



LEI: 213800FLQUB9J289RU66

5 March 2025

**BATM Advanced Communications Limited**  
**("BATM" or "the Group")**

**Update on Strategy and Trading**

BATM (LSE: BVC; TASE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, provides an update on trading for the year ended 31 December 2024 and the Group's ongoing strategy.

In June 2023, the Group set out a clear strategy for the business to focus on its core strengths of cyber security, networks and diagnostics, and to dispose of non-core assets. While the macroeconomic and geopolitical conditions have posed significant challenges to execution, the Group has implemented substantial operational changes to align the business with the strategic vision. It continues to explore potential opportunities to add capability to its core activities through M&A, and to divest its non-core businesses. The Board is pleased to report that it has now made its first disposal of a non-core asset and efforts are well underway to sell the Group's eco-med business. Furthermore, the Group's trading in respect of the year ended 31 December 2024 has reinforced the Board's view of the strength of its core expertise, as previously outlined, and its determination to accelerate the restructuring and streamlining of the Group as the business environment normalises.

***Divestment and restructuring of non-core businesses***

The Group has entered into an agreement to sell its entire shareholding in Progenetics Ltd, a non-core subsidiary. The transaction values Progenetics at NIS 14m (c. \$4m), of which BATM will receive approximately \$2m in cash for its 51% shareholding. Progenetics, which was acquired by the Group in 2017, forms part of the Group's distribution activities and administers oncological diagnostic tests in Israel. The proceeds of the sale are expected to be received during H1 2025.

During the year, the Group acted to ready its eco-med activities, which are non-core, for sale, with operations streamlined, including halving the workforce, to significantly reduce costs. The Group continues to seek to sell this business, but if a sale does not occur in 2025, it will be closed. Accordingly, the eco-med activities, which are loss making and a drain on the Group's cash resources, will be classified as discontinued operations for the purpose of the Group's financial reporting.

***Update on trading for 2024***

The Group expects to report revenue for continuing operations<sup>1</sup> for 2024 of at least \$117m (2023: \$116.7m) and adjusted<sup>2</sup> EBITDA for continuing operations of c. \$8m (2023: \$9.9m). The Group delivered an increase in total revenue for 2024 compared with 2023, which was achieved against a backdrop of challenging macroeconomic and geopolitical conditions. The increase reflects strong revenue growth in the Cyber and Diagnostics divisions as well as an increase in the Group's secondary activities, which offset lower revenues in the Networking division. The reduction in adjusted EBITDA is primarily due to revenue mix.

---

<sup>1</sup> The Group's operations in 2024 and 2023 adjusted to exclude the contribution from the eco-med activities, which have been classified as discontinued operations

<sup>2</sup> Adjusted to exclude amortisation of intangible assets, non-cash share-based payments and one-time impairments

The Group continues to have a strong cash position and expects to report cash and short-term investments of c. \$31.6m as at 31 December 2024 (30 June 2024: \$32.6m).

As set out above, the Board is determined to focus its efforts and financial resources on the primary markets where it has proven expertise, significant growth opportunities and can benefit from economies of scale. To reflect both the actions above and the clarity of strategy, the Board has undertaken a critical review of the balance sheet and estimates that it will report a non-cash impairment in the 2024 results of c. \$7m, that primarily comprises goodwill for acquisitions of companies in the Group's non-core activities, and c. \$15m relating to the discontinued eco-med operations, resulting primarily from non-cash impairments.

As a result, net loss for continuing operations for 2024 is expected to be c. \$7m (2023: \$1.2m profit) and net loss for continuing and discontinued operations for 2024 is expected to be c. \$22m. On an adjusted basis, and excluding these one-time exceptional non-cash items, the Group's net profit for continuing operations is expected to be c. \$1m.

### Core activities operational summary

#### *Cyber division*

In the Cyber division, revenue increased year-on-year as the Group fulfilled its long-term contracts and won new orders for its advanced network encryption solutions, designed for the post-quantum era, from its long-standing government defence department customer. The Group also achieved a major milestone by entering a strategic partnership with a significant global technology, engineering and defence group (the "Partner") to globally distribute the Group's cybersecurity solution to a variety of commercial markets and for critical national infrastructure. During the year, a customised version of the Group's advanced encryption platform was developed, and the Group is on track to deliver the first units to the Partner in the first half of the current year.

#### *Networking division*

In the Networking division, towards the end of the year the Group began to recover from the impact of the global telecommunications market challenges thanks to the actions it had taken to position the division for growth. This included a management reorganisation, expansion of the sales & marketing team and refocused go-to-market strategy, which resulted in increased customer engagement and an uptick in orders from the fourth quarter. While the recovery was later than anticipated, resulting in revenue for 2024 being lower than the prior year, the Group is pleased to note that the positive momentum has been sustained into the current year.

#### *Diagnostics division*

The growth in the Diagnostics division was driven by the expansion of the Group's customer base for its distributed diagnostic products. The Group also delivered its first orders for its new MDXlab molecular diagnostics instrument, which is designed to overcome the challenges faced by small- to medium-sized laboratories or point-of-care by offering an integrated, compact, cost-effective solution. The Group will provide further details in its full year results, which are expected to be announced on 17 March 2025.

#### **Moti Nagar, Chief Executive Officer of BATM, said:**

"In 2024, we made significant progress in advancing our strategic vision, taking decisive measures to streamline our non-core businesses as we prepare them for sale. This strategic realignment has enabled us to focus our resources on our key activities that will drive our growth and value creation. Despite facing challenging market conditions, we achieved several important milestones. Most

notably, we entered a partnership to deliver our cutting-edge encryption platform to commercial markets, which has long been a key objective for BATM. In our Networking division, we refocused our management and strengthened our sales & marketing efforts, which resulted in us securing several new tier 1 customers and positions the business for a return to growth. Accordingly, we are already witnessing the positive effects of the initiatives we undertook in 2024, which, supported by a significant cash position, gives us every confidence that we will see strong positive momentum continuing in the current year.”

**Enquiries**

<b>BATM</b>	
Moti Nagar, Chief Executive Officer	+972 9866 2525
Ran Noy, Chief Financial Officer	
<b>Shore Capital</b>	
Mark Percy, Anita Ghanekar, James Thomas (Corporate Advisory)	+44 20 7408 4050
<b>Gracechurch Group</b>	
Harry Chathli, Claire Norbury	+44 20 4582 3500

**Forward-looking statements**

*This document contains forward-looking statements. Those statements reflect the current opinions, evaluations and estimations of the Group's management, and are based on the current data regarding the Group's business as is detailed in this document and in the Group's periodical, interim and immediate reports. The Group does not undertake any obligation or make any representation that actual results and events will be in line with those statements, and stresses that they may differ materially from those statements, due to changes in the Group's business, market, competition, demand for the Group's products or services, general economic factors or other factors that can influence the Group's business and results, due to the risk factors that are detailed in the Group's Annual Report, and due to information and factors that are currently unknown to the Group's management and that, if known, would affect the management's opinions, evaluations or estimations. The Group will report the actual results and events according to its legal, accounting and regulatory obligations, and does not undertake any other obligation to report them or their deviations from the forward-looking statements, or to update any of the forward-looking statements in this document or to report that it is not valid anymore.*