FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report on Foreign Issuer

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

For the Month of August, 2021

Gilat Satellite Networks Ltd.

(Translation of Registrant's Name into English)

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

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

Attached hereto as Exhibits 99.1 and 99.2 are Registrant's Condensed Interim Unaudited Consolidated Financial Statements as of June 30, 2021 and for the Six Months ended June 30, 2021 and June 30, 2020 and Operating and Financial Review and Prospects.

We consent to the incorporation by reference of the GAAP financial information included herein, in the Registration Statements on Form S-8 (Registration Nos. 333-180552, 333-187021, 333-204867, 333-210820, 333-217022, 333-221546, 333-223839, 333-231442, 333-236028 and 333-253972) and on Form F-3 (Registration No. 333-232597).

Signature

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

Gilat Satellite Networks Ltd.
(Registrant)

Dated August 10, 2021

By: /s/ Yael Shofar
Yael Shofar
General Counsel

GILAT SATELLITE NETWORKS LTD.

6-K Exhibits

99.1 Condensed Interim Unaudited Consolidated Financial Statements of Gilat Satellite Networks Ltd. and its subsidiaries as of June 30, 2021 and for the Six Months ended June 30, 2021 and June 30, 2020.
99.2 Operating and Financial Review and Prospects.

Exhibit 99.1

GILAT SATELLITE NETWORKS LTD. AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

UNAUDITED

IN U.S. DOLLARS

INDEX

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2021	December 31, 2020
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 57,882	$ 88,754
Short-term deposits	2,159	-
Restricted cash	21,910	27,162
Trade receivables, (net of allowance for credit losses of $1,143 and $1,933 as of June 30, 2021 and December 31, 2020, respectively)	33,009	27,976
Contract assets	23,830	41,573
Inventories	29,644	31,304
Other current assets	22,508	16,637
Total current assets	190,942	233,406
LONG-TERM ASSETS:		
Restricted cash	13	42
Severance pay funds	6,616	6,665
Deferred taxes	19,110	19,295
Operating lease right-of-use assets	4,338	4,879
Other long-term assets	8,691	7,797
Total long-term assets	38,768	38,678
PROPERTY AND EQUIPMENT, NET	76,584	77,172
INTANGIBLE ASSETS, NET	861	1,082
GOODWILL	43,468	43,468
Total assets	$ 350,623	$ 393,806

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

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

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

	June 30, 2021	December 31, 2020
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term loans	$ -	$ 4,000
Trade payables	19,705	20,487
Accrued expenses	48,359	46,387
Advances from customers and deferred revenue	23,881	26,244
Operating lease liabilities	1,800	1,911
Dividend payable	-	35,003
Other current liabilities	14,319	13,322
Total current liabilities	108,064	147,354
LONG-TERM LIABILITIES:		
Accrued severance pay	6,959	7,136
Long-term advances from customers	4,184	1,890
Operating lease liabilities	2,584	2,985
Other long-term liabilities	118	631
Total long-term liabilities	13,845	12,642
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Share capital - Ordinary shares of NIS 0.2 par value: Authorized: 90,000,000 shares as of June 30, 2021 and December 31, 2020; Issued and outstanding: 56,510,951 and 55,559,638 shares as of June 30, 2021 and December 31, 2020, respectively	2,705	2,647
Additional paid-in capital	928,874	928,626
Accumulated other comprehensive loss	(6,194)	(6,017)
Accumulated deficit	(696,671)	(691,446)
Total shareholders' equity	228,714	233,810
Total liabilities and shareholders' equity	$ 350,623	$ 393,806

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

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

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

	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenue:		
Products	$ 69,467	$ 48,209
Services	32,169	37,779
Total revenue	101,636	85,988
Cost of revenue:		
Products	53,411	45,808
Services	19,153	21,706
Total cost of revenue	72,564	67,514
Gross profit	29,072	18,474
Operating expenses:		
Research and development costs, net	15,660	13,301
Selling and marketing	10,468	8,650
General and administrative	6,938	7,791
Merger, acquisition and related litigation expenses, net	-	2,951
Total operating expenses	33,066	32,693
Operating loss	(3,994)	(14,219)
Financial expenses, net	(757)	(1,429)
Loss before taxes on income	(4,751)	(15,648)
Taxes on income	474	332
Net loss	(5,225)	(15,980)
Net loss per share:		
Basic	$ (0.09)	$ (0.29)
Diluted	$ (0.09)	$ (0.29)
Weighted average number of shares used in computing loss per share:		
Basic	56,269,941	55,499,300
Diluted	56,269,941	55,499,300

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

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

U.S. dollars in thousands

	Six months ended June 30, 2021	Six months ended June 30, 2020
Net loss	$ (5,225)	$ (15,980)
Other comprehensive loss:		
Foreign currency translation adjustments	(37)	(1,653)
Change in unrealized gain (loss) on hedging instruments, net	(135)	147
Less - reclassification adjustments for net loss (gain) realized and included in income (loss) on hedging instruments, net	(5)	121
Total other comprehensive loss	(177)	(1,385)
Comprehensive loss	$ (5,402)	$ (17,365)

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

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

U.S. dollars in thousands (except share 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, 2019	55,493,258	$ 2,643	$ 927,348	$ (5,048)	$ (671,355)	$ 253,588
Stock-based compensation of options	-	-	707	-	-	707
Exercise of stock options	25,714	1	(1)	-	-	-
Net loss	-	-	-	-	(15,980)	(15,980)
Other comprehensive loss	-	-	-	(1,385)	-	(1,385)
Balance as of June 30, 2020	55,518,972	$ 2,644	$ 928,054	$ (6,433)	$ (687,335)	$ 236,930

	Number of Ordinary shares	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance as of December 31, 2020	55,559,638	$ 2,647	$ 928,626	$ (6,017)	$ (691,446)	$ 233,810
Stock-based compensation of options	-	-	306	-	-	306
Exercise of stock options	951,313	58	(58)	-	-	-
Net loss	-	-	-	-	(5,225)	(5,225)
Other comprehensive loss	-	-	-	(177)	-	(177)
Balance as of June 30, 2021	56,510,951	$ 2,705	$ 928,874	$ (6,194)	$ (696,671)	$ 228,714

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

U.S. dollars in thousands

	Six months ended June 30, 2021	Six months ended June 30, 2020
Cash flows from operating activities:		
Net loss	$ (5,225)	$ (15,980)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,646	5,271
Capital loss from disposal of property and equipment	-	23
Stock-based compensation of options	306	707
Accrued severance pay, net	(128)	26
Deferred taxes, net	185	140
Decrease (increase) in trade receivables, net	(7,068)	18,364
Decrease (increase) in contract assets	17,743	(8,362)
Decrease (increase) in other assets	(4,009)	6,710
Decrease (increase) in inventories, net	1,774	(5,698)
Decrease in trade payables	(790)	(510)
Increase (decrease) in accrued expenses	1,693	(5,809)
Decrease in advances from customers and deferred revenue	(191)	(5,725)
Increase (decrease) in other liabilities	(194)	685
Net cash provided by (used in) operating activities	8,742	(10,158)
Cash flows from investing activities:		
Purchase of property and equipment	(3,572)	(1,879)
Investment in short term deposits	(2,159)	-
Net cash used in investing activities	(5,731)	(1,879)
Cash flows from financing activities:		
Dividend payment	(35,003)	-
Repayment of long-term loans	(4,000)	(4,096)
Net cash used in financing activities	(39,003)	(4,096)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(161)	(539)
Decrease in cash, cash equivalents and restricted cash	(36,153)	(16,672)
Cash, cash equivalents and restricted cash at the beginning of the period	115,958	101,969
Cash, cash equivalents and restricted cash at the end of the period (a)	$ 79,805	$ 85,297

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

U.S. dollars in thousands

	Six months ended June 30, 2021	Six months ended June 30, 2020
Supplementary disclosure of cash flows activities:		
(1) Cash paid during the period for:		
Interest	$ 97	$ 195
Income taxes	$ 243	$ 496
(2) Non-cash transactions:		
Purchases of property and equipment that were not paid for and reclassification from inventories to property and equipment	$ 251	$ 349
New operating lease assets obtained in exchange for operating lease liabilities	$ 419	$ 3,492

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

	June 30, 2021	June 30, 2020
Cash and cash equivalents	$ 57,882	$ 59,601
Restricted cash - Current	21,910	25,579
Restricted cash - Long-Term	13	117
Cash, cash equivalents and restricted cash at the end of the period	$ 79,805	$ 85,297

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

NOTE 1:- GENERAL

a. Organization:

Gilat Satellite Networks Ltd. and its subsidiaries (the "Company") is a global provider of satellite-based broadband communications. The Company designs and manufactures ground-based satellite communications equipment, and provides comprehensive solutions and end-to-end services, powered by its technology. The Company's portfolio includes a cloud-based satellite network platform, Very Small Aperture Terminals ("VSATs"), amplifiers, high-speed modems, high-performance on-the-move antennas, high power Solid-State Power Amplifiers ("SSPAs"), Block Up Converters ("BUCs") and Transceivers. The Company's solutions support multiple applications with a full portfolio of products to address key applications including broadband access, cellular backhaul, enterprise, In-Flight Connectivity ("IFC"), maritime, trains, defense and public safety. The Company also provides connectivity services, internet access and telephony, to enterprise, government and residential customers utilizing both its own networks, and other networks that it installs, mainly based on Build Operate Transfer ("BOT") contracts. In these BOT projects, the Company builds telecommunication infrastructure typically using fiber-optic and wireless technologies for the broadband connectivity. The Company also provides managed network services over VSAT networks owned by others.

The Company was incorporated in Israel in 1987 and launched its first generation VSAT in 1989.

The Company operates in three business segments consisting of Fixed Networks, Mobility Solutions and Terrestrial Infrastructure Projects. Refer to Note 10 for additional information.

b. The Company depends on major suppliers to supply certain components and services for the production of its products or providing services. If these suppliers fail to deliver or delay the delivery of the necessary components or services, the Company will be required to seek alternative sources of supply. A change in suppliers could result in manufacturing delays or services delays which could cause a possible loss of sales and additional incremental costs and, consequently, could adversely affect the Company's results of operations and financial position.

c. The ongoing COVID-19 pandemic continues to have an adverse effect on our industry and the markets in which the Company operates. The COVID-19 outbreak has significantly impacted the travel and aviation markets in which our IFC customers operate and has resulted in a significant reduction of our business with some of these customers. The Company has also experienced postponed and delayed orders in certain other areas of the Company's businesses. Further, the guidance of social distancing, lockdowns, quarantines and the requirements to work from home in various key territories such as Israel, Peru, California, Australia, Bulgaria, China and other countries, in addition to greatly reduced travel globally, has resulted in a substantial curtailment of business activities, which has affected and is likely to continue to affect the Company's ability to conduct fieldwork as well as deliver products and services in the areas where restrictions are implemented by the local government. In addition, certain of the Company's sales and support teams are unable to travel or meet with customers and the pandemic threat has caused operating, manufacturing, supply chain and project development delays and disruptions, labor shortages, travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures). As a result, the Company experienced a significant reduction in business since 2020. In the six months ended June 30, 2021 the Company's revenue was $102 million, compared to $86 million in the comparable period of 2020 and to $122 million in the comparable period of 2019. While the Company expects that this public health threat will be eased by global vaccination and reduced restrictions on travel, it is still likely to continue to adversely impact the Company by its negative impact on the Company's ability to generate revenue due to reduced end-market demand from IFC customers, governments and enterprises and the Company's ability to conduct fieldwork leading to order delays and cancellations. Given the current macro-economic environment and the uncertainties regarding the potential impact of COVID-19 and its Delta variant on the Company's business, there can be no assurance that our Company's estimates and assumptions used in the measurement of various assets and liabilities in the financial statements will prove to be accurate predictions of the future. If the Company's assumptions regarding forecasted cash flows are not achieved, it is possible that an impairment review may be triggered and certain assets and liabilities in the financial statements may be impaired.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited condensed interim consolidated financial statements:

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

The balance sheet as of December 31, 2020 has been derived from the audited consolidated financial statements of the Company at that date but does not include all information and footnotes required by U.S. GAAP for complete financial statements.

The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2020, included in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 8, 2021. The significant accounting policies applied in the Company's audited 2020 consolidated financial statements and notes thereto included in the Annual Report are applied consistently in these unaudited condensed interim consolidated financial statements, except for the policies noted in note 2d below.

b. Use of estimates:

The preparation of the condensed interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the condensed interim consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Principles of consolidation:

The condensed interim consolidated financial statements include the accounts of Gilat Satellite Networks Ltd. and its subsidiaries in which the Company has a controlling voting interest. Inter-company balances and transactions have been eliminated upon consolidation.

d. Recently adopted accounting standard:

On January 1, 2021, the Company adopted Accounting Standards Update ("ASU") No. 2019-12, Income Taxes (Topic 740): "Simplifying the Accounting for Income Taxes" (ASU 2019-12), which simplifies the accounting for income taxes. The adoption did not have a material impact on our condensed interim consolidated financial statements during the six months ended June 30, 2021.

e. Recently issued accounting pronouncements – not yet adopted:

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

U.S. dollars in thousands

NOTE 3:- INVENTORIES

Inventories are comprised of the following:

	June 30, 2021	December 31, 2020
Raw materials, parts and supplies	$ 8,986	$ 9,579
Work in progress and assembled raw materials	17,508	15,871
Finished products	3,150	5,854
	$ 29,644	$ 31,304

Inventory write-offs amounted to $2,386 and $1,405 during the six months ended June 30, 2021 and 2020, respectively.

NOTE 4:- PROPERTY AND EQUIPMENT, NET

Property and equipment, net are comprised of the following:

	June 30, 2021	December 31, 2020
Cost:		
Buildings and land	$ 92,217	$ 91,908
Computers, software and electronic equipment	56,641	54,388
Network equipment	28,326	28,212
Office furniture and equipment	3,890	3,796
Vehicles	237	205
Leasehold improvements	4,010	4,010
	185,321	182,519
Accumulated depreciation	108,737	105,347
Depreciated cost	$ 76,584	$ 77,172

Depreciation expenses amounted to $4,425 and $5,055 in the six months ended June 30, 2021 and 2020, respectively.

NOTE 5:- DEFERRED REVENUE

Deferred revenue as of June 30, 2021 and December 31, 2020 was $7,264 and $10,607, respectively, and primarily relates to revenue that is recognized over time for service contracts. Approximately $4,761 of the balance as of December 31, 2020 was recognized as revenue during the six months ended June 30, 2021.

The balance of deferred revenue approximates the aggregate amount of the billed and collected amount allocated to the unsatisfied performance obligations at the end of reporting period.

NOTE 5:- DEFERRED REVENUE (Cont.)

All of the Company’s performance obligations in contracts with customers, other than large scale governmental projects (expected to be recognized over periods of approximately 8-12 years), principally relate to contracts with a duration of less than one year, and as such, the Company is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

For information regarding disaggregated revenue, please refer to note 10 (b).

NOTE 6:- COMMITMENTS AND CONTINGENCIES

a. Litigations:

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 June 30, 2021, the total amount of this claim, including interest, penalties and legal fees is approximately \$ 6,836, of which approximately \$ 776 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 manager were cancelled by court in a final and not appealable decision issued in July 2017. While foreclosure and other collection proceedings are pending against the subsidiary, based on Brazilian external counsel’s opinion, the Company believes that the subsidiary has solid arguments to sustain its position that further collection proceedings and inclusion of any additional co-obligors in the tax foreclosure proceedings are barred due to the statute of limitations and that the foreclosure procedures cannot legally be redirected to other group entities and managers who were not initially cited in the foreclosure proceedings due to the passage of the statute of limitations. Accordingly, the Company believes that the chances that such redirection will lead to a loss recognition are remote.

In 2018, the Company’s subsidiary in Peru, won a government bid for two additional regional projects in the Amazonas and Ica regions in Peru for PRONATEL with a value of approximately \$154,000. GMC Engineering Solutions and SATEL Comunicaciones y Datos, two of the three entities comprising the losing bidder consortium, applied to the superior court in Lima to cancel the bid and obtained a preliminary injunction against the award. The subsidiary was served as an interested third party in the proceeding and filed its objection and defenses. Following PRONATEL’s request, the Company's subsidiary continues to perform on these projects. Based on the advice of its legal counsel, the Company believes that the chances of success of plaintiffs in the proceeding seeking to cancel the bid are remote.

In addition, 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.

NOTE 6:- COMMITMENTS AND CONTINGENCIES (Cont.)

b. Guarantees:

As of June 30, 2021, the aggregate amount of bank guarantees and surety bonds from insurance companies outstanding in order to secure the Company's various obligations was $94,960 including an aggregate of $91,107 on behalf of the Company’s subsidiaries in Peru. In order to secure these guarantees the Company provided a floating charge on its assets as well as other pledges, including a fixed pledge, on certain assets and property. In addition, the Company has provided $20,351 of restricted cash to secure these guarantees.

In accordance with ASC 460, "Guarantees" ("ASC 460"), as the above guarantees are performance and down payment guarantees for the Company's own activities, such guarantees are excluded from the scope of ASC 460. The Company has not recorded any liability for such amounts, since the Company expects that its performance will be acceptable. To date, no guarantees have ever been exercised against the Company.

c. Commitments:

During the six months ended June 30, 2021, the Company has not entered into any new commitments with material effect on the Company’s condensed interim consolidated financial statements.

NOTE 7:- DERIVATIVE INSTRUMENTS

The Company has entered into foreign currency hedging contracts to protect against changes in value of forecasted foreign currency cash flows resulting from salaries and related payments that are denominated in NIS. These contracts were designated as cash flow hedges, as defined by ASC 815, as amended, are considered highly effective as hedges of these expenses and generally mature within 12 months.

During the six months ended June 30, 2021 and 2020, the Company recognized net loss related to the effective portion of its derivative instruments. The effective portion of the derivative instruments has been included as an addition of payroll expenses and other operating expenses in the condensed interim consolidated statement of income (loss) amounted to $48 and $121 in the six months ended June 30, 2021 and 2020, respectively.

The fair value of derivative instruments in the condensed interim consolidated balance sheets amounted to $15 and $42 as of June 30, 2021 and December 31, 2020, respectively.

The estimated net amount of the existing losses that are reported in accumulated other comprehensive loss as of June 30, 2021 that is expected to be reclassified into condensed interim consolidated statement of income (loss) within the next 12 months is $140.

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

NOTE 8:- SHAREHOLDERS' EQUITY

a. Share capital:

Ordinary shares confer upon their holders voting rights, the right to receive cash dividends and the right to share in excess assets upon liquidation of the Company.

b. Stock option plans:

In October 2008, the compensation stock option committee of the Company's Board of Directors approved the adoption of the 2008 Stock Incentive Plan (the "2008 Plan") with 1,000,000 shares or stock options available for grant and a sub-plan to enable qualified optionees certain tax benefits under the Israeli Income Tax Ordinance. Among the incentives that may be adopted are stock options, performance share awards, performance share unit awards, restricted shares, restricted share unit awards and other stock-based awards. During the years commencing in 2010 and through June 30, 2021, the Company's Board of Directors approved, in the aggregate, an increase of 7,355,112 shares to the number of shares available for grant under the 2008 Plan, bringing the total amount of shares available for grant to 8,355,112. As of June 30, 2021, an aggregate of 131,250 shares were available for future grants under the 2008 Plan.

The options granted under the 2008 Plan during the six months ended June 30, 2021 have vesting restrictions, valuations and contractual lives in similar nature to those described in Note 11 of the Notes to Company’s consolidated annual financial statements for the year ended December 31, 2020, included in the Company’s Annual Report on Form 20-F for the year ended December 31, 2020.

Options granted to employees:

The fair value of the Company's stock options granted to employees for the six months ended June 30, 2021 and 2020 was estimated using the following weighted average assumptions:

	Six months ended June 30,	
	2021	**2020**
Risk free interest	0.26%-0.6%	-
Dividend yields	0%	-
Volatility	41%-50%	-
Expected term (in years)	4.03-4.04	-

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

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

A summary of employee and director option balances under the 2008 Plan as of June 30, 2021 and changes during the six months then ended are as follows:

	Number of options	Weighted-average exercise price (*)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (*)
Outstanding at January 1, 2021	2,776,778	$ 6.1	3	$ 4,142
Granted	2,002,500	$ 7.7		
Exercised	(1,340,777)	$ 4.6		
Forfeited	(593,750)	$ 8.1		
Outstanding as of June 30, 2021	2,844,751	$ 7.5	4.8	$ 8,570
Exercisable as of June 30, 2021	304,543	$ 6.0	2.3	$ 1,274

(*) In January 2021 the Company distributed a cash dividend in the amount of $35,003 or $0.63 per share. All exercise prices were updated on a retrospective basis (See also Note 8(c)).

The weighted-average grant-date fair value of options granted to employees during the six months ended June 30, 2021 was $2.55. The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on that date. These amounts change based on the fair market value of the Company's stock. Total intrinsic value of options exercised for the six months ended June 30, 2021 was $14,024.

c. 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.

In April 2019, the Company distributed a cash dividend in the amount of $24,864 or $0.45 per share.

In November 2020 the Company distributed a cash dividend, in the amount of $19,999 or $0.36 per share.

In January 2021, the Company distributed a cash dividend, in the amount of $35,003 or $0.63 per share.

The Company has not adopted a general policy regarding the distribution of dividends and makes no statements as to the distribution of dividends in the foreseeable future.

U.S. dollars in thousands

NOTE 9:- OTHER COMPERHENSIVE INCOME (LOSS)

The following table shows the changes of accumulated other comprehensive loss, for the six months ended June 30, 2021:

	Six months ended June 30, 2021		
	Foreign currency translation adjustments	Unrealized losses on cash flow hedges	Total
Beginning balance	$ (6,017)	$ -	$ (6,017)
Other comprehensive loss before reclassifications	(37)	(135)	(172)
Amounts reclassified from accumulated other comprehensive income	-	(5)	(5)
Net current-period other comprehensive loss	(37)	(140)	(177)
Ending balance	$ (6,054)	$ (140)	$ (6,194)

U.S. dollars in thousands

NOTE 10:- CUSTOMERS, GEOGRAPHIC AND SEGMENT INFORMATION

a. The Company applies ASC 280, "Segment Reporting" ("ASC 280"). Operating segments are defined as components of an enterprise for which separate financial information is available and is evaluated regularly by the chief operating decision maker. Segments are managed separately as follows:

Fixed Networks provides advanced fixed broadband satellite communication networks, satellite communication systems and associated professional services and comprehensive turnkey solutions and fully managed satellite network services solutions. The Company's customers are service providers, satellite operators, mobile network operators, telecommunication companies, large enterprises and governments worldwide. In addition, it includes the Company's network operation and managed networks and services in Peru.

Mobility Solutions provides advanced on-the-move satellite communications equipment, systems and solutions, including airborne, maritime and ground-mobile satellite systems and solutions.

This segment provides solutions for land, sea and air connectivity, while placing a major focus on the high-growth market of IFC, with the Company's unique leading technology as well as defense and homeland security activities.

Terrestrial Infrastructure Projects includes the Company's construction of fiber and wireless networks in Peru.

	Six months ended June 30, 2021			
	Fixed Networks	**Mobility Solutions**	**Terrestrial Infrastructure Projects**	**Total**
Revenue	$ 56,127	$ 31,002	$ 14,507	$ 101,636
Cost of revenue	35,723	20,746	16,095	72,564
Gross profit (loss)	20,404	10,256	(1,588)	29,072
Research and development, net	4,700	10,960	-	15,660
Selling and marketing	7,639	2,810	19	10,468
General and administrative	3,931	2,302	705	6,938
Operating profit (loss)	4,134	(5,816)	(2,312)	(3,994)
Financial expenses, net				757
Loss before taxes				(4,751)
Taxes on income				474
Net loss				(5,225)
Depreciation and amortization Expenses	$ 2,379	$ 2,236	$ 31	$ 4,646

U.S. dollars in thousands

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

	Six months ended June 30, 2020			
	Fixed Networks	Mobility Solutions	Terrestrial Infrastructure Projects	Total
Revenue	$ 44,790	$ 33,207	$ 7,991	$ 85,988
Cost of revenue	32,254	23,427	11,833	67,514
Gross profit (loss)	12,536	9,780	(3,842)	18,474
Research and development, net	4,180	9,121	-	13,301
Selling and marketing	6,326	2,304	20	8,650
General and administrative	4,842	2,185	764	7,791
Merger, acquisition and related litigation expenses, net	-	-	-	2,951
Operating loss	(2,812)	(3,830)	(4,626)	(14,219)
Financial expenses, net				1,429
Loss before taxes				(15,648)
Taxes on income				332
Net loss				(15,980)
Depreciation and amortization Expenses	$ 3,170	$ 2,061	$ 40	$ 5,271

b. Disaggregation of Revenue:

Following is a summary of revenue by geographic areas. Revenue attributed to geographic areas, based on the location of the end customers and in accordance with ASC 280, are as follows:

	Six months ended June 30,	
	2021	2020
Latin America	$ 35,463	$ 30,185
Asia and Asia Pacific	24,807	9,279
United States	28,726	36,499
Europe	12,640	10,025
	$ 101,636	$ 85,988

U.S. dollars in thousands

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

c. The table below represents the revenue from major customers:

	Six months ended June 30,	
	2021	**2020**
Customer A	18%	21%
Customer B	*)	16%

*) Less than 10%

Customer A is located in Peru and Customer B is located in the United States.

NOTE 11:- RELATED PARTY BALANCES AND TRANSACTIONS

a. The Company entered into a number of agreements for the purchase of infrastructure, construction and services from C. Mer Industries Ltd. ("C. Mer"), a publicly traded company in Israel (TASE). The Company's controlling shareholder, FIMI Opportunity Funds ("FIMI"), holds approximately 36.6% of C. Mer's share capital and a representative of FIMI who sits on the Company's Board of Directors also serves on C. Mer's board of directors.

b. In December 2015, the Company entered into a memorandum of understanding with Orbit Communication Systems Ltd., ("Orbit"), a publicly traded company (TASE), for development and manufacture of antenna for an aggregate amount of approximately $1,750. The memorandum specifies prices per additional product units ordered in the future by the Company. As of June 30, 2021, FIMI holds approximately 41.6% of Orbit's share capital and representatives of FIMI serves on Orbit's board of directors.

U.S. dollars in thousands

NOTE 11:- RELATED PARTY BALANCES AND TRANSACTIONS (Cont.)

c. Transactions with the related parties:

	Six months ended June 30,	
	2021	**2020**
Cost of revenue of products	$ 551	$ 58
Purchase of Inventory	$ -	$ 110

d. Balances with the related parties:

	June 30,	
	2021	**2020**
Trade payables	$ 491	$ 257
Accrued expenses	$ 113	$ 725

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

The following discussion and analysis of our financial condition as of June 30, 2021 and results of operations for the six months ended June 30, 2021 and June 30, 2020 should be read together with our condensed interim consolidated financial statements and related notes included elsewhere in this filing and our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2020. The following discussion contains forward-looking statements that reflect our current plans, estimates and beliefs and involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere this filing and in our Annual Report on Form 20-F and other filings with the U.S. Securities and Exchange Commission.

Introduction

We are a global provider of satellite-based broadband communications. We design and manufacture ground-based satellite communications equipment, and provide comprehensive solutions and end-to-end services, powered by our technology. Our portfolio includes a cloud-based satellite network platform, VSATs, amplifiers, high-speed modems, high performance on-the-move antennas and high power SSPAs, BUCs and Transceivers. Our solutions support multiple applications with a full portfolio of products to address key applications including broadband access, cellular backhaul, enterprise, in-flight connectivity, maritime, trains, defense and public safety, all while meeting stringent service level requirements. We also provide connectivity services, internet access and telephony, to enterprise, government and residential customers utilizing both our own networks, and other networks that we install, mainly based on BOT contracts. In these BOT projects, we build telecommunication infrastructure typically using fiber-optic and wireless technologies for the broadband connectivity. We also provide managed network services over VSAT networks owned by others.

We have a large installed base and have shipped more than 1.6 million satellite terminals to customers in approximately 100 countries on six continents since 1989. We have twenty sales and support offices worldwide, three NOCs which provide global NOC services and five R&D centers. Our products are primarily sold to communication service providers and operators that use satellite communications to serve enterprise, government and residential users.

We operate in three business segments, as follows:

Fixed Networks provides advanced fixed broadband satellite communication networks, satellite communication systems and associated professional services and comprehensive turnkey solutions and fully managed satellite network services solutions. Our customers are service providers, satellite operators, mobile network operators, telecommunication companies, large enterprises and governments worldwide. In addition, it includes our company's network operation and managed networks and services in Peru.

Mobility Solutions provides advanced on-the-move satellite communications equipment, systems and solutions, including airborne, maritime and ground-mobile satellite systems and solutions. This segment provides solutions for land, sea and air connectivity, while placing a major focus on the high-growth market of in-flight connectivity, or IFC, with our unique leading technology as well as defense and homeland security activities.

Terrestrial Infrastructure Projects include the construction of fiber and wireless networks in Peru.

COVID-19 Pandemic

The ongoing COVID-19 pandemic continues to have an adverse effect on our industry and the markets in which we operate. The COVID-19 outbreak has significantly impacted the travel and aviation markets in which our IFC customers operate and has resulted in a significant reduction of our business with some of these customers. We have also experienced postponed and delayed orders in certain other areas of our businesses. Further, the guidance of social distancing, lockdowns, quarantines and the requirements to work from home in various key territories such as Israel, Peru, California, Australia, Bulgaria, China and other countries, in addition to greatly reduced travel globally, has resulted in a substantial curtailment of business activities, which has affected and is likely to continue to affect our ability to conduct fieldwork as well as deliver products and services in the areas where restrictions are implemented by the local government. In addition, certain of our sales and support teams are unable to travel or meet with customers and the pandemic threat has caused operating, manufacturing, supply chain and project development delays and disruptions, labor shortages, travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures). As a result, we experienced a significant reduction in business since 2020. In the six months ended June 30, 2021 our revenue was $102 million, compared to $86 million in the comparable period of 2020 and to $122 million in the comparable period of 2019. While we expect that this public health threat will be eased by global vaccination and reduced restrictions on travel, it is still likely to continue to adversely impact us by its negative impact on our ability to generate revenue due to reduced end-market demand from IFC customers, governments and enterprises and our ability to conduct fieldwork leading to order delays and cancellations. Given the current macro-economic environment and the uncertainties regarding the potential impact of COVID-19 and its Delta variant on our business, there can be no assurance that our estimates and assumptions used in the measurement of various assets and liabilities in the financial statements will prove to be accurate predictions of the future. If our assumptions regarding forecasted cash flows are not achieved, it is possible that an impairment review may be triggered and certain assets and liabilities in the financial statements may be impaired.

Explanation of Key Income Statement Items

Revenue

We generate revenue mainly from the sale of products, including construction of networks, from services for satellite-based communications networks and from providing connectivity, internet access and telephony services to enterprise, government and residential customers under large-scale contracts that utilize both our own networks and also other networks that we install, mainly based on BOT contracts. These large-scale contracts sometimes involve the installation of thousands of VSATs or massive fiber-optic transport and access networks. Sale of products includes principally the sale of VSATs, hubs, SSPAs, low-profile antennas and on-the-move / on-the-pause terminals and the construction phase of large-scale projects. Service revenue include access to and communication via satellites, or space segment, installation of network equipment, telephone services, internet services, consulting, on-line network monitoring, network maintenance and repair services. We sell our products primarily through our direct sales force and indirectly through resellers or system integrators. Sales consummated by our sales force and sales to resellers or system integrators are considered sales to end-users.

Costs and Operating Expenses

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

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

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

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

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

Critical Accounting Policies and Estimates

The preparation of the financial information in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, mainly related to trade receivables, inventories, deferred charges, long-lived assets, intangibles and goodwill, revenue, stock-based compensation relating to options and contingencies. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Please refer to our discussion of critical accounting policies in our Annual Report on Form 20-F for the year ended December 31, 2020 for a discussion about those policies that we believe are the most important to the understanding of our financial condition and results of operations as such policies affect our more significant judgments and estimates used in the preparation of the financial information included in this interim report. Results for the six months ended June 30, 2021 are not necessarily indicative of results that may be expected for the year ending December 31, 2021.

On January 1, 2021, we adopted Accounting Standards Update (“ASU”) No. 2019-12, Income Taxes (Topic 740): “Simplifying the Accounting for Income Taxes” (ASU 2019-12), which simplifies the accounting for income taxes. The adoption did not have a material impact on our condensed interim consolidated financial statements during the six months ended June 30, 2021.

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

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Revenue. Revenue for the six months ended June 30, 2021 and 2020 for our three segments were as follows:

	Six Months Ended June 30,			Six Months Ended June 30,	
	2021	2020	Percentage change	2021	2020
	U.S. dollars in thousands			Percentage of revenue	
	Unaudited		Unaudited	Unaudited	
Fixed Networks	56,127	44,790	25.3%	55.2%	52.1%
Mobility Solutions	31,002	33,207	(6.6)%	30.5%	38.6%
Terrestrial Infrastructure Projects	14,507	7,991	81.5%	14.3%	9.3%
Total	101,636	85,988	18.2%	100.0%	100.0%

Our total revenue for the six months ended June 30, 2021 and 2020 were $101.6 million and $86.0 million, respectively. The increase in 2021 is attributable to an increase of $11.3 million in Fixed Networks revenue and $6.5 million in Terrestrial Infrastructure Projects revenue; Partially offset by a decrease of $2.2 million in Mobility Solutions revenue.

The increase in our Fixed Networks segment's revenue in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is due to the fact that our business in this segment declined in the first months of 2020 following the outbreak of the COVID-19 pandemic. However, we have seen recovery in this segment in the six months ended June 30, 2021, especially in the cellular backhaul and enterprise markets.

Our Mobility Solutions segment was impacted the most in 2020 by the COVID-19 pandemic as a result of a decrease in sales related to the In-Flight Connectivity market. The decline in the revenue in this segment in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is attributable to the fact that the full impact of the COVID-19 pandemic was not yet evident in the six months ended June 30, 2020.

The increase in Terrestrial Infrastructure Projects revenue is mainly attributable to completion of the fourth awarded PRONATEL Regional Project in the six months ended June 30, 2021.

Gross profit (loss). Gross profit (loss) and gross margin for the six months ended June 30, 2021 and 2020 for our three segments were as follows:

	Six Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	U.S. dollars in thousands		Percentage of revenue	
	Unaudited		Unaudited	
Fixed Networks	20,404	12,536	36.4%	28.0%
Mobility Solutions	10,256	9,780	33.1%	29.4%
Terrestrial Infrastructure Projects	(1,588)	(3,842)	(10.9)%	(48.1)%
Total	29,072	18,474	28.6%	21.5%

Our gross profit is affected year-to-year by the mix of products sold, the mix of revenue between products and services, the regions in which we operate, the size of our transactions and the timing of when such transactions are consummated. Moreover, from time to time we may have large-scale projects which can cause material fluctuations in our gross profit. We recognize revenue from the PRONATEL Regional 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. As such, we are subject to significant year-to-year fluctuations in our gross profit.

Our gross margin increased to 28.6% in the six months ended June 30, 2021 from 21.5% in the comparable period of 2020.

The increase in the Fixed Networks segment gross profit margin is mainly attributable to higher revenue volume and a more favorable revenue mix, mainly higher revenue in Asia Pacific and higher revenue from the cellular backhaul market which usually has higher margins.

The increase in the gross profit margin of the Mobility Solutions segment is mainly attributable to a reduction in our fixed expenses as a result of cost savings measures implemented in the last nine months of 2020 to mitigate the effects of the COVID-19 pandemic and lower purchase commitments expenses.

In the Terrestrial Infrastructure Projects segment, the reduced gross loss is mainly attributable to the mix of revenue between the different PRONATEL Regional Projects and delays in the six months ended June 30, 2020 in some of our PRONATEL Regional Projects, mainly due to COVID-19 restrictions in Peru, which resulted in additional project costs and lower revenue.

Operating expenses:

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Percentage change
	U.S. dollars in thousands		
	Unaudited		Unaudited
Operating expenses:			
Research and development, net	15,660	13,301	17.7%
Selling and marketing	10,468	8,650	21.0%
General and administrative	6,938	7,791	(10.9)%
Merger, acquisition and related litigation expenses, net	-	2,951	
Total operating expenses	33,066	32,693	1.1%

In order to mitigate the impact of the decline in business in 2020 as a result of the COVID-19 pandemic, we implemented measures to reduce our expenses, including a reduction in our headcount and a reduction in scope of work of our employees on a global basis for most of 2020, as well as other cost savings measures. We have returned all of our employees to full time employment in December 2020. As a result, our operating expenses in the six months ended June 30, 2020 were lower than those in the six months ended June 30, 2021.

Our research and development expenses, net are incurred by our Fixed Networks and Mobility Solutions segments. Research and development expenses, net increased by approximately $2.4 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This increase is mainly attributable to higher salary related expenses due to temporary cost savings measures we implemented in 2020.

Selling and marketing expenses increased by approximately $1.8 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This increase is mainly attributable to higher salary related expenses due to the temporary cost savings measures we implemented in 2020 and higher variable expenses, offset by lower travel expenses due to travel restrictions caused by the COVID-19 pandemic.

General and administrative expenses decreased by approximately $0.9 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This decrease is mainly attributable to lower stock-based compensation expenses due to the fact that we did not grant new options to our employees in the six months ended June 30, 2020 and also as a result of the reduction in our work force.

Financial expenses, net. Financial expenses, net were approximately $0.8 million in the six months ended June 30, 2021 and $1.4 million in the six months ended June 30, 2020.

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 recorded mainly as part of business combinations and changes in valuation allowances attributable to changes in our profit estimates in different regions. In the six months ended June 30, 2021, we had tax expenses of approximately $0.5 million compared to tax expenses of approximately $0.3 million in the six months ended June 30, 2020.

Variability of Quarterly Operating Results

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

Annual and quarterly fluctuations in our results of operations may be caused by the timing and composition of orders by our customers and the timing of our ability to recognize revenue. Our future results may also be affected by a number of factors, including our ability to continue to develop, introduce and deliver new and enhanced products on a timely basis and expand into new product offerings at competitive prices, to integrate our recent acquisitions, to anticipate effectively customer demands and to manage future inventory levels in line with anticipated demand. Our results may also be affected by currency exchange rate fluctuations and economic conditions in the geographical areas in which we operate. In addition, our revenue 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 revenue, 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 revenue. If revenue are below expectations, operating results are likely to be adversely affected. In addition, a substantial portion of our expenses are fixed (*e.g*. space segment, lease payments) and adjusting expenses in the event revenue 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 revenue or operating results will be below the expectations of public market analysts or investors. In such event, the market price of our shares would likely be materially adversely affected.

Impact of Inflation and Currency Fluctuations

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

The influence on the U.S. dollar cost of our operations in Israel relates primarily to the cost of salaries in Israel, which are paid in NIS and constitute a substantial portion of our expenses in NIS. In the six months ended June 30, 2021, the rate of inflation in Israel was 1.6% and the U.S. dollar appreciated in relation to the NIS at a rate of 1.4%, from NIS 3.215 per $1 on December 31, 2020 to NIS 3.26 per $1 on June 30, 2021. If future inflation in Israel exceeds the devaluation of the NIS against the U.S. dollar or if the timing of such devaluation lags behind increases in inflation in Israel, our results of operations may be materially adversely affected. In 2021 and 2020, in order to limit these risks, we entered into hedging agreements to cover certain of our NIS to U.S. dollar exchange rate exposures.

Our monetary balances that are not linked to the U.S. dollar impacted our financial expenses during the six months ended June 30, 2021 and June 30, 2020 . This was due to heavy fluctuation in currency rates in certain regions in which we do business, mainly in Latin America, Australia and Europe. There can be no assurance that our results of operations will not be materially adversely affected by other currency fluctuations in the future.

Liquidity and Capital Resources

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

As of June 30, 2021, we had cash and cash equivalents of $57.9 million and short-term and long-term restricted cash of $21.9 million. As of December 31, 2020, we had cash and cash equivalents of $88.8 million and short-term and long-term restricted cash of $27.2 million. As of June 30, 2021, we do not have any outstanding financial debt.

We believe that our working capital is sufficient for our requirements over the next 12 months.

In connection with the PRONATEL Regional Projects, we were required to post certain advance payment guarantees and performance guarantees with PRONATEL. These requirements were principally satisfied through issuance of bank guarantees by the First International Bank of Israel, or FIBI, and by The Hong Kong and Shanghai Banking Corporation, or HSBC (also through a Peruvian bank). Under the arrangements with FIBI and HSBC, we are required to observe certain conditions, including the requirement to maintain an amount of restricted cash and to satisfy certain financial and other covenants. As of June 30, 2021, we were in compliance with these requirements. 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, certain debt payments and modifications of loans and investments. The agreements also stipulate a floating charge on our assets to secure fulfillment of our obligations to FIBI and HSBC as well as other pledges, including a fixed pledge, on certain assets and property.

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

	Six months ended June 30,	
	2021	2020
	U.S. dollars in thousands	
	Unaudited	
Net cash provided by (used in) operating activities	8,742	(10,158)
Net cash used in investing activities	(5,731)	(1,879)
Net cash used in financing activities	(39,003)	(4,096)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(161)	(539)
Net decrease in cash, cash equivalents and restricted cash	(36,153)	(16,672)
Cash, cash equivalents and restricted cash at beginning of the period	115,958	101,969
Cash, cash equivalents and restricted cash at end of the period	79,805	85,297

Our cash, cash equivalents and restricted cash decreased by approximately $36.2 million during the six months ended June 30, 2021 as a result of the following:

Operating activities. Cash provided by our operating activities was approximately $8.7 million in the six months ended June 30, 2021 compared to cash used in operating activities of approximately $10.2 million in the six months ended June 30, 2020. The cash provided by our operating activities during the 2021 period was primarily attributable to improved collections from PRONATEL as a result of completion of the fourth awarded PRONATEL Regional Project.

Investing activities. Cash used in investing activities was approximately $5.7 million in the six months ended June 30, 2021 compared to approximately $1.9 million in the six months ended June 30, 2020. The cash used in our investing activities during 2021 period was for the purchase of property and equipment and investment in short term deposits.

Financing activities. Cash used in financing activities was approximately $39.0 million in the six months ended June 30, 2021 compared to cash used in financing activities of approximately $4.1 million in the six months ended June 30, 2020. The cash used in financing activities is primarily related to a dividend payment to shareholders and repayments of long term loans in the six months ended June 30, 2021, while in the six months ended June, 2020 the funds used in financing activities were primarily attributable to repayments of long term loans.