

6 March 2023

**BATM Advanced Communications Limited**  
**(“BATM” or the “Group”)**

**Full Year Results**

BATM (LSE: BVC; TASE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, announces its preliminary results for the year ended 31 December 2022.

**Financial Summary**

\$m	2022	2021
<b>Results from ongoing operations (adjusted)*</b>		
<b>Revenue</b>	116.1	132.8
<b>Revenue on a constant currency basis**</b>	125.6	-
<b>Gross profit</b>	38.4	50.2
<b>Gross margin</b>	33.0%	37.8%
<b>Operating profit</b>	3.7	11.3
<b>EBITDA</b>	8.0	15.7
<b>Reported results</b>		
<b>Revenue</b>	116.1	140.0
<b>Gross profit</b>	38.0	51.1
<b>Gross margin</b>	32.7%	36.5%
<b>Operating profit</b>	3.1	24.4
<b>EBITDA</b>	8.0	29.6
<b>Basic earnings per share (cents)</b>	0.06¢	3.26¢
<b>Cash and short-term investment in deposits and other securities</b>	44.2	67.8

\* Adjusted to present the results on an ongoing operations basis by excluding (1) the contribution to 2021 from NGSoft, a subsidiary that BATM sold in March 2021, and (2) the amortisation of intangible assets for both periods. The term ‘ongoing operations’ in this announcement is used for comparative purposes only and is not used in the same context as in accounting standards. For further information see Note 3 – Other Alternative Measures.

\*\* Revenue from ongoing operations for 2022 based on the currency rates prevailing in 2021. Revenue during the period was impacted by the strengthening of the US dollar against the local currencies primarily of subsidiaries in the Bio-Medical division.

**Operational Summary**

**Networking & Cyber Division (24% of total revenue)**

- Revenue from ongoing operations increased by 34.4% to \$27.9m (2021: \$20.7m), reflecting strong growth in both the Networking and Cyber units
- **Networking Unit**
  - Edgility edge computing and network function virtualisation (“NFV”) platform:
    - Generated first revenue from Edgility, contributing to the Networking unit’s growth; total backlog for Edgility was \$5.2m at year end
    - Awarded multi-year contract from CityFibre, the UK’s largest independent carrier-neutral Full Fibre platform, for Edgility licences plus certain hardware
    - Established two new partnerships to boost Edgility’s sales and marketing presence through the offering of joint solutions
    - Sustained engagement with several potential customers worldwide
  - Network Edge (carrier ethernet and mobile backhaul):
    - Strong increase in revenue despite ongoing impact of supply chain challenges

- New orders received primarily from existing customers for BATM's latest high-capacity solutions
- **Cyber Unit**
  - Substantial growth in revenue from delivering on the high-value contracts won in the previous year
  - Post period, in January 2023, won a \$26m multi-year government defence order for latest high-performance cyber security solution

#### **Bio-Medical Division (76% of total revenue)**

- Revenue was \$88.3m (2021: \$112.0m); on a constant currency basis, revenue was \$97.5m; excluding the contribution to both years from sales of COVID-19 related products, revenue increased to \$79.9m (2021: \$74.9m)
- **Diagnostics Unit**
  - Sales increased of molecular diagnostic products not related to COVID-19, which was offset by market-wide reduction in prices, as well as lower demand, for COVID-19 products as the global pandemic subsided
  - Commercially launched new multi-respiratory diagnostics test
  - Progressed development of new diagnostics tests, including in collaboration with organisations such as Stop TB Partnership and BIOASTER
  - Opened new state-of-the-art diagnostics laboratories and facilities in Italy and Israel to support the activity of ADOR Diagnostics ("ADOR"), which is developing its proprietary isothermal diagnostic solution
  - ADOR received an additional \$10m of investment, of which BATM contributed \$4m (giving BATM a shareholding of 37.2%)
- **Eco-Med Unit**
  - Completed delivery of two contracts for BATM's ISS AGRI solution and significantly advanced two further installations
  - Received €3.6m order for ISS-based bio-waste treatment solutions for medical settings, with delivery commencing in Q4 2022 and due to complete during 2023
- **Distribution Unit**
  - Delivered greater volume of regular business and increased sales prices, which, on a constant currency basis, enabled 6.8% revenue growth

**Commenting on the results, Moti Nagar, Chief Executive Officer of BATM, said:** "In 2022, there was robust underlying performance across our business as the effects of the pandemic increasingly subsided and we returned our focus to our regular activities. In particular, we achieved a key milestone with Edgility being awarded a contract by a major network provider in the UK, CityFibre. We believe Edgility will be instrumental in driving our future growth and so we are greatly encouraged by the increased interest and visibility over sales. Accordingly, while our revenues were negatively impacted by currency and lower demand for COVID-19 products, we exited the year as a stronger business than we were prior to the outbreak of the pandemic.

"Looking ahead, the momentum of the second half of the year has been sustained into 2023 and we expect increased revenue in all our units. Having become the CEO at the start of this year, I have been visiting and meeting our business units, reviewing our strategy and building our plans for delivering sustainable growth. With the solid foundations that we have in place in core technologies that we believe will be market disrupters, the Board remains confident in the prospects of the business and is working hard to demonstrate the substantial value that exists within BATM."

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

***Forward-looking statements***

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

## Operational Review

BATM performed well during the year to 31 December 2022. Revenue increased by 34.4% from ongoing operations in the Networking & Cyber division, which offset the contribution to the previous year from NGSoft, a subsidiary that BATM sold in 2021. BATM also gained good traction for its Edgility edge computing and virtual networking solution, which is now poised for rapid commercialisation. In the Bio-Medical division, there was a reduction in revenue, as expected, compared with the exceptional performance in the previous year due to the pandemic. When excluding the contribution to both years from sales of products related to COVID-19, the Bio-Medical division revenue grew by 6.7% - with increased sales more than offsetting the negative effect of currency fluctuations.

Post year end, on 1 January 2023, Moti Nagar assumed the role of Chief Executive Officer of BATM, having been Chief Financial Officer since 2015. On 1 February 2023, Ran Noy was appointed Chief Financial Officer of BATM, having been VP Finance since 2021.

### Networking & Cyber Division

\$m	Adjusted*		Reported	
	2022	2021	2022	2021
<b>Revenue</b>	27.9	20.7	27.9	28.0
<b>Gross margin</b>	44.7%	45.0%	43.9%	36.9%
<b>Operating (loss)/profit</b>	(0.9)	(5.6)	(1.2)	7.8

\* Adjusted to present the results on an ongoing operations basis by excluding (1) the contribution to 2021 from NGSoft, a subsidiary that BATM sold in March 2021, and (2) the amortisation of intangible assets for both periods.

Revenue in the Networking & Cyber division increased by 34.4% on an ongoing operations basis (excluding the contribution to 2021 from NGSoft), reflecting robust growth in both the Networking and the Cyber units. As a result of this strong underlying performance, BATM achieved revenue on a reported basis in line with the previous year despite the sale of NGSoft.

Gross margin improved in the Networking and Cyber units respectively. On a blended basis, the division's gross margin for ongoing operations was 44.7% compared with 45.0%, which reflects the change in the division's revenue mix based on the relative contribution from the Networking and Cyber unit respectively. On a reported basis, gross margin increased substantially due to the lower margin nature of the NGSoft business included in the previous year.

Operating loss from ongoing operations was reduced to \$0.9m (2021: \$5.6m loss) thanks to the higher revenue and gross profit as well as the contribution from the sale of a property as described in the Financial Review below. On a reported basis, the operating loss was \$1.2m compared with an operating profit of \$7.8m for 2021 as a result of the exceptional capital gain of \$13.0m from the sale of NGSoft in the prior year.

#### **Networking**

In the Networking unit, revenue on an ongoing operations basis (excluding the contribution to 2021 from NGSoft) increased by 20.5%. This reflects higher sales of BATM's network edge solutions and services and a material contribution to growth from Edgility.

#### *Edgility – Edge Computing and NFV solutions*

BATM achieved a significant milestone during the year with the signing of a multi-year contract with CityFibre, the UK's largest independent carrier-neutral Full Fibre platform, for the deployment of its Edgility

virtual networking and edge compute solution, which followed an extensive testing and piloting phase. This is part of CityFibre's programme to replace its hardware-based customer premise routing equipment with a virtualised solution based on small-footprint white-box appliances (a multi-purpose device) operated by Edgility. For this initial order, BATM will receive recurring licence fees for a five-year period plus certain hardware sales estimated to be worth a total of \$3.5m. BATM expects this order to be followed by a substantial expansion in deployments as CityFibre rolls out Edgility to its full network.

BATM also commenced executing, and received its first revenue, on two contracts for Edgility, which are expected to have an aggregate value of \$2.7m over a five-year period, that were awarded at the end of 2021. This includes the first enterprise customer for Edgility, CEMEX, S.A.B, (NYSE: CX), which is a global construction materials company, and e-Qual, a global Managed Services Provider based in France that operates in 55 countries.

Edgility continued to undergo evaluation with leading network operators, multi-service providers and systems integrators worldwide, including CityFibre as noted above. Edgility is fast being recognised internationally as a breakthrough solution and has won several industry awards. Consequently, the interest in Edgility has seen a significant increase and BATM is in advanced discussions with several potential customers having undertaken further proof-of-concepts in Q4 2022 and in the current year. As at year end, the total backlog for Edgility was \$5.2m.

To expand the sales and marketing reach, and provide further routes to market, BATM continued to establish strategic partnerships, which primarily involve Edgility being pre-integrated with, or pre-installed on, the partner's network appliances (with customers that use the Edgility solution contracting with BATM directly). During the year, this includes establishing partnerships with:

- Advantech (TWSE: 2395), a global leader in industrial IoT, which is providing Edgility pre-installed on a variety of its universal edge network appliances.
- NEXCOM International Co Ltd (TPEX: 8234), a leading supplier of network appliances, which offers Edgility pre-installed on its 5G-ready device designed for the small-office-home-office and mid-range enterprise market.

#### *Network Edge solutions and services*

Revenue from network edge solutions and services, where BATM provides carrier ethernet and mobile backhaul platforms, grew significantly driven by sales price and volume increases, despite the ongoing impact of global electronic components shortages causing delays to the delivery of some orders. This growth was primarily based on orders from existing customers for BATM's new 100GE devices, such as the TM-8104 carrier ethernet aggregation solution, as well as from the fulfilment in 2022 of carrier ethernet sales secured in 2021. In addition, BATM launched a new multipurpose, ultra-high-capacity demarcation platform, the TM-8106, and has received initial strong interest.

#### **Cyber**

The Cyber unit performed strongly with revenue increasing by 73.1% year-on-year, primarily reflecting the execution of contracts awarded in 2021 and with a backlog still to be delivered in 2023. This was significantly increased, post period, with the award in January 2023 of a \$26m order from BATM's long-standing defence department customer to be delivered over a period of a maximum of five years. BATM continues to expect to receive more orders from this customer within this period.

The Cyber unit also continued its development efforts. This included advancing its previous generation of product to increase performance and throughput – resulting in the \$26m order in January 2023 – as well as continuing the development of a version of its cyber security solution aimed beyond the defence industry, including for the corporate market, which will significantly expand the addressable market.

## Bio-Medical Division

\$m	Adjusted*		Reported	
	2022	2021	2022	2021
<b>Revenue</b>	88.3	112.0	88.3	112.0
<b>Revenue on a constant currency basis**</b>	97.5	-	-	-
<b>Gross margin</b>	29.4%	36.5%	29.2%	36.4%
<b>Operating profit</b>	4.6	17.0	4.3	16.5

\* Adjusted to exclude the amortisation of intangible assets.

\*\* Revenue for 2022 based on the currency rates prevailing in 2021.

Revenue for the Bio-Medical division was \$88.3m (2021: \$112.0m). On a constant currency basis, excluding the impact of the strengthening of the US dollar against local currencies, revenue was \$97.5m. Revenue in the division was negatively impacted by the decline in market demand for COVID-19 products; excluding the contribution to both years from COVID-19 related products, revenue increased by 6.7% from \$74.9m in 2021 to \$79.9m in 2022.

Adjusted gross margin for the division was 29.4% (2021: 36.5%), primarily reflecting the contribution to revenue in 2021 of the higher-margin COVID-19 products. Excluding COVID-19 related products, gross margin in the Bio-Medical division increased from 25.4% in 2021 to 27.6% in 2022. The Bio-Medical division generated an adjusted operating profit of \$4.6m for 2022 compared with \$17.0m for the previous year.

## Diagnostics

Revenue in the Diagnostics unit accounted for 12.8% of the Bio-Medical division compared with 28.2% in 2021. There was an increase in revenue from BATM's range of molecular diagnostic products that are not related to COVID-19, which were sold to customers in Europe and the Middle East. However, this increase was more than offset by lower demand, as well as a market-wide reduction in prices, for COVID-19 products as the global pandemic subsided, alongside a negative impact of the strengthening of the US dollar against local currencies.

This year BATM continued with its programme to enhance its diagnostic operations. At its Adaltis subsidiary, this included steps to optimise the production process. BATM opened a new state-of-the-art laboratory in Israel, which is focused on research & development, and new product assembly rooms in Rome, Italy, to support the activity of BATM's ADOR associate company, which is developing the NATlab molecular biology solution.

BATM also continued to progress its development work. This includes its new molecular diagnostics test for multiple respiratory pathogens receiving CE certification and being commercially launched towards the end of the year. BATM is continuing to develop new kits, such as for sepsis, as well as collaborating on projects such as to develop a new test for the diagnosis of tuberculosis as part of its work with the Stop TB partnership.

ADOR established the development of its novel isothermal rolling circle amplification ("RCA") method for multiplex pathogens detection. In parallel, work continued on incorporating it into the NATlab system. The respiratory panel is planned to be the first commercial application of this technology. In addition, ADOR has initiated a new test for the diagnosis of sexually transmitted infections in cooperation with BIOASTER, the French Microbiology Technology Research Institute.

During the year, BATM and its partners invested an additional \$10m into ADOR, of which the Group contributed \$4m (giving BATM a shareholding of 37.2%). The additional investment contributed to the opening of the new laboratory and will be used to prepare ADOR for the pre-production stage, register

additional patents (mainly in the US), progress development of more disease panels and certifications and increase the cooperation with international bodies, including the World Health Organisation.

### ***Eco-Med***

The Eco-Med unit accounted for 7.6% of the Bio-Medical division's revenues in 2022 compared with 7.7% in 2021.

There was good progress in deliveries of BATM's solution, the ISS AGRI, for the treatment of pathogenic waste in agricultural and pharmaceutical settings. This was primarily under contracts that had previously been secured, but where completion had been delayed due to pandemic-related restrictions. BATM completed the delivery of two of its ISS AGRI contracts and advanced the delivery of two further contracts. The delivery of the latter two contracts was impacted by supply chain disruption – with one of the solutions now undergoing final engineering ahead of completion and the solution under the other contract is soon to be installed.

BATM also received a €3.6m order for its ISS-based bio-waste treatment solutions for medical settings, with delivery commencing in Q4 2022 and due to complete in 2023. The order was from a new customer, a hospital, and BATM expects to receive a follow-on order in due course.

### ***Distribution***

Revenue in the Distribution unit accounted for approximately 79.7% of the Bio-Medical division's revenue (2021: 64.1%). On a reported basis, revenue was broadly in line with the previous year due to the negative currency impacts, however underlying sales, excluding currency impact, increased by 6.8%. This underlying growth was based on a greater volume of regular business as well as an increase in sales prices and was achieved despite a decline in COVID-19 related sales. Excluding the contribution to both years of sales of COVID-19 related products, revenue in the Distribution unit increased by 10.3%, with greater sales more than offsetting the currency impact. Towards the end of the year, BATM gained control of one of its associated companies.

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### **Financial Review**

\$m	Adjusted*		Reported	
	2022	2021	2022	2021
Revenue	116.1	132.8	116.1	140.0
<i>Revenue on a constant currency basis**</i>	125.6	132.8	-	-
Gross margin	33.0%	37.8%	32.7%	36.5%
Operating profit	3.7	11.3	3.1	24.4

\* Adjusted to present the results an ongoing operations basis by excluding (1) the contribution to 2021 from NGSoft, a subsidiary that BATM sold in March 2021, and (2) the amortisation of intangible assets for both periods.

\*\* Revenue from ongoing operations for 2022 based on the currency rates prevailing in 2021.

Total Group revenue for the year was \$116.1m (2021: \$132.8m for ongoing operations, which excludes the contribution from NGSoft, a subsidiary that BATM sold in March 2021), with growth in the Networking & Cyber division being offset by a reduction in the Bio-Medical division, primarily reflecting lower sales of COVID-19 products as well as the impact of the strengthening of the US dollar. On a constant currency basis, revenue for the year was \$125.6m. Excluding the contribution to both years of COVID-19 related sales, the revenue for ongoing operations increased by 12.7% to \$107.8m (2021: \$95.6m), more than offsetting the negative currency impact.

Gross margin for the year was 33.0% compared with 37.8% for ongoing operations for the previous year. This reflects the contribution to FY 2021 revenue of the high-margin COVID-19 products. Excluding the

contribution of COVID-19 related products to both years, BATM's gross margin for ongoing operations improved to 32.0% (2021: 29.7%) as increased sales prices offset the negative impact of currencies and inflation.

Sales and marketing expenses were \$17.2m (2021: \$18.1m for ongoing operations; \$18.3m on a reported basis to include NGSoft), representing 14.8% of revenue compared with 13.7% for ongoing operations in 2021. The decrease in expenses reflects the costs associated with COVID-19 product sales in 2021, with the reduction being partly offset by price inflation.

General and administrative expenses were \$13.0m (2021: \$11.9m for ongoing operations; \$12.2m on a reported basis), representing 11.2% of revenue (2021: 9.0% for ongoing operations). R&D expenses were \$7.0m (2021: \$8.6m for ongoing operations; \$8.7m on a reported basis).

Other operating income was \$2.4m, which was from the disposal of one of BATM's properties in the US – generating a profit for BATM of \$2.1m. This compares with other operating income in the previous year of \$12.6m, which was mainly attributed to the profit from the sale of NGSoft.

Adjusted operating profit was \$3.7m (2021: \$11.3m), with the reduction primarily due to the lower revenue from COVID-19 products. On a reported basis, operating profit (which includes amortisation and, for 2021, the contribution from NGSoft) was \$3.1m compared with \$24.4m for 2021, with the prior year including a capital gain of \$13.0m from the sale of NGSoft.

As a result of the above, EBITDA for 2022 was \$8.0m compared with \$15.7m for 2021 for ongoing operations and \$29.6m on a reported basis.

Net finance expense was \$1.2m (2021: \$0.6m net finance income). The higher financial expenses were mainly due to the impact on balance sheet positions of the strengthening of the US dollar compared with 2021.

BATM recorded a \$0.3m tax expense (2021: \$9.3m tax expense). The tax decrease is a result of an approximately \$1m non-cash tax incentive and lower profit before tax while 2021 included a non-recurring tax expense related to the NGSoft transaction.

Net profit after tax attributable to equity holders of the parent was \$0.2m (2021: \$14.3m) resulting in basic earnings per share of 0.06¢ (2021: 3.26¢).

As at 31 December 2022, inventory was \$34.5m (31 December 2021: \$31.0m). Trade and other receivables were \$36.5m (31 December 2021: \$34.9m).

Intangible assets and goodwill at 31 December 2022 were \$18.5m (31 December 2021: \$16.0m).

Property, plant and equipment and investment property was \$15.9m (31 December 2021: \$19.8m), with the reduction primarily due to the disposal of one of BATM's properties.

The balance of trade and other payables was \$46.3m (31 December 2021: \$47.5m).

Cash used in operations (before interest and tax payments) was \$1.1m compared with cash from operations of \$8.7m in 2021 due to the higher profit in the prior year because of COVID-19 related sales.

At 31 December 2022, BATM had cash and cash equivalents and short-term investment in deposits and other securities of \$44.2m (31 December 2021: \$67.8m). Short-term investment in deposits and other securities represent cash deposits of more than three months' duration, held for trading bonds and marketable securities. The change in cash and cash equivalents and short-term investment in deposits and other securities compared with the prior year primarily reflects dividend payment of \$4.3m; buy-back

payments of \$1.3m; an additional investment in ADOR of \$4m; tax payments relating to the NGSoft transaction; and the impact of the weakening of the currencies in which BATM's subsidiaries operate compared with the US dollar.

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### Capital Allocation

BATM's primary use of capital is investment in research and development and its go-to-market strategy, capital expenditure and for working capital. The Board also considers returns to shareholders to be an important element of its strategy to deliver shareholder value as demonstrated during the year by distributing a dividend totalling \$4.3m (declared in December 2021) and executing a buyback of 4,495,000 ordinary shares for a total of \$1.3m.

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### Outlook

BATM entered 2023 with strong momentum across the business and a solid backlog to be delivered during the year. Accordingly, BATM expects to report strong growth for 2023, reflecting a double-digit percentage increase in revenue in all units.

In particular, in the Networking & Cyber division, BATM expects the main contributor to growth to be from sales of Edgility – including new customers and expansion with existing customers. In the Cyber unit, BATM is on track for strong growth based on delivery of its backlog of orders received prior to 2023 and the commencement of delivery of the \$26m order awarded in January of this year. As noted, BATM also expects to receive further orders in its Cyber unit during the year. In addition, the strong revenue growth in the Networking & Cyber division is expected to enable the division to generate an operating profit for full year 2023.

In the Bio-Medical division, BATM expects significant growth of sales of its diagnostic products in 2023. BATM is not including in its forecasts the \$25m tender, as noted in its trading update announcement of 8 December 2022, for COVID-19 testing kits from a potential customer in Southeast Asia. However, the strong growth anticipated of BATM's diagnostic products not related to COVID-19 is expected to deliver a year-on-year increase in the Diagnostic unit's revenue. BATM continues to expect increased revenue in the Distribution and Eco-Med units.

Since becoming CEO on 1 January 2023, Moti Nagar has commenced a detailed process of assessing BATM's strategy and preparing a plan to accelerate BATM's sustainable growth. BATM will update the market on the outcome of this undertaking in due course.

BATM has established solid foundations in core technologies that it believes will be market disrupters. The Group is profitable with a very strong balance sheet comprising both cash and short-term investment in deposits and other securities of \$44.2m as at year end as well as property and valuable IP. In addition, BATM's total current backlog is significantly higher than at the same point last year. Accordingly, the Board of BATM remains confident in the prospects for the business and continues to explore all options to deliver shareholder value.

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	<b>Year ended 31 December</b>	<b>2022</b>	<b>2021</b>
	<b>US\$ in thousands</b>	<b>Unaudited</b>	<b>Audited</b>
Revenues		116,123	140,038
Cost of revenues		<u>78,165</u>	<u>88,977</u>
Gross profit		37,958	51,061
<b>Operating expenses</b>		<u>-----</u>	<u>-----</u>
Sales and marketing expenses		17,209	18,290
General and administrative expenses		13,018	12,243
Research and development expenses		7,025	8,713
Other operating income		<u>(2,428)</u>	<u>(12,563)</u>
<b>Total operating expenses</b>		<b>34,824</b>	<b>26,683</b>
<b>Operating profit</b>		<u>-----</u>	<u>-----</u>
Finance income		772	1,466
Finance expenses		<u>(2,011)</u>	<u>(911)</u>
Profit before tax		1,895	24,933
Income tax expenses		<u>(339)</u>	<u>(9,337)</u>
Profit for the year before share of loss of a joint venture and associated companies		<u>1,556</u>	<u>15,596</u>
Share of loss of a joint venture and associated companies		<u>(686)</u>	<u>(839)</u>
<b>Profit for the year</b>		<b><u>870</u></b>	<b><u>14,757</u></b>
<b>Attributable to:</b>			
Owners of the Company		244	14,340
Non-controlling interests		<u>626</u>	<u>417</u>
<b>Profit for the year</b>		<b><u>870</u></b>	<b><u>14,757</u></b>
<b>Earnings per share (in cents):</b>			
Basic		<u>0.06</u>	<u>3.26</u>
Diluted		<u>0.06</u>	<u>3.23</u>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year ended 31 December	
	2022	2021
	Unaudited	Audited
	US\$ in thousands	
<b>Profit for the year</b>	870	14,757
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Disposal of a foreign operation	-	(522)
Exchange differences on translating foreign operations	<u>(5,810)</u>	<u>(4,880)</u>
	(5,810)	(5,402)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Re-measurement of defined benefit obligation	<u>65</u>	<u>162</u>
	65	162
<b>Total other comprehensive loss for the year</b>	<b>(5,745)</b>	<b>(5,240)</b>
<b>Total comprehensive income (loss) for the year</b>	<b><u>(4,875)</u></b>	<b><u>9,517</u></b>
<b>Attributable to:</b>		
Owners of the Company	<u>(5,727)</u>	8,976
Non-controlling interests	<u>852</u>	<u>541</u>
	<b><u>(4,875)</u></b>	<b><u>9,517</u></b>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	31 December	
	2022	2021
	US\$ in thousands	
	Unaudited	Audited
<b>Current assets</b>		
Cash and cash equivalents	35,156	65,331
Trade and other receivables	36,495	34,932
Short-term investment in deposits and other securities	9,011	2,432
Inventories	<u>34,461</u>	<u>30,951</u>
	<u>115,123</u>	<u>133,646</u>
<b>Non-current assets</b>		
Property, plant and equipment	15,309	18,107
Investment property	620	1,739
Right of-use assets	5,461	6,570
Goodwill	12,583	11,385
Other intangible assets	5,948	4,648
Investment in joint venture and associate	15,555	12,667
Investments carried at fair value	1,220	1,027
Deferred tax assets	<u>3,362</u>	<u>3,375</u>
	<u>60,058</u>	<u>59,518</u>
<b>Total assets</b>	<b><u>175,181</u></b>	<b><u>193,164</u></b>
<b>Current liabilities</b>		
Short-term bank credit	2,235	1,634
Trade and other payables	46,256	47,519
Current maturities of lease liabilities	1,984	2,186
Tax liabilities	<u>818</u>	<u>6,548</u>
	<u>51,293</u>	<u>57,887</u>
<b>Non-current liabilities</b>		
Long-term bank credit	2,000	1,356
Long-term liabilities	3,472	3,888
Long-term lease liabilities	3,758	5,108
Deferred tax liabilities	120	170
Retirement benefit obligation	<u>537</u>	<u>621</u>
	<u>9,887</u>	<u>11,143</u>
<b>Total liabilities</b>	<b><u>61,180</u></b>	<b><u>69,030</u></b>
<b>Equity</b>		
Share capital	1,320	1,320
Share premium account	426,138	425,840
Reserves	<u>(32,812)</u>	<u>(19,849)</u>
Accumulated deficit	<u>(279,579)</u>	<u>(279,888)</u>
<b>Equity attributable to the:</b>		
Owners of the Company	115,067	127,423
Non-controlling interests	<u>(1,066)</u>	<u>(3,289)</u>
<b>Total equity</b>	<b><u>114,001</u></b>	<b><u>124,134</u></b>
<b>Total equity and liabilities</b>	<b><u>175,181</u></b>	<b><u>193,164</u></b>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Year ended 31 December 2022 (Unaudited)**

	Share Capital	Share Premium Account	Translation Reserve	Other Reserve	Accumulated Deficit	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
<b>US\$ in thousands</b>								
<b>Balance as at 1 January 2022</b>	1,320	425,840	(19,337)	(512)	(279,888)	127,423	(3,289)	124,134
Profit for the year	-	-	-	-	244	244	626	870
<b>Other comprehensive income (loss)</b>								
Re-measurement of defined benefit obligation	-	-	-	-	65	65	-	65
Exchange differences on translating foreign operations	-	-	(6,036)	-	-	(6,036)	226	(5,810)
Other comprehensive income (loss) for the year	-	-	(6,036)	-	65	(5,971)	226	(5,745)
<b>Total comprehensive income (loss) for the year</b>	-	-	(6,036)	-	309	(5,727)	852	(4,875)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(681)	(681)
Share buy-back	-	-	-	(1,325)	-	(1,325)	-	(1,325)
Recognition of share-based payments	-	298	-	-	-	298	-	298
Transaction with non-controlling interests	-	-	(666)	(4,936)	-	(5,602)	2,052	(3,550)
<b>Balance as at 31 December 2022</b>	<b>1,320</b>	<b>426,138</b>	<b>(26,039)</b>	<b>(6,773)</b>	<b>(279,579)</b>	<b>115,067</b>	<b>(1,066)</b>	<b>114,001</b>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Year ended 31 December 2021 (Audited)**

	Share Capital	Share Premium Account	Translation Reserve	Other Reserve	Accumulated Deficit	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
<b>US\$ in thousands</b>								
<b>Balance as at 1 January 2021</b>	1,320	425,686	(13,811)	(512)	(290,090)	122,593	(3,830)	118,763
Profit for the year	-	-	-	-	14,340	14,340	417	14,757
Disposal of a foreign operation	-	-	(522)	-	-	(522)	-	(522)
Re-measurement of defined benefit obligation	-	-	-	-	162	162	-	162
Exchange differences on translating foreign operations	-	-	(5,004)	-	-	(5,004)	124	(4,880)
<b>Total comprehensive income for the year</b>	-	-	<b>(5,526)</b>	-	<b>14,502</b>	<b>8,976</b>	<b>541</b>	<b>9,517</b>
Exercise of share-based options by employees	(*)	58	-	-	-	58	-	58
Recognition of share-based payments	-	96	-	-	-	96	-	96
Dividends	-	-	-	-	(4,300)	(4,300)	-	(4,300)
<b>Balance as at 31 December 2021</b>	<b>1,320</b>	<b>425,840</b>	<b>(19,337)</b>	<b>(512)</b>	<b>(279,888)</b>	<b>127,423</b>	<b>(3,289)</b>	<b>124,134</b>

(\*) Less than 1K USD

**BATM ADVANCED COMMUNICATIONS LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**

	Year ended 31 December	
	2022	2021
	Unaudited	Audited
	US\$ in thousands	
<b>Net cash from (used in) operating activities</b> (Appendix A)	<b>(2,784)</b>	<b>5,592</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(2,414)	(2,889)
Increase of other intangible assets	(2,054)	(400)
Investment in joint venture and associated companies	(4,386)	(727)
Proceeds on disposal of property, plant and equipment	4,514	18
Investment in a subsidiary	(550)	-
Proceeds from sale of a subsidiary (Appendix C)	-	18,662
Tax payment related to disposal of a subsidiary	(4,953)	-
Proceeds on disposal of deposits and securities	4,941	717
Purchases of deposits and financial assets	(11,733)	(315)
Other (Appendix B)	<u>293</u>	<u>3</u>
<b>Net cash from (used in) investing activities</b>	<b>(16,342)</b>	<b>15,069</b>
<b>Financing activities</b>		
Lease payment	(2,192)	(2,174)
Bank loan repayment	(11,017)	(13,252)
Bank loan received	12,465	10,431
Dividend paid	(4,300)	-
Dividend paid to NCI	(681)	-
Share buy-back	(1,325)	-
Proceed on exercise of share-based payments	-	58
<b>Net cash used in financing activities</b>	<b>(7,050)</b>	<b>(4,937)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(26,176)</b>	<b>15,724</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>65,331</b>	<b>50,575</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	(3,999)	(968)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>35,156</u></b>	<b><u>65,331</u></b>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOW**

**APPENDIX A**

**RECONCILIATION OF OPERATING PROFIT FOR THE YEAR TO NET CASH FROM (USED IN) OPERATING ACTIVITIES**

	<u>Year ended 31 December</u>	
	2022 Unaudited \$'000	2021 Audited \$'000
<b>Operating profit from operations</b>	<b>3,134</b>	<b>24,378</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	557	716
Depreciation of property, plant and equipment and investment property	4,334	4,548
Capital gain of property, plant and equipment	(2,021)	(229)
Profit from sale of a subsidiary	-	(13,035)
Gain from revaluation of investment carried at fair value	(192)	-
Gain from business combination achieved in stages over an associated company	(404)	-
Share based payments	298	96
Increase (decrease) in retirement benefit obligation	23	(10)
Increase (decrease) in provisions	<u>105</u>	<u>(1,803)</u>
<b>Operating cash flow before movements in working capital</b>	<b>5,834</b>	<b>14,661</b>
Decrease (increase) in inventory	(3,258)	3,031
Increase in receivables	(803)	(2,052)
Decrease in payables	(1,291)	(5,352)
Effects of exchange rate changes on the balance sheet	<u>(1,556)</u>	<u>(1,616)</u>
<b>Cash from (used in) operations</b>	<b>(1,074)</b>	<b>8,672</b>
Income taxes paid	(985)	(2,383)
Interest paid	(725)	(697)
<b>Net cash from (used in) operating activities</b>	<b><u>(2,784)</u></b>	<b><u>5,592</u></b>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOW**

**APPENDIX B**

**BUSINESS COMBINATION ACHIEVED IN STAGES OVER AN ASSOCIATED COMPANY**

Towards the end of the year, the Group gained control of one of its associated companies for an immaterial amount.

	Year ended 31 December 2022
	\$'000
	Unaudited
<b>Net assets acquired</b>	
Current assets	523
Cash	29
Property, plant and equipment	22
Current Liabilities	<u>(514)</u>
	<u>60</u>
Goodwill	<u>1,429</u>
<b>Total consideration</b>	<b><u>1,489</u></b>
 <b>Satisfied by:</b>	
Disposal of investment in associated	775
Liability of acquisition	714
	<b><u>1,489</u></b>
 <b>Net cash inflow arising on business combination:</b>	
Cash and cash equivalents acquired	<u>29</u>

**BATM ADVANCED COMMUNICATIONS LTD.**  
**APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOW**

**APPENDIX C**

**DISPOSAL OF SUBSIDIARY – NGSoft**

On 19 March 2021, the Group entered into a sale agreement to dispose of NG Soft Ltd. (“NGSoft”) to Aztek Technologies (1984) Ltd., a provider of ICT cloud services in Israel and a portfolio company of SKY Fund. NGSoft is a software and digital services company that provides creative digital and technology solutions .

	<b>Year ended 31 December 2021</b>
	<b>\$'000</b>
	<b>Audited</b>
<b>Net assets disposed</b>	
Property, plant and equipment	1,144
Right of use	3,667
Other intangible assets	968
Net working capital	73
Lease liability	(3,764)
Current tax liability	(584)
Deferred tax liability	(540)
Goodwill	5,185
<b>Net assets disposed of</b>	<b><u>6,149</u></b>
Disposal of a foreign operation	(522)
<b>Gain on disposal</b>	<b><u>13,035</u></b>
<b>Total consideration</b>	<b><u>18,662</u></b>
<b>Net cash inflow arising on disposal:</b>	
Consideration received in cash and cash equivalents, net	20,903
Cash and cash equivalents disposed	(2,241)
	<b><u>18,662</u></b>

**BATM ADVANCED COMMUNICATIONS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – General**

The final results, together with the relevant notes, for the year ended 31 December 2022 and the comparative 2021 information will be presented in the full Annual Report in accordance with International Financial Reporting Standards ("IFRS").

**Note 2 – Earnings per share**

Earnings per share is based on the weighted average number of shares in issue for the period of 440,167,097 (2021: 440,437,960) including 4,495,000 ordinary shares held in treasury. The number used for the calculation of the diluted earnings per share for the period (which includes the effect of dilutive stock option plans) is 442,357,116 shares (2021: 444,267,674).

**Note 3 – Other alternative measures**

**1. Income statement adjustments** – including (1) the contribution to 2021 from NGSoft, a subsidiary that the Group sold in March 2021, and (2) adjustments related to the amortisation of intangible assets.

<b>Year ended 31 December 2022 (Unaudited)</b>	<b>Reported results</b>	<b>Amortisation of intangible assets</b>	<b>Adjusted results (ongoing operations)</b>
	<b>US\$ thousands</b>		
Gross profit	37,958	(414)	38,372
Gross margin (%)	32.7%	-	33.0%
Other operating expenses (income)	(2,428)	143	(2,571)
Operating profit	3,134	(557)	3,691
<b>Year ended 31 December 2021 (Unaudited)</b>	<b>Reported results</b>	<b>Adjustments to exclude NGSoft</b>	<b>Amortisation of intangible assets</b>
	<b>US\$ thousands</b>		
Revenues	140,038	7,262	-
Gross profit	51,061	1,235	(414)
Gross margin (%)	36.5%	17.0%	-
Sales and marketing expenses	18,290	144	-
General and administrative expenses	12,243	358	-
Research and development expenses	8,713	-	106
Other operating expenses (income)	(12,563)	(12,994)	154
Operating profit	24,378	13,727	(674)
EBITDA	29,642	13,956	-

2. EBITDA measurement

US\$ in thousands	Reported		Adjusted	
	Year ended 31 December		Year ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Operating profit	3,134	24,378	3,691	11,325
Amortisation of Intangible assets	557	716	-	-
Depreciation	4,334	4,458	4,334	4,361
<b>EBITDA</b>	<b><u>8,025</u></b>	<b><u>29,642</u></b>	<b><u>8,025</u></b>	<b><u>15,686</u></b>

**Note 4 – Segments**

**Business Segment**

**Year ended 31 December 2022 (Unaudited)**

	Networking and Cyber \$'000	Bio-Medical \$'000	Total \$'000
Revenues	27,864	88,259	116,123
Operating profit/(loss)	(1,152)	4,286	3,134
Net finance expenses			<u>(1,239)</u>
Profit before tax			1,895

**Year ended 31 December 2021 (Audited)**

	Networking and Cyber \$'000	Bio-Medical \$'000	Total \$'000
Revenues	27,992	112,046	140,038
Operating profit	7,844	16,534	24,378
Net finance income			<u>555</u>
Profit before tax			24,933