BATM

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

Highlights

REVENUE[1]

$117.3m

(2023: $116.7m)

ADJ. EBITDA[1][2]

$8.1m

(2023: $9.9m)

Increase in total revenue achieved, with strong growth in the Cyber and Diagnostics divisions offsetting lower revenues in the Networking division

Strong balance sheet with **$31.6m** in cash and short-term investments

IMPLEMENTED SUBSTANTIAL OPERATIONAL CHANGES – AT A GROUP LEVEL AND WITHIN THE DIVISIONS – TO ALIGN THE BUSINESS WITH THE STRATEGIC VISION

CONTINUED **EXPLORING POTENTIAL OPPORTUNITIES** TO ADD CAPABILITY TO CORE ACTIVITIES THROUGH M&A AND TO DIVEST NON-CORE BUSINESSES

Eco-med activities, which are non-core, readied for sale, with **operations streamlined**, including halving the workforce, to **significantly reduce costs**

MAJOR MILESTONE ACHIEVED WITH STRATEGIC PARTNERSHIP WITH A SIGNIFICANT GLOBAL TECHNOLOGY, ENGINEERING AND DEFENCE GROUP TO **DISTRIBUTE BATM'S QKD-READY CYBERSECURITY SOLUTION** TO GLOBAL COMMERCIAL MARKET

(1) Results for the Group's continuing operations

(2) Adjusted to exclude amortisation and impairments of intangible assets and non-cash share-based payments

Chairman's Statement

Dr. Gideon Chitayat
Chairman

I am proud of the progress we made in 2024, despite a challenging macroeconomic environment. We took significant steps in aligning our business with the refreshed strategic vision introduced in June 2023, achieving key operational milestones across our core divisions. While our Networking division faced ongoing challenges in the telecommunications industry, strong growth in our Cyber and Diagnostics divisions contributed to an overall increase in total revenue.

Our strategy is to build a high-tech enterprise specialising in cybersecurity, telecommunication networking and medical diagnostics. By leveraging synergies across these areas, we strengthened our business model. In late 2023, we began establishing Group-wide corporate functions, which accelerated in 2024 with the appointment of a Chief Operating Officer, Chief Marketing Officer and Head of Diagnostics Division. We also emphasised cross-selling opportunities, culminating in our first joint conference under the BATM brand, successfully integrating our networking and cyber expertise.

At BATM, we recognise that our people are our greatest asset. Fostering an enterprise culture is vital to our success, and throughout 2024, we enhanced communication, collaboration and team connectivity — an initiative we plan to expand significantly in 2025.

To reinforce our core divisions, we implemented a management reorganisation and a new go-to-market strategy in both Networking and Diagnostics, alongside an expansion of the Networking division's sales team. Though early, these initiatives are already yielding positive results.

We continue to explore M&A opportunities as a key avenue for accelerating growth and look forward to sharing further developments in due course. Simultaneously, we focused on divesting non-core businesses. This led to an agreement, post year-end, to sell our entire shareholding in Progenetics Ltd. We also prepared our eco-med operation for sale, with a contingency plan to close the business if a sale does not materialise in 2025. These divestments enable us to concentrate resources on high-growth areas.

One of our most significant commercial achievements was advancing our Cyber division's cutting-edge encryption platform toward entry into the commercial markets. This long-standing strategic goal expands our addressable market considerably. In 2024, we secured a distribution agreement with a strategic partner and developed a customised version of the platform, with the first units set for delivery in the first half of the current year. Notably, our encryption platform is quantum key distribution-ready, positioning BATM at the forefront of post-quantum security solutions — a transformational opportunity for our business.

Our Board was further strengthened with the appointment of Dr. Shmuel (Muli) Ben Zvi as a Non-Executive Director. Dr. Ben Zvi brings extensive leadership experience from both public and private sectors, including his tenure as a director of Bank Leumi, Israel's largest banking corporation, where he served as Chairman in his final year. His expertise will be an invaluable asset to BATM.

On behalf of the Board, I would like to express my gratitude to our dedicated team at BATM, our senior executives and our CEO Mr Moti Nagar, as well as our shareholders and other stakeholders for their continued support. While 2024 presented challenges, we made tremendous strides in executing our strategy and positioning BATM for sustainable, profitable growth. I look forward to updating you on our ongoing progress.

Business Model

Our business model leverages our strengths and our values to execute on our strategic priorities to achieve our vision and generate value for our stakeholders

Our Strengths → Our Strategic Priorities → Our Culture → Our Stakeholders

Strengths

- **Transforming IP** into cutting-edge market-ready products
- Operating in **large, growing** markets
- **International footprint** from extensive global partnerships and relationships
- **Extensive networking experience** from 30+ years of providing high-quality solutions
- **Strategic encryption provider** for large government customers
- **Access to European diagnostics market** with manufacturing capacity, licences and reputation
- **Strong balance sheet** to support strategic execution

Strategic Priorities

- Building an enterprise
- Strengthening core divisions
- Maximising resource allocation
- Accelerating growth

⇨ Page 6

Culture

Our vision is a future where technology is used to connect, protect and advance our world, which we will achieve by building frontier technologies and adhering to our values:

- **Transformation through evolution** - We encourage learning from the past and transforming over time by acccepting and embracing change.
- **Technology rooted in purpose** - Our goal goes beyond creating cutting-edge technology. It's about improving the lives of the people using it, now and in the future.
- **Excellence defined by innovation** - We achieve excellence by breaking new ground and facing challenges head-on.

Stakeholders

We aim to create value for our stakeholders by:

- Growing total shareholder returns
- Exceeding our customers' expectations
- Motivating our people
- Making a positive contribution to our communities

⇨ Page 10

Strategy

Significantly advanced strategy to operate as an enterprise focusing on core strengths in cybersecurity, networking and diagnostics

STRATEGIC PRIORITIES		FY 2024 IMPLEMENTATION PROGRESS
Building an enterprise	- Leveraging synergies and strengths across the Group - Building the infrastructure to deliver sustainable growth	- Enhanced corporate management to establish an enterprise culture - created roles of COO, CMO and Head of Diagnostics - Increased cross-selling between different business units within the Group - Commenced joint marketing activities between Networking and Cyber divisions
Strengthening core divisions	- Accelerating the networking, cyber and diagnostics businesses of the future	- Refocused go-to-market strategies in the Networking and Diagnostics divisions - Reorganised the management teams in the Networking and Diagnostics divisions, and expanded the Networking sales team - Established strategic partnerships, most notably in the Cyber division to enter the commercial market - Seeking to strengthen core activities with M&A
Maximising resource allocation	- Prioritising investment to maximise top assets - Exiting non-core activities	- Seeking divestment opportunities - with first agreement signed post year end to dispose of entire shareholding in Progenetics Ltd - Readied the eco-med operations for sale - significantly reducing costs
Accelerating growth	- Strengthening our execution - Utilising our IP to target opportunities in large, growing markets - Sustaining product development and commercialisation	- Actions taken to support building an enterprise, strengthening core divisions and maximising resource allocation - Completed the development of an advanced encryption platform for the commercial markets - Launched X-series carrier ethernet portfolio - Commenced sales of MDXlab molecular diagnostics instrument and MOLgen MDX syndromic panels

Chief Executive Officer's Review

Moti Nagar
Chief Executive Officer

We made significant progress this year 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. 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.

Strategy Update

In June 2023, we set out a clear strategy to focus on our core strengths of cybersecurity, networks and diagnostics, and to dispose of non-core assets. While the macroeconomic and geopolitical conditions posed significant challenges to execution during 2024, we implemented substantial operational changes to align the business with this strategic vision. This included establishing further Group-wide corporate functions, including a Chief Operating Officer, a Chief Marketing Officer and Head of Diagnostics division, and enhanced cross-selling activities in the Networking and Cyber Divisions.

Significant changes were also made within our core divisions. As discussed further below, in the Networking division there was a management reorganisation, expansion of the sales & marketing team and the go-to-market strategy was refocused. In the Cyber division, we achieved a major milestone in the execution of our strategy to expand our offering to non-governmental customers by entering an agreement with a significant partner to globally distribute our advanced cybersecurity solution, which is quantum key distribution ("QKD") ready, to a variety of commercial markets. In the Diagnostics division, we reorganised management, refocused the sales strategy and expanded our channel partner relationships. We are already beginning to benefit from these actions, which positions us well for 2025.

We continued exploring potential opportunities to add capability to our core activities through M&A, and to divest our non-core businesses. This resulted in our first disposal of a non-core asset with an agreement, post period, to sell our entire shareholding in Progenetics Ltd. Efforts are also well underway to sell the eco-med business, which was readied for sale during the year. We continue to seek to sell this business, but if a sale does not occur in 2025, it will be closed. Accordingly, the eco-med activities have been classified as discontinued operations for the purpose of our financial reporting.

Furthermore, our trading in 2024 has reinforced the Board's view of the strength of our core expertise and our determination to accelerate the restructuring and streamlining of BATM as the business environment normalises.

Cyber Division

There was a significant increase in Cyber division revenue as we delivered on our long-term contracts and won new orders. During the year, we received and delivered new orders totalling over $2.3m from our long-standing government defence department customer, which included a contract for developing a next-generation encryption solution that is QKD ready to address the technological demands of the next computing era.

We achieved a major milestone by entering a strategic partnership with a significant global technology, engineering and defence group (the "Partner") to deliver our advanced cybersecurity solution, which is QKD ready, to a variety of commercial markets and for critical national infrastructure. The Partner, which generated revenue of over $11bn in 2024 and serves customers in more than 100 countries, will distribute a customised version of our encryption platform globally, with exclusivity in certain territories. During the year, a customised version of the encryption platform was developed, and we are on track to deliver the first units to the Partner in the first half of the current year.

The introduction of BATM's cybersecurity solution to non-governmental customers has long been an important objective and represents a significant expansion of the total addressable market, with the collaboration with the Partner expected to significantly boost our commercial market entry by providing worldwide distribution networks and a partner with the resources to engage in considerable sales & marketing activities. We are also seeking to establish further partnerships as we build this new channel to market.

Networking Division

We took decisive action to address the ongoing challenges in the telecommunications industry and to position the Networking division for growth as conditions improve. This included a management reorganisation, expansion of the sales & marketing team and refocused go-to-market strategy. We hired salespeople for Latin America and a new lead for carrier ethernet sales in North America. A new team was established to focus on expanding our global channel partners, with new partners being onboarded during the year.

Our go-to-market strategy has been refocused on our new feature-rich and cost-effective X-Series portfolio in carrier ethernet and on selling our Edgility solution under several Edgility FlexConnect packages that include different applications and deployment models – from prepackaged software and hardware to fully customisable – to suit customer requirement.

These actions resulted in increased customer engagement, with a number of new customer wins and an uptick in orders from the fourth quarter. The orders secured in Q4 2024, which are primarily for delivery in 2025, were over double the value of orders secured in any other quarter during the year.

Edgility edge virtualisation and management platform

We signed a three-year agreement to provide Edgility to replace the incumbent network virtualisation solution of one of the largest telecommunications companies in Mexico. During the year, we received orders worth over $2.4m, to be delivered over a three-year period, and we expect to receive more orders in the current year.

In December 2024, Edgility secured another new customer with its selection by Axtel, a Tier 1 telecommunications service provider in Mexico, for the deployment of a self-developed customer experience application. Axtel also intend to expand their use of Edgility to include our managed router-firewall service, which follows recent market trends as operators seek alternatives to previously-utilised Chinese-based solutions.

We were awarded an additional contract for Edgility from Cemex, a leading global building materials company, following the successful rollout of the solution to their sites across Europe and Central and South America. This latest contract extends the original five-year licence agreement by a further two years and includes additional professional services. This further contract demonstrates the value of Edgility to Cemex and highlights the recurring nature of Edgility revenue.

Post year end, Edgility was selected by Telebras, a leading telecommunications company in Brazil, to offer their customers secure edge connectivity and edge computing solutions. Telebras, which implements the federal government's communication network, has played a pivotal role in Brazil's digital development and is responsible for managing the National Broadband Program, intended to provide broadband access to all of Brazil's 5,570 municipalities – each of which would comprise thousands of edge end points that could be supported by Edgility. We believe this strategic partnership represents a substantial commercial opportunity.

Carrier ethernet solutions

We continued the development of new products to expand and refresh our carrier ethernet offering. The new X-series portfolio was launched towards the end of the year, which offers a wide selection of cost-effective, fully scalable devices, with initial orders received in each of our target regions. We are currently going through an approval process for one of our new products with a Tier 1 communications service provider in Mexico, which, if successful, would represent a significant strategic opportunity.

Chief Executive Officer's Review *CONTINUED*

Diagnostics Division

During the year, we reorganised management and refocused the go-to-market approach for our proprietary products to prioritise reagent sales, which are a higher margin and consumable product. We intend to provide these instruments on a lease basis, or as a lower-margin sale, alongside a reagent agreement to secure long-term, repeatable orders. We are targeting public hospitals, large private clinics and laboratories and large tenders.

Our portfolio of MOLgen MDX syndromic panels for infectious disease was registered with the Italian Ministry of Health, which enabled sales to commence in Italy. This included us winning a €1m tender at a major hospital. We also commenced receiving orders for, and generating revenue from, the MDXlab molecular diagnostics instrument based on the real-time PCR method, which we launched at the end of 2023. Work also continued towards the commercial launch of EXTRAlab NGS Prep, which was distributed to channel partners in Europe towards the end of the year.

ADOR Diagnostics, an associate company of BATM, completed pre-clinical validation of the NATlab process at the Tzafom Medical Center in Israel and commenced pre-clinical validation for the full NATlab product at the Lazzaro Spallanzani National Institute for Infectious Diseases in Italy. Post year end, ADOR was pleased to welcome the Rt. Hon Nadhim Zahawi as Chairman of its Advisory Board, who brings a wealth of experience in business and government. In addition, ADOR was granted a further European patent, bringing the total number of patents granted to four in the EU, three in the US, two in the UK and five internationally, with a further seven patents pending, reflecting the significant intellectual property that ADOR is building.

Non-Core Activities

We made significant progress on executing our strategy to exit our non-core activities. We continued to explore divestment opportunities and took action to ready the eco-med activities (which are now classified as discontinued operations) for sale, with operations streamlined, including halving the workforce, to significantly reduce costs. Post year end, we were pleased to make our first disposal of a non-core asset with BATM entering into an agreement to sell our entire shareholding in Progenetics Ltd for approximately $2m in cash.

Outlook

Trading in the new financial year has begun in-line with our expectations as we increasingly benefit from the strategic actions taken during 2024. In particular, the momentum that was experienced in the Networking division in Q4 2024 has been sustained into the current year, with a strong increase in orders received to date in both the Edgility and carrier ethernet offerings.

The largest contributor to revenue growth in 2025 is expected to be the Networking division as the expansion of the sales team and refocused go-to-market strategy drive increasing sales. We are also encouraged by the improving telecommunications market backdrop, with customers recommencing purchasing as they begin to replenish their inventory levels to support growing demand.

The Diagnostics division is expected to make a significant contribution to revenue growth in 2025 as we execute on the new go-to-market approach and ramp up sales of MDXlab. The Cyber division is also expected to deliver strong growth as we continue to service our long-standing government defence department customer as well as receive initial revenue from the delivery of our encryption solution for commercial markets.

The Board is continuing to actively pursue M&A and disposal opportunities that will enable us to accelerate execution on our growth strategy in our core divisions.

As a result, the Board continues to look to the future with confidence.

Stakeholder Engagement

BATM seeks to deliver value to, and build strong, long-term relationships with, its stakeholders

The Board of BATM is committed to acting in a way that would most likely promote the long-term success of the Company for the benefit of its members as a whole.

Customers

Our customers rely on our technology solutions and equipment to operate and continue to grow. We seek to understand their evolving needs, enabling both BATM and our customers to share in the value creation.

How we engage

- Client relationship managers dedicated to key customers and key regions
- Annual customer surveys as part of the ISO audit and focused on all aspects of our customer relationships
- Training programmes on our solutions and products for our customers
- Attendance at trade shows, conferences, seminars and webinars
- Working to understand growth drivers in our customers' markets

2024 HIGHLIGHTS

- **More than 20 customer training programmes conducted, with participation of over 580 individuals**
- **Customer satisfaction surveys**
- **Enhanced use of online platforms for customer engagement**

Financial Investors

The Board has a fiduciary duty to promote the long-term sustainable success of the Group for its shareholders. Certain companies within the Group also have external investors, who are often key to the continued success of the relevant projects.

How we engage

- Regular dialogue and interaction
- Investor communications, including reports, presentations and website
- Meetings with institutional shareholders
- NEDs available to meet with shareholders on request
- Establishment of clear timelines, milestones and strategic goals

2024 HIGHLIGHTS

- **Approximately 38 shareholder meetings or scheduled calls**
- **Hosted investor webinars following interim and full year results to provide investors with an in-depth update on BATM strategy**

Stakeholder Engagement *CONTINUED*

Employees

Our people are our greatest asset. In order to recruit and retain the best talent, we must ensure that we are an employer of choice and that our employment policies are sensitive to our employees' priorities and requirements.

How we engage

- A dedicated Human Resources function
- Open and transparent communication with our workforce
- Annual employee satisfaction surveys
- Personal and career development
- Recognition and rewards
- Code of Conduct

2024 HIGHLIGHTS

- **Roundtable discussions held between employees, the CEO and VP of HR**
- **Team building events**

Communities

We strive to be a responsible corporate citizen within the local and wider communities in which we operate, by aiming to behave in a sustainable and socially-responsible manner and supporting local businesses and charities.

How we engage

- Research and development and testing products in the diagnosis of infectious diseases, including tuberculosis
- Local initiatives that support community and charitable organisations
- Encouragement of employees to work to further charitable goals

2024 HIGHLIGHTS

- **Volunteering at a non-profit organisation that supports individuals with disabilities**
- **Supply of diagnostic products for charitable causes**

Chief Financial Officer's Review

Ran Noy, CPA
Chief Financial Officer

As discussed in the Chief Executive Officer's Review, our eco-med activity, which is non-core, has been classified as a discontinued operation. Accordingly, this report is providing detail on continuing operations only – with the financials for 2023 re-presented on that basis – unless otherwise stated.

Total Group revenue was $117.3m (2023: $116.7m). This increase reflects strong revenue growth in the Cyber and Diagnostics divisions as well as an increase in our non-core activities, which offset lower revenues in the Networking division.

Gross margin was 31.4% (2023: 32.8%), with the reduction primarily reflecting revenue mix, and gross profit was $36.8m (2023: $38.3m).

Sales and marketing expenses were $19.6m (2023: $18.3m), general and administrative expenses were $12.8m (2023: $14.0m) and R&D expenses were $4.6m (2023: $4.4m). This includes a reduction in share-based payments (a non-cash expense) to $0.9m (2023: $2.5m), which is largely recognised in the lower general and administrative expenses. We recognised other operating expenses of $4.5m (2023: $1.2m income), which primarily reflects a one-time non-cash impairment cost of $6.9m partly offset by a $1.8m reduction in liabilities and other income of $0.6m including proceeds from the disposal of a property. The impairment primarily comprises goodwill for acquisitions of companies in our non-core activities.

On an adjusted basis, to exclude amortisation and the one-time impairment of intangible assets and non-cash share-based payments, operating profit was $3.8m (2023: $5.9m), with the reduction primarily reflecting the lower gross profit. On a reported basis, there was an operating loss of $4.7m (2023: $2.7m profit), which is primarily due to the one-time impairments. Adjusted EBITDA was $8.1m for 2024 compared with $9.9m for the prior year.

Loss before tax was $5.4m (2023: $2.8m profit), as outlined above. On an adjusted basis, there was a profit of $3.0m.

We recorded a tax expense of $1.7m (2023: $0.8m) and share of loss of a joint venture and associated companies was $0.3m (2023: $0.8m).

Net loss from continuing operations was $7.5m (2023: $1.2m profit) and loss per share was 1.72¢ (2023: 0.27¢ earnings).

We recorded a loss from discontinued operations of $14.8m (2023: $1.4m loss), which primarily reflects impairments following the operations becoming classified as discontinued (see note 20 to the financial statements). As a result, loss from continuing and discontinued operations was $22.3m (2023: $0.2m).

Net cash from continuing operations (before interest and tax) was $1.7m compared with an $8.1m in 2023.

We continue to have a strong balance sheet, with cash and short-term investments at 31 December 2024 of $31.6m (30 June 2024: $32.6m; 31 December 2023: $40.8m).

Group Results

	Adjusted*		Reported	
$m	**2024**	**2023**	**2024**	**2023**
Revenue	117.3	116.7	117.3	116.7
Gross margin	31.7%	33.2%	31.4%	32.8%
Operating profit	3.8	5.9	(4.7)	2.7
EBITDA	8.1	9.9	7.1	7.4

* Throughout this Chief Financial Officer's Review, '*' indicates adjusted to exclude amortisation and impairment of intangible assets and non-cash share-based payments

Chief Financial Officer's Review *CONTINUED*

Divisional Performance

Cyber Division

$m	2024	2023
Revenue	13.1	10.3
Gross margin*	41.0%	40.8%
EBITDA*	3.4	2.4

The Cyber division performed strongly during the year, with revenue growing by 27%. The increased revenue combined with a slight improvement in gross margin resulted in a 42% increase in adjusted EBITDA.

Diagnostics Division

$m	2024	2023
Revenue	38.6	33.3
Gross margin*	28.0%	31.0%
EBITDA*	3.2	3.0

Revenue in the Diagnostics division increased by 16%, with growth driven by expansion of our customer base for distributed diagnostic products. The reduction in gross margin was due to the contribution to revenue from instruments that carry lower margin. This was more than offset by the higher revenue resulting in adjusted EBITDA increasing to $3.2m.

Networking Division

$m	2024	2023
Revenue	8.5	19.8
Gross margin*	52.5%	47.1%
EBITDA*	(3.4)	1.7

As discussed in the Chief Executive Officer's Review, revenue in the Networking division continued to be impacted by the global slowdown in the telecommunications industry, with macroeconomic challenges resulting in organisations pausing or delaying purchasing decisions. The reduction in EBITDA reflects the lower revenue, with the division continuing to deliver high-margin products.

Non-core Activities

$m	2024	2023
Revenue	57.0	53.2
Gross margin*	29.0%	27.8%
EBITDA*	4.9	2.9

The growth in revenue from continuing operations was primarily from our test administration activities. The gross margin improvement reflects the increased contribution to revenue from sales of own-brand products. As a result of the higher revenue and improvement in gross margin, there was significant growth in adjusted EBITDA.

Key Performance Indicators

The Group reviews its key performance indicators ("KPIs") on an ongoing basis to ensure they remain relevant. As the Group continues to execute and embed its new strategy, further KPIs will be selected as the most appropriate measures of business performance. The measures below are for continuing operations only.

Revenue

$117.3m

(2023: $116.7m)

Description Revenue reflects the element of billings generated and recognised during the period from all operations.

Why it is a KPI Measures our overall performance at the sales level.

Performance The increase in total revenue was achieved against a backdrop of challenging macroeconomic conditions, reflecting strong growth in the Cyber and Diagnostics divisions offsetting lower revenues in the Networking division due to the impact of the global telecommunications market challenges.

Adj. EBITDA

$8.1m

(2023: $9.9m)

Description Group earnings before interest, tax, depreciation and amortisation and adjusted to exclude impairments of intangible assets and share-based payments (which are non-cash).

Why it is a KPI Measure of our effectiveness in turning revenue into earnings.

Performance The reduction was primarily due to lower gross margin, reflecting product mix, which offset the increase in revenue, as well as an increase in sales & marketing expenses as the Group began to execute its new go-to-market strategy.

Cash from operations

$1.7m

(2023: $8.1m)

Description Amount of money the Group brings in from its operating activities before the impact of tax and interest payments.

Why it is a KPI Reflects how much cash is generated by our primary activities that can be used to maintain or invest in the growth of our business.

Performance The reduction primarily reflects the Group recording an operating loss for the year compared with a profit in 2023 as a result of the impact of the global telecommunications market challenges and changes in working capital.

Sustainability Review

Sustainability is a key element of the Group's business and building a business to last has always been part of its ethos. Through medical diagnostics and technologies enabling a smarter world, BATM's solutions are designed to address some of the key societal challenges of today and what the Group believes will be the demands of the future.

PEOPLE

BATM's people are vital to sustaining success. In order to recruit and retain the best talent, the Group must ensure that, across its businesses, it is an employer of choice and that its employment policies and practices are sensitive to employees' priorities and requirements.

BATM has employees in six countries, including scientists, engineers, sales & marketing personnel and those in corporate functions, and aims to adhere to certain principles in terms of employee engagement and employment practices across the Group. During 2024, efforts were focused on ensuring greater communication, fostering better synergy, strengthening team connections, celebrating successes and ensuring personal care for every employee.

Engagement

BATM understands the importance of maintaining open and transparent communication with its workforce, and listening to its people and taking into account their feedback. To support employee engagement, the Group has a dedicated human resources function comprising a network of human resources departments at subsidiary level each headed up by a VP-level executive who are overseen by the Global VP Human Resources.

The senior management within the Group's businesses regularly communicate with employees on areas including Group strategy and progress. The Group holds periodic roundtable discussions for employees to meet with management to share their views, raise any concerns and make suggestions on how the workflow in their departments could be improved. In 2024, this included a series of roundtable discussions where groups of employees (with each group consisting of c. 12 employees) engaged directly with the CEO and Global VP Human Resources. These sessions, held across different locations, provided an open forum for employees to voice their thoughts, contribute ideas and discuss business challenges and opportunities. The Group also holds off-site team building events and company celebrations.

BATM prioritises training and development for its workforce, which was continued during 2024. The Group has training schemes focused on product training, skills enhancement and the achievement of additional career-enhancing qualifications, and often supplies in excess of two weeks training per year for individual employees.

Diversity, Equality & Inclusion

BATM recognises the benefits to its business of supporting diversity, equality and inclusion for long-term sustainable success. The Group is committed to providing a working environment in which all employees feel valued and respected and are able to contribute to the success of the business. The Group promotes equal opportunities within all of its businesses and aligns its approach with international human rights standards. BATM believes its employees should be able to work in an environment free from discrimination, harassment and bullying, and that employees, job applicants, customers and suppliers should be treated fairly regardless of:

- race, colour, nationality, ethnic or national origins;
- gender, sexual orientation, marital or family status;
- religious or political beliefs or affiliations;
- disability, impairment or age.

As detailed further on page 31 of the Corporate Governance Report, as a company incorporated in Israel, BATM is subject to the Israeli Law of Equal Opportunity at Work (1988), which forbids discrimination on the basis of (among others) race, nationality, state of origin and gender, including in hiring job candidates. The law states that if an employer asks an employee or candidate for such details, it will be assumed that the employer has violated the non-discrimination provision. The Group operates in compliance with this law.

Health, Safety & Wellbeing

BATM prides itself on providing high levels of standards on the health and safety of its employees. The Group has, and adheres to, health and safety guidelines across the Group, and also has welfare programmes. The Group also provides clothing for employees working in manufacturing areas. There were no health and safety incidents reported and the Group did not receive any regulatory fines or penalties in relation to health and safety matters during the year.

Anti-bribery & Corruption

BATM promotes responsible business behaviour. The Group has an anti-bribery and corruption policy that provides guidance, details prohibited activities and outlines responsibilities and whistleblowing mechanisms.

The whistleblowing procedure is managed by an independent administrator who is a partner at an Israeli professional services firm, Chaikin, Cohen and Rubin. Employees are encouraged to approach the administrator if they have concerns about possible wrongdoing including potential or actual breaches of applicable laws and regulations and fair business conduct. The approach can be anonymous, if the employee chooses. The Company has undertaken not to take subsequent disciplinary action against a complainant unless the report was subsequently judged to have been made in bad faith or to be malicious.

During 2024, there were no instances of whistleblowing reports, bribery, corruption or business interruptions as a result of regulatory activity.

COMMUNITIES

BATM strives to be a responsible corporate citizen within the local and wider communities in which it operates by behaving in a socially responsible manner and supporting local businesses and charities. While the Company does not have a formal Group-wide approach, a notable initiative during 2024 was the Group's collaboration with Israel Elwyn, a non-profit organisation that provides services and prgrammes for people with disabilities, where employees participated in an inclusive rhythm workshop during the Purim holiday.

In addition, a key tenet of BATM's strategy is the research and development of solutions to counter the spread and improve the diagnosis of infectious disease. The Group's products are designed to be able to be used at the point-of-care in community healthcare facilities or in small- to medium-sized laboratories rather than purely in mega labs in a central location. The Group achieves this through producing solutions that, relatively, have a small footprint, are simple to use and are available at an appropriate price point.

ENVIRONMENT

The Group has continued to take steps towards assessing and managing its impact on the environment, incorporating climate-related risks and opportunities into its business planning and reporting thereon, as detailed in the TCFD Report that follows. Developing awareness of environmental guidelines at operating facilities, upgrading energy and lighting systems and developing waste management procedures are examples of some of the initiatives to improve the Group's environmental impact that have already been made.

TCFD Report

The disclosure framework of the former Task Force on Climate-related Financial Disclosures ("TCFD") is structured around four thematic areas that are core to how organisations operate – namely, governance, strategy, risk management and metrics and targets – with 11 recommended disclosures under these four themes.

This TCFD Report follows the structure of the TCFD 11 recommended climate-related disclosures, setting out those in which the Company is making full disclosures and those for which full disclosures are not being made for 2024, the reasons for not including them and the plans in place to make these disclosures going forward.

The table below shows the TCFD recommended climate-related disclosures and the status of each disclosure:

TCFD Recommendation	Status	Listing
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	Full disclosure	See page 18
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Full disclosure	See page 18
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Full disclosure	See pages 19-20
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	In progress	See page 20
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	To be addressed	
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks.	Full disclosure	See pages 21 and 22
b) Describe the organization's processes for managing climate-related risks.	Full disclosure	See pages 21 and 22
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Full disclosure	See page 21
Metrics and Targets		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	In progress	See page 21
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Full disclosure	See page 21
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	To be addressed	

As previously disclosed, there have been initial challenges in developing the required processes and resulting management actions and their integration into the business, which relate to the availability of data, climate proficiency and difficulties of operating across multiple businesses in multiple jurisdictions and in multiple industries. While recognising that the Group continues to be in the early stages of its journey in terms of formalising its approach to climate matters, the Board is pleased with the progress that has been made to date, which represents a cultural transition and increase in climate proficiency. In addition, and as described elsewhere in this annual report, part of the Group's new strategy involves investing in strengthening Group-wide infrastructure and collaboration. Accordingly, as the Group ramps up the execution on its strategy, the Board looks forward to reporting further progress in next year's TCFD Report.

GOVERNANCE

The organisation's governance around climate-related risks & opportunities.

The following should be read in conjunction with the Corporate Governance section of this annual report, which can be found on pages 25 to 60, and which is incorporated into this TCFD Report by reference. The governance structure around climate-related risks & opportunities is part of the Group's overall risk & opportunities governance structure.

BOARD OVERSIGHT

The overall responsibility for the detection and management of climate-related risks and opportunities lies with the Board of Directors. The Responsible Business Committee of the Board (the "Committee") oversees the management of the various responsible business activities of the Group, including the management of climate-related risks and opportunities. During 2024, the Committee met on four occasions. In addition, climate-related issues were discussed in full Board meetings. Prior to their meetings, the Directors are furnished with information in a form and quality appropriate for them to discharge their duties concerning the state of the business and performance. In its meetings during 2024, the Committee's discussions included the TCFD disclosure recommendations, the Group's Risks and Opportunities Management ("ROM") Framework and the Group's Risks and Opportunities ("R&O") Register.

The Board has delegated the daily operational management of the business to the CEO and CFO. With this, the CEO communicates material matters arising, including climate matters, to the Board. The Board also receives a Group-wide overview of the Group's activities, including risks and opportunities, in the CEO's overview in the quarterly meetings of the Board.

During the year, Adv. Livneh, the senior manager leading the planning, delivery and reporting on the climate-related financial disclosures, provided the Committee with an update on the process of preparing the TCFD disclosures for the annual report. In addition, Moti Nagar, CEO, updated the Committee on a publication of the Israeli Securities Agency concerning a survey they conducted among reporting companies regarding the detection and disclosure of environmental-related risks.

MANAGEMENT'S ROLE

Managers within the Group's divisions oversee and report climate-related risks and opportunities at division level. BATM's Executive Directors serve as directors in Group subsidiaries, giving them greater insight across the business divisions and optimising information flow and operational decision-making.

Adv. Livneh and Ran Noy, CFO and the Group Risk and Opportunity Manager ("GROM"), between them consult with managers within the Group's divisions to discuss climate risks and opportunities identification, management and reporting. The outcomes of these meetings contribute to the maintenance of the Group's R&O Register, which integrates climate-related transitional and physical risks and business opportunities, following the guidance provided by TCFD framework.

Adv. Livneh oversees the Group's adherence to the recommendations of the TCFD and the Group's corresponding disclosures.

NEXT STEPS

To enhance its governance regarding climate matters, the Group intends to continue with its climate proficiency programme in 2025. In addition, it intends to expand the engagement with managers within the Group's divisions regarding climate-related risks and opportunities identification and management.

STRATEGY

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Through the intrinsic nature of the Group's main activities, BATM's *purpose is to deliver high-technology innovations that make a significant difference to the human experience* in the areas of medical diagnostics, networking and cybersecurity. Through its research, innovation and the distribution and implementation of its solutions, the Group enables a wide variety of organisations around the globe to enhance their resource and energy efficiency. The initial steps in understanding the environmental impact derived from the Group's own operations has focused predominantly on initiatives affecting its people and communities. BATM's integration of climate-related risks and opportunities management into the Group's processes is at a relatively early stage, but it has taken important steps to enhance its processes and reporting and is committed to making further progress.

The Group's assessment of its climate-related risks and opportunities are provided in the following TCFD Risks & Opportunities Table:

<table>
<tr><th>Risk Category</th><th>Category Overview</th><th>Subcategories</th><th>Description (including timeframe)</th></tr>
<tr><td rowspan="4">Transition Risk</td><td rowspan="4">Risks related to the transition to a low-carbon economy</td><td>Policy and Legal</td><td rowspan="4">- Potential fines related to level of GHG emissions (M)
- Potential increase of tax liabilities in certain jurisdictions (M)
- Potential of limiting success in tenders due to insufficient rating in environment certification (M)
- Potential of increased energy consumption due to increased temperatures across various jurisdictions (L)
- Potential increase in insurance premiums or inability to insure assets (M)
- Costs of complying with climate-related regulation (S)</td></tr>
<tr><td>Technology</td></tr>
<tr><td>Market</td></tr>
<tr><td>Reputation</td></tr>
<tr><td rowspan="2">Physical Risk</td><td rowspan="2">Physical risks driven by extreme weather events (e.g. heatwaves, floods, wildfires)
or
extended periods of increased temperatures leading to the development of chronic climate events (e.g. desertification)</td><td>Acute</td><td rowspan="2">- Potential damage to infrastructure, closure of production plant and business activity interruption due to wildfires in certain jurisdictions (L)
- Increase in costs due to higher energy consumption due to alterations in global temperature patterns (L)</td></tr>
<tr><td>Chronic</td></tr>
</table>

KEY: **S** – short term; **M** – medium term; **L** – long term

Risk Category	Category Overview	Subcategories	Description (including timeframe)
Opportunity	Opportunities arising as the business landscape transitions to a low-carbon economy	Resource Efficiency Energy Source Products/Service Markets Resilience	- Increased customer preference due to potential reduction in energy consumption/GHG emissions (**S**) - Analysis of alternative energy source provision to improve costs and reduce environmental impact at facilities in certain jurisdictions (**S**) - Enhanced resilience compared with competitors due to earlier adoption of climate-related risks and opportunities management (**S**)

KEY: **S** – short term; **M** – medium term; **L** – long term

The Group considers the short-term time horizon to be up to two years; medium-term to be between two and five years; and long-term to be over five years. In defining such timeframes, the Group took into account the nature of climate-related issues, which often manifest themselves over the medium and longer terms; the useful life of the Group's assets and infrastructure; and the timeframe that is relevant and realistic to identify and analyse transitional changes and to make the necessary adjustments in the strategy and operations of the Group, such as developing new product lines or making changes in existing ones.

To determine which risks and opportunities could have a material financial impact, the Group applies a ROM Framework, as described in the Risk Management section of this report. This Framework incorporates the detection, evaluation and management of climate-related risks and opportunities into the Company's general risk management, and in its application during 2024 climate-related risks and opportunities were discussed with unit managers and considered in the process of maintaining and updating the Company's R&O Register.

The risks and opportunities detection, analysis and evaluation performed by the Group in 2024 did not reveal any climate-related issues that, in the opinion of the Group, taking into account the probability, impact and timeframe of the risks and opportunities, could have a material financial impact on the Group.

NEXT STEPS

In 2025, the Group will continue to enhance its climate matters proficiency across the organisation and continue to develop a comprehensive and systematic approach to measuring its environmental footprint.

This, along with enlisting the support of specialist ESG advisers, will enable the Group to execute a Materiality Assessment and conduct appropriate Climate Scenario Analysis in due course.

TFCD Report CONTINUED

RISK MANAGEMENT

The processes used by the organisation to identify, assess, and manage climate-related risks.

The Group's processes to identify, assess and manage climate-related risks are described in the Risk Management section on page 22, which is incorporated into this TCFD Report by reference. The processes regarding climate-related risks are fully integrated into, and form part of, the processes for all business risks.

As noted in the Risk Management section, the management of the Group's business risks, including climate-related risks, is the responsibility of the Board. The GROM – in conjunction with the Board, General Counsel, business unit managers and external advisers – identifies and assesses business risks, and develops proposed actions for the management thereof.

Risk management is conducted in accordance with the Group's ROM Framework, which incorporates the following four key steps, as discussed further in the Risk Management section: detection and list, assessment, action and monitor and report. The Group has also progressed the collection of climate-related data, which is required to be able to fully assess climate-related risks.

NEXT STEPS

The key next steps to enhance the Group's processes for the identification, assessment and management of climate-related risks are:

- Continuing to fully embed the ROM Framework, including establishing processes for more dynamic implementation.
- Climate proficiency development and deployment across the business.
- The identification and establishment of appropriate consistent climate-related data and reporting, including necessary processes for data collection and collation.

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

The material impacts from the Group's business are assessed based on standards and regulations relevant to the multiple nature of the Group's operations. A comprehensive assessment of BATM's Greenhouse Gas (GHG) emissions was undertaken, in accordance with the Greenhouse Gas Protocol Corporate Standard.

In summary, there was a reduction in total CO_2 emissions in 2024 to 1,988 tons (2023[(1)]: 2,075), which primarily reflects lower emissions in the Networking division. The following table shows the Group's 2024 GHG emissions broken down by scope and division, including the Group's corporate headquarters and its non-core activities:

Division	CO_2e (tons) Scope 1&2	Business Travel CO_2e (tons) Scope 3 Cat.6	Total CO_2e (tons)	Distribution Ratio of CO_2e
Corporate HQ	38.47	21.30	59.77	3%
Networking	105.12	63.49	168.61	9%
Cyber	25.46	3.44	28.89	1%
Diagnostics	542.84	21.95	564.80	28%
Non-core[(1)]	1,158.13	7.70	1,165.82	59%
Total Group	1,870	118	1,988	-

In preparation for establishing performance metrics to assess the environmental impact and progress within each division, the Group has analysed carbon intensity ratio per US$ million in revenue in 2024:

Division[(2)]	Revenue ($m)	Total CO_2e (tons)	tCO_2e/ $m	Distribution Ratio of CO_2e
Networking	8.5	173.0	20.4	9%
Cyber	13.1	35.6	2.7	2%
Diagnostics	38.6	584.5	15.1	29%
Non-core[(1)]	57.0	1,194.8	21.0	60%
Total Group	117.3	1,987.9	17.0	-

NEXT STEPS

To enable the Group to better monitor its emissions, determine trends, establish reduction targets, analyse potential areas of risk and identify the opportunities available, the Group intends to progress:

- System integration for collecting data throughout the year across the various divisions.
- Using emission data to inform decision making through regular internal reporting and support the management and eventual reduction of emissions from Scope 1 & 2.
- Continue the expansion of Scope 3 categories measurement.

[(1)] The figures are for continuing operations only

[(2] The emissions for the corporate headquarters have been allocated to the divisions on a proportionate basis

Risk Management

RISK MANAGEMENT PROCESS

The management of the Group's business risks is the responsibility of the Board. Opportunities and risks to the future success of the business have been considered and addressed in accordance with BATM's corporate Risk and Opportunity Management ("ROM") Framework. The process for the identification of emerging risks and for the assessment, management and mitigation of business risks is as follows:

Detection and Listing

The Group Risk and Opportunity Manager ("GROM") – in conjunction with the Board, General Counsel, managers in the Group's divisions and external advisers – identifies risks and opportunities ("R&O") that are material to BATM, and which includes the consideration of climate-related risks. The process includes meetings with unit managers and the use of key relevant information sources. The maintenance of the resulting R&O list is undertaken by the GROM and approved by the Board. Mr. Ran Noy, the Group's CFO and an Executive Director, is the GROM of BATM.

Assessment

An assessment of each R&O is undertaken by the GROM, in conjunction with the parties listed above. This assessment is based on impact, probability and timeframe and determines those risks and opportunities that require the development of appropriate actions. During 2024, the Board carried out a review of the effectiveness of the Group's risk management and internal control systems, as well as a robust assessment of the Group's emerging and principal risks.

Action

The GROM, with the appropriate unit managers, develops proposed actions that are then finalised in conjunction with the CEO. The GROM and unit managers ensure the completion of the actions in the agreed timeframe.

Monitor and Report

The Company's internal auditor (as defined under Israeli law) monitors the completion of the agreed actions and the CEO and GROM report regularly to the Board, who monitor and approve the decisions and actions. The process is repeated periodically, with dynamic adjustments to the process itself, if required, and based on any significant changes in any significant risk and/or opportunity.

VIABILITY STATEMENT

The Directors have assessed the Company and the Group's viability over a period of three years. The Directors have determined that a three-year period is an appropriate timeframe for assessment because it is aligned to the Group's strategic planning process and therefore reflects the Board's best estimate of the future viability of the business.

In making their assessment, the Directors took account of the Company and the Group's current financial and operational positions and contracted capital expenditure. They also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties set out above and the likely degree of effectiveness of current and available mitigating actions. Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due for the three years to 31 December 2027.

In making this statement, the Directors have also made key assumptions (see note 4 to the financial statements).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks outlined below are those that the Board considers to be material to the Group. The Board routinely monitors risks that could materially adversely affect the ability of the Group to achieve its strategic goals and to maintain financial stability, assisted by the senior management team.

	Risk	How we manage the risk	Risk change
Political and economic	There is a risk of harm to the business from political unrest or disruption, particularly in emerging markets, and from a deterioration of economic conditions.	The Group's operations are dispersed over a number of locations so that should a material adverse political or economic event arise in one location, the Group can continue with its operations elsewhere, thereby helping to mitigate the impact on its overall business.	Up
Legal and compliance	There is a risk that legal and/or regulatory requirements are not met, leading to the loss of licence to operate, reputational damage or financial loss.	The Group retains experienced high calibre legal advisers for the Company and the Group's divisions who provide ongoing advice and updates on relevant legal compliance requirements. The Group monitors the regulations relevant to its activities and, when needed, makes the necessary adjustments to maintain compliance.	Down
Business continuity	There are risks to business continuity from specific events, such as natural disasters and pandemics.	The Group operates in numerous locations and its manufacturing contractors are also located in multiple locations, which would help to mitigate the impact of a business disaster. In addition, the key employees in the workforce have been positioned such that they are able to work without interruption by working remotely from their homes. The Group also keeps a cash cushion to ensure that unexpected events don't cause unnecessary indirect adverse effects beyond the direct outcomes.	No change
Supply chain	A disruption in the supply of key raw materials or services to a manufacturing site could affect the Group's ability to make and deliver products to customers, leading to interruption in supply, lost revenue and damage to its reputation as a reliable supply partner. This could be resulting from market shortages, disruption due to global events and physical climate-related disruption of upstream supply chains.	The Group has established strong supplier relationships and collaborates with multiple vendors globally to broaden the geographical coverage of its access to available components. The Group requests that customers provide long-term committed forecasts and itself provides multi-year forecasts to its contract manufacturers. In addition, where appropriate, it reengineers products to enable them to have replaceable component alternatives. At times when availability of components is constrained, the Group seeks alternative sources and to increase inventory levels of both components and finished goods.	Down

	Risk	How we manage the risk	Risk change
Competition	There is a risk that BATM is unable to build and maintain competitive advantage in its focus markets. In particular, there is a risk that competitors with greater financial resources may develop technology that is superior to that of the Group and they may also adopt more aggressive pricing models or undertake more extensive advertising and marketing campaigns.	The Group operates in large markets, but with a focus on areas where it can establish a leadership position through technological expertise and innovation. The diversification of its end markets reduces its exposure to a large competitor in any one sector. The Group ensures that its products remain world-leading through investment in R&D. It maximises its resources and enhances its routes-to-market by establishing partnerships, collaborations and joint ventures.	No change
Customers and partners	There is a risk of harm to the Group's revenues as a result of termination of business relationships with material customers or partners and sales agents. This risk is increased by the challenging global macroeconomic conditions and the impact that this could have on the business and viability of customers and partners.	The Group maintains ongoing dialogue with its customers and business partners in order to identify ahead of time any potential problems arising on the part of the customer and in order to maintain a close relationship with its customers. The Group also does not have a significant reliance on one or few customers or partners.	No change
Research & Development (R&D)	There is a risk that R&D programmes overrun or do not deliver the expected benefits.	With respect to its R&D, the Group's strategy has been to diversify its R&D operations among a variety of teams, internally and externally (through universities and hospitals that carry out clinical tests) and by using different R&D funding sources – thus reducing the R&D risk. In addition, any significant new R&D projects are brought to the Board for consideration.	Up
Information security (including cybersecurity)	There is a risk of information security, data loss and corruption, and physical damage to IT infrastructure.	The Group routinely carries out proactive measures, such as IT evaluations, to ensure that its IT systems have the latest cybersecurity tools and security procedures in place. These procedures include implementing security controls and staff training.	Up
Market risk	There is a risk that changes in market prices, such as foreign exchange, inflation and interest rates, will lead to financial loss.	The Group's finance department at the corporate level manages and monitors market conditions and exposure. Most of the cash, income and expenses in each company or subsidiary is held in a way to reduce the Group's exposure to currency fluctuations. When this is not possible, the Group uses hedging transactions when needed to protect itself against potential currency risk. However, this is only done to a certain extent as the Board believes it is very difficult to hedge against currency fluctuations arising from translation in consolidation in a cost-effective manner. The Group also monitors the impact of inflation and adjusts sales prices to maintain its margins. The Group's exposure to interest rate risk is low as it has relatively low bank debt. However, due to the impact of changes in interest rates on the financial markets, the Group closely monitors possible indirect impacts.	No change

All of the risk categories have elements related to climate change. For further information on the Group's climate-related risk management, please see the 'Strategy' and 'Risk Management' sections of the TCFD Report on pages 17 to 21.

Directors' Biographies

Gideon Chitayat

Non-executive Chairman

Dr. Gideon Chitayat is the Chairman and CEO of GMBS Ltd, a strategic consulting firm. He has served as the Chairman of Delta Galil Industries and as a director of Milissron Shopping malls, Paz Oil Company, Teva Israel Pharmaceutical Industries, Bank Hapoalim and Israel Aircraft Industries, and has provided consultancy services in business strategy to the boards and presidents of large companies. He has also served as Adjunct Professor at Tel Aviv University, Recanati Business School. Dr. Chitayat holds a Ph.D. in Business & Applied Economics from the University of Pennsylvania, Wharton School and a Master's in Business & Applied Economics from the Hebrew University, Jerusalem. Dr. Chitayat joined the Board of BATM in June 2010 and was appointed Chairman in January 2015. He was re-elected as a Director of the Board in December 2024.

Skills and experience

Dr. Chitayat has extensive experience in providing strategic business advice to boards and executives across a wide range of sectors, including high-tech and healthcare. He also has vast and in-depth knowledge of the business of the Group. Other relevant key skills include:

- Board management
- Strategy formulation
- Financial expertise
- Corporate governance
- Shareholder and stakeholder engagement
- Performance monitoring

Committee membership

N RB

Moti Nagar

Executive Director & CEO

Moti Nagar has been the CEO of BATM since 1 January 2023, having been the CFO since 2015. During his time at BATM, Mr. Nagar has been instrumental in driving the business' development, including leading several M&A transactions, the Group's IPO on TASE and, since his appointment as CEO, renewing the Group's strategy. Prior to BATM, Mr. Nagar held several senior positions at Deloitte, which he joined in 2005. As a Senior Manager, Mr. Nagar was responsible for handling the accounts of leading corporate clients in Israel and overseas, with companies traded on the LSE, NASDAQ and TASE as well as private businesses operating in a range of sectors. Mr. Nagar is a member of the Managing Board of the Israeli Association of Publicly Traded Companies, a non-profit organisation representing hundreds of companies listed on the Tel Aviv Stock Exchange and other stock exchanges throughout the world. Mr. Nagar graduated in Business Management and Accounting and qualified as an Israeli Certified Public Accountant (CPA, Israel) in 2008. He also holds an MBA in Financial Management from Tel Aviv University. He was re-elected as a Director of the Board in December 2024.

Skills and experience

Mr. Nagar brings to the role of CEO business management and accounting skills and experience he gathered from his years as CFO at BATM and as an audit manager to international companies. As CEO of BATM his core skills include:

- Business leadership and management
- International business operations and strategy
- Business finance
- M&A experience
- Stakeholder and shareholder management
- Forward thinking and calculated risk management

Committee membership

RB

Ran Noy

Executive Director & CFO

Ran Noy has been the CFO of BATM since 1 February 2023, having served as VP Finance since joining the Group in 2021.

Prior to BATM, Mr. Noy spent 10 years in the finance department at ADAMA Ltd., a global agri-chem business that delivered sales of $5bn in 2021. Latterly as Financial Reporting Manager, he was responsible for ADAMA's financial reporting to the Shenzhen Stock Exchange and the Tel Aviv Stock Exchange. He was also instrumental in ADAMA's listing on the Shenzhen Stock Exchange via the reverse takeover of a subsidiary of ChemChina and was responsible for the financial integration of that business. Mr. Noy is an Israeli Certified Public Accountant who began his career as an auditor at EY Israel. He was re-elected as a Director of the Board in December 2024.

Skills and experience

Mr. Noy has skills and experience in developing and managing financial systems and in financial management of international businesses with multiple subsidiaries. His skills include:

- Financial management
- Business management
- Financial reporting
- M&A and IPOs
- Financial integration
- System implementation

Committee membership

Zvi Marom

Founder & Non-executive Director

Dr. Zvi Marom founded BATM in 1992 and served as CEO until January 2023. A former first lieutenant in the Israeli Navy, he graduated with excellence from the officers course of the Naval Academy and with excellence from the Advanced Naval Command Course. He has a post-graduate degree in medicine from the Sackler – Gold Schlagger School of Medicine, Israel and an MSc in Electronics. Dr. Marom was the Chairman of the Hi-Tech Union of the Manufacturers' Association of Israel until January 2021, and he now serves as the head of its quantum forum. In 2021, he received The Industry Award from the Manufacturers' Association of Israel, and in March 2024 he was awarded the Knight's Cross of the Order of Merit of Hungary. He is Chairman of ADOR Diagnostics, an associate company of BATM, and a director of Shore Capital Group plc. Dr. Marom was re-elected as a Director of BATM in December 2024.

Skills and experience

As the founder of the Company and its CEO for many years, Dr. Marom has vast relevant business experience and in-depth knowledge of the Group, its markets and various stakeholders, and holds important organisational memory.

Committee membership

Harel Locker

Non-executive Director & Senior Independent Director

Harel Locker has been the Chairman of the Board of Paz Oil Ltd, the leading Israeli energy company, since 2021 and was the Chairman of the Board of Israel Aerospace Industries Ltd, the leading Israeli aerospace and defence company, from 2017 to 2021. He served as the Director General of the Israeli Prime Minister's Office and head of the Prime Minister's economic headquarters between 2011 and 2015. Mr. Locker commenced his career practicing commercial law for more than 25 years with both Tel Aviv and Wall Street, New York City, first tier law firms. He was appointed to the Board of BATM in September 2016 and his third three-year term, in accordance with Israeli law, was approved by shareholders in December 2022.

Skills and experience

Mr. Locker brings to the Board broad business and managerial skills based on his vast experience, as well as in-depth understanding of the dynamics of government authorities.

Committee membership

A R N RB

Varda Shalev

Non-executive Director

Prof. Varda Shalev is a specialist in epidemiology, medical informatics and predictive analytics in community healthcare. She was a founder and director of the Morris Kahn & Maccabi Institute for Health Research and Innovation and is an active primary care physician. She has pioneered the development of multiple disease registries to support chronic disease management, and has authored or co-authored over 200 publications in peer-reviewed medical journals. She is a Managing Partner of Team8 Health, a medtech-focused venture capital company, and a director of Teva Pharmaceutical Industries Ltd. In addition, she is a Professor at the Tel Aviv University School of Public Health and sits on the advisory board of several med-tech businesses. She was appointed to the Board of BATM in November 2018 and her third three-year term, in accordance with Israeli law, was approved by shareholders in December 2024.

Skills and experience

Prof. Shalev brings 30 years' experience in medicine, including clinical research, healthcare information technology and epidemiology. Her industry and clinical knowledge is complemented by business acumen, having established and grown a number of organisations, making Prof. Shalev a valuable addition to the Group as it develops its bio-medical product offering and markets.

Committee membership

A R N RB

Avigdor Shafferman

Non-executive Director

Dr. Avigdor Shafferman had an established career at the Israel Institute for Biological Research, a leading governmental applied research institute specialising in the fields of biology, medicinal chemistry and environmental sciences, where he worked for almost 40 years. He is a recipient of several prestigious scientific awards and author of over 200 scientific papers. Most recently, from 1995 until his retirement in 2013, he was General Director of the organisation. Other roles have included serving as a visiting professor in the University of California, San Diego at the biology department as well as a visiting senior research scientist at various leading research institutions in the United States in various medical areas, including vaccines. Dr. Shafferman holds a Ph.D. in physical chemistry from the Hebrew University of Jerusalem. He was re-elected as a Director of BATM in December 2024.

Skills and experience

Dr. Shafferman is an influential scientist with experience in top-management and international cooperation. His skills span applied medical research, vaccine development and environmental science, which is highly relevant for supporting BATM's developmental diagnostic activities.

Committee membership

A R N RB

Shmuel Ben Zvi

Non-executive Director

Dr. Shmuel (Muli) Ben Zvi was elected as a Director of BATM in December 2024. He has extensive executive and board experience across multiple industries, including nine years as a director of Bank Leumi, the largest banking corporation in Israel, and being elected Chairman of the board in October 2023 for the final year of his tenure. At Bank Leumi, he was a member of the board's audit, risk management, credit, technology and strategy committees. Dr. Ben Zvi is currently a director of Protalix Biotherapeutics (NYSE American: PLX) and previously of Sol-Gel Technologies (NASDAQ: SLGL) and VBL Therapeutics (NASDAQ: VBLT). From 2004 to 2014, he held a number of managerial positions at Teva Pharmaceuticals (NASDAQ and TASE: TEVA), including Vice President of Strategy and Vice President of Finance.

Skills and experience

Dr. Ben Zvi brings to the Board extensive experience in finance and strategy management as well as a deep understanding of corporate governance, including for international public companies.

Committee membership

Committee Key

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Responsible Business Committee
- Committee Chair

Corporate Governance Report

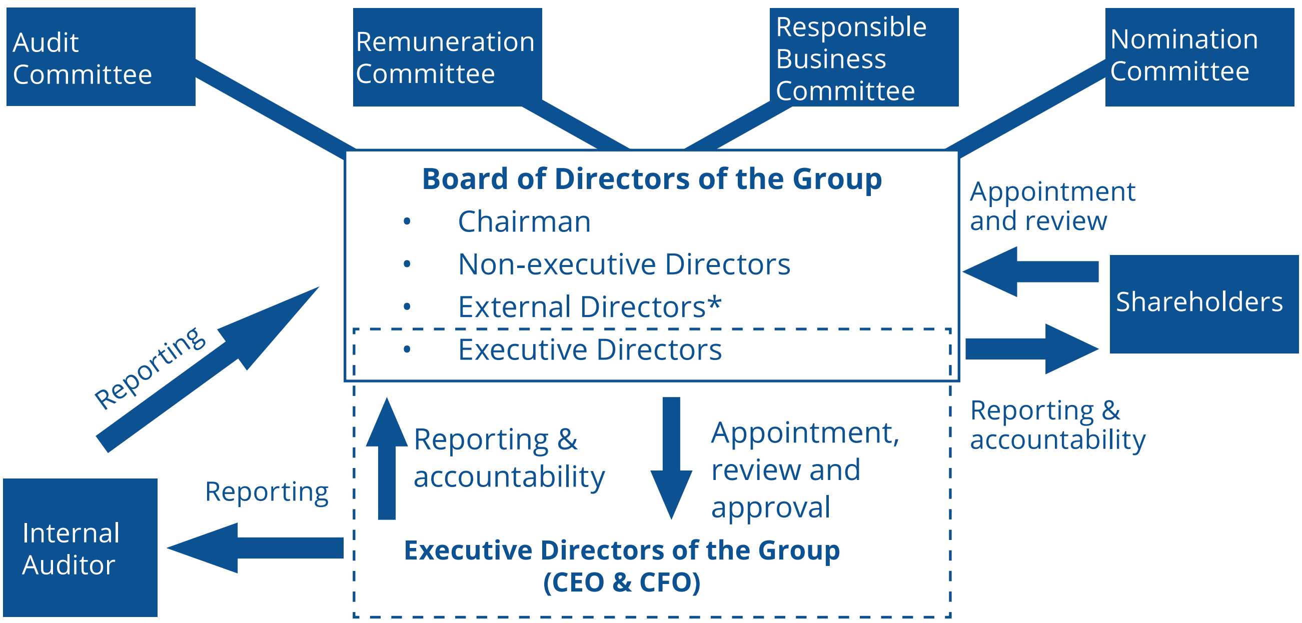
The Company is committed to high standards of corporate governance and the Board is accountable to the Company's shareholders for such governance. The Board carefully reviews all new regulations relating to the principles of good corporate governance and practice and endeavours to apply them where applicable. It also carefully reviews any comments received from independent reviewing agencies and shareholders and communicates with them directly. The Company believes that the combination of the experience of its Chairman, Dr. Gideon Chitayat, with the experience and expertise of its Executive and Non-executive Directors, provides the Company with the relevant leadership to address its position as an Israeli company that is traded on the London Stock Exchange and which is also traded on the Tel Aviv Stock Exchange. The Company's governance contributes to the delivery of its strategy through the combination of the ongoing leadership of the Executive Directors in the Company's day-to-day efforts to deliver its strategy and the monitoring and guidance of the Chairman and the Board in periodical meetings as well as ad-hoc meetings when a specific issue requires the attention and guidance of the Board.

CORPORATE GOVERNANCE FRAMEWORK

The Board has delegated the daily operational management of the business to the CEO, and holds him to account for his responsibilities. Business risks and opportunities are assessed primarily through the leadership of the Executive Directors (one of whom currently serves as the Group Risk and Opportunity Manager) in consultation with managers within the Group's divisions. The Board also operates through several committees: Audit, Remuneration, Nomination and Responsible Business. Executive Directors serve as directors in Group subsidiaries. The Board receives a Group-wide overview of the Group's activities, including risks and opportunities, in the CEO's overview in the quarterly meetings of the Board. The Board of the Group is able to validate the information that it receives from the Executive Directors via the internal auditor (as defined under Israeli law) and the external auditors' audit of the annual and interim reports. BATM's corporate governance structure is shown in the diagram below.

THE BOARD

During 2024, the Board consisted of the Chairman, two Executive Directors (Moti Nagar, CEO, and Ran Noy, CFO) and four Non-executive Directors, with the appointment of Shmuel Ben Zvi as a fifth Non-executive Director occurring in December 2024. Two of the Non-executive Directors are defined as 'external directors' under Israeli law. All the Directors bring a broad and valuable range of skills and experience to the Group (their biographical details are set out on pages 25 to 28). The division of responsibilities between the Chairman, CEO and other Directors is clearly established, and no individual has unrestricted powers of decision.



* As defined under Israeli law

MATTERS RESERVED FOR THE BOARD

The Israeli Companies Law, which applies to the Company, sets out and defines the responsibilities and duties of, and areas of decision for, the Board. These include preparation and approval of financial statements; distributions (dividends and buy-backs); long-term objectives and commercial strategy; appointment, removal and compensation of senior management; major investments; risk management; corporate governance; engagement of professional advisers; political donations; internal control arrangements; and additional responsibilities and duties as defined in the Israeli Companies Law and the Company's Articles of Association. The ultimate responsibility for reviewing and approving the annual report and financial statements, and for ensuring that they present a balanced assessment of the Company's position, lies with the Board. These provisions have been fully complied with.

BOARD AND COMMITTEE MEETINGS

In compliance with Israeli company legislation, the Board meets at least four times a year in formal session. Prior to each meeting, the Board is furnished with information in a form and quality appropriate for it to discharge its duties concerning the state of the business and performance. The Chairman met with Non-executive Directors, without the Executive Directors present, during the year.

DIVISION OF RESPONSIBILITIES

The responsibilities of the Chairman, CEO and other Directors are clearly set out and defined under Israeli Companies Law and the Company's Articles of Association, with no individual having unrestricted powers of decision.

The Chairman is responsible for the leadership of the Board, while the responsibility for the day-to-day management of the Group has been delegated to the CEO. The CEO is supported by the executive management team, which is responsible for making and implementing operational decisions and for making recommendations to the Board.

INDEPENDENCE

Mr. Locker, Prof. Shalev and Dr. Shafferman qualify as "Independent Directors" as this term is defined in the Israeli Companies Law. The Board considers that the aforementioned directors in addition to Dr. Gideon Chitayat and Dr. Shmuel Ben Zvi are independent in accordance with the UK Corporate Governance Code, being independent in character and judgment. The interests of the Directors in the Company and their shareholdings are set out on page 55.

All directors are subject to annual re-election by shareholders at the Annual General Meeting, except the external directors – being Harel Locker and Prof. Varda Shalev – who, in accordance with Israeli law, cannot be subject to annual re-election (but the law does allow for their removal from office if certain conditions are met). External directors under Israeli law are appointed for a minimum of one three-year term, which may be extended by the Company (subject to shareholder approval) for no more than two additional terms of three years each.

Meeting attendance

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Responsible Business Committee
Dr. Gideon Chitayat, Chairman (1)	9/9	-	-	3/3	4/4
Moti Nagar, CEO (1)	9/9	-	-	-	4/4
Ran Noy, CFO (1)	9/9	-	-	-	-
Harel Locker, SID	9/9	6/6	5/5	3/3	4/4
Dr. Zvi Marom, NED	9/9	-	-	-	-
Prof. Varda Shalev, NED	9/9	6/6	5/5	3/3	4/4
Dr. Avigdor Shafferman, NED	9/9	6/6	5/5	3/3	4/4
Dr. Shmuel Ben Zvi, NED(2)	1/1	-	-	-	-

(1) The Chairman and/or Executive Directors attend parts of certain meetings of the Audit and Remuneration Committees at the request of the Committee or when the Committee Chair decides that they are required for the presentation of certain subjects.
(2) Appointed to the Board on 19 December 2024.

Corporate Governance Report CONTINUED

DIVERSITY

The Group operates open and inclusive hiring and staff management practices, and encourages employment of people drawn from a wide range of socioeconomic backgrounds. At present, it does not have a formal diversity policy due to the requirements of the Israeli Law of Equal Opportunity at Work (1988) (see 'Diversity, Equality & Inclusion' on page 15). However, it appreciates its importance and intends to explore the ability to produce a policy that complies with Israeli law. The Board evaluates and reviews its structure, size and composition on a continual basis, including its balance of skills, knowledge, experience and diversity, while factoring in the Group's strategy, risk appetite and future development.

Regarding Board composition, the Company is subject to the mandatory provisions of the Israeli Corporation Law, which sets rules regarding board diversity. According to section 239(d) of the law, if at the time of appointing an external director all the current directors are of the same gender, the appointed director should be of the other gender. The Company complies with this provision. Regarding a senior position being held by a woman, it is intended that Prof. Varda Shalev will assume the role of Senior Independent Director following Mr. Locker completing his third three-year term of as an External Director during 2025. Regarding a member of the board being from a minority ethnic background, inquiries regarding a person's ethnic background or references thereto are considered inappropriate in the Israeli culture and may also be considered inconsistent with law or regulation. As a company incorporated in Israel, BATM is subject to the Israeli Law of Equal Opportunity at Work (1988), which forbids discrimination on the basis of (among others) race, nationality, state of origin and gender, including in hiring job candidates. The law states that if an employer asks an employee or candidate for such details, it will be assumed that the employer has violated the non-discrimination provision. The Group operates in compliance with this law.

As at 31 December 2024, gender representation on BATM's board and executive management team was as shown in the table below.

EFFECTIVENESS & EVALUATION

The Board's members have a wide breadth of experience in areas relating to the Company's activities, including in leadership, management, business development, technology (especially in the bio-medical and diagnostics areas), finance, entrepreneurship and risk management. All of the Directors are of a high calibre and standing. The Board is of the opinion that each of its members has the skills, knowledge, aptitude and experience to perform the functions required of a director of a listed company and that the Board is comprised of a good balance of Executive and Non-executive Directors to ensure it performs its duties effectively. Further biographical details can be found on pages 25 to 28.

The Nomination Committee is responsible for succession planning and conducting the process to appoint new Board members. However, ultimately, the appointment of any new Director is a matter for the shareholders at a general meeting.

Non-executive Directors are advised on appointment of the time required to fulfil their role. The Company's two External Directors, as defined under Israeli law, being Harel Locker and Varda Shalev, have significant additional appointments, which is customary in Israel owing to the fixed nature of remuneration and tenure of External Directors. In addition, the Board considers their broader involvement in the business community to be of benefit to BATM and it is satisfied that the Chairman and each of the Non-executive Directors, including the External Directors, are able to devote sufficient time to the Company's business.

During the year, the Board undertook an internal evaluation of its own performance and that of its committees and individual Directors. Individual evaluation aims to show whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and other duties).

Board & executive management diversity

	Number of board members	Percentage of the board	Number in executive management	Percentage of executive management
Male	7	87	35	73
Female	1	13	13	27

INDUCTION

The induction of newly elected Directors into office is the responsibility of the Chairman of the Board. The new Directors meet with senior members of management who present the Company and its activities, and receive a guided tour of the Company's corporate headquarters.

INFORMATION AND SUPPORT

Prior to each Board meeting, the Directors are furnished with information in a form and quality appropriate for them to discharge their duties concerning the state of the business and performance. The Directors periodically receive a detailed operating report on the performance of the Company in the relevant period, including a consolidated statement of financial position. A fuller report on the trading and quarterly results of the Company is provided at every quarterly Board meeting. Once per year, a budget is discussed and approved by the Board for the following year. All Directors are properly briefed on issues arising at Board meetings and any further information requested by a director is always made available.

The Company Secretary, Yair Livneh, is present at every Board meeting and Board committee meeting. All of the Directors have access to Mr. Livneh's services. In accordance with the Israeli Companies Law, in special cases the Directors may take independent professional advice at the Company's expense in furtherance of their duties, if the Company's cover of the costs is approved by the Board or by a court of law.

BOARD COMMITTEES

The Board has appointed an Audit Committee, a Remuneration Committee and a Nomination Committee to deal with specific aspects of the Company's affairs and ensures that each such committee is fully constituted and operates as required under the Israeli Companies Law. In addition, the Board has appointed a Responsible Business Committee to deal with social, environmental, health and safety practices, diversity and similar matters with respect to the way the Company conducts itself. The composition of the aforementioned committees and an overview of their activities are as detailed below.

Audit Committee

Members: Harel Locker (Chair), Prof. Varda Shalev and Dr. Avigdor Shafferman

The Audit Committee meets at least four times a year. The membership of the Audit Committee consists of independent Non-executive Directors. The Board has considered the requirements of the UK Corporate Governance Code with respect to the composition of audit committees and is satisfied that all members of the Audit Committee have recent and relevant financial experience and that the Committee as a whole has competence relevant to the sectors in which the Group operates.

The Audit Committee has been delegated responsibility for ensuring the financial performance of the Company is properly reported on and reviewed and for the monitoring of the external auditor, the internal auditor and oversight of internal controls. Further details on the Audit Committee's responsibilities and main activities are set out in the Audit Committee Report on pages 36 to 38.

Remuneration Committee

Members: Prof. Varda Shalev (Chair), Harel Locker and Dr. Avigdor Shafferman

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's policy on staff remuneration and is authorised to decide whether to approve remuneration of Office Holders (as designated under Israeli Companies Law), including the Chairman of the Company and Executive Directors (including pension rights and any compensation payments). The membership of the Remuneration Committee consists of independent Non-executive Directors.

Further details on the Remuneration Committee's responsibilities and activities can be found in the Remuneration Committee Report on pages 39 to 40 (within the Directors' Remuneration Report). Information on the Company's policy regarding the setting of Directors' remuneration, together with the remuneration of Directors, is set out in the Directors' Remuneration Report on pages 39 to 57. The Company's current remuneration policy as recommended by the Remuneration Committee was approved at the Annual General Meeting of the Company on 19 December 2024. The remuneration policy is more fully explained in the Directors' Remuneration Report.

Nomination Committee

Members: Dr. Gideon Chitayat (Chair), Prof. Varda Shalev, Harel Locker and Dr. Avigdor Shafferman

The membership of the Nomination Committee consists of independent Non-executive Directors. In line with the Committee's terms of reference, the Chairman of the Board acts as chair of the Committee. During the year, the Nomination Committee met on three occasions where it discussed, and recommended to the Board, the appointment of a new Non-executive Director.

The Nomination Committee is specifically tasked with assessing the process utilised by the Company in relation to Board appointments and in monitoring diversity during the recruitment process and in the context of the resulting appointment made. During the process, the Nomination Committee considers the role and capabilities required for a particular appointment, with consideration given to the balance of skills, experience, independence and knowledge on the Board. Board appointments are made on merit, having due regard, amongst other things, to the benefits of diversity on the Board. The Nomination Committee considers the skills, experience and expertise of a potential candidate against the needs of the Company, and presents its recommendations to the Board.

Corporate Governance Report CONTINUED

Responsible Business Committee

Members: Dr. Gideon Chitayat (Chair), Moti Nagar, Harel Locker, Prof. Varda Shalev and Dr. Avigdor Shafferman

The primary role of the Responsible Business Committee is to assist the Board in:

- understanding the views of key stakeholders in the Company;
- understanding the Company's impact on community and environment;
- assessing and monitoring climate-related risks and opportunities; and
- ensuring that the Board is aware of the processes used by the Company in engaging with its key stakeholders.

The interests of the Company's key stakeholders, as well as the likely consequences of any decisions in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company, have been considered in Board discussions and decision-making through discussions in the Responsible Business Committee; through the participation of external and independent directors who bring external perspectives to the Board discussions; through the incorporation of environmental aspects into the Group's Risks and Opportunities Management Framework; and through the Company's general risk management system, which includes management of risks related to employees, suppliers, customers and reputation.

The duties of the Responsible Business Committee pursuant to its terms of reference are:

- to assess and monitor culture to ensure alignment with the Company's purpose, values and strategy;
- to be responsible for interaction and engagement with the workforce on behalf of the Board, as and when relevant;
- to oversee, monitor and help generate the Company's health and safety systems and practices; and
- to help the Board understand the impact of the Company's operations on the community and environment.

The Responsible Business Committee met on four occasions during the year where it discussed the disclosure recommendations of the former Taskforce on Climate-related Financial Disclosures, the Group's management development programme and the Israeli Securities Authority's report on audit regarding disclosure and reporting of environmental risks in public companies.

RELATIONS WITH SHAREHOLDERS AND SIGNIFICANT SHAREHOLDERS

Communication with shareholders is given high priority. The half-yearly and annual results are intended to give a detailed review of the business and developments, and are available on the Company's website to all shareholders. Printed copies of the full Annual Report are made available on request. The Company solicits regular dialogue with institutional shareholders (other than during closed periods) to understand shareholders views. The Board also uses the Annual General Meeting to communicate with all shareholders and welcomes their participation. Directors are available to meet with shareholders at appropriate times. The Company is committed to having a constructive engagement with its shareholders. During 2024, the CEO and CFO attended over:

- 19 scheduled meetings with UK-based investors (including four group meetings/presentations); and
- 19 scheduled meetings with Israel-based investors.

The Chairman of the Board (as well as the CEO, CFO and a Non-executive Director) attended the Annual General Meeting. He also met with certain significant shareholders during the year without the Executive Directors present.

As of 31 December 2024, to the best of the Company's knowledge, the following persons or entities had a significant holding of BATM ordinary shares:

- Lombard Odier Investment Managers – 29.77%
- Dr. Zvi Marom, Non-executive Director and founder – 22.17%
- Herald Investment Management – 4.21%
- Canaccord Genuity Wealth Management – 3.63%

CULTURE AND CONFLICTS

The Board also works to ensure that within the Group there exists a culture that is free from discrimination and harassment in any form. The Board ensures that the Company complies with Israeli legislation known as the Israeli Equal Rights for People with Disabilities Law, 5748-1988 to ensure that appropriate consideration is given to employees with disabilities. The Company is also in full compliance with Israeli legislation known as the Law of Equal Opportunity at Work, 1988, which requires an employer not to discriminate amongst employees on account of sex, sexual tendencies, personal status and various other forms of discrimination.

During the year, the Group initiated a series of roundtable discussions where groups of employees (with each group consisting of c. 12 employees) engaged directly with the CEO and the VP of HR. These sessions, held across different locations, provided an open forum for employees to voice their thoughts, contribute ideas and discuss business challenges and opportunities. In addition, the Board received a presentation from the VP of HR regarding a management development programme.

Throughout 2024, the Company complied with procedures in place for ensuring that the Board's powers to authorise conflict situations operated effectively and this has also been considered at a committee level where appropriate. During 2024, no conflicts arose that required the Board to exercise authority or discretion in relation to such conflicts.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting ("AGM") was held on Thursday 19 December 2024. The results of voting were published via the Regulatory News Service and on the Company's website at www.batm.com. The Chairman, CEO, CFO and a Non-executive Director attended the AGM in person.

At the 2024 AGM, the resolution to appoint Dr. Shmuel Ben Zvi (resolution 10) as a Non-executive Director was passed with a majority of 66.60%. As a result, and in accordance with provision 4 of the UK Corporate Governance Code, the Company has subsequently engaged with those shareholders who voted against the resolution. The votes against included those of a significant shareholder – excluding which, the resolution would have passed with a majority of 97.91%. Accordingly, the views of the individual shareholder are not representative of the Company's shareholder base as a whole. The Company understands that the individual shareholder voted against resolution 10 on the basis that they believe the Board would benefit from the addition of a director with knowledge and experience in the networking and encryption markets. The Company explained that they believe Dr. Ben Zvi was the best candidate overall based on his other attributes. The Board takes multiple factors into consideration when assessing prospective candidates, including their experience in industries relevant to the Group's activities, and will continue to do so.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

Shareholders can find information on how the Company has applied the principles of the 2018 UK Corporate Governance Code (the "Code") as follows:

Board leadership and company purpose	**Page reference**
Chairman's Statement	4
Business Model	5
Strategy	6
Chief Executive Officer's Review	7-9
Corporate Governance Report	29-35
Stakeholder Engagement	10-11
Division of responsibilities	
Matters reserved for the Board and Board and Committee Meetings	30
Division of Responsibilities	30
Board Committees	32-33
Composition, succession and evaluation	
Directors' Biographies	25-28
The Board	29
Effectiveness & Evaluation	31
Nomination Committee	32
Audit, risk and internal control	
Audit Committee Report	36-38
Risk Management	22-24
Remuneration	
Directors' Remuneration Report	39-57

Corporate Governance Report CONTINUED

The Board considers that, during 2024, the Company complied with the provisions set out in the Code with the exception of the matters referred to below:

Provision	Exception and explanation
18 All directors should be subject to annual re-election.	In accordance with Israeli law, the Company is required to appoint at least two independent non-executive directors (defined as 'external directors' within Israeli law), who must be appointed for a minimum of one three-year term. Mr. Harel Locker and Prof. Varda Shalev are classified as external directors and cannot be subject to annual re-election (however, the Israeli Companies Law does provide grounds for removing an external director from office). All other members of the Board are subject to annual re-election.
19 The chair should not remain in post beyond nine years from the date of their first appointment to the board.	As of June 2024, Dr. Gideon Chitayat, Chairman, has served on the Board for 14 years - ten of these as Chairman. Dr. Chitayat was appointed to the Board as an independent Non-executive Director and the Board continues to consider him as independent in character and 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. As a result, the Board believes that Dr. Chitayat remaining as Chairman is in the best of interests of the Company and of shareholders.
21 A regular externally facilitated board evaluation.	Externally facilitated Board evaluation is not common practice in the Israeli corporate business environment. The Company performed an internal Board evaluation.

Audit Committee Report

Dear Shareholder

I am pleased to present the Audit Committee report for 2024. I trust that this report will provide you with an insight into our work, the matters handled and the focus of the Audit Committee's deliberations during the year.

MEMBERSHIP AND ATTENDANCE

The members of the Audit Committee are:

- Harel Locker (Chairman), Senior Independent (Non-executive) Director ("external director" as this term is defined in Israeli Companies Law)
- Prof. Varda Shalev, Non-executive Director ("external director")
- Dr. Avigdor Shafferman, Non-executive Director ("independent director" as this term is defined in Israeli Companies Law)

The Audit Committee members are independent Non-executive Directors of the Company, with diverse skills and financial and/or related business experience gained in senior positions in a range of organisations relevant to the sectors in which BATM operates. The Board is satisfied that I, as Chairman, have recent and relevant financial experience, including having been Chairman of the Audit Committee from joining the Board in 2016 until 22 December 2020 (and, thereafter, remained a member until resuming the role of Chairman on 28 November 2021).

The Audit Committee meets at least twice a year, and always prior to the announcement of interim or annual results. The external auditors and internal auditor are invited to attend all meetings to ensure that all the information required by the Audit Committee is available for it to operate effectively and the Audit Committee reports back to the Board. The Audit Committee also meets with representatives of the Company's external auditors at least twice per year (with executive officers present) and raises any issues it has with the review and/or audit carried out by the external auditors and comments on specific issues it believes the auditors should be focusing on when required. The Chairman and/or Executive Directors attend parts of certain meetings of the Audit Committee at the request of the Committee or when the Committee Chair decides that they are required for the presentation of certain subjects.

The Company Secretary is secretary to the Audit Committee.

During the year, there were six meetings of the Audit Committee, which were attended by all members.

GOVERNANCE AND COMPLIANCE

The Audit Committee adheres to the functions and requirements prescribed to it by the Israeli Companies Law and Israeli Regulations as well as to the specific Terms of Reference adopted by the Board for this committee and takes account of the relevant provisions of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA") and the UK Corporate Governance Code. The Chairman of the Audit Committee maintains close contact on a regular basis with the key people involved in the Company's governance.

RESPONSIBILITIES AND ACTIVITIES

The Audit Committee's responsibility is to, among other things, ensure that the financial information published by the Group properly presents its activities to stakeholders in a way that is fair, balanced and understandable; monitor the scope and results of the external and internal audit; review whistleblowing procedures; consider compliance with legal requirements, accounting standards and the Listing Rules of the FCA; and advise the Board on the requirement to maintain an effective system of internal controls. The Committee also keeps under review the independence and objectivity of the Group's external auditors, value for money of the audit and the nature, extent and cost-effectiveness of the non-audit services provided by the auditors. Pursuant to section 117 (6) of the Israeli Companies Law, the Audit Committee is responsible to fix procedures and policy for whistleblowing and to oversee these procedures.

In 2024, the Audit Committee's activities included:

- Examining the Annual Report for the year to 31 December 2023 and the Half-year Report for the six months to 30 June 2024 and discussing them with management and the external auditor to assess whether the reports, taken as a whole, were fair, balanced and understandable prior to recommending these to the Board for approval.
- Reviewing and challenging areas of significant risk and judgement and the level of disclosure.
- Challenging the assumptions and analysis produced by management in relation to the Company's going concern basis of preparation, the long-term viability statement and associated risk assumptions, the accounting policies and disclosures, the financial reporting issues and the assumptions and adjustments made.
- Reviewing and approving the financial results for the first and third quarters of 2024.

- Reviewing the findings of the internal audit work and the follow-ups of reviews done in the previous year and considering the internal audit work plan for the following year.
- Reviewing the effectiveness of the Group's internal controls and disclosures made in the Annual Report and Financial Statements.

INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

During 2024, the Company continued to follow the processes for identifying, evaluating and managing the significant risks faced by the Group in accordance with its Risk and Opportunity Management Framework as described in the Risk Management section on page 22. Principal controls are ultimately managed by the Executive Directors, including alongside regular review by management and the Board of the operations and the financial statements of the Company.

The Executive Directors, as part of the Board, have overall responsibility for ensuring that the Company maintains adequate systems of internal control and for determining the nature and extent of principal risks. The Board confirms that it has carried out, during 2024, a robust assessment of such risks accordingly, including those that would impact the Company's business model, future performance, solvency or liquidity, and have considered how they are to be mitigated.

In accordance with the Israeli Companies Law, the Company retains the services of an independent qualified internal auditor. Each year, the Audit Committee reviews with the internal auditor potential risks and a proposed plan for their scope of work. Each year the Audit Committee usually selects at least two areas of the Company's operations on which it requests the internal auditor to focus and prepare an internal audit report with recommendations. Following the completion of each report, the internal auditor sends it to all the Directors and presents their findings to the Audit Committee. The Audit Committee then reports to the Board on any major findings together with the internal auditor's recommendations for improving controls and corporate responsibility and the Board instructs management to implement the recommendations. During the year under review, the internal auditor presented a report to the Audit Committee on procedures regarding authorised signatories in operating entities of the Group.

The key features of the financial controls of the Company include a comprehensive system of financial reporting, budgeting and forecasting, and clearly laid down accounting policies and procedures. The main elements of internal control currently include:

- Operating Controls: The identification and mitigation of major business risks on a daily basis is the responsibility of the Executive Directors and senior management. Each business function within the Group maintains controls and procedures, as directed by senior management, appropriate to its own business environment while conforming to the Company's standards and guidelines. These include procedures and guidelines to identify, evaluate the likelihood of and mitigate all types of risks on an ongoing basis.
- Information and Communication: The Group operating procedures include a comprehensive system for reporting financial and non-financial information to the Directors. Financial projections, including revenue and profit forecasts, are typically reported on a monthly basis to senior management compared with corresponding results for previous periods. The central process for evaluating and managing non-financial risk is primarily through meetings of Executive Directors and/or the Group Risk and Opportunity Manager with the business unit leaders.
- Finance Management: The finance department operates within procedures approved by the Directors and the Chief Financial Officer. Expenditures are tightly controlled with stringent approvals required based on amount. Duties such as legal, finance, sales and operations are also segregated to minimise risk.
- Insurance: Insurance coverage is provided externally and depends on the scale of the risk in question and the availability of coverage in the external market.

The process by which the Audit Committee has monitored and reviewed the effectiveness of the system of internal controls and risk management during the year has included:

- reviewing the Company's Risk and Opportunity Management Framework and the way it was activated during the year, the risks that were identified, quantitative assessment of the risks, details of the risks and mitigation measures;
- reviewing any control matters identified by Brightman Almagor Zohar & Co. and challgening management on the application of controls to gain assurance on their effectiveness; and

- reporting to, and updating, the Board on the risk and control within the Group.

The Audit Committee is satisfied that the Group's framework of internal control systems has continued to operate effectively throughout 2024.

EXTERNAL AUDITOR AND INDEPENDENCE

Brightman Almagor Zohar & Co., a Firm in the Deloitte Global Network, serves as the Group's auditor. The Audit Committee as well as the Directors review and assess on an annual basis, the performance of the external auditors, their independence and the reasonableness of their audit fees as compared with peer tier 1 accountancy offices in Israel, and make recommendations to be brought forward to the shareholders' meeting as to the appointment, or reappointment, or replacement of the external auditors of the Group. While the Audit Committee as part of its activity reviews and monitors the external auditor's independence and objectivity, there is no requirement under Israeli law and regulations to have maximum terms for auditors. Rotation of external auditors is not accepted practice in the Israeli market and the Company is not subject to EU audit regulations that relate to rotation of the external auditors. However, to facilitate auditor independence, based on the IESBA Code, the audit engagement partner must be rotated after no more than seven years of service in that role. The most recent audit partner rotation occurred in 2022. The Audit Committee has discussed with the external auditors their independence, and has received and reviewed written disclosures from the external auditors regarding independence.

In addition, the Financial Reporting Council (the "FRC") conducted an inspection of the audit by Brightman Almagor Zohar & Co. of our financial statements for the year ended 31 December 2023, covering risk assessment and planning, execution of the audit plan, and completion and reporting, including the quality of communication with the Audit Committee. The FRC assessed the audit as 'Good', which is the highest assessment level, with no matters to address.

NON-AUDIT SERVICES

Non-audit work is generally put out to tender. In cases which are significant, the Company engages another independent firm of accountants to provide consulting work to avoid the possibility that the external auditors' objectivity and independence could be compromised; work is only carried out by the external auditors in cases where they are best suited to perform the work, for example, tax compliance. However, from time to time, the Company will engage the external auditors on matters relating to acquisition accounting and due diligence (the scope of which is limited), thus ensuring the continued objectivity and independence of the external auditors.

In order to safeguard the independence and objectivity of the external auditor, the Audit Committee reviews the nature and extent of the non-audit services supplied, and receives reports on the balance of audit to non-audit fees. For 2024, the external auditor provided $34k of non-audit work (2023: $33k). Fees paid to Brightman Almagor Zohar & Co. are set out in note 9 to the financial statements.

Harel Locker
Audit Committee Chairman
7 April 2025

Directors’ Remuneration Report

REMUNERATION COMMITTEE REPORT

Dear Shareholder

The Board is pleased to present the Remuneration Committee's Report for the year ended 31 December 2024.

The main purpose of the Remuneration Committee is to design appropriate remuneration packages to attract, retain and motivate senior executives and managers of the experience and expertise required to run the Company successfully. The Remuneration Committee reviews and considers the remuneration of, amongst others, the CEO, CFO, Executive and Non-executive Directors and senior management.

The Remuneration Committee ensures that a remuneration framework is established and implemented that addresses the need of the Company to attract, retain and motivate such executives and managers, while considering and managing business risks and ensuring the Company's remuneration policy facilitates, so far as possible, the Company's long-term strategy and performance and ensures its sustainable financial health.

The Remuneration Committee ensures that the overall remuneration strategy adopted by the Company remains aligned with the interests of its shareholders. The Remuneration Committee, when necessary, engages external executive remuneration advisers to give it guidance regarding the accepted levels of salary, bonuses and long-term incentives ("LTIs") payable by similar sized companies listed on the London Stock Exchange and the Tel Aviv Stock Exchange to its CEO, CFO and other senior executives and ensures that the level of remuneration offered to its senior executives is both fair and reasonable.

INTRODUCTION

The Directors’ Remuneration Report sets out BATM's executive remuneration policy and details Directors' remuneration and benefits for the financial year under review. The Company is incorporated in Israel, and the Company's current Remuneration Policy and Guidelines (the "Policy”) came into effect after its approval by a majority vote of shareholders, as prescribed in section 267A (b) of the Israeli Companies Law, 1999 (“Companies Law”), at the Annual General Meeting (“AGM”) held in December 2024. The Policy has been effective from the date of its approval and is intended to operate for a period of three years. Accordingly, for the majority of the year under review, the applicable Remuneration Policy was that approved by shareholders at the AGM held in December 2021.

THE REMUNERATION COMMITTEE’S RESPONSIBILITIES

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 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, CEO, Executive Directors, Non-executive Directors and other senior management and Office Holders (as defined in the Israeli Companies Law) ("Remuneration Policy");

(2) Recommending appropriate remuneration packages and service contracts of the Executive Directors and Officers, reviewing the ongoing appropriateness and relevance of the Remuneration Policy, recommending to the Board updates of the Policy, and monitoring its application;

(3) Determining whether to approve remuneration of Office Holders;

(4) Exempting the remuneration of a candidate for the role of CEO from the approval of the general meeting, if the remuneration is according to the Remuneration Policy, the candidate is not related to a controlling shareholder (and if there is no controlling shareholder - to a substantial shareholder, the Chairman of the Board, the CEO or the CFO), and the Committee found that bringing the remuneration for the approval of the general meeting will result in failure of the attempted recruitment of the CEO candidate;

(5) Recommending and determining the goals for all performance-related remuneration offered by the Company and approving the total annual payments made under such schemes;

(6) 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; and

(7) Reviewing the CEO's compensation policies for Office Holders.

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.

KEY ACTIVITIES DURING THE YEAR

There were five meetings of the Committee during the year to 31 December 2024. The Committee undertook the following activities in this period:

- Discussed amendments to the Remuneration Policy with the CEO and recommended its approval to the Board
- Determining the outcome of the 2023 annual bonus
- Setting the targets and measures for the 2024 annual bonus
- Approving the remuneration of a new Non-executive Director
- Approving the remuneration for the role of Chairman of the Board of the Company
- Approving and granting long-term incentive awards to employees and another grantee who is a service provider
- Approving allocation of shares following vesting of Restricted Share Units
- Approving grant of exemption and indemnification to Office Holders (as exemption and indemnification are considered remuneration under Israeli Companies Law)
- Approving the Company's purchase of an Office Holders' insurance policy (as Office Holders' insurance is considered remuneration under Israeli Companies Law)

STAKEHOLDER VIEWS & ENGAGEMENT

At the AGM in 2024, we proposed three remuneration-related resolutions - including the approval of the new Remuneration Policy - which all passed, with an average approval rating of 95.66% (further detail is provided in the Annual Report on Remuneration section below). On behalf of the Committee, I thank shareholders for their support and look forward to receiving further support at this year's Annual General Meeting.

Prof. Varda Shalev
Remuneration Committee Chair
7 April 2025

REMUNERATION POLICY

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 BATM.

The Directors' and Officers' Remuneration Policy (the "Policy") was approved by shareholders at the December 2024 Annual General Meeting and took effect from the date of approval. In accordance with Israeli law, a policy for a period of over three years requires approval by the Company's shareholders at a general meeting every three years. The full Policy, as approved by shareholders, is provided below.

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 2024.

The proposed Remuneration Policy will, if approved by shareholders, take effect from its approval. 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 objectives.
- 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, 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 2024 AGM. The existing policy approved at the AGM in 2021 will remain in effect until shareholders approve the new Policy. For clarity, the incentive arrangements set out in this policy will apply from its approval.

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

Base Salary	
Purpose and link to strategy	To provide competitive fixed remuneration. To attract and retain Executive Directors and Officers of superior calibre in order to deliver long-term business success. Reflects individual experience, achievements, expertise, education, skills, role and responsibility. The Committee's aim is to position salaries around the mid-market level of companies of a similar size, scale and complexity.

Directors' Remuneration Report *CONTINUED*

Base Salary Continued	
Operation	Normally reviewed annually by the Committee with increases typically effective from 1 January. Increases take into account: ● 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 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 individual has been appointed on a low salary with an intention to bring them to market levels over time and subject to performance. 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.
Maximum potential value	Basic salary of Office Holders that report directly to the CEO will be capped at 80% of the CEO's basic salary. 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'. 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. The Committee also takes into account the ratio between the total remuneration of the applicable Executive 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.
Performance targets	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' row of this table.

Benefits	
Purpose and link to strategy	To provide competitive fixed remuneration. To attract and retain Executive Directors and Officers of superior calibre in order to deliver long-term business success.
Operation	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. 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 (see 'Director and office holder insurance' below). Executive Directors and Officers may be eligible to participate in future all-employee share plans 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.
Maximum potential value	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. It is not possible to calculate in advance the cost of some benefits, and therefore a maximum potential value is not pre-determined.
Performance targets	Not applicable.

Pension	
Purpose and link to strategy	To reward sustained contributions by providing retirement benefits.
Operation	The Company funds contributions to an Executive Director or Officer's pension as appropriate through contribution to a pension fund.
Maximum potential value	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. 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 ongoing deposits of at least 6% of the employee's (including Executive Directors and Officers) salary to the pension fund for end-of-employment compensation.
Performance targets	Not applicable.

Directors' Remuneration Report CONTINUED

Annual Bonus	
Purpose and link to strategy	Rewards the achievement of annual financial and business targets aligned with the Group's KPIs. Deferred element encourages long-term considerations and discourages excessive risk taking.
Operation	Bonus is based on performance in the relevant financial year. Any payment is discretionary and will be subject to the achievement of performance targets. Bonus is normally paid in cash, except one-third of any bonus above 70% of annual base salary 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. Bonuses are not contractual and are not eligible for inclusion in the calculation of pension arrangements. Recovery and withholding provisions apply in cases of specific circumstances (see 'Recovery of Variable Remuneration' below). Dividends or dividend equivalents may accrue on deferred shares. It is expected, subject to shareholder approval of this policy, that the bonus scheme will apply from financial year 2024.
Maximum potential value	Capped at 125% of annual base salary. In the first full financial year of the policy only (being the year ending 31 December 2025), the bonus opportunity will be set at 100% of salary for the CEO and CFO.
Performance targets	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. 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. 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 on strategic, non-measurable criteria and considering the director's / CEO's contribution to the Company. A graduated scale of targets is normally set for each financial measure, with no pay-out for performance below a threshold level of performance. 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.

Long-Term Incentive Plan (LTIP)	
Purpose and link to strategy	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.
Operation	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. For Executive Directors, an additional two-year holding period applies after the end of the three-year vesting period, if so decided by the Committee. Sufficient awards may be sold during the holding period to satisfy any tax liabilities owed. Recovery and withholding provisions apply in cases of specific circumstances (see 'Recovery of Variable Remuneration' below). Dividend equivalents may be paid for awards to the extent they vest. 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. 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. Any options shall not be exercisable more than ten years after the date of grant.
Maximum potential value	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. For the first award to be granted in 2025, awards to Executive Directors will be limited to 100% of salary. The Committee will consider the prevailing share price when deciding on the number of shares to be awarded as part of any LTIP grant. A 10% in 10 years' dilution limit governing the issue of new shares to satisfy all share scheme operated by the Company will apply.
Performance targets	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. The Committee retains discretion to set alternative weightings or performance measures for awards over the life of the policy. 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. 100% of awards vest for stretch performance, up to 25% of an award vests for threshold performance and no awards vest below this. Underpins may apply.

Share Ownership Guidelines	
Purpose and link to strategy	To increase alignment between Executive Directors and shareholders.
Operation	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.
Maximum potential value	Executive Directors are expected to build up and maintain an in-employment shareholding worth 200% of salary. 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 the policy).
Performance targets	Not applicable.

Non-executive and Non-External Directors' Salary and Benefits	
Purpose and link to strategy	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). 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.
Operation	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). 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). 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-executive and Non-External Directors in the Company's variable remuneration plans would be subject to prior approval by the Company's shareholders.
Maximum potential value	No prescribed maximum or maximum increase. 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. 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.
Performance targets	Not applicable.

External Directors’ Fees and Benefits	
Purpose and link to strategy	As an Israeli publicly listed company, BATM's Board must include at all times at least two External Directors (as defined in the Israeli Companies Law). Fees of External Directors in Israel is set by regulation. In addition to External Directors, the Israeli Companies Law defines an Independent Director, which receives the same remuneration as an External Director. Currently there is one such Independent Director in the Company.
Operation	External Directors remuneration is prescribed in the Israeli Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors) 2000 (the "Israeli Compensation Regulations"), which includes an annual fixed pay and a per-meeting participation fee, both set according to the size of the Company and the expertise of the director. 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. The External Directors are not eligible to participate in the variable remuneration plans offered by the Company to its Executive Directors and Officers. The Israeli Companies Law states that a director defined as Independent Director will receive remuneration according to the same rules as an External Director.
Maximum potential value	Fees are paid according to strict rules set by the Israeli authorities.
Performance targets	Not applicable.

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.

The Committee will be authorised to approve exemption and indemnification as approved by the shareholders on 21 December 2022.

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 annual bonus will be determined at the start of the financial year and disclosed in the 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 2025.

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 -
  - EBITDA
  - Revenue
  - Profit
  - 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)
- 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.

With regards to section 1B3 of the Israeli Companies Regulations (Reliefs in Related Party Transactions), 2000, immaterial changes to the remuneration of Office Holders (defined as up to 10% of the total annual cost of the remuneration of that Office Holder) that report directly to the CEO, as stated in section 272(c) to the Israeli Companies Law, will be approved by the CEO within the boundaries set in the Remuneration Policy.

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
Moti Nagar	Employment agreement - 24 October 2022. Terms approved by the shareholders on the AGM of 21 December 2022. Re-elected as director on 13 July 2023.	Re-election as director was for a one-year term until the next AGM of the Company.
Ran Noy	Employed as CFO since 2023. Elected as director on 13 July 2023.	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 appointment is:

Name	Date of appointment	Term
Dr. Gideon Chitayat	13 July 2023	One-year until the next AGM of the Company
Harel Locker	21 December 2022	Three years
Prof. Varda Shalev	28 November 2018	Three years, up for renewal in the 2024 AGM
Dr. Zvi Marom	13 July 2023	One-year until the next AGM of the Company
Dr. Avigdor Shafferman	13 July 2023	One-year until the next AGM of the Company

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 developed 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.

ANNUAL REPORT ON REMUNERATION

This section of the Directors' Remuneration Report provides details of the remuneration earned by the Directors in the year ended 31 December 2024 and how the Remuneration Policy will operate for the year ending 31 December 2025.

Remuneration Committee

Roles and responsibilities

The Remuneration Committee works within its terms of reference, and in accordance with the functions set forth in Israeli Companies Law, to make recommendations to the Board of Directors of the Company and to decide whether to approve certain transactions and whether to exempt certain transactions from approval. The Remuneration Committee's full terms of reference are available on the Company's website.

Remuneration Committee members and meetings

The Remuneration Committee consists of all the External and Independent Directors (as these terms are defined in the Israeli Companies Law). The members of the Remuneration Committee during the year under review were:

- Prof. Varda Shalev (Chair)
- Harel Locker
- Dr. Avigdor Shafferman

The Remuneration Committee receives advice from several sources, namely:

- The other Directors of the Board, who attend the Remuneration Committee meetings when specifically invited by the Chair of the Committee in order to provide relevant information to the Committee.
- As and when the Committee deems it necessary, the Committee is provided advice from independent consultants.

Key activities during the year

The Committee held five meetings during the year to 31 December 2024.

As noted in the Remuneration Committee Report, the key activities undertaken during the year included discussing amendments to the remuneration policy with the CEO and recommending its approval to the Board; determining the outcomes and setting the targets for annual bonus; approval of the remuneration of a new Non-executive Director and of the role of Chairman; approving the granting and allocation of LTIs and RSUs; approving grant of exemption and indemnification to Office Holders; and approving the purchase of an Office Holders' insurance policy.

Directors' Remuneration Report CONTINUED

Single total figure of remuneration

The tables below set out the single total remuneration figures for each director for 2024 and the prior year.

2024	Salary/Fees $'000	Performance Bonus $'000	Total Remuneration $'000
Executive Directors			
Moti Nagar, CEO[1]	677	-	677
Ran Noy, CFO[2]	219	-	219
Non-executive Directors			
Gideon Chitayat	100	-	100
Zvi Marom	45	-	45
Harel Locker	45	-	45
Varda Shalev	45	-	45
Avigdor Shafferman	45	-	45
Shmuel Ben Zvi[3]	3	-	3

2023	Salary/Fees $'000	Performance Bonus $'000	Total Remuneration $'000
Executive Directors			
Moti Nagar, CEO[1]	678	294	972
Ran Noy, CFO[2]	227	76	303
Non-executive Directors			
Gideon Chitayat	100	–	100
Zvi Marom[4]	316	-	316
Harel Locker	43	–	43
Varda Shalev	46	–	46
Avigdor Shafferman	46	–	46

1. Moti Nagar's salary includes social and pension benefits as required by Israeli law for all employees.
2. Ran Noy was appointed CFO on 1 February 2023, having previously been VP Finance of BATM since 2021, and became an Executive Director on 13 July 2023. The 2023 figures represent his remuneration for the 12-month period. His salary includes social and pension benefits as required by Israeli law for all employees.
3. Dr. Shmuel Ben Zvi was appointed to the Board on 19 December 2024.
4. From 1 January 2023 until 30 June 2023, Dr. Zvi Marom received payment according to the rights regarding the end of his Service Agreement (following his tenure as CEO ending on 31 December 2022). From 1 July 2023, he received remuneration equal to the remuneration paid by the Company to expert External Directors, as prescribed in the Israeli Compensation Regulations. From 1 July 2023 until 31 December 2023, he also received a payment equating to $40k per annum pursuant to a consulting agreement.

As at 31 December 2024, the total liability for payment related to salary/fees for the Executive Directors was $72 thousand (31 December 2023: $60 thousand), which was paid in January 2025 (2023 liability was paid in January 2024).

Non-executive Directors

In determining the remuneration to its "external directors" and "independent directors" (as defined under Israeli law), which during 2024 included Harel Locker, Prof. Varda Shalev and Dr. Avigdor Shafferman, the Group was required to comply with Israeli law that formulates the kind and amounts of remuneration and expenses that an Israeli public company may pay its external and independent directors. The applicable Israeli statute is the Israeli Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors) 2000 (the "Compensation Regulations"), which prescribes the level of remuneration that a publicly listed company may pay its external directors, and section 249C of the Israeli Companies Law, which states that the rules regarding remuneration of external directors will apply also for independent directors. Cash remuneration payable to these directors is comprised of two fees: (i) an annual fixed fee; and (ii) a per-meeting participation fee. The figures set forth in the Compensation Regulations for these elements are based on the size of the company calculated by the equity of the relevant listed company as recorded in its last audited financial statements. In compliance with the Compensation Regulations, the Company does not pay any additional amounts to the external directors. The Compensation Regulations do not apply to the Chairman, Dr. Zvi Marom or Dr. Shmuel Ben Zvi who are not external or independent directors in terms of Israeli law, however the Board resolved that Dr. Ben Zvi will be remunerated on the same basis as the directors to whom the regulations apply.

Long-term incentive awards granted in 2024

No long-term incentive awards were granted to directors during 2024.

Directors' Remuneration Report *CONTINUED*

Share interests

	Shares owned outright (31/12/24)	Shares owned outright (31/12/23)	Awards unvested and subject to performance conditions as at 31/12/24	Options unvested and not subject to performance conditions as at 31/12/24	Options vested but not exercised as at 31/12/24	Shareholding as a percentage of salary/service fee*
Executive Directors						
Moti Nagar	-	-	537,109	10,955,958	6,384,179	0%
Ran Noy	-	-	240,644	-	-	0%
Non-executive Directors						
Gideon Chitayat	3,159,000	3,159,000	-	-	1,229,369	730%
Zvi Marom	96,794,500	96,794,500	-	-	4,000,000	49,688%
Harel Locker	-	-	-	-	-	0%
Varda Shalev	-	-	-	-	-	0%
Avigdor Shafferman	-	-	-	-	-	0%
Shmuel Ben Zvi	-	-	-	-	-	0%

* According to the share price on the LSE on 31 December 2024 of £0.1845 and the currency rate on 31 December 2024 of £0.7987 per $1.00

Moti Nagar’s vested options have an average exercise price of £0.2367, Dr. Gideon Chitayat's vested options have an exercise price of £0.2549 and Dr. Zvi Marom’s vested options have an exercise price of £0.2695.

Ratio of CEO pay to average full-time employee

The ratio of CEO base pay to average full-time employee base pay during 2024 for continuing operations was 7:1 (2023: 7:1) for employees of Israeli companies in the Group and 22:1 (2023: 24:1) for the whole Group. The details of CEO pay can be found on page 53. Average full-time employee pay (excluding share-based payments) for the whole Group, including employees being paid under service contracts, in 2024 was $31.5k (2023: $28.4k). (Note 11 to the financial statements – ‘Staff costs’ – does not include employees paid under service contract: this payment is reflected within general & administrative, research & development and sales & marketing expenses and cost of goods).

Percentage change in directors' remuneration

The table below shows the percentage change in each directors' remuneration (on an actual currency basis) over a rolling five-year period.

	Salary/Fee					Benefits					Annual Bonus				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Executive Directors															
Moti Nagar	0%	150%[1]	0%	0%	0%	0%	106%[1]	0%	0%	0%	(100)%	-[2]	(100)%[2]	0%	24%
Ran Noy	(4)%	-	-	-	-	1%	-	-	-	-	(100)%	-	-	-	-
Non-executive Directors[3]															
Gideon Chitayat	0%	85%[4]	0%	0%	0%	-	-	-	-	-	-	-	-	-	-
Zvi Marom	(86)%	(45)%[5]	0%	0%	0%	-	-[5]	0%	0%	0%	-	-[2] [5]	(100)%[2]	0%	173%
Harel Locker	5%	(9)%	(7)%	4%	0%	-	-	-	-	-	-	-	-	-	-
Varda Shalev	(1)%	(7)%	(10)%	(4)%	9%	-	-	-	-	-	-	-	-	-	-
Avigdor Shafferman	(1)%	34%[6]	-	-	-	-	-	-	-	-	-	-	-	-	-
Shmuel Ben Zvi[7]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Moti Nagar became CEO on 1 January 2023, having previously been CFO since 2015. His remuneration as CEO was as approved by shareholders at the AGM 2022.
2. Moti Nagar and Dr. Zvi Marom waived their bonus payments for 2022.
3. The number of meetings attended by each director may change from one year to another.
4. Dr. Gideon Chitayat's fee was increased from 1 January 2023 as approved by shareholders at the AGM 2022.
5. Dr. Zvi Marom's tenure as CEO finished on 31 December 2022, when he became a Non-executive Director. He received payment in 2023 in accordance with the rights regarding the end of his Service Agreement.
6. Avigdor Shafferman was appointed to the Board on 12 April 2022.
7. Shmuel Ben Zvi was appointed to the Board on 19 December 2024.

Payments for loss of office and/or payments to former directors

No payments were made to former directors during the year.

Directors' Remuneration Report CONTINUED

Statement of shareholder voting

At the AGM that took place on 19 December 2024, there were three remuneration-related resolutions:

Resolution	Votes for (including discretionary)	% for*	Votes against (excluding withheld)	% against*	Total (excluding withheld and third-party discretionary)	Withheld
Approval of the report of the Remuneration Committee	289,249,227	95.54	13,489,997	4.46	302,739,052	104,927
Approval of the Remuneration Policy	185,567,384	91.49	17,255,952	8.51	202,823,164	3,226,315
Approval of the remuneration for the role of Chairman of the Board	302,587,954	99.94	167,895	0.06	302,755,677	88,302

* Excludes withheld votes.

Implementation of Policy for FY25

Component of Pay	***Implementation for FY25***
Base salaries	CEO: NIS 1,800,000 CFO: NIS 624,000
Benefits and pension	In line with the Directors' Remuneration Policy and past practice, the Company contributes towards pension in line with mandatory requirements in Israel. No changes to benefit provisions.
Annual bonus	The CEO's and CFO's bonus opportunity will be 67% and 50% of base salary respectively. The targets are currently commercially sensitive and will be reported in next year's annual report.
LTIP	None
NED fees	The Chairman and NED fees for FY25 are as follows: • Chairman fee: $100,000 • Non-executive Director and External Director base fee*: NIS 126,979 (US$34,817**) • Non-executive Director and External Director per-meeting fee*: NIS 4,874 (US$1,336**)

* Linked to the consumer price index in Israel

** According to the 31 December 2024 currency rate of 3.647 NIS per 1 US$

On behalf of the Board.

Prof. Varda Shalev

Remuneration Committee Chair

7 April 2025

Directors' Report

PRINCIPAL ACTIVITIES

BATM develops, produces, markets and distributes products, with a focus on real-time technologies and associated services, in three core application areas: Networking, Cyber and Diagnostics. Networking comprises data communication products, namely high-performance connectivity solutions for the network edge, including the innovative Edgility open edge software platform that enables the deployment and life-cycle management of apps, network functions and compute devices at the edge of the network, and a broad portfolio of carrier grade switching and routing hardware and software products. Cyber includes integrated hardware and software solutions for network encryption. Diagnostics includes the sale and distribution of in vitro medical diagnostic reagents and instruments, including the development and production of proprietary products. In addition, the Group's non-core activities comprise the distribution of third-party pharmaceutical and environmental monitoring products, and the administering of diagnostic tests. BATM has offices in the United States, Israel and Europe.

FINANCIAL PERFORMANCE

The financial performance of the Group for the year ended 31 December 2024 is detailed in the Chief Financial Officer's Review on pages 12 to 13 and in the consolidated financial statements and notes to the consolidated financial statements on pages 66 to 106, which are incorporated in this Directors' Report by reference.

RETURNS TO SHAREHOLDERS

While recognising the importance of returns to shareholders, the Board believes it is in the best interests of the Company and of shareholders as a whole not to declare a dividend for 2024 in order to maximise the resources available to the Group to execute on its new growth strategy. In particular, and as previously stated, the Group may add capability to its core businesses through M&A. The Board continues to keep its dividend policy under constant review and to assess all options for generating returns for shareholders.

BUSINESS AND STRATEGIC REVIEW

The review of the Group's business operations, including its strategy, key performance indicators and principal risks and uncertainties, are set out in the Strategic Report section on pages 3 to 24 and are incorporated in this Directors' Report by reference.

DIRECTORS

The Directors who served for the year ended 31 December 2024 and are currently serving (unless otherwise stated) are as follows:

- Dr. Gideon Chitayat, Non-executive Chairman
- Moti Nagar, CPA, Executive Director and Chief Executive Officer
- Ran Noy, CPA, Executive Director and Chief Financial Officer
- Dr. Zvi Marom, Founder and Non-executive Director
- Harel Locker, Non-executive External Director and Senior Independent Director ("SID")
- Prof. Varda Shalev, Non-executive External Director
- Dr. Avigdor Shafferman, Non-executive Director
- Dr. Shmuel Ben Zvi, Non-executive Director (appointed 19 December 2024)

CORPORATE GOVERNANCE STATEMENT

The information that fulfils the requirement of the corporate governance statement in accordance with Rule 7.2 of the Financial Conduct Authority's Disclosure and Transparency Rules can be found in this Directors' Report and in the Corporate Governance information on pages 25 to 60, which is incorporated in this Directors' Report by reference.

DIRECTORS' REMUNERATION AND INTERESTS

The Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 39 to 57.

RULES ABOUT APPOINTMENT AND REPLACEMENT OF DIRECTORS

Pursuant to the Company's articles of association and Israeli Companies Law, directors are elected at an annual general meeting by the vote of the holders of a majority of the voting power represented at such meeting in person or by proxy and voting on the election of directors. Appointments to the Board are subject to a formal, rigorous and transparent procedure after the Company's Nomination Committee has considered each nominee and the Company gives full and transparent information and background to the shareholders on each candidate that it wishes to propose for election and/or re-election to the Board. Each director (except for the external directors) shall serve until the next annual general meeting following the annual general meeting at which such director was appointed, or their earlier removal. The holders of a majority of the voting power represented at a general meeting and voting thereon shall be entitled to remove any director(s) from office, to elect directors in place of the directors so removed or to fill any vacancy, however created, in the Board of directors by way of ordinary resolution. Such vacancy may also be temporarily filled by the continuing directors, and any director so appointed shall hold office until the next annual general meeting and is eligible for reappointment at that meeting. "External" directors, as defined by Israeli Companies Law, are non-executive directors that are appointed and elected for a mandatory term of three years, which is renewable for no more than two further terms of three years each. The appointment of the external directors must be approved by the shareholders in general meeting. The Israeli Companies Law defines the procedures and conditions for election and re-election of external non-executive directors.

Apart from the authority of the General Meeting to remove a director from office, subject to giving such director a reasonable opportunity to present their position to the General Meeting, under the Company's articles, the office of a director shall be vacated ipso facto, upon their death, or if the director is found to be of unsound mind, or becomes bankrupt or if they become prohibited by law from being a director in a public company.

The Chairman of the Board, Dr. Gideon Chitayat, the CEO, Mr. Moti Nagar, the CFO, Mr. Ran Noy, and Non-executive Directors Dr. Zvi Marom and Dr. Avigdor Shafferman were re-elected and Dr. Shmuel Ben Zvi was elected at the Annual General Meeting of 19 December 2024 until the following AGM. In addition, Prof. Varda Shalev was re-elected as a Non-executive External Director for an additional three-year term. Their biographies appear on pages 25 to 28 above.

AMENDMENT OF ARTICLES

Under the Israeli Companies Law, a company may amend its articles by a simple majority of the shareholders at a general meeting. According to the Company's articles of association, any proposed amendments to the articles regarding modification of rights attached to shares of the Company and/or dividing the share capital into various classes of shares requires the approval of the holders of 75% of the issued shares in the Company.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company and the Group will be able to operate within the level of available facilities and cash for the foreseeable future. Accordingly, the Company continues to prepare its financial statements according to the going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable laws and regulations. The Directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Israeli company law holds the Directors responsible for preparing such financial statements and requires the Directors to approve them.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'.

In virtually all circumstances, a true and fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make an assessment of the Company's ability to continue as a going concern and disclose where they consider it appropriate; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report that comply with the U.K. Listing Rules and the Disclosure and Transparency rules.

Legislation in Israel governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms to the best of his or her knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
3. the annual report and financial statements, taken as a whole, are fair, balanced, and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors' Report has been brought for review to the Board and has been approved in its present form.

The Directors' Report is signed on behalf of the Board by:

Dr. Gideon Chitayat
Chairman
7 April 2025

Consolidated Financial Statements

for the year ended
31 December 2024

Deloitte.

Independent Auditor's Report to the Shareholders of BATM Advanced Communications Ltd.

Neve Ne'eman Ind. Area
4, Ha'harash Street, P.O.B. 7318
4524075 Hod Hasharon, Israel

Opinion

We have audited the consolidated financial statements of BATM Advanced Communications Ltd. and its subsidiaries (the Group) set out on pages 66 to 106, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Deloitte.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other intangible assets As detailed in Notes 25 and 26, as of 31 December 2024, the Group had goodwill and other intangible assets of $11,348 thousand. Management conducted their annual impairment testing using an external valuation specialist, when relevant, to assess the recoverability of the goodwill while considering the Group's execution of its business strategy and whether there were indicators of impairment with respect to other intangible assets. Significant judgement is required to determine the value in use. The value in use is based on the cash flow forecast model for several cash-generating unit and requires the estimation of valuation and business assumptions, most importantly the discount rate and growth rate.	We focused our testing of the impairment of goodwill and other intangible assets, on the key assumptions made by the management and the directors. Our audit procedures included: ▪ Considering whether there are indicators of impairment with respect to other intangible assets, taking into account the business strategy execution. ▪ Evaluating whether the model used to calculate the fair value less costs to sell or the value in use of the individual cash-generating units complies with the requirements of IAS 36: Impairment of Assets. ▪ Using our internal valuation specialists when applicable to assess the appropriateness of management and the directors' estimations applied in the discount rates used in the value in use calculations. ▪ Challenging management and the directors' assumptions applied and inputs in the respective models by comparing it to historical information, contractual arrangements when available and approved budgets. ▪ Performing stress analysis on key estimates, when relevant. ▪ Performing discussions, when applicable, with key management about new significant clients and markets penetration, new significant contracts and bids, certification status of new products. **Findings** We found the models and assumptions applied in the goodwill impairment assessments to be appropriate. We considered the disclosure of the goodwill and other intangible assets to be appropriate for purposes of the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,

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Independent Auditor's Report to the Shareholders of BATM Advanced Communications Ltd. *(CONTINUED)*

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of

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most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the ESEF-prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

The engagement partner on the audit resulting in this independent auditor's report is Elad Cazaz.

Brightman Almagor Zohar and Co.,
Certified Public Accountants
A Firm in the Deloitte Global Network
1 Azrieli Center, Tel Aviv
Israel

7 April 2025

Consolidated Statements of Profit or Loss

for the year ended 31 December

Continuing operations

	Note	2024 US$'000	2023 US$'000
Revenues	5, 6	117,336	116,729
Cost of revenues	7	80,536	78,425
Gross profit		36,800	38,304
Operating expenses			
Sales and marketing expenses	8	19,582	18,261
General and administrative expenses	9	12,790	14,024
Research and development expenses	10	4,636	4,443
Other operating expenses (income)	12	4,453	(1,155)
Total operating expenses		**41,461**	**35,573**
Operating profit (loss)		**(4,661)**	**2,731**
Finance income	13	665	1,329
Finance expenses	14	(1,387)	(1,288)
Profit (loss) before tax		(5,383)	2,772
Income tax expenses	15	(1,728)	(776)
Profit (loss) for the year before share of loss of a joint venture and associated companies		**(7,111)**	**1,996**
Share of loss of a joint venture and associated companies	26	345	822
Profit (loss) for the year from continuing operations		**(7,456)**	**1,174**
Loss for the year from discontinued operations	20	**(14,798)**	**(1,374)**
Loss for the year		**(22,254)**	**(200)**
Attributable to:			
Owners of the Company from continuing operations		(7,498)	1,181
Owners of the Company from discontinued operations		(14,798)	(1,374)
Non-controlling interests from continuing operations		42	(7)
Earnings (loss) per share (in cents):			
Basic and diluted from continuing operations	16	(1.72)	0.27
Basic and diluted from discontinued operations	16	(3.39)	(0.32)
Basic and diluted	16	**(5.11)**	**(0.05)**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

for the year ended 31 December

	2024 US$'000	2023 US$'000
Loss for the year	(22,254)	(200)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(5,043)	3,112
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit obligation	19	5
Total other comprehensive income (loss) for the year	(5,024)	3,117
Total comprehensive income (loss) for the year	(27,278)	2,917
Attributable to:		
Owners of the Company from continuing operations	(11,366)	3,869
Owners of the Company from discontinued operations	(15,739)	(1,110)
Non-controlling interests	(173)	158
	(27,278)	**2,917**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Financial Position

for the year ended 31 December

	Note	2024 US$'000	2023 US$'000
Assets			
Current assets			
Cash and cash equivalents		25,898	32,339
Trade and other receivables	18	29,614	31,219
Short-term investment in deposits and other securities	17	5,672	8,425
Inventories	19	32,710	38,227
Disposal groups Held for Sale	21	4,660	-
		98,554	110,210
Non-current assets			
Property, plant and equipment	22	12,016	16,051
Investment property	23	548	612
Right-of-use assets	24	4,178	4,351
Goodwill	25	3,344	12,763
Intangible assets	26	8,004	8,019
Investment in joint venture and associate	28	17,802	17,894
Investments carried at fair value		1,220	1,220
Deferred tax assets	29	3,498	3,507
		50,610	64,417
Total assets		**149,164**	**174,627**
Equity and liabilities			
Current liabilities			
Short-term bank credit	30	4,261	3,276
Trade and other payables	30	36,691	41,662
Current maturities of lease liabilities	30	2,032	1,830
Tax liabilities		619	359
Liabilities associated with disposal groups Held for Sale	21	2,978	-
		46,581	47,127
Non-concurrent liabilities			
Long-term bank credit	30	-	1,328
Long-term liabilities	30	6,588	3,449
Long-term lease liabilities	30	2,358	2,650
Deferred tax liabilities	29	-	39
Retirement benefit obligation	35	655	598
		9,601	8,064
Total liabilities		**56,182**	**55,191**
Equity			
Share capital	31	1,320	1,320
Share premium account		429,598	428,656
Reserves		(31,073)	(29,865)
Reserves associated with disposal groups Held for Sale		(3,620)	-
Accumulated deficit		(302,162)	(279,767)
Equity attributable to the:			
Owners of the Company		94,063	120,344
Non-controlling interests		(1,081)	(908)
Total equity		**92,982**	**119,436**
Total equity and liabilities		**149,164**	**174,627**

The financial statements were approved by the board of directors and authorised on 7 April 2025. They were signed on its behalf by:

M. Nagar, CEO **R. Noy, CFO**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

for the years ended 31 December 2024 and 2023

	Share Capital	Share Premium Account	Translation Reserve	Other Reserve	Reclassification of other comprehensive income attributable to disposal groups	Accumulated Deficit	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	US$ in thousands								
Balance as at 1 January 2023	**1,320**	**426,138**	**(26,039)**	**(6,773)**	**–**	**(279,579)**	**115,067**	**(1,066)**	**114,001**
Loss for the year	–	–	–	–	–	(193)	(193)	(7)	(200)
Re-measurement of defined benefit obligation	–	–	–	–	–	5	5	–	5
Exchange differences on translating foreign operations	–	–	2,947	–	–	–	2,947	165	3,112
Total comprehensive income (loss)	**–**	**–**	**2,947**	**–**	**–**	**(188)**	**2,759**	**158**	**2,917**
Share-based payments	–	2,518	–	–	–	–	2,518	–	2,518
Balance as at 1 January 2024	**1,320**	**428,656**	**(23,092)**	**(6,773)**	**–**	**(279,767)**	**120,344**	**(908)**	**119,436**
Loss for the year	–	–	–	–	–	(22,296)	(22,296)	42	(22,254)
Re-measurement of defined benefit obligation	–	–	–	–	–	19	19	–	19
Exchange differences on translating foreign operations	–	–	(4,828)	–	–	–	(4,828)	(215)	(5,043)
Total comprehensive income (loss)	**–**	**–**	**(4,828)**	**–**	**–**	**(22,277)**	**(27,105)**	**(173)**	**(27,278)**
Dividend to non-controlling interests holding put option	–	–	–	–	–	(118)	(118)	–	(118)
Share-based payments	–	942	–	–	–	–	942	–	942
Reclassification of other comprehensive income attributable to disposal groups	–	–	3,620	–	(3,620)	–	–	–	–
Balance as at 31 December 2024	**1,320**	**429,598**	**(24,300)**	**(6,773)**	**(3,620)**	**(302,162)**	**94,063**	**(1,081)**	**92,982**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flow

for the year ended 31 December

	Note	2024 US$'000	2023 US$'000
Net cash from Continuing operating activities	32	**153**	**7,401**
Net cash used in Discontinued operating activities		**(1,806)**	**(2,392)**
Net cash from (used) in operating activities		**(1,653)**	**5,009**
Investing activities			
Purchases of property, plant and equipment		(700)	(2,366)
Increase of other intangible assets		(2,707)	(2,510)
Investment in joint venture and associated companies		(1,378)	(2,060)
Proceeds on disposal of property, plant and equipment		791	228
Proceeds on disposal of deposits and securities		11,526	2,777
Purchases of deposits and securities		(8,744)	(1,879)
Net cash used in investing activities - Continuing Operations		**(1,212)**	**(5,810)**
Net cash used in investing activities - Discontinued Operations		**(4)**	**(310)**
Net cash used in investing activities		**(1,216)**	**(6,120)**
Financing activities			
Lease payment	30	(2,098)	(1,938)
Bank loan repayment	30	(2,458)	(7,498)
Bank loan received	30	2,359	7,500
Dividend paid to non-controlling interests holding put option		(118)	-
Net cash used in financing activities - Continuing Operations		**(2,315)**	**(1,936)**
Net cash used in financing activities – Discontinued Operations		**(297)**	**(224)**
Net cash used in financing activities		**(2,612)**	**(2,160)**
Net decrease in cash and cash equivalents		(5,480)	(3,271)
Cash and cash equivalents at the beginning of the year		32,339	35,156
Effects of exchange rate changes on the balance of cash held in foreign currencies		(961)	454
Cash and cash equivalents at the end of the year		**25,898**	**32,339**

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

1. General Information

BATM Advanced Communications Ltd. ("the Company") is a company incorporated in Israel under the Israeli Companies Law. The address of the registered office is POB 7318, Nave Ne'eman Ind. Area 4, Ha'harash Street, 4524075 Hod Hasharon, Israel. The Company and its subsidiaries ("the Group") is engaged in the development, production and supply of real-time technologies and associated services in three core application areas: Networking, Cyber and Diagnostics. In addition, the Group's non-core activities comprise the production and supply of eco-friendly pathogenic waste treatment solutions for medical, agricultural and pharmaceutical applications, and the distribution of third-party pharmaceutical and environmental monitoring products*. BATM has offices in the United States, Israel and Europe.

* See note 21 in respect of disposal groups held for sale

2 New and revised International Financial Reporting Standards (IFRS Accounting Standards)

IFRS IC Decision 'Disclosure of Revenue and Expenses for Reportable Segments'

In July 2024, the IASB approved the IFRS Interpretations Committee's (IFRS IC) agenda decision 'Disclosure of Revenue and Expenses for Reportable Segments' (hereinafter: the agenda decision).

The agenda decision considers the application of the disclosure requirements set out in paragraph 23 of IFRS 8 "Operating Segments" and clarifies that disclosure is required for "material items of income and expense" if they are included in the measure of segment profit or loss reviewed by the chief operating decision maker (CODM), even if they are not separately provided to or reviewed by the CODM. It also clarifies that "material items of income and expense" are not limited only to unusual or non-recurring items.

In addition, the agenda decision clarifies that in determining the information to disclose for each reportable segment, an entity should apply judgement and consider the entity's specific facts and circumstances, the core principle of IFRS 8 and the principles of materiality and aggregation in IAS 1 "Presentation of Financial Statements".

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The Group has adopted the amendments to IAS 1 for the first time in the current year.

The amendments to IAS 1 published in January 2020 (2020 amendments) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In October 2022 the IASB published additional amendments (2022 amendments) that specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss.
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

3 Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Israel-Hamas conflict

The Group continues to monitor the ongoing conflict between the state of Israel and Hamas. This situation did not have a material impact on the Company’s operations or on BATM’s consolidated financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. The carrying value of the investment in associates and joint ventures considering the requirement of IAS 36 are presented in note 28.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Disposal groups held for sale

Disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Discontinued operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the statement of profit or loss.

The results of discontinued operations are presented in a single amount in the statement of profit or loss, comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation. Cash flows from discontinued operations are presented in the cash flow statement, classified according to operating activities, investing activities, and financing activities.

Comparative information for prior periods is restated to reflect the disclosures related to all operations that have been discontinued by the end of the reporting period.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash-generating unit, the attributable goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods (point in time) – networking products, network encryption products, medical diagnostics reagents and instruments, and pathogenic waste treatment and sterilisation products
- Rendering of services – related mainly to software services such as training and technical support, laboratory service and maintenance related to products sold
- Construction contracts (over time)

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

For sales of goods, revenue is recognised when control of the goods has transferred generally, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is generally recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of services

Services provided by the Group are recognised as a performance obligation satisfied over time. Revenue is recognised based on the stage of completion of the contract. The management have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised over time by reference to the stage of completion of the contract activity at the date of the consolidated statements of financial position. This is normally measured by the proportion that contract costs incurred for work performed to date compare to the estimated total contract costs except where this would not be representative of the stage of completion or engineering completion. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leases

The Group as a lessee

At inception of the contract, the Group assesses whether an arrangement is a lease or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for assets leased for a period of less than 12 months, and also to lease of assets with low economic value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in the US dollar, which is the presentation currency for the consolidated financial statements.

In preparing the financial statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (operations in foreign currencies) are translated at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) within the Group's translation reserve. Such translation reserves are reclassified from equity to profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Government grants

Government grants are assistance from government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Forgivable loans are loans where the lender (Israeli Chief Scientist Officer (ISO)) undertakes to waive repayment under certain prescribed conditions. In a case where a government grant takes the form of a forgivable loan, a liability is recognised in regards to this loan at fair value, based on estimations of future cash flows related to the relevant grant. The Group's policy is to designate such loans as financial liabilities measured at amortised cost according to IFRS 9. The difference between the liability and proceeds are recognised in the research and development expenses.

Share-based payments arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share premium reserve.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Land and buildings held for use in the Company's operation are stated in the consolidated statements of financial position on a historical cost basis, being the historical cost at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%-6%
Plant and equipment	10%-33%
Motor vehicles	15%-33%
Furniture and fittings	6%-15%
Leasehold improvements	6%-20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or expense.

Intangible assets

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Acquired intangible assets are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Customer relationships and backlog	10%-12.5%
Technology	10%-20%
Other	10%

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on the "first-in-first-out" basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances to recognise expected lifetime credit losses are recognised in profit or loss at the end of the reporting period. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the 'other gains and losses', or financial income or expenses line item as appropriate. Fair value is determined in the manner described in note 37.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated statements of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of intangible assets and goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use or the fair value less cost of sale of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows of the CGU and a suitable discount rate in order to calculate present value.

Judgments with respect to deferred tax assets

For the purposes of measuring deferred tax assets arising from loss carry-forwards in different territories, management is required to use considerable judgment in estimation of the carried forward losses in which it expects to be able to utilise in the foreseeable future. For additional information in respect of deferred tax assets see note 15.

Judgments with respect to construction contracts

The Company accounts for its revenue in accordance with IFRS 15 revenue from contracts with customers, which requires estimates to be made for contract costs and revenues. Revenue is recognised using the percentage of completion method based on the ratio of contract costs incurred to total estimated contract costs or engineering completion percentage. Estimating total costs is subjective and requires the use of management's best judgments based on the information available at that time.

Judgments with respect to recognition of internally generated intangible assets

The Company recognises costs related to development of software and diagnostic products in accordance with the conditions for recognising internally generated intangible assets. Estimation of meeting the conditions specified for recognition of intangible assets requires the use of management's best judgments.

5 Revenues

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time and services and construction contracts point and over time. An analysis of the Group's revenues is as follows:

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Sales of goods (point in time)	91,998	92,592
Services	16,073	14,658
Construction contracts (over time)	9,265	9,479
	117,336	**116,729**

6 Business and Geographical Segments

Business segments

Operational segments are identified on the basis of internal reports about the Group's components that are reviewed by the chief operational decision maker of the Group ("CODM"), the CEO of the Company, for the purpose of allocating resources and evaluating the performance of the operational segments. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided and the operating profit.

The principal products and services of each of these segments are as follows: Networking – marketing, research and development of data communication products, which includes high-performance connectivity solutions for the network edge, including the Edgility open edge software platform that enables the deployment and life-cycle management of apps, network functions and compute devices at the edge of the network, and a broad portfolio of carrier grade switching and routing hardware and software products. Cyber – provision of integrated hardware and software solutions for network encryption, including hardware security modules (HSMs). Diagnostics – mainly engaged in sales and distribution of in vitro diagnostics reagents and instruments, including the development and production of proprietary products. Its proprietary products are focused on molecular diagnostics by test type and infectious disease by application area. Non-core – mainly the distribution of pharmaceutical and environmental monitoring products and diagnostic tests, and the production of eco-friendly pathogenic waste treatment solutions for medical, agricultural and pharmaceutical applications.

A. Segment revenues and segment results

Year ended 31 December 2024

	Networking $'000s	**Cyber $'000s**	**Diagnostics $'000s**	**Non-core $'000s**	**Total $'000s**
Revenues from external customers	8,550	13,131	38,617	57,038	117,336
Gross profit	4,139	5,387	10,733	16,541	36,800
Operating profit (loss)	(4,693)	2,898	(1,721)	(1,145)	(4,661)
Net finance expenses					(722)
Loss before tax					(5,383)

Year ended 31 December 2023

	Networking $'000s	Cyber $'000s	Diagnostics $'000s	Non-core $'000s	Total $'000s
Revenues from external customers	19,800	10,346	33,342	53,241	116,729
Gross profit	8,967	4,222	10,293	14,822	38,304
Operating profit (loss)	(224)	1,496	334	1,125	2,731
Net finance income					41
Profit before tax					2,772

Included in revenues from the Cyber division are revenues of approximately $12.9 million (2023: $10.3 million) from sales to a single customer. No customer contributed 10% or more to the Group's revenue in 2023, and no other customer contributed 10% or more in 2024.

B. Segment assets, liabilities and other information

As at 31 December 2024

	Networking $'000s	Cyber $'000s	Diagnostics $'000s	Non-core $'000s	Total $'000s
Assets excluding cash & cash equivalents	26,316	4,257	60,931	26,090	117,594
Liabilities	7,502	4,785	23,598	20,297	56,182
Depreciation and amortisation	1,013	203	2,157	1,595	4,968
Additions to non-current assets	2,489	311	1,742	2,604	7,146

As at 31 December 2023

	Networking $'000s	Cyber $'000s	Diagnostics $'000s	Non-core $'000s	Total $'000s
Assets excluding cash & cash equivalents	27,063	5,476	58,396	42,928	133,863
Liabilities	8,863	5,926	21,350	19,052	55,191
Depreciation and amortisation	1,091	189	1,822	1,578	4,680
Additions to non-current assets	2,884	204	1,692	2,371	7,151

C. Revenue from major products and services

The following is an analysis of the Group's revenue from operations from its major products and services.

Year ended 31 December	2024 $'000s	2023 $'000s
Networking and cyber products	17,009	24,093
Software services	4,672	6,053
Diagnostic medical products and services	38,617	33,342
Non-core	57,038	53,241
	117,336	**116,729**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

D. Revenue from major sources

Year ended 31 December 2024

	Networking $'000s	Cyber $'000s	Diagnostics $'000s	Non-core $'000s	Total $'000s
Sales of goods (point in time)	5,568	3,866	34,275	48,289	91,998
Services (over time)	2,982	-	-	-	2,982
Services (point in time)	-	-	4,342	8,749	13,091
Construction contracts (over time)	-	9,265	-	-	9,265
	8,550	**13,131**	**38,617**	**57,038**	**117,336**

Year ended 31 December 2023

	Networking $'000s	Cyber $'000s	Diagnostics $'000s	Non-core $'000s	Total $'000s
Sales of goods (point in time)	16,488	775	29,793	45,536	92,592
Services (over time)	3,312	-	-	-	3,312
Services (point in time)	-	92	3,549	7,705	11,346
Construction contracts (over time)	-	9,479	-	-	9,479
	19,800	**10,346**	**33,342**	**53,241**	**116,729**

The cumulative revenue related to construction contracts, which has not yet been recognised, totals $15.4 million.

E. Geographical information

The Group operates in three principal geographical areas: the United States of America, Israel and Europe. The Group's revenue from external customers and information about its segment assets by geographical location are presented by the location of operations and are detailed below:

$'000s	Revenue from external customers		Non-current assets	
	2024	2023	2024	2023
Area A	87,554	79,324	32,529	44,841
Area B	22,654	26,535	11,061	12,607
Area C	7,128	10,870	2,302	2,242
Total	**117,336**	**116,729**	**45,892**	**59,690**

7 Cost of revenues

	Year ended 31 December	
	2024 $'000s	2023 $'000s
Direct costs – Components and subcontractors	75,368	76,071
Changes in inventory	(435)	(3,565)
Salaries and related benefits	2,552	2,641
Overheads and depreciation	2,493	2,672
Other expenses	558	606
	80,536	**78,425**

8 Sales and marketing expenses

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Salaries and related benefits	12,750	12,000
Commissions	612	603
Outside services	494	395
Advertising and sales promotion	972	1,174
Overheads and depreciation	3,055	2,674
Travelling and other expenses	1,699	1,415
	19,582	**18,261**

9 General and administrative expenses

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Salaries and related benefits	7,347	7,797
Professional services(*)	1,896	2,462
Overheads and depreciation	1,637	1,729
Other expenses	1,910	2,036
	12,790	**14,024**
(*) Including auditors' remuneration for audit services	**327**	**332**

Amounts payable to the auditors by the Group undertakings in respect of non-audit services in 2024 were $34 thousand (2023: $33 thousand). In addition, payables in respect of non-audit services to other than the Company's auditors, for tax and internal audit services in 2024, were $19 thousand and $25 thousand, respectively (2023: for tax and internal audit services $70 thousand and $56 thousand, respectively).

10 Research and development expenses

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Salaries and related benefits	2,704	2,824
Components and subcontractors	1,655	1,264
Overheads and depreciation	623	536
Other expenses	194	321
Government grants	(540)	(502)
	4,636	**4,443**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

11 Staff costs

The average monthly number of employees in 2024 (including executive directors) was 867 (2023: 897).

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Wages and salaries	24,411	22,954
Share-based payments	942	2,308
	25,353	**25,262**

12 Other operating expenses (income)

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Impairment of goodwill [(1)] and intangible assets	6,809	-
Gain from disposal of property	(263)	(83)
Change in liabilities	(2,074)	(860)
Amortisation of intangible assets	84	94
Other	(103)	(306)
	4,453	**(1,155)**

[(1)] See note 25 in relation to impairment of goodwill

13 Finance income

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Interest on bank deposits and other	421	1,028
Gain on financial assets at FVTPL	244	301
	665	**1,329**

14 Finance expenses

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Interest on loans and bank fees	(643)	(605)
Interest expense on liabilities	(744)	(683)
	(1,387)	**(1,288)**

15 Income tax expenses

	Year ended 31 December	
	2024 **$'000s**	**2023** **$'000s**
Current tax	(1,307)	(1,008)
Tax on previous years	(474)	20
Deferred tax (note 29)	53	212
	(1,728)	**(776)**

Taxation under various laws:

Israel

The Company is an "industrial company" as defined in the Israeli Law for the Encouragement of Industry (Taxes) 1969.

1. The corporate income tax rate for the years 2023 and 2024 is 23%.
2. Encouragement of Capital Investments Law:
   a. The corporate tax rate for each company with Preferred Enterprise status for the years 2023 and 2024 is 7.5%.
   b. Including additional tax tracks for Preferred Technological Enterprise (tax rate of 7.5% in Area "A" and tax rate of 12% in Area "Other") and for special Preferred Technological Enterprise (tax rate of 6%).
   c. Determining relief of the threshold conditions to enter the track of "Special Preferred Enterprise" relevant for huge companies (tax rates of 5% in Area "A" or 8% in the Area "Other").

The Company has Preferred Enterprise status in Area A and its Israeli subsidiaries are being assessed according to the corporate income tax rate.

The Company and its Israeli subsidiaries have tax loss carry-forwards of $133.1 million for which the Group did not create deferred tax assets. According to the Israeli tax law there is no expiry date to use such losses.

The Company tax assessments for the years up to and including the 2019 tax year are considered as final.

The United States of America

Telco Systems incurred losses for tax purposes. In addition, in accordance with U.S. tax law, Telco Systems elected to amortise a substantial part of the excess cost paid by the Company in its acquisition over a period of 15 years, which has resulted in tax loss carry-forwards. According to U.S. law, losses created until 2017 can be carried forward for 20 years. As of 31 December 2024, the total carry-forward losses of Telco Systems amounted to $196.2 million of which deferred tax assets of $3.1 million have been recognised in respect of such losses to the extent that a sufficient taxable profit will be available in the foreseeable future.

The corporate income tax for the years 2024 and 2023 is 21%.

Other jurisdictions

Taxation for other jurisdictions than those mentioned above is calculated at the rates prevailing in the respective jurisdictions. The corporate income tax rate for subsidiaries with significant sales are: Moldova is 12%, Romania is 16% and Italy is 27.9%.

The Group has tax loss carry-forwards of $8.4 million in European subsidiaries and the Group did not recognise deferred tax assets in respect of $7.4 million of such losses.

The income tax expenses for the year can be reconciled to the profit per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Profit (loss) before tax	**(5,383)**	**2,772**
Tax expense at the Israeli statutory corporate income tax rate of 23%	(1,238)	619
Current year losses for which no deferred tax assets were recognised	1,653	622
Differences between statutory tax in Israel (23%) and subsidiaries tax rate	699	(246)
Impairment of goodwill and intangible assets	479	-
Tax losses utilised in current period for which no deferred tax assets have been recognised	(123)	(204)
Deferred tax assets recognised	--	(199)
Tax on previous years	474	(20)
Other	(216)	204
Tax expenses for the year	**1,728**	**776**

16 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 December	
	2024	**2023**
Earnings (loss) from continuing operations for the purposes of basic and diluted earnings per share ($'000s) attributable to Owners of the Company	**(7,498)**	**1,181**
Loss from discontinued operations for the purposes of basic and diluted earnings per share ($'000s) attributable to Owners of the Company	**(14,798)**	**(1,374)**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	436,259,446	436,051,454
Effect of dilutive potential ordinary shares	1,192,389	766,993
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	**437,451,835**	**436,818,447**

The number of dilutive instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the year, is 29,020,965 (2023: 25,049,219).

17 Short-term investment in deposits and other securities

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Interest-bearing deposits	174	281
Financial assets at FVTPL	5,498	8,144
	5,672	**8,425**

The average interest rate of deposits as of 31 December 2024 and 2023 are 4.0% and 4.0% respectively.

18 Trade and other receivables

	31 December	
Trade and other receivables	**2024 $'000s**	**2023 $'000s**
Trade receivable account	19,384	21,806
Prepaid expenses & Deposits	3,438	3,898
Construction contracts (see following table)	1,298	2,528
Government authorities	1,478	1,217
Other debtors	4,016	1,770
	29,614	**31,219**

	31 December	
Construction contracts	**2024 $'000s**	**2023 $'000s**
Composition:		
Cumulative costs incurred	18,212	18,232
In addition - Recognised profits	1,111	2,306
Less accounts submitted to project customers	(18,025)	(18,010)
	1,298	**2,528**

No interest is charged on the receivables. A net reversal of allowance has been made at 31 December 2024 for estimated irrecoverable amounts from the sale of goods of $2,997 thousand (2023: allowance of $3,215 thousand), including a loss allowance for expected credit losses according to IFRS 9. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

As of 31 December 2024, trade receivable account includes amounts of $10.9 million for which the maturity date has expired (including a receivable in the amount of $2.5 million that is overdue by more than a year), but the Group, based on past experience and on the credit quality of the debtors and given that a substantial part of the debts have been collected by the date of the approval of this annual report, has not made an allowance for doubtful debts since the Company expects that those debts are collectible.

Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, deposits and investments at fair value. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated statements of financial position are net of allowances for credit loss.

19 Inventories

	31 December	
	2024 $'000s	**2023 $'000s**
Raw materials	5,132	7,537
Work-in-progress	2,373	3,864
Finished goods	25,205	26,826
	32,710	**38,227**

During 2024, a net of $0.1 million of slow-moving inventory was impaired and expensed to the profit or loss account (2023: $0.1 million).

20 Discontinued operations

During the year, the Board resolved to dispose of the eco-med operation, which constitute part of the Group's non-core segment. The operation, which is expected to be sold within 12 months, has been classified as a discontinued operation. The comparative consolidated statement of profit or loss and the cash flow has been re-presented to show the discontinued operation separately from the continuing operations.

During the reporting period, a claim with respect to the discontinued operation was pending regarding alleged breach of contract to supply products and resulting damages. To the extent that the management, based on the advice of its consultants, predicts that the claim may result in a required outflow of funds from the Group, the management, based on the advice of its legal advisers, is of the opinion that an adequate provision was made in the financial statements.

The results of the discontinued operation are as follows:

	31 December	
	2024 $'000s	**2023 $'000s**
Revenues	3,238	6,101
Expenses*	13,962	7,412
Loss from valuation of fair value less costs to sell	4,065	-
Pre-tax loss for the year attributable to discontinued operations	**(14,789)**	**(1,311)**
Tax expenses	9	63
Loss for the year attributable to discontinued operations	**(14,798)**	**(1,374)**
Other comprehensive income (expenses) for the year	(941)	264
Total comprehensive loss for the year	**(15,739)**	**(1,110)**

* During the year, the Company recorded impairments of inventory and other receivables from this operation totalling $5.6m.

21 Held for sale

As part of the Group's strategy to divest its non-core businesses, the Group's Eco-med business and Provider of genetic test operations, which are part of the Group's non-core business, are presented as held for sale as the Group expects these operations to be disposed within of 12 months.

Efforts to sell the disposal group held for sale operations have commenced, and significant progress was made towards the disposal of one of the Group's businesses for the distribution of genetic tests, Progenetics Ltd. The Group has entered into an agreement, post year-end, to sell its entire shareholding in Progenetics. The transaction values Progenetics at NIS 14m (c. $4m), of which BATM will receive approximately $2m in cash for its 51% shareholding.

Impairment losses relating to the disposal groups

Impairment losses of $5.1m for write-downs of the disposal group held for sale operations to the lower of its carrying amount and its fair value less costs to sell have been recognised.

	Eco-med	Provider of genetic tests	Total $'000s
Trade and other receivables	1,136	705	1,841
Property, plant and equipment	-	17	17
Right-of-use assets	1,209	-	1,209
Goodwill	-	1,593	1,593
Total assets classified as held for sale	**2,345**	**2,315**	**4,660**
Trade and other payables	835	902	1,737
Current maturities of lease liabilities	286	-	286
Long-term liabilities	36	-	36
Long-term lease liabilities	919	-	919
Total liabilities associated with assets classified as held for sale	**2,076**	**902**	**2,978**

22 Property, plant and equipment

($'000s)	Land & buildings	Plant and equipment	Motor vehicles	Furniture & fittings	Leasehold improvements	Total
Cost						
At 1 January 2023	**6,790**	**21,581**	**2,235**	**3,910**	**3,790**	**38,306**
Additions	130	1,454	179	299	489	2,551
Disposals	(17)	(340)	(135)	(21)	(176)	(689)
Effect of translation adjustment	322	376	169	158	15	1,040
At 1 January 2024	**7,225**	**23,071**	**2,448**	**4,346**	**4,118**	**41,208**
Additions	-	330	320	128	89	867
Disposal	(460)	(114)	(380)	(37)	-	(991)
Classified as Held for Sale	(384)	(2,131)	(67)	(764)	(307)	(3,653)
Effect of translation adjustment	(371)	(683)	(200)	(172)	(90)	(1,516)
At 31 December 2024	**6,010**	**20,473**	**2,121**	**3,501**	**3,810**	**35,915**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

($'000s)	Land and buildings	Plant and equipment	Motor vehicles	Furniture and fittings	Leasehold improvements	Total
Accumulated depreciation						
At 1 January 2023	**2,059**	**14,225**	**1,271**	**3,820**	**1,622**	**22,997**
Depreciation expense	253	1,145	225	203	393	2,219
Disposals	(3)	(333)	(106)	(19)	(110)	(571)
Effect of translation adjustment	112	186	90	107	17	512
At 1 January 2024	**2,421**	**15,223**	**1,480**	**4,111**	**1,922**	**25,157**
Depreciation expense	424	1,146	267	217	404	2,458
Disposals	(133)	(38)	(191)	(26)	-	(388)
Impairment*	23	1,203	3	-	-	1,229
Classified as Held for Sale	(384)	(2,116)	(66)	(761)	(307)	(3,634)
Effect of translation adjustment	(192)	(403)	(130)	(137)	(61)	(923)
At 31 December 2024	**2,159**	**15,015**	**1,363**	**3,404**	**1,958**	**23,899**
Carrying amount						
At 31 December 2024	**3,851**	**5,458**	**758**	**97**	**1,852**	**12,016**
At 31 December 2023	**4,804**	**7,848**	**968**	**235**	**2,196**	**16,051**

* Impairment related to assets which are part of disposal groups which were classified to held for sale

23 Investment property

Additional Information

Fair value disclosures for investment properties measured using the cost model

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at year end are as follows:

	31 December 2024		31 December 2023	
	At amortised cost $'000s	Fair value $'000s	At amortised cost $'000s	Fair value $'000s
Italy	548	953	612	1,014

The fair value of the asset was determined based on the market comparable approach that reflects recent transaction prices for similar properties, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

Average market price, taking into account the differences in location and individual factors, such as frontage and size, between the comparables and the property, was $985 per square metre for the property in Italy.

24 Right-of-use assets

($'000s)	Plant and equipment	Buildings	Motor vehicles	Total
Cost				
At 1 January 2023	**1,013**	**9,806**	**1,182**	**12,001**
Additions	241	1,272	305	1,818
Disposals	-	(1,912)	-	(1,912)
Effect of translation adjustment	34	196	16	246
At 31 December 2023	**1,288**	**9,362**	**1,503**	**12,153**
Additions	954	2,076	542	3,572
Disposals	-	(2,011)	(98)	(2,109)
Effect of translation adjustment	(114)	(64)	(139)	(317)
Classified as Held for Sale	-	(1,395)	-	(1,395)
At 31 December 2024	**2,128**	**7,968**	**1,808**	**11,904**

($'000s)	Plant and equipment	Buildings	Motor vehicles	Total
Accumulated depreciation				
At 1 January 2023	**306**	**5,529**	**705**	**6,540**
Charge for the year	251	1,580	303	2,134
Disposals	-	(1,034)	-	(1,034)
Effect of translation adjustment	14	141	7	162
At 31 December 2023	**571**	**6,216**	**1,015**	**7,802**
Charge for the year	384	1,597	335	2,316
Disposals	-	(1,901)	(98)	(1,999)
Effect of translation adjustment	(53)	(17)	(137)	(207)
Classified as Held for Sale	-	(186)	-	(186)
At 31 December 2024	**902**	**5,709**	**1,115**	**7,726**
Carrying amount				
At 31 December 2024	**1,226**	**2,259**	**693**	**4,178**
At 31 December 2023	**717**	**3,146**	**488**	**4,351**

The Group leases several assets including buildings and motor vehicles. The average lease term of buildings and motor vehicles is approximately 5 and 3 years, respectively.

The maturity analysis of lease liabilities is presented in note 28.

Amounts recognised in profit or loss

	2024 $'000s	2023 $'000s
Interest expense on lease liabilities	296	192
Expense relating to short-term leases	926	978

At 31 December 2024, the Group was committed to $1.3 million for short-term leases (2023: $0.8 million). The total cash outflow for leases amounted to $2,098 thousand (2023: $1,938 thousand).

25 Goodwill

The Group annually tests goodwill for impairment or more frequently if there are indications that goodwill might be impaired. Management conducted their annual impairment testing, using an external valuation specialist as necessary, to assess the recoverability of goodwill while considering the Group's execution on its business strategy and whether there were also indicators of impairment with respect to intangible assets.

The Group has four reportable business segments and goodwill is allocated to CGUs as follows:

Networking Segment: an amount of $1,984 thousand (2023: $1,984 thousand). Diagnostics Segment: $285 thousand (2023: $1,360 thousand), which is allocated to two CGUs: Diagnostics: $0 thousand (2023: $1,057 thousand) and Distribution of diagnostics: $285 thousand (2023: $303 thousand). Non-core Segment: $1,075 thousand (2023: $9,419 thousand), which is allocated to four CGUs: Distribution of pharmaceutical: $0 thousand (2023: $776 thousand), Analytical instruments distribution: $1,075 thousand (2023: $3,580 thousand) and two CGUs in the non-core which were classified to held for sale: Eco-Med: $0 thousand (2023: $2,550 thousand) and Provider of genetic tests: $1,593 thousand (2023: $2,513 thousand).

The recoverable amounts of the CGUs are determined from value-in-use calculations or fair value less cost to sell for disposal groups held for sale. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected related expenses during the period. Pre-tax discount rates of between 11.4% - 22.0% have been used. Changes in expenses are based on recent history and expectations of future changes in the market.

For the purpose of the goodwill impairment test on value-in-use, the Group prepares cash flow forecasts derived from the most recent financial budget approved by management and extrapolates indefinite cash flows based on estimated growth rates. For the purposes of this calculation management have used revenue growth rates for the Networking CGU of 41% average growth per year for 1-5 years and 1% thereafter; for the Diagnostics CGU of 27% average growth per year for 1-5 years and 4% thereafter; for the Distribution of diagnostics CGU of 13% average growth per year for 1-5 years and 1% thereafter; for the Distribution of pharmaceutical CGU of 9% average growth per year for 1-5 years and 1% thereafter; and for the Analytical instruments distribution CGU of 2% average growth per year for 1-5 and 1% thereafter.

The average operating expenses have been assumed to grow for the Networking CGU at 2% average growth per year for 1-5 and 1% thereafter; for the Diagnostics CGU at 4% average growth per year for 1-5 and 4% thereafter; for the Distribution of diagnostics CGU at 9% average growth per year for 1-5 and 1% thereafter; for the Distribution of pharmaceutical CGU at 7% average growth per year for 1-5 and 1% thereafter; and for the Analytical instruments distribution CGU at 2% average growth per year for 1-5 and 1% thereafter. The average cost of goods sold has been assumed to grow for the Networking CGU at 44% average growth per year for 1-5 and 1% thereafter; for the Diagnostics CGU at 25% average growth per year for 1-5 and 4% thereafter; for the Distribution of diagnostics CGU at 14% average growth per year for 1-5 and 1% thereafter; for the Distribution of pharmaceutical CGU at 10% average growth per year for 1-5 and 1% thereafter; and for the Analytical instruments distribution CGU at 3% average growth per year for 1-5 and 1% thereafter.

Based on the above analysis, the Group recognised impairment losses for the Distribution of pharmaceutical CGU $762 thousand, Analytical instruments distribution CGU $2,504 thousand and for the Diagnostics CGU an impairment of which $995 thousand related to goodwill.

For the purpose of goodwill impairment test based on fair value less cost to sell, the Group recognised impairment losses of $2,550 thousand in its Eco-Med CGU and an additional $915 thousand in its provider of genetics tests CGU.

The fair value measurement was based on level 3 hierarchy. The key assumptions used for the Eco-Med CGU include pre-tax discount rates of 12.2%, revenue growth rates of 16% per year for 1-5 years and 0% thereafter, average operating expenses decrease of 10% per year for 1-5 and 0% thereafter, and average cost of goods sold growth of 7% per year for 1-5 and 0% thereafter. The fair value of the Provider of genetics tests CGU was based on market value following advanced negotiations.

During the financial year, the Group recognised an impairment loss from continuing operations of $5.2 million related to goodwill, out of which $0.9 million is related to an operation that was classified as held for sale, and an additional $2.5 million is related to an operation that was classified as discontinued operations.

	2024 $'000s	2023 $'000s
Balance at 1 January	**12,763**	**12,583**
Impairment losses for the year	(7,726)	-
Classified as held for sale [(1)]	(1,593)	-
Foreign exchange difference	(100)	180
Balance at 31 December	**3,344**	**12,763**

[(1)] see note 21 in respect of held for sale

26 Intangible assets

	Customer Relationships and Backlog $'000s	Technology $'000s	Other $'000s	Total $'000s
Cost				
As at 1 January 2023	**11,385**	**18,258**	**1,637**	**31,280**
Additions from internal development	-	2,782	-	2,782
Effect of translation adjustments	362	196	(27)	531
At 1 January 2024	**11,747**	**21,236**	**1,610**	**34,593**
Additions from internal development	-	2,707	-	2,707
Classified as held for sale	(1,400)	(2,041)	(312)	(3,753)
Effect of translation adjustments	(283)	(347)	(5)	(635)
At 31 December 2024	**10,064**	**21,555**	**1,293**	**32,912**
Accumulated amortisation				
At 1 January 2023	**11,346**	**12,464**	**1,522**	**25,332**
Amortisation expense	10	702	83	795
Effect of translation adjustments	350	103	(6)	447
At 1 January 2024	**11,706**	**13,269**	**1,599**	**26,574**
Amortisation expense	10	597	73	680
Impairment losses for the year	-	1,802	116	1,918
Effect of translation adjustments	(292)	(214)	(5)	(511)
Classified as held for sale	(1,400)	(1,837)	(516)	(3,753)
At 31 December 2024	**10,024**	**13,617**	**1,267**	**24,908**
Carrying amount				
At 31 December 2024	**40**	**7,938**	**26**	**8,004**
At 31 December 2023	**41**	**7,967**	**11**	**8,019**

27 Subsidiaries

A list of the significant direct and indirect investments in subsidiaries, including the country of incorporation, and percent of ownership interest as at 31 December 2024 is presented below.

Subsidiary	Principal activity	Country of incorporation	Ownership interest
Entity A	Telecommunication	United States of America	100%
Entity B	Distribution of diagnostics	Romania	100%
Entity C	Eco-Med*	Hungary	100%
Entity D	Distribution	Moldova	51%
Entity E	Diagnostics	Italy	96%
Entity F	Diagnostics	Italy	96%
Entity G	Cyber	Israel	67%
Entity H	Distribution	Hungary	100%
Entity I	Distribution*	Israel	100%

* see note 20 in respect of disposal groups held for sale

The most significant NCIs (49%) are related to entity D, which the profit for 2024 amounts to $621 thousand (2023: loss of $40 thousand).

28 Investment in joint venture and associate

	2024 $'000s	2023 $'000s
As at 1 January 2024	**17,894**	**15,555**
Additions	1,378	2,456
Equity Profit (loss)	(345)	(822)
Effect of translation adjustments	(1,125)	705
At 31 December 2024	**17,802**	**17,894**

Most of the carrying amount is related to investment in ADOR Diagnostics Ltd ("ADOR"). During 2023, ADOR secured an investment of $7.5 million, of which the Group is contributing $3.5 million, to be paid on the completion of milestones. As at the balance sheet date, the Group had invested in four tranches, resulting in a shareholding of 43.2%. Following the full investment, the Group's shareholding in ADOR will increase to 43.6%.

29 Deferred tax

Deferred tax assets

The following are deferred tax assets recognised by the Group and movements thereon during the current and prior reporting period (see also note 15).

	Losses carried forward $'000s	Other $'000s	Total $'000s
At 1 January 2023	**3,362**	**–**	**3,362**
Change for the period	–	135	135
Effect of translation adjustments	10	–	10
At 1 January 2024	**3,372**	**135**	**3,507**
Change for the period	–	14	14
Effect of translation adjustments	(15)	(8)	(23)
At 31 December 2024	**3,357**	**141**	**3,498**

The Company incurred tax losses in certain jurisdictions, to which deferred tax assets relate, to the extent that it is expected that future taxable profit will be available and can be utilised against them. The deferred tax assets were analysed based on forecasted operations and existing agreements and backlog. The Company expects that taxable profits will be available, as a result of an increasing demand, new products and expansion to new markets.

Deferred tax liabilities

	Intangible assets $'000s	Tangible assets and other $'000s	Total $'000s
At 1 January 2023	**54**	**66**	**120**
Change for the period	(11)	(66)	(77)
Effect of translation adjustments	(4)	-	(4)
At 1 January 2024	**39**	**-**	**39**
Change for the period	(39)	-	(39)
Effect of translation adjustments	-	-	-
At 31 December 2024	**-**	**-**	**-**

The following are unrecognised taxable temporary differences associated with investments and interests:

Taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised amount to: $14,773 thousand as of 31 December 2024 (31 December 2023: $16,895 thousand).

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

30 Financial and other liabilities

Trade and other payables

	31 December	
	2024 $'000s	**2023 $'000s**
Trade creditors	20,896	22,532
Salary accruals	5,431	6,219
VAT and other tax	2,136	2,580
Provision	123	115
Liability for acquisition	658	2,788
Other creditors and accruals	7,447	7,428
	36,691	**41,662**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

Long-term bank credit

	31 December	
	2024 $'000s	**2023 $'000s**
Long-term bank credit	-	1,328
	-	**1,328**

Long-term liabilities

	31 December	
	2024 $'000s	**2023 $'000s**
Liability to the office of the chief scientist	2,088	2,319
Government institutions, contingencies and others	4,500	1,130
	6,588	**3,449**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

Changes in financial liabilities where the cash flows in respect thereof are classified to financing activities

2024	Open balance $'000s	Cash flow from finance activities, net $'000s	Foreign exchange differences $'000s	Close balance $'000s
Short term	3,276	1,098	(113)	4,261
Long term	1,328	(1,197)	(131)	-
	4,604	**(99)**	**(244)**	**4,261**

2023	Open balance $'000s	Cash flow from (used in) finance activities, net $'000s	Foreign exchange differences $'000s	Close balance $'000s
Short term	2,235	737	304	3,276
Long term	2,000	(735)	63	1,328
	4,235	**2**	**367**	**4,604**

Lease liabilities

	2024 $'000s	2023 $'000s
Balance as at 1 January	**4,480**	**5,742**
Cash payments	(2,395)	(2,327)
Other (mainly additions)	3,640	1,201
Classified as held for sale	(1,204)	-
Foreign exchange impact	(131)	(136)
Balance as at 31 December	**4,390**	**4,480**

	31 December	
	2024 $'000s	**2023 $'000s**
Maturity analysis		
Year 1	2,032	1,830
Year 2	1,161	1,279
Year 3	663	729
Year 4	377	442
Onwards	157	200
	4,390	**4,480**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2024

31 Share capital

	Ordinary shares of NIS 0.01 each (number of shares)	
	2024	**2023**
Authorised:	**1,000,000,000**	**1,000,000,000**
Issued and fully paid:	**441,026,659**	**440,684,134**
Held in treasury	**(4,495,000)**	**(4,495,000)**
Net	**436,531,659**	**436,189,134**

The Company has one class of ordinary shares which carry no right to fixed income.

During 2024 and 2023, 342,525 and 150,010 RSUs were exercised respectively by grantees (see note 34 - share-based payments)

32 Note to the cash flow statement

	Year ended 31 December	
	2024 $'000s	**2023 $'000s**
Operating profit (loss) from continuing operations	**(4,661)**	**2,731**
Adjustments for:		
Amortisation of intangible assets	680	622
Depreciation of property, plant and equipment and investment property	4,288	4,058
Gain on sale of property, plant and equipment	(263)	(20)
Impairment of goodwill and other assets	6,809	-
Share-based payments expenses	942	2,518
Increase in retirement benefit obligation	16	24
Operating cash flow before movements in working capital	**7,811**	**9,933**
Increase in inventories	(521)	(2,676)
Decrease (increase) in receivables	(1,197)	3,438
Decrease in payables expense	(2,630)	(3,903)
Effects of exchange rate changes on the balance sheet	(1,777)	1,337
Cash from operations	**1,686**	**8,129**
Income taxes paid	(1,291)	(694)
Interest paid	(663)	(666)
Interest received	421	632
Net cash from continuing operating activities	**153**	**7,401**
Net cash from discontinued operating activities	**(1,806)**	**(2,392)**

33 Guarantees and liens

The Group provided from time-to-time bank guarantees due to advances from customers. The Company registered several liens in favour of banks.

34 Share-based payments

Equity-settled share option scheme

In November 2021, the Company approved a Global Share Incentive Plan (hereinafter: "the 2021 Plan"), under which the Company can grant options or restricted share units or allot shares (including restricted shares), according to the procedures, terms and conditions specified in the 2021 Plan. Options granted prior to the 2021 Plan are subject to the terms and conditions under which they were granted.

Details of the share options outstanding during the year are as follows:

	2024		2023	
	Number of share options	Weighted average exercise price (in GBP)	Number of share options	Weighted average exercise price (in GBP)
Outstanding at beginning of year	25,655,400	0.2619	5,481,200	0.2976
Granted during the year	5,125,397	0.1973	20,174,200	0.2522
Forfeited during the year	(853,631)	0.2327	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**29,927,166**	**0.2517**	**25,655,400**	**0.2619**
Exercisable at the end of the year	**11,511,600**	**0.2742**	**5,406,200**	**0.2871**

The outstanding options at 31 December 2024 had a weighted average exercise price of GBP 0.2517, and a weighted average remaining contractual life of 4 years. During the year, the Company granted a total of 5,125,397 options over ordinary shares of 0.01 NIS each in the capital of the Company ("Ordinary Shares") to four grantees for a total fair value of $661k which were calculated according to the Black-Scholes model. The options were granted under the 2021 Plan.

The inputs into the Black-Scholes model for the options granted are as follows:

	2024 1st grant	2024 2nd grant	2024 3rd grant
Weighted average share price (GBP)	0.2060	0.2040	0.1645
Weighted average exercise price (GBP)	0.2033	0.2053	0.1858
Expected volatility*	51%	51%	52%
Expected life	6	6	6
Risk-free rate	3.6%	3.8%	4.0%
Expected dividends	0%	0%	0%
Fair value of the grant	$281k	$180k	$200k

On 1 January 2023, the Company granted a total of 17,663,306 options over ordinary shares of 0.01 NIS each in the capital of the Company ("Ordinary Shares") to the Chairman and CEO of the Company. The options were granted under the 2021 Plan after receiving the approval of shareholders at a general meeting. In May and December 2023, the Company granted 2,110,894 and 400,000 options, respectively, to senior employees under the 2021 Plan.

The inputs into the Black-Scholes model for the options granted are as follows:

	2023 1st grant	2023 2nd grant	2023 3rd grant
Weighted average share price (GBP)	0.2549	0.2386	0.2052
Weighted average exercise price (GBP)	0.2549	0.2386	0.2052
Expected volatility*	48%	49%	49%
Expected life	6	6	6
Risk-free rate	3.6%	3.4%	4.5%
Expected dividends	0%	0%	0%
Fair value of the grant	$3,091k	$300k	$55k

*Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Details of the restricted share units ("RSUs") outstanding during the year are as follows:

	Number of RSUs 2024	Number of RSUs 2023
Outstanding at beginning of year	**1,799,705**	**2,190,359**
Granted during the year	-	-
Forfeited during the year	(288,773)	(240,644)
Exercised during the year	(342,525)	(150,010)
Outstanding at the end of the year	**1,168,407**	**1,799,705**

The Group recognised total expenses of $942 thousand and $2,518 thousand related to equity-settled share-based payment transactions in 2024 and 2023, respectively.

35 Retirement benefit obligation

Defined contribution plans

The Group operates defined contribution retirement benefit schemes for all qualifying employees in Israel. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Total expenses related to the contribution retirement benefit schemes are: $487 thousand in the year 2024 (2023: $531 thousand).

The employees of the Group's subsidiaries in the United States are members of a state-managed retirement benefit scheme operated by the government of the United States. The subsidiary contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Defined benefit plans

The Group operates defined benefit schemes for qualifying employees of the Company and its subsidiaries in Israel and in Italy.

In Israel, this scheme provides severance pay provision as required by Israeli law. In Italy, each employee is entitled to severance payment at the end of employment.

An actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by an external appraisal, regarding the employees in Israel. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The discount rate was based on high quality corporate bonds.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Discount rate(s)	5.42%	5.13%
Expected rate(s) of salary increase	3-4%	3-4%
Expected inflation rate	2.52%	2.59%
Employee turnover rate	7.50%	8%

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

Service cost:

	2024 $'000s	2023 $'000s
Current service cost	204	163
Net interest expenses	24	22
Components of defined benefit costs recognised in profit or loss	**228**	**185**

Re-measurement on the net defined benefit liability:

	2024 $'000s	2023 $'000s
Return on plan assets (excluding amounts included in net interest expense)	103	(23)
Actuarial gains and losses arising from changes in financial assumptions	0	4
Actuarial gains and losses arising from other	89	24
Components of defined benefit costs recognised in other comprehensive income	**14**	**5**

The amount included in the consolidated statements of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2024 $'000s	2023 $'000s
Present value of funded defined benefit obligation	1,668	1,581
Fair value of plan assets	(1,013)	(983)
Net liability	**655**	**598**

Movements in the present value of the defined benefit obligation in the current period were as follows:

	2024 $'000s	2023 $'000s
Opening defined benefit obligation	1,581	1,665
Current service cost	204	163
Interest cost	58	56
Remeasurement gains arising from changes in financial assumptions	89	(29)
Benefits paid	(242)	(197)
Exchange rate differences	(22)	(77)
Closing defined benefit obligation	**1,668**	**1,581**

Movements in the present value of the plan assets in the current period were as follows:

	2024 $'000s	2023 $'000s
Opening fair value of plan assets	983	1,128
Interest income	34	34
Remeasurements gains/(losses) return on plan assets (excluding amounts included in net interest expense)	103	(24)
Contributions from the employer	34	33
Benefits paid	(135)	(153)
Exchange rate differences	(6)	(35)
Closing fair value of plan assets	**1,013**	**983**

36 Related party transactions

Remuneration of directors and key management

	2024 $'000s	2023 $'000s
Short- and long-term employee benefits	1,179	1,596
Share-based payments	841	2,128
	2,020	**3,724**

At the end of the year, the Group had a liability to a related party in the amount of $154 thousand.

Transactions and balances with associated companies

During the year, the Group provided various services (mostly lab services) to an associated company for an amount of $951 thousand. At the end of the year, the Group's assets and liabilities related to associated companies amounted to $776 thousand and $472 thousand, respectively.

37 Financial Instruments

(a) Capital risk management

Management's policy is to maintain a strong capital base in order to preserve the ability of the Group to continue operating so that it may provide a return on capital to its shareholders, benefits to other holders of interests in the Group such as credit providers and employees of the Group, and sustain future development of the business. Management of the Group monitors return on capital defined as the total amount of equity attributable to the shareholders of the Group and also the amount of dividends distributed to the ordinary shareholders.

The Group's management reviews the capital structure on a periodic basis. As a part of this review the management considers the cost of capital and the risks associated with each class of capital. Based on management's recommendations, the Group will balance its overall capital structure through the payment of dividends. The Group's overall strategy remains unchanged from 2006.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(c) Categories of financial instruments

	2024 $'000s
Financial assets	
Cash and cash equivalents*	25,898
Fair value through profit or loss	6,376
Fair value through OCI	524
Receivables	24,017
Financial liabilities	
At amortised cost	46,375

	2023 $'000s
Financial assets	
Cash and cash equivalents*	32,339
Fair value through profit or loss	9,121
Fair value through OCI	524
Receivables	26,104
Financial liabilities	
At amortised cost	50,368

* Cash and cash equivalents comprises $15.1 million deposits up to three months and $10.8 million cash (2023: $13.3 million deposits up to three months and $19.0 million cash).

The majority of the assets included in fair value through profit or loss section measurements are level 1 fair value measurements, defined as those derived from quoted prices (unadjusted) in active markets for identical assets.

(d) Financial risk management objectives

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyse exposure by degree and magnitude of risks. These risks include market risk (including currency, interest rate and inflation risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivatives only for economic hedging and does not apply hedge accounting. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer to section f) and interest rates (refer to section g). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including: structured deposits, call options and forward foreign exchange contracts to hedge the exchange rate risk, which derive mostly from existing monetary assets and liabilities.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk. However, due to recent changes and market volatility, the Group is monitoring closely its exposure and possible indirect impacts.

(f) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company does not implement hedge accounting.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2024 $'000s	2023 $'000s	2024 $'000s	2023 $'000s
EUR	22,975	18,650	16,583	13,376
NIS	8,837	4,173	9,210	12,962
RON	4,356	4,451	15,469	14,744
MDL	7,878	5,803	6,241	4,884
GBP	459	419	53	92
Other	1,663	1,879	1,371	1,256

Foreign currency sensitivity

The Group is mainly exposed to EUR, NIS, MDL, RON and GBP.

The following table details the Group's sensitivity to a 10% change in USD against the respective foreign currencies in 2024. The 10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates an increase in profit or loss and other equity where the USD weakens against the respective currency. If the USD were to strengthen by the same percentage against the respective currency there would be a similar but reverse impact on the profit or loss and equity as presented in the tables below.

Profit or loss

	2024 $'000s	2023 $'000s
NIS Impact	(9)	796
EUR Impact	50	(10)
GBP Impact	(4)	1

Equity

	2024 $'000s	2023 $'000s
NIS Impact	46	83
EUR Impact	(690)	(518)
MDL Impact	(164)	(92)
GBP Impact	(37)	(33)
RON Impact	1,111	1,029
Other Currencies Impact	(29)	(63)

The Group's main exposure derives from its cash, receivables and payables at year end.

The Company engages in financial instruments contracts such as forward contracts, call and put options and structured instruments in order to manage foreign currencies exposure as needed.

(g) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group may borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the following table (refer to section h). The exposure to floating rate loans is not material.

(h) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Financial liabilities

	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	Total
	%	$'000s	$'000s	$'000s	$'000s
31 December 2024					
Non-interest bearing loans	-	33,863	351	4,125	38,339
Bank loans interest bearing (*)	7.71	99	4,162	-	4,261
Lease liabilities	6.60	508	1,524	2,358	4,390
		34,470	6,037	6,483	46,990
31 December 2023					
Non-interest bearing loans	-	38,001	597	3,804	42,402
Bank loans interest bearing(*)	5.58	99	3,177	1,328	4,604
Lease liabilities	3.39	457	1,373	2,650	4,480
		38,557	5,147	7,782	51,486

(*) Part of the bank loans are fixed rate plus Euribor.

The future bank loan interest to be paid is $163 thousand.

(i) Finance liabilities

Loans from banks are measured at amortised cost using the effective interest method. The difference between the fair value of the loans and their book value is not significant.

(j) Fair value of financial instruments carried at amortised cost

The fair value of the financial instruments of the Group carried at amortised cost is not considered to be materially different from the stated amortised cost.

Other Alternative Measures

Income statement adjustments

The Group has made reference in the annual report to a number of adjustments regarding adjustments related to the amortisation of intangible assets and share-based payments. These adjustments are outlined below:

Year ended 31 December 2024 (Unaudited)	**Reported results**	**Adjustments(*)**	**Adjusted results**
	US$ thousands		
Gross profit	36,800	432	37,232
Gross margin (%)	31.4%	-	31.7%
Operating profit (loss)	(4,661)	8,430	3,769
EBITDA	7,116	942	8,058

Year ended 31 December 2023 (Unaudited)	**Reported results**	**Adjustments(*)**	**Adjusted results**
	US$ thousands		
Gross profit	38,304	394	38,698
Gross margin (%)	32.8%	-	33.2%
Operating profit	2,731	3,140	5,871
EBITDA	7,411	2,518	9,929

(*) Adjusted to exclude amortisation and one-time impairment event of intangible assets and share-based payments.

The above does not form part of the audited financial statements.

EBITDA measurement

The Group uses EBITDA as a performance measure, which is calculated as follows:

	Year ended 31 December	
	2024 (Unaudited)	**2023 (Unaudited)**
	US$ thousands	
Operating profit (loss)	(4,661)	2,731
Amortisation of intangible assets	680	622
Share-based payments	942	2,518
Depreciation	4,288	4,058
Impairment	6,809	-
Adj. EBITDA	**8,058**	**9,929**

The above does not form part of the audited financial statements.

Company Information

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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 this 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.

BATM

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