	Author	Description/change description	Date
0	GC	Initial release	29.9.2014
1	GC & Company Secretary	Update of the terms “Quiet Period” and “Cooling-off Period” for qualified trading plans	19.6.2023
2	GC & Company Secretary	Annual review	29.9.2024
3	CLO & Corporate Secretary	Update the terms of the “Quiet Period”, "share option exercise", "RSUs/PSUs sell-to-cover"	12.3.2026

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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 16, 2026

/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.

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 16, 2026

/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.

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, 2025 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 16, 2026

*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.

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, 2025 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 16, 2026

*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.

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. 333-28991) of Gilat Satellite Networks Ltd., and
- (2) Registration Statements (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, 333-278082, 333-286156, and 333-290006) pertaining to the 2008 Share Incentive Plan of Gilat Satellite Networks Ltd.

of our reports dated March 16, 2026, 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, 2025.

Tel-Aviv, Israel
March 16, 2026

Kost, Forer, Gabbay & Kasierer
A member of EY Global
