

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in BATM Advanced Communications Ltd., please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Please note that this document sets out different voting processes for securities traded on the London Stock Exchange and for securities traded on the Tel-Aviv Stock Exchange. You must follow the correct process applicable to the securities you hold. If you hold multiple types of securities, you must follow a different process for each portion of your holding (see note 4 below in the Notes to the Notice of Annual General Meeting for further information regarding the process).

BATM ADVANCED COMMUNICATIONS LTD.

**Notice of Annual General Meeting
of 14 December 2021**



International H.Q.

4 Ha'harash Street, Nave Ne'eman Ind. Area,

P.O.B. 7318, 4524075 Hod Hasharon, Israel

52-0042813 – Registered in Israel

Chairman's letter

22 November 2021

Dear Shareholder,

Annual General Meeting

I am pleased to enclose the notice of the Annual General Meeting (“AGM” or “the Meeting”) of BATM Advanced Communications Ltd., which is to be held at the Company’s offices at 4 Ha’harash Street, Nave Ne’eman Industrial Area, P.O.B. 7318, 4524075 Hod Hasharon, Israel on 14 December 2021 at 10.00 a.m. GMT. While the Board recognises that the AGM represents an important opportunity to engage with shareholders and provides a forum that enables shareholders to speak directly with the Board, in light of the continuing unpredictability of the COVID-19 pandemic, related public health guidance and international travel requirements, the Meeting will be held at the Company’s registered office in Israel and shareholders will not be able to attend the Meeting in person. The Company will make arrangements such that the legal requirements to hold the AGM can be satisfied and that the Meeting is quorate, but no other shareholders will be permitted entry to the physical meeting.

Shareholders are therefore strongly encouraged to submit their vote in advance of the AGM, in accordance with the Notes to the Notice of Annual General Meeting set out below. Given the restrictions on attendance at the AGM, shareholders should appoint the Chairman of the AGM as their proxy, and holders of depositary interests should instruct Link Market Services Trustees to vote on their behalf, rather than a named person who will not be permitted to attend the AGM or cast their vote.

In order to enable shareholder engagement and participation, shareholders will be able to listen to and watch the Meeting via webinar and are invited to submit questions in writing in advance of the AGM that will be answered orally during the Meeting. Please note that the webinar will allow shareholders to observe the business of the AGM only – it will not be possible to use this facility to vote or ask questions. To register to attend the AGM webinar or to submit a question, please email yair.livneh@batm.com, stating your full name, at your earliest opportunity and no later than 5.30 p.m. GMT on 9 December 2021.

Recommendation

The directors of the Company consider that all of the resolutions to be considered at the AGM are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of its members as a whole.

The directors unanimously recommend that you vote in favour of all the proposed resolutions as, where permitted, they intend to do so in respect of their own beneficial holdings. As at 19 November 2021, being the latest practicable date prior to publication of this AGM circular, the directors in the Company hold in aggregate 22.7% of the issued share capital of the Company.

Yours sincerely,

Dr. Gideon Chitayat

Chairman

Notice is hereby given that the Annual General Meeting (“AGM” or the “Meeting”) of BATM Advanced Communications Ltd. will be held at the Company’s offices at 4 Ha’harash Street, Nave Ne’eman Industrial Area, P.O.B. 7318, 4524075 Hod Hasharon, Israel on 14 December 2021 at 10.00 a.m. GMT.

The purpose of the AGM is to receive and discuss the Company’s audited annual accounts for the year ended 31 December 2020 and the directors’ report thereon and to consider and, if thought fit, pass the resolutions detailed below.

IMPORTANT INFORMATION ABOUT THE AGM

In light of the ongoing uncertainty relating to the COVID-19 pandemic and associated public health measures and international travel requirements, the Company will be holding the AGM at its registered office in Israel and shareholders will not be able to attend the Meeting in person.

The Company will ensure that the legal requirements to hold the AGM can be satisfied through the attendance of a minimum number of directors or employee shareholders, either in person or by electronic means.

While shareholders will not be able to attend in person, the Board remains committed to shareholder engagement and participation, and therefore shareholders will be able to access the Meeting via a webinar. Please note that this will allow shareholders to listen to and watch the business of the AGM only – it will not be possible to use this facility to vote or ask questions. Shareholders are invited to submit questions in writing in advance of the AGM, which will be answered orally at the Meeting. To register to attend the AGM via webinar or to submit questions, please email yair.livneh@batm.com, stating your full name, as soon as possible and, in any event, by no later than 5.30 p.m. GMT on 9 December 2021.

Importantly, with these arrangements in mind, shareholders are strongly urged to vote by proxy in advance of the AGM. To have their vote counted, shareholders should appoint the Chairman of the Meeting as their proxy before 10.00 a.m. GMT on 12 December 2021 and holders of depositary interests should instruct Link Market Services Trustees to vote on their behalf by 10.00 a.m. GMT on 11 December 2021.

If there are any changes to the current arrangements for the AGM, the information will be made available by an announcement via a Regulatory Information Service.

RESOLUTIONS

I. Annual Report and Accounts

1. To receive the Company’s audited annual accounts for the financial year ended 31 December 2020 together with the directors’ report and the auditor’s report on those accounts.
 2. To approve the report of the Company’s Remuneration Committee for the financial year ended 31 December 2020 together with the auditor’s report on the auditable part of the remuneration report.
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II. Re-appointment of Auditors

3. To re-appoint the auditors of the Company (Deloitte Israel & Co., a member firm of Deloitte Touche Tohmatsu Limited global network) as external auditors for the 2021 financial year and to authorise the Board of Directors to fix the auditor's remuneration for such period.

III. Re-election of Directors and Management Contract Extension

4. To re-elect Dr. Gideon Chitayat for a one-year term until the next Annual General Meeting of the Company (Note A).
5. To re-elect Dr. Zvi Marom for a one-year term until the next Annual General Meeting of the Company (Note A).
6. To re-elect Mr. Moti Nagar for a one-year term until the next Annual General Meeting of the Company (Note A).
7. To re-elect Prof. Varda Shalev (an external director) for an additional term of three years in accordance with the provisions of the Israeli Companies Law-1999 ("Israeli Companies Law") (Note A).
8. To approve and ratify the extension, on the same terms, of the management services contract in effect between the Company and Nostradamus Technology Services Ltd., under which the CEO, Dr. Zvi Marom, provides services as the Chief Executive Officer to the Company, to 31 December 2022.

IV. Distribution of Dividend

9. To approve the recommendation of the Board to distribute a final dividend to shareholders in respect of the 2020 financial year, of the amount and on the distribution date set forth in Annex A attached to this Notice.
10. To approve an amendment to article 52 of the Company's articles of association, as set forth in Annex B attached to this Notice, so that the Board will be authorised to decide on the distribution of dividends to shareholders (Note C).

V. Remuneration

11. To approve a new Remuneration Policy for the Company's directors and officers to replace the existing policy with effect from 1 January 2022, as set forth in Annex C attached to this Notice (Note D).
 12. To approve the payment of a one-time annual bonus to the Chief Financial Officer, Moti Nagar, of US\$149,000 for 2020 (at the representative rate of the Israeli NIS on the date of approval by the Board), in accordance with his entitlement under his employment contract (Note E).
 13. To authorise the Remuneration Committee, subject to Board approval, to determine bonuses and LTIP grants for executive directors (provided such directors are not what the law defines as controlling shareholders), as detailed in Note F.
 14. To authorise the Remuneration Committee, subject to Board approval, to update the employment and service agreements with executive directors and officers so as to bring them in line with the Company's new Remuneration Policy.
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VI. Disapplication of pre-emption rights

15. That the Directors will be generally authorised and empowered to allot equity securities pursuant to the authority conferred by article 10B of the Company's articles of association as if article 10A (existing shareholders' right of pre-emption) did not apply to the allotment provided that this power shall:
- 15.1 be limited to the allotment of such number of equity securities which equal 10% of the issued and allotted share capital of the Company (post allotment);
- 15.2 expire on the earlier of 31 March 2023 (unless renewed, varied or revoked by the Company prior to or on that date), or on the date of the next annual general meeting of the Company save however that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

(see note G)

Resolutions 1, 2, 3, 4, 6, 9, 10, 12, 13 and 15 are being proposed as ordinary resolutions and resolutions 5, 7, 8, 11 and 14 are being proposed as special resolutions.

In accordance with Israeli law, resolution 7 requires the special majority set forth in section 239 of the Israeli Companies Law for the appointment of external directors. Please see Note A for an explanation of such requirements.

In accordance with Israeli law, resolution 11 requires the special majority set forth in section 267A of the Israeli Companies Law for the approval of a Remuneration Policy. Please see Note D for an explanation of such requirements.

Pursuant to section 275(a)(3) of the Israeli Companies Law, resolutions 5, 8 and 14 would require a special majority were Dr. Marom to be considered a controlling party as defined under the law. For the purpose of these resolutions, the Company considers Dr. Marom to be a controlling party and, accordingly, requires such special majority. Please see Note B for further explanation.

In accordance with Israeli law, resolutions 8, 11 and 12 have been approved by the Company's Remuneration Committee and Board of Directors.

Explanatory Notes to the Resolutions:

Note A:

1. Dr. Chitayat is the Chairman of the Board of the Company. He has been a Board member since 2010 and the Chairman since 2015. The Board considers Dr. Chitayat as independent in character and judgement, and there are no relationships or circumstances that could affect his judgement. His knowledge of the business and the understanding of its various components, which is built on his experience, combined with his independence of mind, enables a critical review of strategy and operations. In addition, his vast business experience, expertise and knowledge of directing large business organisations within Israel is a valuable resource for the Board and the Company as a whole.
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2. Dr. Marom is the CEO and a director of the Company. He founded the Company in 1992. Mr. Nagar is the CFO and a director of the Company. He joined the Company in 2014.
3. Dr. Chitayat, Dr. Marom and Mr. Nagar were re-appointed as directors at the 2020 AGM for a one-year term until the then-next AGM of the Company. The shareholders are requested to re-appoint each of Dr. Chitayat and Mr. Nagar for an additional one-year term with such term to expire at the next AGM of the Company. The re-election of Messrs. Chitayat and Nagar requires a simple majority, as set out under sections 59 and 85 of the Israeli Companies Law. For the re-election of Dr. Zvi Marom, the Company requires the special majority that is set forth in section 275(a)(3) of the Israeli Companies Law (see Note B).
4. In addition to Dr. Chitayat, Dr. Marom and Mr. Nagar, there are currently three external directors (as defined in the Israeli Companies Law) who are serving member of the Board of the Company. According to the Israeli Companies Law, the term of office of an external director is three years and the Company is entitled to re-appoint the director for two additional terms of three years each. Prof. Varda Shalev was appointed as an external director by the AGM of 28 November 2018 for her first three-year term, which expires on 28 November 2021. As the Board has recommended that Prof. Shalev be appointed for a further term, the shareholders are requested to re-appoint her for a second three-year term (in accordance with the Israeli Companies Law). This resolution requires the special majority set forth in section 239 of the Israeli Companies Law for the re-appointment of external directors.
5. Under section 239 of the Israeli Companies Law, external directors are appointed by the General Meeting provided one of the following conditions is met: (a) The appointment is supported by a majority of the shareholders participating in the vote at the General Meeting who are not a controlling party and do not have a personal interest in the appointment (except for a personal interest which is not as a result of a relationship with a controlling party), excluding abstaining votes; or (b) the aggregate number of those voting against the proposed resolution did not exceed two per cent of the aggregate voting rights in the company.

Note B: Section 275 of the Israeli Companies Law provides that a transaction relating to employment terms or grant of benefits by the Company to a controlling party requires the approval of the Remuneration Committee and the Board of Directors and, following this, the approval by the shareholders which must meet at least one of the following conditions: (i) the majority vote of shareholders in favor of the proposed grant must comprise a majority that does not include the specific interested party in approving the proposed transaction out of those participating in the vote, and in counting the votes for passing the proposed resolution the votes of those abstaining shall not be taken into account; or (ii) the total number of shareholders voting against this proposal shall not exceed two percent (2%) out of the total voting rights in the company. Regarding transactions with interested parties, section 268 of the Israeli Companies Law defines "Controlling Party" as having 25% of the voting powers in the company (provided there is no other person holding more than 50% of the voting powers in the company), or having the ability to direct the activity of the company other than merely by serving as director or another office in the company, and a person will be assumed to be a controlling party if they hold half or more of the voting rights in the company's general meeting or half or more of the rights to appoint directors in the company or the company's CEO.

Dr. Zvi Marom founded BATM in 1992 and serves as the Company's CEO and as a director in the Company, and holds 21.98% of the voting rights in the Company. For resolutions that under Israeli Companies Law would necessitate a special majority if Dr. Marom were to be considered a controlling party, the Company considers Dr. Marom to be a controlling party and, accordingly, requires such special majority.

Note C: Article 52 of the Company's articles of association, titled "Declaration of Dividends", contains a provision that a dividend shall be payable only after it has been approved by the General Meeting. The shareholders are requested to approve an amendment to article 52 that will enable the Board to declare and pay dividends. See Annex B for the proposed new wording of article 52.

Note D: Section 267A of the Israeli Companies Law states that a publicly traded company should set a policy for the remuneration of directors and officers, and that such policy requires the approval every three years by the Company's shareholders at a general meeting. As previously disclosed, the Company's remuneration policy is due for re-approval and the Board decided to utilise the opportunity to update its policy to bring it in line with current market standards in the UK and Israel and to better enable the Company to attract and retain quality candidates. The new policy was prepared with the guidance of UK consultants specialising in executive remuneration, and was approved by the Company's Remuneration Committee and Board of Directors. The new Remuneration Policy is attached as Annex C.

Pursuant to the Israeli Companies Law, the approval of the new Remuneration Policy requires the affirmative vote of a majority of the Company's shares voting on the matter, provided that either (i) such a majority includes at least the majority of the votes of shareholders who are not controlling parties and do not have personal interest in the approval of the Remuneration Policy (abstentions will not be taken into account); or (ii) the total number of votes against such proposal among the shareholders mentioned in clause (i) above does not exceed two percent (2%) of the total voting rights in the Company. Nevertheless, the Board can set the Remuneration Policy even if the General Meeting opposed its approval, provided that the Remuneration Committee and the Board decided, based on detailed reasoning and following re-discussion of the Remuneration Policy, that approving the Remuneration Policy despite the General Meeting's opposition is in the best interests of the Company.

Note E: Given that the CFO, Moti Nagar, also holds the position of an executive director in the Company, section 270(3) of the Israeli Companies Law provides that the proposed resolution relating to his employment terms requires the approval of the Remuneration Committee, the Board of Directors and, following this, the approval by a simple majority of the shareholders. The Remuneration Committee of the Company as well as the Board discussed the proposed resolution to pay the CFO a one-time annual bonus and noted that the CFO had exceeded the financial and personal targets set for him for 2020 (as described below and as set out in the Directors' Remuneration Report in the annual report and accounts for the year ended 31 December 2020) and is therefore contractually eligible to receive the maximum bonus allowed under the Remuneration Policy of six monthly salaries (US\$149,000). As such, this proposed resolution is being brought as a formality in order to conform with the requirements of the Israeli Companies Law. The Board noted and took account of the following financial and personal achievements by the CFO when making its recommendation to the shareholders and approving payment of the aforementioned bonus:

Financial criteria (60%-80% of total bonus):

	2020 target	% of this part of the bonus payable on achieving that target	2020 actual
EBITDA	\$7.4m	70%	\$19.7m
Cash from operating activities	>\$3.5m	30%	\$18.5m

Personal criteria (20-40% of total bonus):

Target	Delivery
Implementation of new ERP system in the US	<ul style="list-style-type: none"> • Successful implementation of SAP Business One in Telco Systems
Restructuring of the BATM subsidiaries to prepare for future growth	<ul style="list-style-type: none"> • Reorganisation of the Company structure from a tax point of view

Note F: The new Remuneration Policy sets rules regarding annual bonus and the grant of shares under a long-term incentive plan (“LTIP”) for the executive directors for the next three years (2022-2024) and sets a list of types of measurable targets. The shareholders are requested to authorise the Remuneration Committee, subject to Board approval, to decide on bonuses and LTIP grants for executive directors (provided they are not controlling shareholders), as follows:

1. To set targets and criteria for annual bonuses and LTIP grants to executive directors (provided they are not controlling shareholders) in advance for each of the years 2022, 2023 and 2024. The Remuneration Committee will decide which of the measurable targets, out of the list of the measurable targets set forth in the new Remuneration Policy, will apply in each year, and what will be the specific quantifiable goal for each applicable target. A bonus of 100% of base salary (75% for 2022) and LTIP shares grant in value equal to 100% of base salary (75% for 2022) will be granted based on the achievement of such specific measurable criteria, and shall be calculated in accordance with Section 2 below.
2. To decide whether and to what extent the executive director / officer meets the measurable targets in each year, and to calculate the amount of bonus / LTIP shares accordingly, as follows:
 - a. For achievement of 100% of all measurable targets, the executive director will be entitled for the full bonus and LTIP shares opportunity.
 - b. Partial achievement of the measurable targets will be graded by the Remuneration Committee, and the executive director will be entitled to partial bonus and LTIP shares according to a scale that will be set by the Remuneration Committee.
 - c. The Committee will set values for a minimum level of achievement of the measurable targets, and below that level the executive director will not be entitled to any bonus or LTIP shares.
3. To resolve to grant an additional bonus of 25% of base salary and an additional LTIP shares grant of value equal to 25% of base salary based on the full discretion of the Remuneration Committee (subject to the approval of the Board) or based on non-measurable criteria determined by the Remuneration Committee at its discretion, such that total bonus opportunity will be at maximum 100% for 2022 and 125% for each of

2023 and 2024, and total LTIP shares grant opportunity will be at maximum 100% for 2022 and 125% for each of 2023 and 2024.

4. To grant the bonus / LTIP shares, according to the above rules, and provided that:
 - a. One-third of bonus will be awarded in Company shares deferred for two years. The value of the award will be calculated according to the average share price in the 30 days prior to the Board approval.
 - b. All targets for bonus and LTIP awards will be duly disclosed in the Directors' Remuneration Report.

Note G: The proposed resolution is to allow the Company to disapply the pre-emption rights in the Company's articles of association for up to 10% of the allotted and issued share capital of the Company. This will expire on 31 March 2023 or if held earlier, on the Company's next annual general meeting. If passed it will give the Directors power, pursuant to the authority to allot equity securities (as defined by section 560 of the United Kingdom Companies Act 2006) to sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings as the Directors otherwise consider necessary. The maximum amount will be such number of shares which represent no more than 10% of the issued and allotted share capital of the Company (post allotment) (excluding treasury shares). Other than in respect of the specific deviation set out below, this proposed resolution is in line with guidance by the investment association, the Pre-Emption Group's Statement of Principles and the template resolutions published by the Pre-Emption Group in May 2016.

The Company is incorporated in Israel with a law that does not require public companies to have pre-emption rights. In order not to deviate substantially from local market practice, the waiver being suggested by the Directors will allow a disapplication of the pre-emption rights in respect of 10% of the Company's issued and allotted share capital for any specific allotment. In this respect, this proposed resolution deviates from and does not strictly follow the guidance set out by the Investment Association.

Dated: 22 November 2021

By order of the Board
Dr. Zvi Marom
Chief Executive Officer

Company number: 52-0042813
Registered office: 4 Ha'harash Street, Nave Ne'eman,
PO Box 7318, Hod Ha'sharon, 4524075 Israel.

Notes to the Notice of Annual General Meeting

1. Only those members registered on the Company's register of members at close of business on 10 December 2021 (the "**Record Date**") shall be entitled to vote at the Meeting. As noted above, shareholders will not be able to attend the Meeting in person.
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As such, shareholders and holders of depositary interests are urged to submit their vote in advance of the AGM in accordance with the procedures set out in Notes 4 – 12 below. Information regarding the Meeting is available and can be found on the Company's website at www.batm.com

2. Quorum and adjourned meeting – the quorum shall be two or more shareholders present in person or by proxy. If such quorum is not present within one hour from the time scheduled for the Meeting, the Meeting will be adjourned for one week (to the same day, time and place). Any two members present in person or by proxy at the adjourned meeting, shall be deemed a quorum.
 3. Enclosed with this document is (1) a form of proxy for holders of certificated securities admitted to trading on the London Stock Exchange (a “Form of Proxy”), (2) a form of direction for holders of uncertificated securities (i.e. Depositary Interests) representing ordinary shares admitted to trading on the London Stock Exchange (the “Form of Direction”) and (3) a form of proxy for holders of the Company’s shares listed on the Tel-Aviv Stock Exchange (a “Form of Proxy to a TASE Member”). Please note that this document sets out different processes for securities admitted to trading on the London Stock Exchange and securities traded on the Tel-Aviv Stock Exchange. You must follow the correct process applicable to the securities you hold. If you hold multiple types of securities, you must follow a different process for each portion of your holdings.
 4. **Shareholders holding through the London Stock Exchange** - If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights at the Meeting. A proxy need not be a member of the Company but must attend the Meeting to represent you. Please note, given the restrictions on attendance at the Meeting, to have your voted counted, you must appoint the Chairman of the Meeting as your proxy rather than another named person who will not be able to attend the Meeting and vote. Details of how to appoint your proxy are set out in the notes to the proxy form. **In order to be valid, proxy forms must be lodged at either Link Group, at its address: Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom or at the registered office of the Company in Israel marked for the attention of the CFO not less than 48 hours prior to the Meeting.** A Form of Proxy appears below. Alternatively, you may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours before the time of the meeting applies. Shareholders will need to use the unique personal identification Investor Code (“IVC”) printed on your share certificate. If you need help with voting online, please contact our Registrar, Link Group’s portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or you can contact Link Group via email at shareholderenquiries@linkgroup.co.uk
 5. In the case of a member which is a corporation, the proxy (or any related document) should be given under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such party or authority) must be included with the Form of Proxy.
 6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted.
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Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
8. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction, you will need to inform the Company by sending a hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group at the address referred to above. The revocation notice must be received by Link Group not less than 48 hours prior to the Meeting.

9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
 10. In the case of holders of Depositary Interests representing shares in the Company, a Form of Direction must be completed in order to direct Link Market Services Trustees, the Depositary, to vote on the holder's behalf at the Meeting (in person or by proxy) or, if the Meeting is adjourned, at the adjourned meeting. **In order to be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom by no later than 72 hours before the time fixed for the Meeting or any adjourned meeting.** A Form of Direction appears below.
 11. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
 12. **Shareholders holding through the TASE** - Shareholders may vote their shares by appointing the TASE Member (bank, broker or other nominee that is admitted as a member of the TASE) through which they hold their shares as "proxies" to vote on their
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behalf, and they must direct the TASE Member on how to vote their shares. A duly executed Form of Proxy must be received by the TASE Member no later than 10.00 a.m. (Israel-time) on 7 December 2021, in order to be counted in the vote to be held in the Meeting. A shareholder's returned proxy may be revoked at any time prior to its exercise by giving a written notice to the TASE Member of such revocation, sending a duly executed Form of Proxy bearing a later date, no later than 10.00 a.m. (Israel-time) on 7 December 2021, requesting the return of the original Form of Proxy. The vote at the Meeting shall be carried out by the TASE Clearing House. The TASE Member shall direct the TASE Clearing House on how to vote the shares held by it, according to the TASE Clearing House by-laws, and submit to the TASE Clearing House a summary of the final results of all the proxies received by it and which it requests the TASE Clearing House to vote in its name, including the information required in the Form of Proxy regarding personal interests of the shareholders, if they are senior officers in the Company or controlling shareholders in the Company or a foreign institutional client, joint investment fund manager or trust fund, by no later than 2.00 p.m. (Israel-time) on 7 December 2021. A shareholder whose ordinary shares are registered with a TASE Member and are not registered on the Company's shareholder register is entitled to receive from the TASE Member who holds the ordinary shares on the shareholder's behalf, by email, for no charge, a link to the text of the Form of Proxy and to the position statements posted on the Israel Securities Authority website unless the shareholder has notified that he or she is not so interested; provided that the notice was provided with respect to a particular securities account prior to the Record Date. Beneficial owners who hold ordinary shares through TASE Members, or the TASE, may attend the Meeting by presenting a certificate signed by the TASE Member through which the shares are held, which complies with the Israel Companies Regulations (Proof of Ownership for Voting in General Meetings)-2000 as proof of ownership of the shares, or they may send such certificate to the Company's registered office prior to the Meeting. However, beneficial owners who hold ordinary shares through TASE Members will not be able to vote at the Meeting in person and will have to follow the voting instructions detailed in this sub-section 12 above and in the Form of Proxy.

13. While in ordinary circumstances the appointment of a proxy does not preclude you from attending the Meeting and voting in person (except for shareholders whose shares are listed on the TASE, to whom sub-section 12 herein shall apply), this year it is not possible to attend the Meeting. If for any reason a change occurs and a physical meeting takes place, if you have appointed a proxy and then attend the Meeting in person, your proxy appointment will automatically be terminated.
 14. The Company will answer any question you ask relating to the business being dealt with at the Meeting unless:
 - 14.1 answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - 14.2 the answer has already been given on a website in the form of an answer to a question; or
 - 14.3 it is undesirable in the interest of the Company or the good order of the Meeting that the question be answered.
 15. As at 19 November 2021, the Company's issued share capital comprised 440,434,124 ordinary shares of 0.01 NIS each. Each ordinary share carries the right to one vote at a
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general meeting of the Company and, therefore, the total number of voting rights in the Company as at 19 November 2021 is 440,434,124.

16. If you hold securities traded on the London Stock Exchange and do not have a Form of Proxy or Form of Direction and believe that you should have one, or if you require additional forms, please contact Link Group on 0371 664 0391 if calling from the UK (calls cost 12p per minute plus network extras) or +44 (0)371 664 0391 if calling from outside the UK.
 17. You may not use any electronic address provided either:
 - 17.1 in this notice of Annual General Meeting; or
 - 17.2 any related documents (including the Chairman's letter and proxy form)to communicate with the Company for any purposes other than those expressly stated.
 18. The following documents will be available for inspection at **the registered office of the Company** from 22 November 2021 until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
 - A copy of the revised Company's articles of association
-

Form of Proxy

(for holders of securities listed on the London Stock Exchange)

**For use at the 2021 Annual General Meeting
of BATM Advanced Communications Ltd. to be convened
at 10.00 a.m. GMT on 14 December 2021 at the Company's offices at 4 Ha'harash
Street, Nave Ne'emán Industrial Area, P.O.B. 7318, 4524075 Hod Hasharon, Israel**

I/We

of

being a member of the Company hereby appoint/ the
Chairman of the meeting to act as my/our proxy and to vote for me/us as indicated below with
an "X" at the Annual General Meeting of the Company convened for 14 December 2021 at
10.00 a.m. and at any adjournment.

Date

Signed

Please indicate how you wish to vote with an "X" in the appropriate box opposite each
resolution. If no specific indication as to voting is given, the proxy will vote or abstain in their
own direction as they will on any other matter arising at the meeting.

RESOLUTION	DECLARATION	FOR	AGAINST
1. To receive the annual accounts and directors' and auditor's reports thereon		<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the report of the Remuneration Committee		<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint the auditors of the Company and authorise the Board of Directors to fix their remuneration		<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Dr. Gideon Chitayat		<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Dr. Zvi Marom Declaration of lack of personal interest: [Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. Moti Nagar		<input type="checkbox"/>	<input type="checkbox"/>

<p>7. To re-appoint Prof. Varda Shalev</p> <p>Declaration of lack of control and lack of personal interest other than personal interest which is not due to connections with a controlling shareholder:</p> <p>[Check the DECLARATION box to declare that you are not a controlling shareholder and that you have no personal interest other than personal interest which is not due to connections with a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>8. To approve the extension of the Management Services Contract with Nostradamus Technology Services Ltd until 31 December 2022</p> <p>Declaration of lack of personal interest:</p> <p>[Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>9. To approve the distribution of a final dividend of the amount and on the distribution date set forth in Annex A attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>10. To approve the amendment of article 52 of the Company's articles of association, as set forth in Annex B attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>11. To approve the new Remuneration Policy, as set forth in Annex C attached to this Notice</p> <p>Declaration of lack of personal interest and lack of control:</p> <p>[Check the DECLARATION box to declare that you have no personal interest and that you are not a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>12. To approve the payment of a bonus to the Company's CFO</p>		<input type="checkbox"/>	<input type="checkbox"/>

13. To authorise the Remuneration Committee, subject to Board approval, to decide on bonuses and LTIP grants for executive directors (provided they are not controlling shareholders), as detailed in Note F to the Notice		<input type="checkbox"/>	<input type="checkbox"/>
14. To authorise the Remuneration Committee, subject to Board approval, to update the employment and service agreements with executive directors and officers according to the new Remuneration Policy Declaration of lack of personal interest: [Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. To authorise the Directors to allot equity securities as if article 10A of the Company's articles of association did not apply		<input type="checkbox"/>	<input type="checkbox"/>

Notes:

1. This form of proxy to be valid must be completed and signed and must be deposited with Link Group to its address at **Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom** or at the registered office of the Company not less than 48 hours before the time fixed for the meeting.

Alternatively, you may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. Shareholders will need to use the unique personal identification Investor Code printed on your share certificate.
 2. In the case of a corporation, this proxy should be under its common seal, or if not so required, under the hand of an officer duly authorised in writing.
 3. In the case of joint holders, the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
 4. Any alteration made in the form of proxy should be initialled.
 5. You are referred to the Notes to the Notice of Annual General Meeting for further information.
-

Form of Direction

**For use by holders of Depositary Interests representing shares on a one-for-one basis in
BATM Advanced Communications Ltd (“BATM”) in respect of the Annual General
Meeting of BATM to be convened on 14 December 2021 at 10.00 a.m. GMT at the
Company’s offices at 4 Ha’harash Street, Nave Ne’eman Industrial Area, P.O.B. 7318,
4524075 Hod Hasharon, Israel**

I/We

of

being a holder of Depositary Interests representing shares in BATM hereby direct Link Market Services Trustees, the Depositary, to vote for me/us and on my/our behalf in person or by proxy at the Annual General Meeting of BATM to be held on the above date (and at any adjournment thereof) as directed by an “X” in the appropriate box opposite each resolution. **If no indication is given, you will be deemed as instructing the Depositary to abstain from voting.**

RESOLUTION	DECLARATION	FOR	AGAINST
1. To receive the annual accounts and directors’ and auditor’s reports thereon		<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the report of the Remuneration Committee		<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint the auditors of the Company and authorise the Board of Directors to fix their remuneration		<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Dr. Gideon Chitayat		<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Dr. Zvi Marom Declaration of lack of personal interest: [Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. Moti Nagar		<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appointment Prof. Varda Shalev Declaration of lack of control and lack of personal interest other than personal interest which is not due to connections with a controlling shareholder:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>[Check the DECLARATION box to declare that you are not a controlling shareholder and that you have no personal interest other than personal interest which is not due to connections with a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>			
<p>8. To approve the extension of the Management Services Contract with Nostradamus Technology Services Ltd until 31 December 2022</p> <p>Declaration of lack of personal interest: [Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>9. To approve the distribution of a final dividend of the amount and on the distribution date set forth in Annex A attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>10. To approve the amendment of article 52 of the Company's articles of association, as set forth in Annex B attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>11. To approve the Remuneration Policy, as set forth in Annex C attached to this Notice</p> <p>Declaration of lack of personal interest and lack of control: [Check the DECLARATION box to declare that you have no personal interest and that you are not a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>12. To approve the payment of a bonus to the Company's CFO</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>13. To authorise the Remuneration Committee, subject to Board approval, to decide on bonuses and LTIP grants for executive directors (provided they are not controlling shareholders), as detailed in Note F to the Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>

<p>14. To authorise the Remuneration Committee, subject to Board approval, to update the employment and service agreements with executive directors and officers according to the new Remuneration Policy</p> <p>Declaration of lack of personal interest:</p> <p>[Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>15. To authorise the Directors to allot equity securities as if article 10A of the Company's articles of association did not apply</p>		<input type="checkbox"/>	<input type="checkbox"/>

Signature:

Date:

Notes:

1. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarised or otherwise certified copy of such power of attorney, must be deposited at Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom not later than 72 business hours before the time appointed for holding the meeting.
2. Any alterations made to this Form of Direction should be initialled.
3. In the case of a corporation, this Form of Direction should be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. Please indicate how you wish your votes to be cast by placing "X" in the boxes provided. On receipt of this form duly signed, you will be deemed to have authorised Link Group to vote, or to abstain from voting, as per your instructions.
5. The Depositary will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other resolution (including amendments to resolutions) that may properly come before the meeting.
6. If a Depositary Interest holder wishes to attend the Annual General Meeting, they should notify Link Group (the Depositary) accordingly who will issue a Letter of Representation to the Depositary Interest holder giving them authorisation to attend the Annual General Meeting. If any Depositary Interest holder attends the Annual General Meeting without a Letter of Representation, they will only be allowed to enter the Annual General Meeting as a guest. Requests for a Letter of Representation should be made to the Depositary at Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom or by email to CAGtrustees@linkgroup.co.uk, no later than 72 business hours prior to the meeting or any adjourned meeting.
7. You are referred to the Notes to the Notice of Annual General Meeting for further information.

Form of Proxy

For Holders of Shares Listed on the Tel-Aviv Stock Exchange

For use at the 2021 Annual General Meeting

of BATM Advanced Communications Ltd. to be convened

at 10.00 a.m. GMT on 14 December 2021 at the Company's offices at 4 Ha'harash Street, Nave Ne'emam Industrial Area, P.O.B. 7318, 4524075 Hod Hasharon, Israel

I/We

of

being a holder of share(s) of the Company listed on the Tel-Aviv Stock Exchange and entitled to attend and vote hereby appoint (the "TASE Member") to vote on my behalf in person or by proxy as indicated below with an "X" at the Annual General Meeting of the Company convened for 14 December 2021 at 10.00 a.m. and at any adjournment thereof.

Date

Signed

Please indicate how you wish to vote with an "X" in the appropriate box opposite each resolution. If no specific indication as to voting is given, the TASE Member (or his proxy) will vote or abstain in their own direction as they will on any other matter arising at the meeting.

RESOLUTION	DECLARATION	FOR	AGAINST
1. To receive the annual accounts and directors' and auditor's report thereon		<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the report of the Remuneration Committee		<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint the auditors of the Company and authorise the Board of Directors to fix their remuneration		<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Dr. Gideon Chitayat		<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Dr. Zvi Marom Declaration of lack of personal interest: [Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Re-appointment of Mr. Moti Nagar		<input type="checkbox"/>	<input type="checkbox"/>

<p>7. To re-appoint Prof. Varda Shalev</p> <p>Declaration of lack of control and lack of personal interest other than personal interest which is not due to connections with a controlling shareholder:</p> <p>[Check the DECLARATION box to declare that you are not a controlling shareholder and that you have no personal interest other than personal interest which is not due to connections with a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>8. To approve the extension of the Management Services Contract with Nostradamus Technology Services Ltd until 31 December 2022</p> <p>Declaration of lack of personal interest:</p> <p>[Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>9. To approve the distribution of a final dividend of the amount and on the distribution date set forth in Annex A attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>10. To approve the amendment of article 52 of the Company's articles of association, as set forth in Annex B attached to this Notice</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>11. To approve the Remuneration Policy, as set forth in Annex C attached to this Notice</p> <p>Declaration of lack of personal interest and lack of control:</p> <p>[Check the DECLARATION box to declare that you have no personal interest and that you are not a controlling shareholder. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>12. To approve the payment of a bonus to the Company's CFO</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>13. To authorise the Remuneration Committee, subject to Board approval, to decide on</p>		<input type="checkbox"/>	<input type="checkbox"/>

bonuses and LTIP grants for executive directors (provided they are not controlling shareholders), as detailed in Note F to the Notice			
<p>14. To authorise the Remuneration Committee, subject to Board approval, to update the employment and service agreements with executive directors and officers according to the new Remuneration Policy</p> <p>Declaration of lack of personal interest:</p> <p>[Check the DECLARATION box to declare that you have no personal interest. If you do not check the box your vote will not be counted for this resolution]</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. To authorise the Directors to allot equity securities as if article 10A of the Company's articles of association did not apply		<input type="checkbox"/>	<input type="checkbox"/>

Notes:

1. For this form of proxy to be valid, the broker, bank or other nominee company through which the shareholder holds their shares must receive, by no later than 10:00 (Israel-time) on 7 December 2021, a legible PDF scan of the duly completed and signed Form of Proxy.
 2. In the case of a corporation, this proxy should be under its common seal, or if not so required, under the hand of an officer duly authorised in writing.
 3. In the case of joint holders, the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
 4. The TASE Member or their proxy will appoint the Chairman of the meeting as their proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other resolution (including amendments to resolutions) that may properly come before the meeting.
 5. Any alteration made in the Form of Proxy should be initialled.
 6. You are referred to the Notes to the Notice of Annual General Meeting for further information.
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**ANNEXES TO THE NOTICE OF THE 2021 ANNUAL GENERAL MEETING OF
BATM ADVANCED COMMUNICATIONS LTD**

ANNEX A

Distribution of a final dividend to shareholders for the year ended 31 December 2020

Under the current Articles of Association of the Company, the Board must bring its proposed dividend distribution to the shareholders' meeting for its approval. The Board resolved to bring to the next Annual General Meeting its proposal to distribute a final dividend to shareholders for 2020. The Board is pleased to recommend a final dividend of 0.74 pence (sterling) per ordinary share with an ex-dividend date of 9 December 2021, a record date of 10 December 2021 and a payment date of 5 January 2022. This represents a total dividend payment of approximately £3.26m.

ANNEX B

Amendment of article 52 of the Company's Articles of Association

To amend article 52 of the Company's Articles of Association, as follows:

52. Declaration of Dividends

The Board of directors may from time to time subject to the provisions and rules laid down in the Companies Law for “permitted distributions” declare, and cause the Company to pay, such interim and/or final dividend as may appear to the Board of directors to be justified by the profits of the Company. The Board of directors shall determine the time for payment of such dividends, both interim and final, and the record date for determining the shareholders entitled thereto.

The changes from the existing wording of article 52 are as follows:

The Board of directors may from time to time subject to the provisions and rules laid down in the Companies Law for “permitted distributions” declare, and cause the Company to pay, such interim and/or final dividend as may appear to the Board of directors to be justified by the profits of the Company. ~~The final dividend in respect of any fiscal period shall be proposed by the Board of directors and shall be payable only after the same has been approved by Ordinary Resolution of the General Meeting, but no such resolution shall provide for the payment of an amount exceeding that proposed by the Board of directors for the payment of such final dividend, and no such resolution or any failure to approve a final dividend shall affect any interim dividend theretofore declared and paid.~~ The Board of directors shall determine the time for payment of such dividends, both interim and final, and the record date for determining the shareholders entitled thereto.

ANNEX C

Directors' and Officers' Remuneration Policy

New Directors' & Officers' Remuneration Policy

As disclosed in the 2020 Annual Report & Accounts, the Remuneration Committee sought to undertake a comprehensive review of senior executive remuneration arrangements with the intention of bringing forward a new Directors' & Officers' Remuneration Policy for approval at the 2020 Annual General Meeting.

The Remuneration Committee has now concluded its review having sought professional advice from a leading UK remuneration consultancy firm.

Key findings of the review

As an Israeli company, BATM's remuneration arrangements to date have been fairly typical of those found in Israeli listed businesses. However, when compared with other UK -listed businesses, our approach to pay fell short of certain good practice requirements expected by institutional shareholders and proxy advisory voting services.

The existing pay structure differs from UK good practice in a number of areas. These are set out below together with details of how they have been addressed in the new policy being put forward for shareholder approval:

- **Base salary** is significantly below similar-sized UK listed companies.
- **Annual bonuses** have been paid in cash. It is common in UK companies for part of the bonus to be deferred in shares and therefore, from 1 January 2022, executive directors' bonuses will be paid in cash (67%) and through deferred share awards (33%).

Annual bonus opportunities have to date been a function of the fixed pay cost to the company. Going forward, bonus maximum will be expressed as a percentage of base salary which is common in the UK. The CEO's and CFO's bonus opportunity for the first award to be granted in 2022 will be based on performance up to a maximum of 100% of base salary (this is broadly equal to the CEO's current bonus opportunity, noting that bonuses have been paid in cash to date and going forward will be paid in a mix of cash and deferred shares).

- **Long term incentives** have been granted on an *ad hoc* basis with the last awards to executive directors being made in 2018 (CEO) and 2015 (CFO). From 2022, the intention is to make awards on an annual basis with such awards vesting after three years. This creates overlapping three-year cycles which is common in the UK.

Market value share options which vest after 2 and 3 years have been granted to date. A key finding of the review was that there is a clear expectation in the UK that long term incentives should not vest before three years and that the award of nil/nominal cost options was far more common than market value options.

From 2022, awards of nil/nominal cost options that vest after three years will be made that vest subject to the achievement of pre-set performance conditions and continued employment.

Vested long term incentive awards have not had two-year holding periods attached. Awards from 2022 will incorporate a two-year holding period for executive director to provide further alignment between executives and shareholders.

- Annual bonuses and share options have been subject to a binary (achieved or not achieved) target. In line with good practice in this area, short- and long-term incentive measures will have a sliding scale of targets where appropriate.
- No shareholding guideline is currently in place. The new policy includes a 200% of base salary shareholding guideline for executive directors that applies during and post employment regarding long term incentives granted and shares purchased from the date this policy takes effect.

The Remuneration Committee believes these changes will ensure compliance with good practice in the UK whilst retaining sufficient competitiveness to attract, retain and motivate high calibre executives. The revised bonus and long term incentive quantum remain modest by UK standards.

I hope that you will be supportive of the proposed Directors' & Officers' Remuneration Policy that, if approved, will apply from 1 January 2022.

Prof. Varda Shalev

Chair of the Remuneration Committee

DIRECTORS' & OFFICERS' REMUNERATION POLICY

The BATM Remuneration Committee (the "Committee") was established by the Board of Directors of the Company and operates in accordance with the functions set forth in the Israeli Companies Law and UK corporate governance expectations. This is a separate independent Committee comprised of three external independent directors who are appointed by the shareholders' meeting.

The Committee's responsibilities and duties are:

- (1) Recommending for approval to the Board the framework or broad policy for the remuneration of the Company's Chairman of the Board, Chief Executive Officer, executive directors, non-executive directors and other senior management and "Officers" (as designated under Israeli Companies Law);
- (2) Recommending appropriate remuneration packages and service contracts of the Executive Directors and Officers, and reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- (3) Recommending and determining the goals for all performance-related remuneration offered by the Company and approving the total annual payments made under such schemes;
- (4) Reviewing the design of all long-term incentive schemes, such as options and equity awards and recommending these for approval by the Board and, if and when required by law, by the shareholders.
- (5) Reviewing the CEO's compensation policies for the overall management of BATM.

The Committee's terms of reference are available on the Company's website and are available in hard copy on request from the Company Secretary.

This Remuneration Policy sets out the remuneration policy of BATM Advanced Communications Ltd (hereinafter – the "Company") for its executive and non-executive directors, and Officers (as that term is defined in section 1 of the Israeli Companies Law), which includes the CEO and other senior executives in the Company that report directly to the CEO of the BATM Group. This policy will be put to a shareholders' vote at the forthcoming AGM of 2021.

The proposed Remuneration Policy will, if approved by shareholders will take effect from **1 January 2022**. The policy has been developed taking into account the mandatory provisions of the Israeli Companies Law on directors' and officers' remuneration as well as the principles of the UK Corporate Governance Code 2018. As a UK-listed company with a premium listing, the Policy also includes certain voluntary disclosures as set out in UK company law under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

Remuneration philosophy and objectives

The Company believes that the most effective Executive remuneration policy is one that is designed to reward achievement, to encourage a high degree of performance and that aligns Executives' interests with those of the Company and its shareholders while ensuring that the Company can maintain its ability to attract and retain outstanding executives for the long-term leading employees for key positions. The remuneration philosophy of the Company is to offer Executives remuneration which is comprised of a mix of fixed annual salary and benefits and variable performance – through annual bonus and/or long term equity incentives.

The Company has undertaken an independent review of executive remuneration and has sought to create an appropriate balance that takes into account BATM's Israeli origins and the pay expectations for a company listed on the UK Main Market, in particular the structure of variable pay and good practice expectations. The Committee has established the following main remuneration objectives:

- Remuneration should be related to performance on both a short-term and long-term basis with a portion of a senior Executive's potential annual bonus and long-term equity based remuneration conditional on achievement of pre-determined performance objectives.
- The mix of the fixed and performance based variable remuneration should serve to encourage senior Executives to remain with the Company. The Policy's components are designed to retain talented executives. A significant element of the Policy is therefore a long-term equity based incentive remuneration reward that vest on a rolling basis over a minimum of three years. As a way of motivating and retaining executives, the Company believes that packages should include a meaningful share component to further align the interests of the senior Executives with the interests of the shareholders.
- The overall level of salary, incentives, pension and other benefits should be competitive (but not excessive) when compared with other companies of a similar size and global spread and should be sufficient to attract, retain and motivate Executive Directors and Officers of superior calibre in order to deliver long-term success.
- Remuneration should be designed to encourage initiative, innovation and appropriate levels of risk. It should be structured to discourage taking excessive short-term risk without constraining reasonable risk taking. Therefore a portion of the incentive variable remuneration should be linked to longer-term Company performance.
- The Policy should ensure transparency and accountability and encourage a high-performing culture in the Company.

Considerations when determining remuneration policy

In reviewing our Policy during the course of 2021, and in planning for its implementation, good practice in both Israel and the U.K. has been a key touchstone. We have been careful to take full account of the remuneration-related provisions in the UK Corporate Governance Code (the Code) in our design considerations. With regard to how we have sought to comply with the six factors outlined in Provision 40 of the Code for example, we believe the following are worth noting in particular:

- **Clarity** – Our remuneration framework is structured to support financial delivery and the achievement of strategic objectives, aligning the interests of Executive Directors and Officers with those of our shareholders. Our proposed Policy is transparent and has been clearly articulated to our shareholders (during prior consultation).
 - **Simplicity** – Our remuneration framework adopts the typical model found in the UK and is straightforward to communicate and operate.
 - **Risk** – Our incentives have been structured to ensure that they are aligned with the Board's system of risk management and risk appetite. Inappropriate risk-taking is discouraged and mitigated through, for example (i) the operation of arrangements that provide an appropriate balance of fixed pay to short- and long-term incentive pay, (ii) the deferral of a proportion of annual bonus into shares and the operation of a post-vesting holding period for the LTIP (which replaces the more geared share option structure operated previously), (iii) the operation of significant in-employment and post-employment shareholding guidelines, and (iv) the operation of robust recovery and withholding provisions.
 - **Predictability** – Our incentive plans are subject to individual caps and the Committee has full discretion to alter the pay-out level or vesting outcome to ensure payments are appropriately aligned with the underlying performance of the Company.
 - **Proportionality** – Ensuring Executive Directors and Officers are not rewarded for failure underscores our approach to remuneration, e.g. the significant proportion of our packages is based on long-term performance targets linked to the KPIs of the Company, through our ability and openness to the use of discretion to ensure appropriate outcomes. There is a clear link between individual awards, delivery of strategy and our long-term performance. As mentioned above,
-

formulaic incentive outcomes are reviewed by the Committee and may be adjusted having consideration to overall Group performance and wider workforce remuneration policies and practices.

- **Alignment to culture** – The Board sets the framework of KPIs against which we monitor the performance of the Company and the Committee links the performance metrics of our incentive arrangements to those KPIs. We are also keen to foster a culture of share ownership throughout the Company and operate all-employee share arrangements in pursuit of this objective.

Directors' & Officers' Remuneration Policy table

The table below sets out the main components of the proposed Remuneration Policy for executive and non-executive directors and Officers (as that term is defined in section 1 of the Israeli Companies Law), together with further information on how these aspects of remuneration operate, subject to approval by shareholders at the 2021 AGM. The existing policy approved at the AGM on 2017 and extended on 2020 will remain in effect until shareholders approve the new Policy. For clarity, the incentive arrangements set out in this policy will apply from the next financial year, commencing 1 January 2022.

The Committee has discretion to amend remuneration and benefits to the extent described in the table and the written sections that follow it.

Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Basic salary</p>	<p>To provide competitive fixed remuneration.</p> <p>To attract and retain Executive Directors and Officers of superior calibre in order to deliver long-term business success.</p> <p>Reflects individual experience, achievements, expertise, education, skills, role and responsibility.</p> <p>The Committee's aim is to position salaries around the mid-market level of companies of a similar size, scale and complexity.</p>	<p>Normally reviewed annually by the Committee with increases typically effective from 1 January.</p> <p>Increases take into account:</p> <ul style="list-style-type: none"> • the executive's skills, experience, education, qualifications, achievements, expertise, role and responsibilities. • Affordability • Pay increases for the workforce • Performance • External market trends • Internal differentials/relativities • The value of total remuneration • The Committee's judgement <p>Significant adjustments are infrequent and normally reserved for material changes in role, a significant increase in the size/complexity of the Group, or where an</p>	<p>No prescribed maximum or maximum increase.</p> <p>The normal approach will be to limit increases to the average level across the wider workforce, though increases above this level may be awarded subject to Committee discretion to take account of certain circumstances, such as those stated under 'Operation'.</p> <p>On recruitment or promotion, the Committee will consider previous remuneration and pay levels for comparable companies (for example, companies of a similar size and complexity, industry sector or location), when setting salary levels. This may lead to salary being set at a lower or higher level than for the previous incumbent.</p>	<p>Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance and having due regard to the factors set out in the 'Operation' column of this table.</p>

		<p>individual has been appointed on a low salary with an intention to bring them to market levels over time and subject to performance.</p> <p>Other factors which will be taken into account will include pay and conditions elsewhere in the Group, progression within the role, and competitive salary levels in UK premium-listed and Israeli publicly listed companies of a broadly similar size and complexity.</p>	<p>The Committee also takes into account the ratio between the total remuneration of the Director and/or Officer and the salary of all other employees in the Company, especially the ratio between the total remuneration and the median and average salary of all such other employees in the Company - this analysis and ratio will be calculated or evaluated on a per division basis and on a per country basis so as to ensure that the comparison is made on the same underlying parameters.</p>	
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Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Benefits</p>	<p>To provide competitive fixed remuneration.</p> <p>To attract and retain Executive Directors and Officers of superior calibre in order to deliver long-term business success.</p>	<p>Executive Directors, Officers and all employees in Israel may be entitled to benefits such as a study fund / Further Education funds, expansion of mandatory benefits (pension and end-of-work compensation) beyond the salary levels on which they are mandatory or carry tax benefits, travel-related benefits including a car or car allowance, use of mobile phone and newspaper. Executives will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms.</p> <p>Any reasonable business-related expenses (and any tax thereon) can be reimbursed if determined to be a taxable benefit. The Company may also arrange for reasonable insurance cover for Executive Directors</p>	<p>Study fund contributions are common in Israel and under this arrangement the employer deposits 7.5% of base salary to a study fund (payable to the employee with no tax after 6 years), and deducts 2.5% from the employee's base salary to be also deposited to this fund.</p> <p>It is not possible to calculate in advance the cost of some benefits, and therefore a maximum potential value is not pre-determined.</p>	<p>Not applicable</p>

(see 'Director and officer holder insurance' below).

Executive Directors and Officers may be eligible to participate in future all-employee share plan operated by the Company, on the same terms as other eligible employees.

For external and internal appointments or relocations, the Company may pay certain relocation and/or incidental expenses as appropriate.

Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Pension</p>	<p>To reward sustained contributions by providing retirement benefits.</p>	<p>The Company funds contributions to an Executive Director or Officer's pension as appropriate through contribution to a pension fund.</p>	<p>In line with all employees and in line with mandatory requirements in Israel, BATM contributes 6.5% of base salary towards pension and is obliged to deduct 6% of salary from the employee's base salary and deposit it into the pension fund.</p> <p>In addition, at the end of employment all Israeli employees (including Executive Directors and Officers) are entitled to end-of-employment compensation of 1 basic salary per every year of employment (1 month for every 12 months, or 8.333%). Israeli employers are bound to make on-going deposits of at least 6% of the employee's (including Executive Directors and Officers) salary to the pension fund for end-of-employment compensation.</p>	<p>Not applicable</p>

Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Annual Bonus</p>	<p>Rewards the achievement of annual financial and business targets aligned with the Group's KPIs.</p> <p>Deferred element encourages long-term considerations and discourages excessive risk taking.</p>	<p>Bonus is based on performance in the relevant financial year. Any payment is discretionary and will be subject to the achievement of performance targets.</p> <p>Bonus is normally paid in cash, except one-third of any bonus which is deferred into an award over Company shares for two years. In case of immediate tax obligations due to award of such shares, and subject to the provisions of the Company's Share Incentive Plan, the receiver of the shares will be allowed to exercise shares immediately to the extent needed to finance coverage of tax obligations.</p> <p>Bonuses are not contractual and are not eligible for inclusion in the calculation of pension arrangements.</p>	<p>Capped at 125% of annual base salary.</p> <p>In the first full financial year of the policy only (being the year ending 31 December 2022), the bonus opportunity will be set at 100% of salary for the CEO and CFO.</p>	<p>The Committee sets performance measures and targets that are appropriately stretching each year, taking into account key strategic and financial priorities and ensuring there is an appropriate balance between incentivising Executive Directors and Officers to meet targets, while ensuring they do not drive unacceptable levels of risk or inappropriate behaviours.</p> <p>The Remuneration Committee will set bonus criteria at the start of the year which reflect the short term financial and strategic objectives of the Group.</p> <p>For directors and the CEO, the bonus will be based on performance and on measurable criteria; but bonus of up to 25% of annual salary can be based</p>

		<p>Recovery and withholding provisions apply in cases of specific circumstances (see 'Recovery of Variable Remuneration' below).</p> <p>Dividends or dividend equivalents may accrue on deferred shares.</p> <p>It is expected, subject to shareholder approval of this policy, that the bonus scheme will apply from financial year 2022.</p>		<p>on strategic, non-measurable criteria and considering the director's / CEO's contribution to the Company.</p> <p>A graduated scale of targets is normally set for each financial measure, with no pay-out for performance below a threshold level of performance.</p> <p>The Committee has discretion to amend the overall bonus pay-out should the outcome not reflect the Committee's assessment of overall business and/or individual performance.</p>
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Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Long Term Incentive Plan (LTIP)</p>	<p>Designed to align Executive Directors' and Officers' interests with those of shareholders and to incentivise the delivery of sustainable earnings growth and superior shareholder returns.</p>	<p>Awards of conditional shares or nil or nominal cost option awards which normally vest after three years subject to the achievement of performance targets and continued service.</p> <p>For Executive Directors, an additional two-year holding period applies after the end of the three-year vesting period. Sufficient awards may be sold during the holding period to satisfy any tax liabilities owed.</p> <p>Recovery and withholding provisions apply in cases of specific circumstances (see 'Recovery of Variable Remuneration' below).</p> <p>Dividend equivalents may be paid for awards to the extent they vest.</p>	<p>Executive Directors and Officers may receive an award with a face value of up to 125% of basic salary per annum in any financial year.</p> <p>For the first award to be granted in 2022, awards to Executive Directors will be limited to 100% of salary.</p> <p>The Committee will consider the prevailing share price when deciding on the number of shares to be awarded as part of any LTIP grant.</p> <p>A 10% in 10 years' dilution limit governing the issue of new shares to satisfy all share scheme operated by the Company will apply.</p>	<p>Performance measures may include, and are not limited to, EPS, absolute or relative total shareholder return, other financial measures, strategic measures and/or ESG-related objectives.</p> <p>The Committee retains discretion to set alternative weightings or performance measures for awards over the life of the policy.</p> <p>For directors and the CEO, the LTIP will be based on performance in long-term view and on measurable criteria; but LTIP of up to 25% of annual salary can be based on strategic, non-measurable criteria and considering the director's / CEO's contribution to the Company.</p>

		<p>It is expected that, subject to shareholder approval of this policy, the first awards will be made in financial year 2022.</p> <p>The Committee retains discretion to adjust vesting levels in exceptional circumstances, including but not limited to regard of the overall performance of the Company or the grantee's personal performance.</p> <p>The Committee also retains discretion to adjust provisions of LTIP regarding acceleration, change of ownership, restructuring and any other circumstances that justify adjustment of provisions, considering also the provisions of the Share Incentive Plan.</p> <p>Any options shall not be exercisable more than ten years after the date of grant.</p>		<p>100% of awards vest for stretch performance, up to 25% of an award vests for threshold performance and no awards vest below this.</p> <p>Underpins may apply.</p>
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Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Share Ownership Guidelines</p>	<p>To increase alignment between Executive Directors and shareholders.</p>	<p>Nil or nominal cost options which have vested but are yet to be exercised and deferred bonus awards subject to a time condition only may be considered to count towards the in-employment shareholding on a notional post-tax basis.</p>	<p>Executive Directors are expected to build up and maintain an in-employment shareholding worth 200% of salary.</p> <p>Executive Directors are normally expected to hold shares at a level equal to the lower of their shareholding at cessation and 200% of annual base salary for two years post-employment (excluding shares purchased with own funds and any shares from share plan awards made before the approval of this policy).</p>	<p>Not applicable.</p>

Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>Non-Executive and Non-External Directors' salary and benefits</p>	<p>Israeli publicly listed companies often have Directors that are both Non-Executive and Non-External, such as the current Chairman. Due to their status and relationship to the Company, such Directors are distinguished from independent External Directors (see table below).</p>	<p>Non-Executive and Non-External Directors may receive salary in cash or ordinary shares for their contribution and efforts for the Company. Salary is typically set by reference to a proportion of the salary for a full-time Executive Director role (reflecting the part-time nature of the role).</p>	<p>No prescribed maximum or maximum increase.</p> <p>Salary is normally reviewed annually taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity.</p>	<p>Not applicable</p>
<p>Non-Executive and Non-External Directors should be paid in line with the demands of the roles at a level that attracts high calibre individuals and reflects their experience and knowledge.</p>	<p>In addition, the Non-Executive and Non-External Director may receive modest benefits on the same basis as an Executive Director (as set out in the policy table above).</p>	<p>There are currently no plans for Non-Executive and Non-External Directors to participate in the variable remuneration plans offered by the Company to its Executive Directors and Officers. Any future participation by Non-</p>	<p>Any increases will be informed by taking into account internal benchmarks such as the salary increase for the general workforce and will have due regard to the same factors that apply to Executive Directors.</p>	

		Executive and Non-External Directors in the Company's variable remuneration plans would be subject to prior approval by the Company's shareholders.		
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Element of Remuneration	Purpose and Link to Strategy	Operation	Maximum Potential Value	Performance Targets
<p>External Directors' fees and benefits</p>	<p>As an Israeli publicly listed company, BATM's Board must include at all times, at least two external (public) independent non-executive directors (known as 'External' Directors) that fulfill the mandatory requirements and hold the qualifications laid down in the Israeli Companies Law.</p> <p>External Directors should be paid in line with the demands of the roles at a level that attracts high calibre individuals and reflects their experience and knowledge.</p>	<p>External Directors may receive remuneration in cash or ordinary shares which includes an annual fixed fee and a per-meeting participation fee, all as prescribed in the Israeli Companies Regulations ((Rules Regarding Compensation and Expense Reimbursement of External Directors) 2000 (the "Israeli Compensation Regulations")), as an incentive for their contribution and efforts for the Company.</p> <p>In addition, the Company may reimburse said directors for their reasonable expenses incurred in connection with attending meetings of the Board of Directors and of any Committees of the Board, all in accordance with the Israeli Compensation Regulations.</p>	<p>No prescribed maximum fee or maximum fee increase.</p> <p>Fees are normally reviewed annually taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity.</p> <p>Increases will be informed by taking into account internal benchmarks such as the salary increase for the general workforce and will have due regard to the factors set out in the 'Operation' column of this table.</p>	<p>Not applicable</p>

		<p>The Company's remuneration policy with respect to the External Directors is that it offers each of them the relevant scale of annual fixed fee and "per-meeting" participation fee specified in the Israeli Compensation Regulations which apply to the Company.</p> <p>The External Directors are not eligible to participate in the variable remuneration plans offered by the Company to its Executive Directors and Officers.</p>		
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Recovery of variable remuneration

Annual bonuses may be withheld in whole or in part if the business has suffered an exceptional negative event, even if some specific targets have been met. The Committee has overall discretion to ensure that a payment that is inappropriate in all the Company's circumstances is not made. The maximum aggregate bonus shall be as set forth in the above table, per executive level.

If there was a mistake in calculation of the annual bonus by the Company, or if the Company restates any of the financial data that was used in calculating the bonus (other than a restatement required due to changes in financial reporting standards), then the applicable bonus shall be recalculated using such restated data (the "Restated Bonus"). The balance between the original bonus and the Restated Bonus, if any, (the "Balance") will be repaid to the Company, or paid to the executive (as the case will be) by deducting, or adding such balance from the first amounts payable to such senior executive as a bonus

immediately after the completion of the restatement. To the extent that no bonus will be payable to such senior executive in that year, then the Balance shall be deducted from the bonus payable in the next year and so forth up to three years. Notwithstanding the above, if the senior executive's employment relationship with the Company terminates before the Balance is fully repaid to the Company, then the Balance shall be deducted from all amounts due and payable to such senior executive in connection with such termination of employment and if there is still an unpaid balance to the Company, then such unpaid balance shall be repaid pursuant to the terms determined by the Board of Directors.

With regard to LTIP awards, in exceptional circumstances and/or cases of a restatement of any of the Company's financial statements, the Committee has the discretion to reduce future rewards of LTIs to the relevant senior executive.

Director and office holder insurance

The Israeli Companies Law specifies rules and boundaries for directors' and officers' liability insurance. Accordingly, it is common practice for Israeli listed companies to provide directors and officers with liability insurance, and to include details of director insurance provisions within the remuneration policy (since such insurance is classed as remuneration under Israeli law). The following therefore summarises the ability of the Company to arrange insurance to Directors and Officers for liabilities incurred during office.

Subject to any applicable law and to the Company's articles of association, and in accordance with the common practice in Israeli listed companies, the Committee will be authorised to approve engagements of the Company in insurance policies to cover liability of Directors and Officers in the Company and in other entities wholly or partly held by the Company, provided that the total yearly cover within the insurance policy will not exceed USD 40,000,000 for any specific year or specific claim. Such policies will be entered into on normal market terms and will not be such that they may materially affect the profitability of the Company, its assets or obligations, and that the insurance premium and excess will be in common market terms and will not be such that may materially affect the profitability of the Company, its assets or obligations, and will be according to offers received from bodies that are not related to the Company.

Illustration of the application of the Policy

The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The charts below illustrate how the Policy would function for minimum, on target and maximum performance for each Executive Director if the policy were applied for 2022 assuming the Remuneration Policy is approved at the 2021 AGM.



Assumptions for the Chart Above

- Minimum: Comprises fixed pay made up of current base salary levels, the value of pension and other benefits estimated at the value included in the single total figure of remuneration table for 2020.
- On-target: bonus achieved at 50% of the maximum opportunity for 2022, i.e. 50% of salary and with the on-target level of vesting under the LTIP taken to be 50% of the face value of the 2022 award at grant, i.e. 50% of salary.
- Maximum: full bonus achieved and LTIP vesting in full i.e. 100% of salary bonus payout and LTIP awards to the value of 100% of salary vesting.
- Share price appreciation of 50% has been assumed for the LTIP awards under the final 'Max with growth' scenario (but no share price appreciation has been assumed for the first three sections).

Selection of performance measures and targets

Annual bonus

The annual bonus arrangements are focused on the achievement of the Company's short- and medium-term financial objectives, with financial measures selected to closely align the performance of the Executive Director or Officer with the strategy of the business and with shareholder value creation.

Where non-financial objectives are set, these are chosen to support the delivery of strategic milestones and which link to those KPIs of most relevance to each Director or Officer's individual responsibilities.

Details of the measures to be used for the 2022 annual bonus will be determined at the start of the 2022 financial year and will be disclosed in next year's remuneration report.

Long-Term Incentive Plan

The aim of the LTIP is to motivate Executive Directors and other senior executives to achieve performance superior to the Company's peers and to maintain and increase earnings levels whilst at the same time ensuring that it is not at the expense of longer-term shareholder returns

The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each LTIP grant. It is expected that the first LTIP grant under this policy will be in 2022.

Measurable Targets

Measurable targets / performance metrics for the annual bonus and / or for LTIP schemes can involve a number of BATM's KPIs and may include any number of the following:

- Work plan targets
- Budget targets
- Accomplishment of specific projects
- Meeting pre-defined goals of -
 - Revenue
 - Profit
 - EBITDA
 - Operating profit
 - Cash from operating activities
 - Cash flow
 - Share price
 - Earnings per share
 - Return on invested capital
 - Return on capital employed
 - Total shareholder return
 - Absolute total shareholder return
 - Relative total shareholder return

Flexibility, discretion and judgement

The Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments
 - determining the extent of vesting
 - treatment of awards and/or payments on a change of control or restructuring of the Group
 - whether an Executive Director or an Officer is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s)
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- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends)
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards with, in the case of LTIP awards held by Executive Directors, adjusted performance conditions being not materially less difficult to satisfy than the original conditions would have been but for the relevant event(s)
- the ability to override formulaic outcomes in line with this Policy

All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy. Any discretion exercised (and the rationale) will be disclosed in the relevant Directors' & Officers' remuneration report detailing the payment outcome.

Legacy arrangements

For the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any previous commitments entered into with current or former Directors and Officers and in scope employees (such as the BATM Employee Share Option Plan (ESOP) share awards granted before the approval of this Policy) that remain outstanding.

Approach to recruitment remuneration

The Committee will take into consideration a number of factors, including the current pay for other Executive Directors and Officers, external market forces, skills and current level of pay at previous employer in determining the pay on recruitment.

In terms of additional benefits, the Committee will offer a package which is set in line with this Policy and the mandatory pension scheme levels in the Israeli market.

Annual bonus and LTIs will be set in line with this Policy.

Buy-Out awards: Where an individual forfeits outstanding variable opportunities or contractual rights at a previous employer as a result of his/her recruitment by the Company, the Committee may offer compensatory payments or buy-out awards, dependent on the individual circumstances of recruitment, determined on a case by case basis. Where appropriate, the Committee may choose to apply performance conditions to any of these awards.

Service contracts, letters of appointment and policy on payments for loss of office

As part of the incentives under this Policy, the Company is permitted to approve retirement benefits and termination arrangements in its employment and services contracts in order to attract and retain highly skilled professional executives. The retirement and termination arrangements may include one or more of the following, as may be approved by the Committee and the Board (unless the termination is in circumstances that negate the payment of severance pay pursuant to applicable law):

- The Company may terminate an Executive Director or Officer's employment (as CEO or CFO) with immediate effect by making a payment in lieu of notice consisting of basic salary (but

excluding any bonus, commission, benefits or holiday entitlement) during the notice period. Their office as directors may be terminated by the Company's shareholders' meeting.

- A pro-rated bonus may be paid subject to performance, for the period of active service only. Outstanding share awards may (if at all) vest in accordance with the provisions of the various scheme rules. Any outstanding deferred bonus awards will continue on the normal timetable, save for forfeiture for serious misconduct. Clawback and malus provisions will also apply. On a change of control, awards will generally vest on the date of a change of control, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquirer.
- Under the LTIP, any outstanding awards will ordinarily lapse, however in 'good leaver' cases the default treatment is that awards will vest subject to the original performance condition and time proration and the holding period will normally continue to apply. For added flexibility, the rules allow for the Committee to decide not to pro-rate (or pro-rate to a lesser extent) if it decides it is appropriate to do so, and to allow vesting to be triggered at the point of leaving by reference to performance to that date, rather than waiting until the end of the performance period if the Committee so decides. On a change of control, any vesting of awards will be subject to assessment of performance against the performance conditions and normally be time pro-rated.
- The Group may pay outplacement and professional legal fees incurred by executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans.
- The Committee may approve change in engagement type from service contract to employment or from employment to service contract, as long as there is no material change in engagement terms and in the costs for the Company.

The date of each Executive Director's contract is:

Name	Date of service contract	Duration
Dr. Zvi Marom	Current service contract as CEO - from 1.1.2018, up for renewal in the 2021 AGM. Re-elected as director on 17 December 2020.	Service contract - 3 years. Re-election as director was for a one-year term until the next AGM of the Company.
Moti Nagar	Employed as CFO since 2014. Re-elected as director on 17 December 2020.	Re-election as director was for a one-year term until the next AGM of the Company.

Chair and External Directors

The External Directors are not entitled to notice periods of termination, as their position under the Israeli Companies Law is set for a defined term of three years following their appointment by the shareholders' meeting. Their office may only be terminated for cause in special circumstances by the

Company's shareholders' meeting, or by the competent court at the request of a director or shareholder. The Chair's office as chair may be terminated by the Company's BOD, and as a director - by the shareholders' meeting.

For the Chair and each External Director, the effective date of their latest letter of appointment is:

Name	Date of appointment	Term
Dr. Gideon Chitayat	17 December 2020	One-year until the next AGM of the Company
Harel Locker	5 December 2019	Three years
Prof. Ari Shamiss	28 November 2018	Three years, up for renewal in the 2021 AGM
Prof. Varda Shalev	28 November 2018	Three years, up for renewal in the 2021 AGM

External appointments

The Company does not prohibit its Directors from being appointed as directors in other companies, provided that such appointment will not create a conflict of interest between his/her position in the Company and his external appointment. In each such instances, the Company's Director may retain the remuneration paid to him/her by the other company. The Company provides a full disclosure on each such instance in its Directors' & Officers' remuneration report contained in the Company's Annual Report.

Consideration of shareholder views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' and Officers' remuneration. The Committee seeks to engage directly with major shareholders and their representative bodies on changes to the Policy. The Committee also considers shareholder feedback received in relation to the remuneration-related resolutions each year following the AGM. This, plus any additional feedback received from time to time (including any updates to shareholders' remuneration guidelines), is then considered as part of the Committee's annual review of remuneration policy and its implementation.

Consideration of employment conditions elsewhere in the Group

The Committee closely monitors the pay and conditions of the wider workforce and the design of the Directors' and Officers' Remuneration Policy is informed by the policy for employees across the Group.

While employees are not formally consulted on the design of the Directors' and Officers' Remuneration Policy, pay levels and increases across the business are taken into account when setting Directors' and Officers' remuneration. In February 2021 Varda Shalev was appointed as "voice of the workforce". In this role, she will develop a programme to enable regular dialogue with employees across the business and report back to the Board to increase our awareness and understanding of their views, including remuneration.

Differences in pay policy for Executive Directors and senior employees compared to employees more generally

As for the Executive Directors, general practice across the Group is to recruit employees at competitive market levels of remuneration, incentives and benefits to attract and retain employees, accounting for national and regional talent pools. When considering salary increases for Executive Directors and Officers, the Committee will take into account salary increases and pay and employment conditions across the wider workforce.