ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

12.7%
REVENUE GROWTH FOR ONGOING OPERATIONS WHEN EXCLUDING CONTRIBUTION FROM EXCEPTIONAL COVID-19 SALES

$26M
CYBER SECURITY ORDER FROM GOVERNMENT DEFENCE CUSTOMER
(SIGNED EARLY JANUARY 2023)

REVENUE
$116.1M
($125.6M ON CONSTANT CURRENCY BASIS*)
(2021: $132.8M)**

EBITDA
$8.0M
(2021: $15.7M)**

MULTI-YEAR CONTRACT SIGNED WITH CITYFIBRE FOR EDGILITY

CONTINUED TO REALISE INHERENT VALUE WITHIN BATM WITH
$4.5M
PROPERTY SALE

STRONG BALANCE SHEET WITH
$44.2M
IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENT IN DEPOSITS AND OTHER SECURITIES AT 31 DECEMBER 2022

* *Revenue for ongoing operations for 2022 based on the currency rates prevailing in 2021*
** *Adjusted to present the results for 2021 on an ongoing operations basis by excluding (1) the contribution from NGSoft, a subsidiary the Group sold in March 2021, and (2) the amortisation of intangible assets*

CONTENTS

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

STRATEGIC REPORT

Strategic Framework*

BATM's purpose is to deliver high-technology innovations that make a significant difference to the human experience

We deliver high-technology solutions

- That solve complex challenges in mission-critical, large-scale applications

With a focus on the global sectors of...

- Bio-medical solutions and
- Networking and cyber security

We serve blue-chip customers worldwide

- Including enterprises, governments and international agencies

And differentiate through...

- Our intellectual property
- The world-leading expertise of our employees
- Innovative, robust, reliable and cost-effective solutions

While seeking to accelerate our growth

- By establishing partnerships, collaborations and joint ventures to maximise resources and enhance our routes-to-market

We build value creation strategies

- From idea, to scale up, to mass-market success and
- Maximise the long-term value of our businesses through organic and inorganic strategies

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

* As detailed further in this Strategic Report, since becoming CEO on 1 January 2023, Moti Nagar has been assessing BATM's strategy and preparing a growth plan, which may result in a change to the strategic framework going forward.

Chairman's Statement

Dr. Gideon Chitayat
Chairman

In 2022, we delivered a solid performance while navigating substantial global economic change – with the main effects of the pandemic subsiding, inflationary cost pressures and significant fluctuations in currency exchange. Against this backdrop, I am pleased to report a strong performance in both of our divisions, with Group revenue increasing by 12.7% for ongoing operations when excluding the exceptional contribution of sales of COVID-19 products to both years.

We achieved a key milestone with Edgility, our edge computing and virtual networking solution, which was awarded a multi-year contract by a major network provider in the UK, CityFibre. This is an important validation of this product. We were thrilled to receive, shortly post year end, a $26m order for our latest high-performance cyber security solution, which was from our long-standing government defence department customer. Our diagnostics business was strengthened with the launch of new molecular diagnostics tests and progressing the development of others, including establishing collaborations with the Stop TB Partnership and BIOASTER to accelerate this process. We also opened a new state-of-the-art laboratory in Israel and product assembly rooms in Rome.

Accordingly, while we were not immune to the currency headwinds and reduced demand for COVID-19 products, our business was strengthened during the year and we delivered a solid underlying performance.

LEADERSHIP SUCCESSION

Having founded BATM in 1992, after 30 years, Dr. Zvi Marom felt it was the natural time to hand over the running of the Group and, accordingly, from 1 January 2023, he assumed the role of Non-executive Director. On behalf of the Board, I would like to thank Zvi for his tireless commitment and outstanding contribution to the development and success of BATM. Under his leadership, the team at BATM has delivered exceptional value creation for shareholders. He has passed on BATM in a strong financial position and with a solid platform to push ahead with the commercialisation of the IP developed within the Group. He remains a highly valued member of our Board and continues to contribute to BATM's business.

I am delighted that Zvi's successor as CEO is Moti Nagar, who had been our CFO since 1 January 2015 and having joined BATM in June 2014 as VP Finance. In recent years, in addition to being the CFO, he had been the de facto COO of the Group, running the day-to-day operations. Moti is highly respected by the people in the Group and our shareholders, and the Board and I look forward to supporting him as he takes BATM forward on the next stage of its exciting journey.

We were also pleased to announce, on 1 February 2023, the appointment of Ran Noy as CFO and as a designated Director who will become a member of the Board following the approval of shareholders (in accordance with Israeli law). He had already made a valuable contribution to BATM since joining us as VP Finance in 2021, building on his experience with other international, public companies, and we look forward to this continuing.

In addition, we welcomed back Dr. Avigdor Shafferman as a Non-executive Director during the year. He made an excellent contribution to our business as an External Director from 2015-2018 and we are now, again, able to leverage his wealth of knowledge and experience, particularly within medical markets.

SUSTAINABILITY

As we have said before, making a positive impact on individuals, communities, businesses and the environment has always been important to BATM. This is reflected in our choice of target sectors, from eco-friendly solutions for pathogenic waste treatment and diagnostic solutions for infectious disease to small footprint network operating systems, among others.

However, during the year we began a process to gain a greater understanding of our own environmental impact and to systematically assess the risks and opportunities that are presented to our business by climate change. As part of these efforts, we are putting in place new frameworks and procedures, which also have application beyond environmental matters, that will strengthen our organisation and make it more sustainable. While it is still relatively early days, I am proud of the progress that we have made to date, which is detailed in the TCFD Report on pages 20-26.

SHAREHOLDER RETURNS

The Board considers returns to shareholders to be an important element of its strategy to deliver shareholder value. I am pleased that BATM was able to return almost $6m in aggregate to shareholders during 2022, through a dividend payment and a share buy-back programme, while also maintaining a robust balance sheet.

STRATEGY AND OUTLOOK

We started 2023 as a stronger company than we were prior to the outbreak of the pandemic. We are experiencing good momentum across our business and our backlog is significantly higher than this time last year. We expect Edgility to achieve even greater success in 2023 while in diagnostics we are ideally placed to capitalise on the demand for quicker and more accurate testing. Importantly, we expect revenue growth in all our business units this year.

Since becoming CEO in January, Moti has been reviewing BATM's plans in order to set BATM's strategy, for approval by the Board, to enable us to achieve sustainable growth. We are looking to bring a greater focus to our business, including assessing how resources can be best allocated to create value and where value should be realised from what we have today. Our objectives are to continue to innovate while enhancing our global marketing capabilities in order to accelerate our future growth. We look forward to updating shareholders on the outcome of this process in due course.

I would like to thank our shareholders for their support and commitment to BATM. With the solid foundations that we have in place, the Board remains confident in the prospects of the business and we will do our best to deliver the substantial value that exists within our Company.

Investment case

Large, global addressable markets
BATM operates in the large, global markets of networking, cyber security, diagnostics and other biomedical solutions; and in sub-segments on the verge of disruption.

Long-term approach
BATM takes a long-term approach to its investments by assessing long-range industry trends and building differentiated solutions backed by IP.

Risk diversification
BATM's portfolio includes a mix of both established and novel technologies, and targets a range of sub-segments, customer types and geographical markets.

Leadership & Expertise
BATM has a highly experienced management team and Board, with significant expertise in its target markets, and engages systematically with external, world-leading experts.

Strong balance sheet
BATM is cash generative and has a strong net cash position, supporting growth in investment, returns to shareholders and scope for acquisitions.

Financial growth
BATM targets revenue, margin and EPS growth both organically and via acquisition; and seeks to maximise shareholder value, where appropriate, through value realisation opportunities.

Q&A with the CEO

Q: What excites you most about BATM?

What excites me most is BATM's potential – and that we are now on the cusp of truly realising that potential. We have strong products that are ready to be marketed and we have built up a significant amount of IP, while continuing to innovate. It is now the time to take this unique technology and make it a commercial success, capturing market share.

And it is amazing to see how big the markets are that we are dealing with. The global diagnostics market is worth $104bn; cyber security and encryption is $10bn; and the market for carrier ethernet and Edgility is over $70bn. What's more, these are some of the most dynamic industries that exist today – constantly innovating to provide real solutions to real problems. We have an opportunity to really make our mark here, so this is a very exciting time for us.

Having become CEO at the start of this year and spending time visiting our business units, I am also excited by the enthusiasm and motivation of our people. They are a core strength of BATM and our success would not be possible without their drive and commitment. It is great to see that they share the Board's ambition.

Q: What were the highlights of 2022 for you?

The most important aspect of 2022 was that we moved beyond COVID-19 and returned to our regular activities as a much stronger business. Our diagnostics business had, of course, benefited from the pandemic and in 2022 went back to normality, but it was normality in a completely different world. At BATM, we have been talking about infectious disease and molecular diagnostics for many years – and during the pandemic, the world caught up. Now every lab has a PCR system and health authorities understand the threat of infectious disease. The market for our solutions is much larger.

But it's not just our diagnostics business. In the Networking & Cyber division, the pandemic was challenging, but also educational: we learnt a lot and so emerged stronger here too. It was a real testament to our strength that in 2022, our revenue in the Networking & Cyber division was essentially the same as the previous year despite having sold our NGSoft subsidiary in 2021.

This return to normality in a stronger position was a key highlight for the year.

A very important milestone in 2022 was the winning of our first major contract for Edgility. Over the last five years we invested over $35m to create a product from scratch that was ahead of anything that the market had seen before. Winning a contract from CityFibre, a leading network provider in the UK – and which followed the award of a contract from CEMEX, a multi-billion-dollar organisation, in late 2021 – demonstrated that we have built the right product and that the market is ready to adopt it. These are significant endorsements.

Another key highlight is the $26m, multi-year cyber security order, which was signed just after year end. This award, which makes us the sole supplier of this government's encryption platform, followed several years of extremely thorough testing by this customer and reflects the highly advanced nature and superiority of our solution. This is another very important milestone.

And of course, to be chosen as CEO of BATM was also a personal and professional highlight of 2022 for me!

Q: What are BATM's main priorities for 2023?

I am in the process of finalising a new strategy for the entire BATM Group. This will be launched in the coming months and then our priority will be to successfully roll it out. The basis of this new strategy is to bring more focus to our business. We're looking to allocate resources in a much more defined way – focusing on where we have unique IP and brand presence in large markets, and where we can really grow. This also involves seeking opportunities to accelerate our growth in our chosen markets and realising value from those businesses that don't fit our vision for the future of the company.

We also look forward to welcoming further Edgility customers this year. In 2022, we established new partnerships to boost our sales and marketing and expand our routes-to-market and we engaged with several potential customers worldwide as well as securing the CityFibre contract. This year, we plan to build on this to significantly increase our backlog for Edgility.

Equally, we plan to establish further partnerships across the business. As we have done in the past, we want to enter new partnerships and collaborations with large organisations that will enable us to maximise our resources, particularly in terms of R&D activities.

As we work towards achieving our full commercial promise, we also want to generate a new energy in the company – as one team, one business. We want employees to think of themselves as part of a global company and to 'think big'. Part of this entails increased engagement with our employees, which is something I also plan to enhance with our stakeholders as a whole by communicating more openly and regularly. It might not always be good news, but we want to be transparent and consistent in our communications.

Q: What are your plans for capital allocation?

We are constantly reviewing how best to allocate the capital of the Group. Our key priority this year is to support the growth of the business by providing resources to execute on our new strategic plan. An important part of this could be M&A. We have great products so we would not be buying technology or IP, but we would buy a company with a strong tier 1 presence in our core markets. A business that would boost our routes-to-market and immediately strengthen our marketing capabilities – saving us time and helping maintain our technological advantage in an industry where time is of the essence.

Our other priorities include working capital, which is essential for a growing company. We also continuously keep under review making returns to our shareholders. We are always evaluating what is the best use of our capital in the interests of our business and our shareholders as a whole.

Q: What makes you confident in the future?

I do not underestimate the task ahead of us. However, we have all the essential ingredients for success – great people, world-leading IP, capital and the drive to realise our ambitions.

We have a long track record of delivering great products and great service, and a history of successful innovation. More importantly, we are now at the point of finishing our major investment in R&D: we have the products and are ready to sell them – and, as 2022 has shown, the market is ready to accept our solutions.

What's more, we are operating in growth markets where there is a real need for our technologies. Our diagnostic products, for example, continue to provide tools for the global battle against disease well beyond the pandemic. And as I said earlier, our target markets are substantial. If there are already established giants in the market, there is also plenty of room for companies like BATM with strong know-how and IP.

I am very confident that this will be the year of change and I am very excited to be on this journey.

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.

NETWORKING & CYBER DIVISION

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 Network Function Virtualisation 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

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 associate company, ADOR Diagnostics ("ADOR"), 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 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.

Operational Review CONTINUED

OUR VISION AND VALUES

Our vision is to be leaders in high-technology innovations that make a significant difference to the human experience

Innovation and invention
We harness extraordinary technical and entrepreneurial talents to bring leading, disruptive technologies successfully to market, at scale.

Reliability
Our customers trust us to deliver mission-critical products. Our products are built for reliability and performance at scale and in challenging conditions.

Responsibility
Our corporate responsibility extends through our focus business areas, to the way we interact with all our stakeholders and our impact on the environment and our communities.

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.

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.

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. While the Company is not subject to the UK Companies Act 2006 and, accordingly, is not required to comply with the obligations of Section 172 of that legislation, the Directors are bound by, and comply with, the Israel Companies Act of 1999, which contains similar obligations.

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
- Working to understand growth drivers in our customers' markets

2022 HIGHLIGHTS

- **Over 200 new customers won**
- **More than 100 customer training programmes conducted, with participation of approximately 1,100 individuals**
- **Customer satisfaction surveys***

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

2022 HIGHLIGHTS

- **Approximately 30 shareholder meetings or scheduled calls**
- **Hosted investor webinars to present FY 2021 and H1 2022 results**

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

2022 HIGHLIGHTS*

- **Held 'round table' discussions between employees and management**
- **Off-site teambuilding event**

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 COVID-19 and tuberculosis
- Solutions for the safe treatment of pathogenic waste, particularly in developing economies
- Local initiatives that support community and charitable organisations
- Encouragement of employees to work to further charitable goals

2022 HIGHLIGHTS

- **Activities undertaken for over 30 organisations**
- **Charitable donations to a number of organisations totalling c. $65k**

* Examples from across the Group's activities

Chief Financial Officer's Review

Ran Noy, CPA
Chief Financial Officer

Having been named as CFO of BATM in February 2023, I am excited to be taking on this new role at such a pivotal time. The foundations of our business have been strengthened and both of our divisions are poised for robust growth in 2023 and beyond. But first, let us review the year to 31 December 2022.

Total Group revenue for the year was $116.1m (2021: $132.8m for ongoing operations[1], which excludes the contribution from NGSoft, a subsidiary that we 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, 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 mainly from the disposal of one of our properties in the US – generating a profit 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.

	Adjusted*		Reported	
$m	**2022**	**2021**	**2022**	**2021**
Revenue	116.1	132.8	116.1	140.0
*Revenue on a constant currency basis***	125.6	-	-	-
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 from 2021 (1) the contribution from NGSoft, a subsidiary that we sold in March 2021, and (2) the amortisation of intangible assets.

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

[1] Throughout this Chief Financial Officer's Review, 'ongoing operations' refers to the reported results adjusted to exclude the contribution to 2021 from NGSoft, a subsidiary of the Networking & Cyber division that was sold in March 2021. The term 'ongoing operations' is used for comparative purposes only and is not used in the same context as in accounting standards. For further detail, see 'Other Alternative Measures' on page 121.

Chief Financial Officer's Review *CONTINUED*

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.

We 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 our 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, we 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 our subsidiaries operate compared with the US dollar.

Divisional Performance

Networking & Cyber Division

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

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

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, we 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.

Bio-Medical Division

	Adjusted*		Reported	
$m	**2022**	**2021**	**2022**	**2021**
Revenue	88.3	112.0	88.3	112.0
*Revenue on a constant currency basis***	97.5	-	-	-
Gross margin	29.4%	36.5%	29.2%	36.4%
Operating profit	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.

Key Performance Indicators

The Group reviews its key performance indicators ("KPIs") on an ongoing basis to ensure they remain relevant. Following the introduction of the new strategy in the coming months, further KPIs will be selected as the most appropriate measures of strategy execution for the Group.

Revenue

$116.1m

(2021: $132.8m for ongoing operations*)

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 Growth in the Networking & Cyber division was offset by a reduction in the Bio-Medical division due to lower sales of COVID-19 products and negative currency impact. On a constant currency basis, revenue for the year was $125.6m. Excluding sales of COVID-19 products in both years, revenue increased 12.7%.

EBITDA

$8.0m

(2021: $15.7m for ongoing operations*)

Description Group earnings before interest, tax, depreciation and amortisation.

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

Performance The reduction in EBITDA was primarily due to the higher revenue in the prior year because of COVID-19 related sales.

Cash from/(used in) operations

$(1.1)m

(2021: $8.7m from operations)

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 core activities that can be used to maintain or invest in the growth of our business.

Performance The change is mainly due to the higher profit in the prior year because of COVID-19 related sales.

*Adjusted to present the results on an ongoing operations basis by excluding the contribution to 2021 from NGSoft, a subsidiary that the Group sold in March 2021.

Business Model

Our strategy is powered by our purpose. We bring high-technology solutions that are innovative, cost-effective and reliable, to our chosen global sectors of networking and biomedicine. We build businesses from idea, to scale up, to mass market success, through organic and inorganic strategies. We seek to maximise long-term value through our capital allocation and portfolio management strategies.

Bio-Medical Division

Our business units:

- **Diagnostics**
- **Eco-Med**
- **Distribution**

- In diagnostics, BATM develops equipment and reagents, with a focus on developing the most advanced molecular biology technologies
- The Eco-Med unit develops and supplies innovative solutions to treat pathogenic medical, agricultural and pharmaceutical waste
- BATM also administers tests and distributes diagnostic equipment and medical supplies of other leading brands

Revenue model

Revenues are generated from the sale and distribution of consumables and equipment, and from providing equipment service & maintenance

Strategic aim

The Bio-Medical division is focused on becoming a leading provider of molecular diagnostic laboratory reagents and equipment as well as innovative products to treat biological and agricultural pathogenic waste

Networking & Cyber Division

Our business units:

- **Networking**
  - **Edgility**
  - **Network Edge**
- **Cyber**

- The Networking unit services a wide need for access solutions to mobile, cloud and wireline infrastructure markets, with a focus on the network edge. Innovation is primarily focused on edge computing and Network Function Virtualisation (NFV) with Edgility
- In the Cyber unit, BATM provides network monitoring and encryption solutions for very high speed, large area networks

Revenue model

Revenues are generated from solutions that combine integrated hardware and software; and, going forward, increasingly from the sale of software-only solutions, including on a licence model, to drive high gross margins and annual recurring revenue

Strategic aim

The Networking & Cyber division is focused on becoming the leading provider of edge computing – including Network Function Virtualisation (NFV) – technologies, while supplying carrier ethernet and MPLS access solutions for the network edge, and cyber network monitoring and encryption

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, eco-friendly waste treatment and nutrient recovery systems and technologies enabling a smarter world, BATM's solutions are designed to address the societal challenges of today and what the Group believes will be the demands of the future. The Group now also has activities underway to be able to formally assess and manage the environmental impact of its operations as well as the challenges, risks and opportunities posed by climate change. As detailed in the following TCFD Report, the Group commenced this undertaking towards the end of the year with implementation having begun in 2023.

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.

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.

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. The Group also holds off-site team building events and company celebrations. In 2023, the objective is to build on these activities to create a consistently high standard of workforce engagement across the business.

BATM prioritises training and development for its workforce, which was continued during 2022. The Group has training schemes focused on product training, skills enhancement and the achievement of additional career-enhancing qualifications, and often supply 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. The Group educates all new employees on its Code of Conduct and provides training programmes for all of the workforce on the prevention of sexual harassment. 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 39 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. During 2022, the Group invested in a more extensive warehouse facility, with improved working conditions and new facilities for employees such as showers and changing rooms, and renovated a number of offices to improve the working environment. 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 including the adherence to anti-bribery and corruption guidelines that have been distributed to all employees along with information about BATM's whistleblowing mechanism that is regularly communicated.

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 by phone or email 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 2022, 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, during 2022 activities were undertaken within the Group to support over 30 organisations. This included raising and donating money to support a retired employee who has brain cancer and enable her to relocate to an accessible home.

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, and the management team regularly gives their time as expert advisors in the field of medical diagnostics. 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 taken important steps during the year, and subsequently, towards assessing and managing its impact on the environment, incorporating climate-related risks and opportunities into its business planning and reporting thereon. 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. The Group is now developing a more comprehensive and systematic approach to measuring its environmental footprint. This activity is detailed in the TCFD Report that follows.

There were no environmental incidents and the Group did not receive any regulatory fines or penalties in relation to environmental matters during the year.

The Group has several solutions that both support environmental sustainability and drive business opportunities, including:

- Solutions for the safe, effective and environmentally-friendly treatment of pathogenic waste from food production or medical and pharmaceutical facilities. These solutions enable customers to significantly reduce their environmental impact and also offer the ability to recover and recycle proteins and lipids. This technology can also be used for the recovery of high-quality protein and oils from insects.
- Environmental measuring systems, including solutions for testing air pollution levels in large manufacturing plants.
- Edgility, the Group's network function virtualisation solution, which reduces the amount of hardware needed and the need for on-site provisioning, enabling customers to consume less energy and reduce the carbon footprint for the same output.

TCFD Report

OVERVIEW OF THE TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES

ABOUT TCFD

The World Economic Forum has identified climate risks as the top global risk for negatively impacting a significant proportion of global GDP, population or natural resources since 2017. To improve and increase reporting on climate-related financial information, the Financial Stability Board ("FSB") created the Task Force on Climate-related Financial Disclosures ("TCFD") in 2015. The TCFD released the disclosure recommendations in 2017 to help companies provide better information. They were designed to become a natural part of companies' risk assessment and planning process and to assist in the transition to a low-carbon economy. Multiple jurisdictions have since aligned mandatory corporate climate disclosure with the TCFD framework, and this progression is expected to grow as governments increase efforts to deliver on their de-carbonisation strategies.

The TCFD disclosure framework is structured around four thematic areas that are core to how organisations operate: governance, strategy, risk management and metrics and targets. There are 11 recommended disclosures under these four themes, which support the building of transparent and accurate reporting, the management of risk and a strategic planning approach that takes into consideration climate-related issues.

Figure 1 – The core elements of the Recommended Climate-related Financial Disclosures, June 2017

Governance

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

Strategy

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

Risk Management

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

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

TCFD RECOMMENDATIONS

This TCFD Report follows the structure of the TCFD eleven 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 2022, the reasons for not including them and the plans in place to make these disclosures going forward. We recognise the need to enhance our processes and reporting and we plan to make significant progress in 2023.

The table below shows the TCFD eleven 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 22
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Full disclosure	See page 22
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	In progress	
b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	In progress	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In progress	
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks.	Full disclosure	See pages 25 and 27
b) Describe the organization's processes for managing climate-related risks.	Full disclosure	See pages 25 and 27
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	In progress	
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	
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	In progress	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In progress	

TFCD Report CONTINUED

INITIAL CHALLENGES

There have been three key initial challenges in developing the required processes and resulting management actions and their integration into the business:

1. **Data:** Relevant data availability is currently limited, especially in the supply chain

2. **Process:** BATM consists of multiple business divisions located in multiple jurisdictions, without the necessary processes fully established and integrated

3. **Proficiency:** Climate proficiency across the business is inconsistent, and severely lacking in the supply chain

In addressing these challenges the leadership recognises both the cultural adjustments that are required in the organisation and also the benefits of implementing strong frameworks, such as the TCFD, that support engagement from stakeholders across the business units and multiple countries, including the use of the BATM Risk and Opportunity Management ("ROM") Framework. We also appointed a group of ESG advisers to address the gaps in aligning our processes and reporting with TCFD recommendations over the medium term.

GOVERNANCE

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

In 2022 BATM continued to assess all business risks and opportunities, including climate-related, primarily through the leadership of the Executive Directors. All directors received 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.

In acknowledgement of the potential scale of the climate-related risks and opportunities, and its commitment to address the full TCFD requirements, BATM is strengthening the related oversight and governance and the engagement of management across the business. Please see figure 2 below for the BATM corporate governance framework and also see the Corporate Governance section (pages 34-41) of this Annual Report for further details on corporate governance.

BOARD OVERSIGHT

The Responsible Business Committee of the Board of Directors is one of the four Board Committees and is responsible for the oversight of climate-related risks and opportunities. 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 2022, the Committee discussed climate-related issues and disclosures, received a review from the CEO on climate-related risks and opportunities in the Group's activity, and directed the CEO to appoint a senior manager to lead in the planning, delivery and reporting on the climate-related financial disclosures. The CEO appointed Adv. Yair Livneh, the Company's General Counsel.

The Board has delegated the daily operational management of the business to the CEO and CFO. With this, the CEO has the responsibility to communicate any material matters arising, including climate matters, to the Board.

MANAGEMENT'S ROLE

BATM's Executive Directors also have roles on the Boards of the Group's subsidiaries, giving them great insight across the business divisions and optimising information flow and operational decision-making.

In 2022 BATM enhanced its understanding of climate-related risks and opportunities across the business and engaged with the leadership of each business unit in completing a questionnaire on climate-related issues. The management also formalised risk management processes into the ROM Framework in which business unit managers oversee and report progress at division level.

The BATM ROM Framework includes managing a Risk and Opportunity ("R&O") Register that integrates climate-related transitional and physical risks and business opportunities, following the guidance provided by TCFD framework.

NEXT STEPS

In 2023 the Responsible Business Committee will increase the number of meetings to at least quarterly. The Group

R&O Manager will meet with business managers, and these meetings will strengthen the data and insight collection/ collation process (specifically including climate-related data and insight), necessary for future risks and opportunities identification, management and reporting.

A key responsibility for Adv. Yair Livneh is also the delivery of a climate matters proficiency programme for the Board and the Company leadership, which commenced in 2022 and will continue through 2023 and beyond.

Integral to this programme is the building of a comprehensive climate-related risk and opportunities strategy and roadmap. This will be completed during 2023 and includes the planning and implementation of climate-related considerations into decision-making throughout the organisation.

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 our main activities, our *purpose is to deliver high-technology innovations that make a significant difference to the human experience* in the areas of bio-medicine, networking and cyber security. Our work through research, innovation and the distribution and implementation of our solutions enables a wide variety of organisations around the globe to enhance their resource and energy efficiency. The initial steps in understanding the impact derived from our operations has focused predominantly on initiatives affecting our people and communities, such as providing a safe and inclusive work environment. BATM's integration of climate-related risks and opportunities management into the Group's processes is at a relatively early stage, but we fully acknowledge the importance of increasing our focus and capabilities in this area.

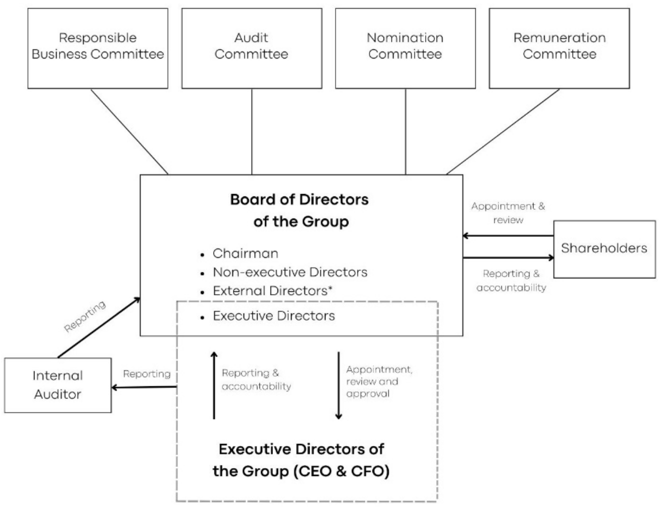
We have taken important steps in 2022 to enhance our processes and reporting and in 2023 we are committed to making further significant progress, including building a clear roadmap. A key component will be to gain a deeper understanding as to how our own operating systems can be adjusted to benefit from more sustainable practices in our upstream, downstream and day-to-day activities.

A review of our overall risks and opportunities management approach has resulted in the formalisation of our ROM Framework, which incorporates the periodical consideration of climate-related matters as well as timeframes for short-, medium- and long-term impact, following TCFD guidelines. The detail of this framework is provided in the Risk Management section of this report.

The questionnaire on climate-related matters deployed to all heads of business units in 2022 provided information on the extent of climate-related risk and opportunity considerations across the business. (Further assessments will be conducted throughout 2023.)

We have structured a summary of these considerations in the TCFD Risks & Opportunities Table (Table 1) on the following page.

Figure 2 - BATM corporate governance structure



*As defined in Israeli law

TFCD Report CONTINUED

Table 1: Climate-related Risks & Opportunities Table

Risk Category	Category Overview	Subcategories	High Level Considerations
Transition Risk	Risks related to the transition to a low-carbon economy	Policy and Legal Technology Market Reputation	Including, but not limited to the following examples: - Potential fines related to level of GHG emissions - Potential increase of tax liabilities in certain jurisdictions - Potential of limiting success in tenders due to insufficient rating in environment certification - Potential of increased energy consumption due to increased temperatures across various jurisdictions - Potential increase in insurance premiums or inability to insure assets
Physical Risk	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)	Acute Chronic	Including but not limited to the following examples: - Potential damage to infrastructure, closure of production plant and business activity interruption due to wildfires in certain jurisdictions - Increase in costs due to higher energy consumption due to alterations in global temperature patterns
Opportunity	Opportunities arising as the business landscape transitions to a low-carbon economy	Resource Efficiency Energy Systems Products and Service Markets Resilience	Including but not limited to the following examples: - Increased consumer preference due to potential reduction in energy consumption/GHG emissions - Analysis of alternative energy source provision to improve costs and reduce environmental impact at facilities in certain jurisdictions

Developing awareness of environmental guidelines at our operating facilities, upgrading our energy and lighting systems and developing waste management procedures at some of our locations are examples of initiatives to improve our environmental impact that have already been made. In line with the TCFD recommendations, we are continuing to develop a comprehensive and systematic approach to measuring our environmental footprint. This will allow us to regularly refine our plans to mitigate our impact and effectively address climate-related risks and opportunities across the full scope of our operations.

NEXT STEPS

Our ROM Framework provides a structured approach to enhancing our climate matters proficiency across the organisation and will support key stakeholders in executing a Materiality Assessment to align climate-related matters as per the TCFD guidelines.

Combining this with our team's industry-specific expertise and regional insight, we expect to effectively embed the analysis of climate-related risks and opportunities into the general risk and opportunity register, and to be able to provide increasingly robust data-based support to the Executive Directors and the Board.

The ROM Framework also allows for periodical disclosure of climate-related risks and opportunities. The timely review of the overall process and the material impact of the exercise on the different areas in which the organisation operates will also provide the basis for conducting appropriate Climate Scenario Analysis to demonstrate the resilience of our business.

RISK MANAGEMENT

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

The identification and assessment of all business risks and opportunities, including climate-related, continued in 2022 to be led and undertaken primarily through the Executive Directors, assisted by the senior management team. Specific actions were taken to address such risks and opportunities. The Board of Directors, through its Responsible Business Committee, is responsible for oversight of climate-related risks and opportunities.

During 2022, the process for identifying and assessing climate risks and opportunities was broadened with the collection of data through a business unit leadership questionnaire and a subsequent consultation process. The repeated collection of this data is a key step in risk management, as detailed in the Risk Management section of this Annual Report on page 27 and summarised in the following diagram:

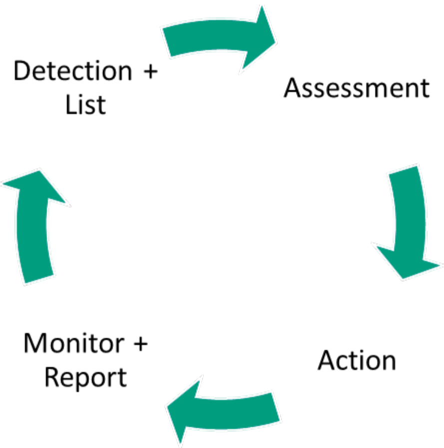


Figure 3: The BATM process for detecting, assessing and managing all risks and opportunities including climate-related risks

NEXT STEPS

The key next steps in our TCFD programme build on the initial challenges identified:

- The identification and establishment of appropriate consistent climate-related data and reporting for each of the business units, including full carbon data and assessments for the relevant reporting periods, to allow for appropriate metrics and targets to be determined and information to identify/assess supply chain risks.
- The full establishment and integration of necessary processes across the business units including data collection and collation and the full embedding of the ROM Framework.
- Climate proficiency development and deployment across the business.

METRICS AND TARGETS

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

TFCD Report CONTINUED

GHG INVENTORY

The material impacts from our business are assessed based on standards and regulations relevant to the multiple nature of the operations. To strengthen our efforts in understanding the climate-related risks to our operations, we recognise the importance of expanding the depth and breadth of metrics collected and monitored throughout the Group's activities and regions, as well as the relevance in developing performance metrics related to the mitigation of climate-related risks.

The preliminary investigation resulted in the understanding that, due to the varying nature of the Group's activities, locations and operating processes, a more systematic approach to gathering the information required is fundamental to not only produce a complete GHG inventory encompassing all Scope categories, but to embed the necessary periodical systems that will allow us to monitor our emissions, determine trends, analyse potential areas of risk and identify the opportunities available.

Having initiated the process, at the time of publication the Group can disclose a preliminary inventory of carbon emissions for Scopes 1 & 2 (See Table 2), and a systematic process to expand, monitor and compare data for multiple reporting periods is being developed. This initiative will be aligned with the overall strategy review that is currently under development.

Table 2: BATM Group 2022 Preliminary GHG Inventory

Division	CO_2 Emissions (tonnes) Scope 1 & 2 Partial (*)	Distribution Ratio
HQ	31.52	2.5%
Networking & Cyber	334.12	26.7%
Bio-Medical	885.25	70.8%
BATM GROUP	1,251	tCO_2e

(*) The detailed carbon data derives from investigations carried out up to the time of publication of this report, involving over 100 locations and representing business activity that accounts for over 90% of our revenue. We have determined appropriate to disclose our findings thus far and are committed to continue the progress on assessing our impact in the coming year.

In preparation for establishing performance metrics, we will be analysing carbon intensity ratio per US$ million in turnover to assess the impact and progress within each of our divisions:

Turnover $million	2022	tCO_2e/$m
Networking & Cyber	$27.9	2.58
Bio-Medical	$88.3	8.18
Total BATM Group	$116.1	10.77

As we do not report revenue against BATM HQ, but we have measured emissions produced (see Table 2), these have been incorporated proportionately into the intensity figures for each division.

NEXT STEPS

We have identified the following steps as integral to our progress in this area:

- The development of a process for integration of emissions data to day-to-day operations across the Group.
- The development of a comprehensive GHG inventory that includes relevant Scope 3 categories across the appropriate reporting periods.
- The analysis of the data required to set Science Based Targets (SBTs).

Risk Management

RISK MANAGEMENT PROCESS

The identification and assessment of all business risks, and the management thereof, continued in 2022 to be led and undertaken primarily through the Executive Directors, assisted by the senior management team. This process included an assessment of the relative importance of each risk and resulted in a range of specific actions to address such risks.

To enhance business planning, the BATM leadership follows a formal corporate cross-functional Risk and Opportunity Management ("ROM") Framework, which includes management engagement across the business and related oversight and governance. A key element of the ROM Framework is an acknowledgement of the potential scale of climate-related risks and opportunities and BATM's commitment to address the full Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations.

The ROM Framework incorporates each of the following key steps:

Detection and Listing

The Group Risk and Opportunity Manager ("GROM"), in conjunction with the business unit managers, is responsible for identifying risks and opportunities ("R&O") that are material to BATM. The process includes regular meetings with unit managers and the use of key relevant information sources. The maintenance of the resulting R&O list is the responsibility of the GROM.

Assessment

An assessment of each R&O is undertaken by the GROM and unit managers in conjunction with the CEO. This assessment is based on impact, probability and timeframe and determine those risks and opportunities that require the development of appropriate actions.

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 are responsible for ensuring the completion of the actions in the agreed timeframe.

Monitor and Report

The Company's internal auditor (as defined under Israeli law) ensures completion of the agreed actions and the CEO and GROM report regularly to the Board.

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.

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 main subsidiaries in the Group 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. This includes ensuring compliance with the latest TCFD requirements, which is being managed by working with a team of ESG consultants.	No change
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. In 2022, the Group undertook its first survey with its business unit leaders to help establish the level of physical and transitional risks resulting from climate change. This insight is now being used to enhance the Group's business continuity processes and responses.	Down
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.	No 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

	Risk	How we manage the risk	Risk 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.	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. Still, the Group considers certain level of risk as inherent to R&D activity, and views R&D activity as valuable to the Group despite that risk.	No change
Information security (including cyber security)*	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 cyber security tools and security procedures in place. These procedures include implementing security controls and staff training.	No change
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 the 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.	Up

* Risk categories that are considered to have elements related to climate change. For further information, please see the 'Strategy' and 'Risk Management' sections of the TCFD Report on pages 23 to 25.

Risk Management CONTINUED

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 2025.

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

CORPORATE GOVERNANCE

Directors' Biographies

Gideon Chitayat
Non-executive Chairman

Dr. Gideon Chitayat is the Chairman and CEO of GMBS Ltd, a strategic consulting firm. He served as a 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. He has provided consultancy services in business strategy to the board and presidents of large companies. He 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 2022.

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 Company. 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 was appointed CEO effective 1 January 2023, having been the Group's CFO since 2015. Over the final three years of his tenure as CFO, Mr. Nagar also served as the de facto COO. During his time at BATM, Mr. Nagar has been instrumental in driving the business' growth, including leading several M&A transactions and the Group's IPO on TASE. He was re-elected as a Director of BATM in December 2022.

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 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.

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 partner 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

Directors' Biographies CONTINUED

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. 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 2022.

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

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 2022.

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

Directors' Biographies CONTINUED

Ran Noy
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.

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

** Mr. Noy will be appointed to the Board subject to shareholder approval at a general meeting, in accordance with BATM's articles of association and Israeli Companies Law*

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 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.

CORPORATE GOVERNANCE FRAMEWORK

The Board has delegated the daily operational management of the business to the CEO and CFO, and holds them to account for their responsibilities. The Board also operates through several committees: Audit, Remuneration, Nomination and Responsible Business. The Executive Directors serve as directors in the Group's 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. (See figure 2 in the TCFD Report on page 23 for BATM's corporate governance structure.)

In 2022, BATM continued to assess business risks and opportunities primarily through the leadership of the Executive Directors, while also formalising its risk management processes as described further in the Risk Management report on page 27.

THE BOARD

During 2022, the Board consisted of the Chairman, two Executive Directors (Zvi Marom, CEO, and Moti Nagar, CFO) and three independent Non-executive Directors (with Dr. Avigdor Shafferman being appointed on 12 April 2022), two of which are defined as 'external directors' under Israeli law. Since 1 January 2023, there has been one Executive Director on the Board – the CEO, Moti Nagar. Ran Noy, CFO, will be appointed to the Board in due course subject to shareholder approval at a general meeting, in accordance with BATM's Articles of Association and Israeli Companies 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 31 to 34). The division of responsibilities between the Chairman, CEO and other Directors is clearly established, and no individual has unrestricted powers of decision.

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

Meeting attendance

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Responsible Business Committee
Dr. Gideon Chitayat, Chairman	10/10	-	-	2/2	2/2
Dr. Zvi Marom, CEO (in 2022)	10/10	-	-	-	-
Moti Nagar, CFO (in 2022)	10/10	-	-	-	2/2
Harel Locker, SID	8/10	6/7	4/6	1/2	1/2
Prof. Varda Shalev, NED	10/10	7/7	6/6	2/2	2/2
Dr. Avigdor Shafferman, NED*	6/7	4/4	5/5	1/1	2/2

*** Appointed as a Non-executive Director on 12 April 2022**

Corporate Governance Report *CONTINUED*

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 Company Secretary, Yair Livneh, attends all Board and Board committee meetings. 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 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 59.

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.

BOARD & EXECUTIVE MANAGEMENT DIVERISTY

The Group operates open and inclusive hiring and staff management practices, and encourages employment of people drawn from a wide range of socioeconomic backgrounds. 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.

As at 31 December 2022, 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

Board & executive management diveristy

	Number of board members	Percentage of the board	Number in executive management	Percentage of executive management
Male	5	83	32	73
Female	1	17	12	27

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 (with the CFO, Mr. Noy, as a Director designate) and Non-executive Directors to ensure it performs its duties effectively. Further biographical details can be found on pages 31 to 34.

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.

INDUCTION

The induction of newly elected Directors into office is the responsibility of the Chairman of the Board. The new Directors receive a memorandum on the responsibilities and liabilities of Directors from the Company's general counsel as well as presentations on all activities of the Company by senior members of management and a guided tour of the Company's corporate headquarters and the premises of its main subsidiaries in Israel.

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.

The Directors may take independent professional advice at the Company's expense in furtherance of their duties.

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 (Chairman), 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 the Company's 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 42 to 44.

Corporate Governance Report CONTINUED

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 the Company's independent Non-executive Directors.

Further details on the Remuneration Committee's responsibilities and activities can be found in the Remuneration Committee Report on pages 45 to 47 (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 45 to 62. The Company's current remuneration policy as recommended by the Remuneration Committee was approved at the Annual General Meeting of the Company on 14 December 2021. The remuneration policy is more fully explained in the Directors' Remuneration Report.

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

The membership of the Nomination Committee consists of the Company's independent Non-executive Directors. In line with the Committee's terms of reference, the Chairman of the Board acts as chairman of the Committee. During the year, the Nomination Committee met on two occasions where it discussed, and recommended to the Board, the appointment of Dr. Avigdor Shafferman as a Non-executive Director and of Moti Nagar as CEO, having previously been CFO, with Dr. Zvi Marom becoming a 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.

Responsible Business Committee
Members: Dr. Gideon Chitayat (Chairman), 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 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 twice during the year where it discussed the requirements of the Financial Conduct Authority ("FCA") that premium listed companies make disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). In particular, it resolved that the CEO would appoint a manager in the Company to promote compliance, and who may be assisted by a consulting firm, and who would prepare a report to the Board providing further detail on the matter. The Committee received a review from the CEO on climate-related risks and opportunities in the Group's activity, and (post year-end) the Board received a report on climate-related financial disclosures. Subsequently, the Group has significantly enhanced its processes to be able to improve its reporting on climate-related matters and to integrate the TCFD framework into future business planning, as described further in the TCFD Report on pages 20 to 26.

The committee also resolved during the year to extend Prof. Varda Shalev's appointment as 'voice of the workforce' until the end of 2023, and that she would continue to hold meetings with employees and attend management and employee roundtable meetings, with a view to strengthening the relationship between the Board of directors and the Group's employees, and to represent the positions of the employees on the Board.

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's website (www.batm.com) contains up to date information on the Company's activities and published financial results. 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 2022, the CEO and CFO attended:

- 14 scheduled meetings with UK-based investors (including four group meetings/presentations); and
- c. 18 scheduled meetings with Israel-based investors (in addition to at least 20 non-scheduled phone calls).

The Chairman of the Board attended the Annual General Meeting. He also met with certain significant shareholders during the year without the Executive Directors present.

As of 31 December 2022, 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 – 28.90%
- Dr. Zvi Marom, Non-executive Director and founder – 22.20%
- Hargreaves Lansdown – 4.66%
- Herald Investment Management – 4.21%
- Interactive Investor – 3.40%

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, Prof. Varda Shalev engaged with the workforce at the Networking unit (via the human resources manager) to learn about employees' needs and requests and brought her findings to the Board in her role as 'voice of the workforce'. Moti Nagar also had such discussions with managers in other units.

Throughout 2022, 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 2022, no conflicts arose that required the Board to exercise authority or discretion in relation to such conflicts.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting ("AGM") was held on Wednesday 21 December 2022. The results of voting were published via the Regulatory News Service and on the Company's website at www.batm.com. The Chairman and CFO attended the AGM in person and the CEO attended virtually, with a facility also being made available for shareholders to attend remotely and ask questions.

Corporate Governance Report CONTINUED

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company, as a company with a Premium Listing and therefore subject to Listing Rule 9.8.7R, is subject to the principles and provisions of the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council ("FRC"), a copy of which is available from the FRC's website at https://www.frc.org.uk.

Details of how the principles of the Code have been applied can be found throughout the Corporate Governance section and the Strategic Report as follows:

Board leadership and company purpose	
Strategic Framework	Page 3
Chairman's Statement	Pages 4-5
Q&A with the CEO	Pages 6-7
Corporate Governance Report	Pages 35-41
Stakeholder Engagement	Pages 11-12
Division of responsibilities	
Matters reserved for the Board and Board and Committee Meetings	Pages 35-36
Division of Responsibilities	Page 36
Board Committees	Pages 37-39
Composition, succession and evaluation	
Directors' Biographies	Pages 31-34
The Board	Page 35
Effectiveness & Evaluation	Pages 36-37
Nomination Committee	Page 38
Audit, risk and internal control	
Audit Committee Report	Pages 42-44
Risk Management	Pages 27-30
Remuneration	
Directors' Remuneration Report	Pages 45-62

The Board considers that, during 2022, 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 2022, Dr. Gideon Chitayat, Chairman, has served on the Board for 12 years - eight of these as Chairman. Dr. Chitayat was appointed to the Board as 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. He plays an important role in facilitating succession planning, particularly, during the year, with the transition from Dr. Zvi Marom to Moti Nagar as CEO (effective 1 January 2023). 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 continues to consider methods for implementing this provision.

Audit Committee Report

Dear Shareholder,

I am pleased to present the Audit Committee report for 2022. 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 Mr. Locker as Chairman, has recent and relevant financial experience, including having been Chairman of the Audit Committee from his appointment to the Board in 2016 until 22 December 2020 (and, thereafter, remained a member until resuming the role of Chairman on 28 November 2021). During the year under review, Dr. Avigdor Shafferman joined the Audit Committee on his appointment to the Board on 12 April 2022.

The Audit Committee meets at least twice a year, and always prior to the announcement of interim or annual results. The external auditors, internal auditor and Chief Financial Officer are invited to attend all meetings in order 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 external auditor communicates with the members of the Audit Committee during the year, without executive officers present. The Audit Committee also meets with representatives of the Company's external auditors at least twice per year and raises on a regular basis 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.

The Company Secretary is secretary to the Audit Committee.

During the year, there were seven meetings of the Audit Committee, which were attended by all members except the absence of Harel Locker for one meeting (which was chaired by Dr. Avigdor Shafferman).

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 2022, the Audit Committee's activities included:

- Examining the Annual Report for the year to 31 December 2021 and the Half-year Report for the six months to 30 June 2022 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 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.
- Reviewing any material issues of fraud, whistleblowing and litigation.

INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Risk management is currently reviewed on an ongoing basis by the Board as a whole. The Company has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Principal controls are managed by the Executive Directors, including regular review by management and the Board of the operations and the financial statements of the Company. As noted in the Risk Management section on page 27, in 2022 the BATM leadership formalised its risk management processes into a corporate cross-functional Risk and Opportunity Management Framework.

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 they have carried out, during 2022, 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. To this end, in accordance with the Israeli Companies Law, the Company has appointed and 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 reports to the Audit Committee on the application of recommendations regarding information system resilience and the Company's data restoration plan.

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

Audit Committee Report CONTINUED

profit forecasts, are typically reported on a monthly basis to senior management compared with corresponding results for previous periods. To date, the central process for evaluating and managing non-financial risk is meetings of business functions, each involving at least one Executive Director.

- 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.

EXTERNAL AUDITOR AND INDEPENDENCE

Deloitte Israel and Co., Certified Public Accountants, 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. In addition, the Audit Committee has discussed with the external auditors their independence, and has received and reviewed written disclosures from the external auditors regarding independence.

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, receiving reports on the balance of audit to non-audit fees. For 2022, the external auditor provided $63K of non-audit work (2021: $48K). Fees paid to Deloitte Israel and Co. are set out in note 9 to the financial statements.

Harel Locker
Audit Committee Chairman
4 April 2023

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 2022.

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 other individuals determined by the Board to be material to the Company's current and future prospects.

The Remuneration Committee must ensure that a remuneration framework is established and implemented that addresses the need of the Company to attract, retain and motivate such individuals, 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 remains focused on ensuring 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 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 Advanced Communications' 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 2021.

We engaged external experienced consultants in the area of executive remuneration packages both in Israel and London to provide independent and objective advice to assist in developing our Directors’ Remuneration Policy. We consulted with our largest shareholders to ensure their views were taken into account. In addition, the Policy was prepared with due consideration for the factors set out in Provision 40 of the UK Corporate Governance Code (the “Code”). We were delighted to receive 91.92% support on the policy resolution. The Policy has been effective from the start of the 2022 financial year and is intended to operate for a period of three years.

While the Company is not subject to the Companies Act 2006 or the amendments introduced in relation to the preparation and approval of directors' remuneration policies and reports for listed companies, the Company complies with the Code and believes that the Company's remuneration strategy complies with the requirements of the Code and of the Companies Act 2006 and related legislation.

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, 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;

Directors' Remuneration Report *CONTINUED*

(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; and
(5) Reviewing the CEO's compensation policies for Office Holders (as defined in the Israeli Companies Law).

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 six meetings of the Committee during the year to 31 December 2022. The Committee undertook the following activities in this period:

- Approving the remuneration package for the new CEO (effective 1 January 2023)
- Approving alterations to the remuneration packages for the Chairman and Dr. Zvi Marom (effective 1 January 2023)
- Approving the remuneration of Dr. Avigdor Shafferman, who was appointed as a director during the year
- Approving the grant of long-term incentive awards to directors and employees
- Approving the exemption and indemnification of current and future directors and office holders of the Company
- Determining the outcome of the 2021 annual bonus
- Setting the targets and measures for the 2022 annual bonus

Approving alterations to remuneration packages

A key activity that was completed during the year was approving new remuneration packages for Dr. Zvi Marom and Moti Nagar who, from 1 January 2023, became a Non-executive Director and the CEO of the Group, respectively (having previously been CEO and CFO). The details of the packages, which were approved by shareholders on 21 December 2022 with an approval rating of over 92% and became effective 1 January 2023, can be found in the Annual Report on Remuneration section below. With regards to Dr. Marom, we took into account his knowledge of the Group, its markets and various stakeholders, his abilities and experience, and the organisational memory he holds. With regards to Mr. Nagar, we examined market standards in Israel and the UK to determine an adequate remuneration level for the role of CEO in the Company. The base salary and annual bonus do not deviate from standard levels for CEOs of comparable companies in the UK and Israel, and the long-term incentive is in line with market views as to the benefits to shareholders from significant shareholding by management.

We also restructured the remuneration package of Dr. Chitayat, which became effective 1 January 2023 and was approved by shareholders on 21 December 2022. In doing so, we took into account his contributions to the Company, his leadership, experience and knowledge of the Company, his effectiveness in leading the Board and his commitment to the success of the Company, his vast business experience and his high level of responsibility and accountability, as well as the fact that his remuneration had not been updated for many years. We also took into account the fact that there is a market practice in Israel of granting shares to a chairman who does not have an active managerial role in the company.

BUSINESS PERFORMANCE AND 2022 INCENTIVE OUTCOMES

As discussed further in the Strategic Report, in the twelve months to 31 December 2022, there was robust underlying performance across the Group. In the Networking & Cyber unit, revenue from ongoing operations increased by 34.4%. We achieved key milestones with the award of a contract by a major network provider in the UK, CityFibre, for Edgility and a cyber security order (received shortly post year-end) for \$26m. In the Bio-Medical Division, there was a solid performance when excluding the contribution to both years from COVID-19 related products – with revenue increasing 6.7% on that basis. However, the division was impacted by currency headwinds and the subsiding of the pandemic reducing demand for COVID-19 products. Accordingly, while the underlying business was strengthened, EBITDA was \$8.0m (2021: \$15.7m[1]), basic EPS was 0.06¢ (2021: 3.26¢) and the Company ended the year with cash and cash

[1]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.

equivalents and short-term investment in deposits and other securities of $44.2m (31 December 2021: $67.8m).

The 2022 bonus weightings were 75% of bonus to be based on an adjusted EBITDA target and 25% on personal and strategic criteria. As further described in the Annual Remuneration Report below, the thresholds for the personal and strategic criteria were met, but those for EBITDA were not. As a result, the Executive Directors were due a partial bonus pay-out, however, Dr. Marom and Mr. Nagar proposed to waive their right to receive additional variable remuneration. This was accepted by Remuneration Committee and, accordingly, no bonus will be paid to the Executive Directors for 2022.

STAKEHOLDER VIEWS & ENGAGEMENT

During the year, we consulted with our largest shareholders (via the Chairman) to ensure their views were taken into account in determining the remuneration of the new CEO and amendments to other packages as described above. At the AGM in 2022, we proposed eight remuneration-related resolutions, which were all passed with an approval rating of over 92% (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
4 April 2023

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 2021 Annual General Meeting and took effect from 1 January 2022. The Policy was 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.

This section summarises the key elements of the Policy. The full Policy is available on the Company’s website and was provided in full in the Company’s annual report for the year ended 31 December 2021.

Directors' Remuneration Report CONTINUED

DIRECTORS' & OFFICERS' REMUNERATION POLICY TABLE

The table below sets out the main components of the 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.

The Remuneration Committee (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.
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	No prescribed maximum or maximum increase. 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' above. 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. Executive Directors and Officers may be eligible to participate in future all-employee share plan operated by the Company, on the same terms as other eligible employees. For external and internal appointments or relocations, the Company may pay certain relocation and/or incidental expenses as appropriate.

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 for 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.

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 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. Dividends or dividend equivalents may accrue on deferred shares.
Maximum potential value	Capped at 125% of annual base salary.

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. 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.

Directors' Remuneration Report *CONTINUED*

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. 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. 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 is limited participation by Non-executive and Non-External Directors in the variable remuneration plans offered by the Company to its Executive Directors and Officers. Any participation by Non-executive and Non-External Directors in the Company's variable remuneration plans is 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 (public) independent non-executive directors (known as 'External' Directors) that fulfil the mandatory requirements and hold the qualifications laid down in the Israeli Companies Law. 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.

Directors' Remuneration Report *CONTINUED*

Operation	External Directors may receive remuneration in cash or ordinary shares which includes an annual fixed fee and a per-meeting participation fee, all as prescribed in the Israeli Companies Regulations ((Rules Regarding Compensation and Expense Reimbursement of External Directors) 2000 (the "Israeli Compensation Regulations"), as an incentive for their contribution and efforts for the Company. 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 Company's remuneration policy with respect to the External Directors is that it offers each of them the relevant scale of annual fixed fee and "per-meeting" participation fee specified in the Israeli Compensation Regulations which apply to the Company. The External Directors are not eligible to participate in the variable remuneration plans offered by the Company to its Executive Directors and Officers.
Maximum potential value	No prescribed maximum fee or maximum fee increase. Fees are normally reviewed annually taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity. Increases will be informed by taking into account internal benchmarks such as the salary increase for the general workforce and will have due regard to the factors set out in the 'Operation' row of this table.
Performance targets	Not applicable.

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 remuneration report the next year.

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.

Measurable Targets

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

- Work plan targets
- Budget targets
- Accomplishment of specific projects
- Meeting pre-defined goals of -
  - Revenue
  - Profit
  - EBITDA
  - Operating profit
  - Cash from operating activities
  - Free 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.

Directors' Remuneration Report *CONTINUED*

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 2022 and how the Remuneration Policy will operate for the year ending 31 December 2023.

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 Non-executive Directors (excluding the Chairman of the Board). The members of the Remuneration Committee during the year under review were:

- Prof. Varda Shalev (Chair)
- Harel Locker
- Dr. Avigdor Shafferman (following his appointment to the Board in April 2022)

The Remuneration Committee receives advice from several sources, namely:

- The Chairman of the Board and the Executive Directors, who attend the Remuneration Committee meetings when specifically invited by the chairman 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 six meetings during the year to 31 December 2022.

As noted in the Remuneration Committee Report, the key activities undertaken during the year included approving new and amended remuneration packages for the CEO, Chairman and Dr. Zvi Marom, and determining annual bonus targets and outcomes.

Single total figure of remuneration
The tables below set out the single total remuneration figures for each director for 2022 and the prior year.

2022	Salary/Fees $'000	Performance Bonus $'000	Total Remuneration $'000
Executive Directors			
Zvi Marom, CEO[1]	573	- [3]	573
Moti Nagar, CFO[2]	307	- [3]	307
Non-executive Directors			
Gideon Chitayat	56	–	56
Harel Locker	52	–	52
Varda Shalev	54	–	54
Avigdor Shafferman[4]	38	–	38

2021	Salary/Fees $'000	Performance Bonus $'000	Total Remuneration $'000
Executive Directors			
Zvi Marom, CEO	584	438	1,022
Moti Nagar, CFO	317	158	475
Non-executive Directors			
Gideon Chitayat	56	-	56
Harel Locker	58	-	58
Varda Shalev	62	-	62
Ari Shamiss(5)	57	-	57

1. Dr. Zvi Marom's tenure as CEO finished on 31 December 2022, when he became a Non-executive Director. As CEO, Dr. Marom received payment via a Service Agreement, which included a basic annual salary and associated social and pension benefits according to the aforementioned Service Agreement. Dr. Zvi Marom's tenure as CEO finished on 31 December 2022, when he became a Non-executive Director. As CEO, Dr. Marom received payment via a Service Agreement, which included a basic annual salary and associated social and pension benefits according to the aforementioned Service Agreement. The amounts do not include early notice provision.
2. Moti Nagar was CFO until 1 January 2023, when he assumed the role of CEO. His salary is paid in New Israeli Shekels and includes social and pension benefits as required by Israeli law for all employees. His salary in both years was the same: the difference in reporting currency (US$) is due to currency exchange.
3. Dr. Marom and Mr. Nagar proposed to waive their right to additional variable remuneration for 2022, which was accepted by the Remuneration Committee.
4. Avigdor Shafferman was appointed to the Board on 12 April 2022.
5. Ari Shamiss stepped down from the Board on 28 November 2021.

As at 31 December 2022, the total liability for payment related to wages for the Executive Directors was $64 thousand (31 December 2021: $79 thousand), which was paid in January 2023 (2021 liability was paid in January 2022).

Non-executive Directors

In determining the remuneration to its Non-executive Directors (who, in 2022, other than the Chairman and Avigdor Shafferman, were all "external directors" under Israeli law), 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 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. Cash remuneration payable to the external director 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 (who became a non-executive director in 2023) or Avigdor Shafferman who are not "external directors" in terms of Israeli Law. However, the Company is obligated, under Israeli law, to have at least three members on the Remuneration Committee and they must all receive remuneration according to the rules regarding remuneration of external directors. Accordingly, Avigdor Shafferman, as one of the three members of the Committee, receives the same remuneration fees as the external directors. The remuneration of the Chairman and Dr. Marom is set out below.

Directors' Remuneration Report *CONTINUED*

2022 annual bonus outcome

The maximum annual bonus for Dr. Zvi Marom and Mr. Moti Nagar for 2022 was 100% of base salary. The annual bonus is based on a mix of quantitative financial criteria and qualitative personal and operational criteria as described below.

At the start of the year, the Board had set the following targets and thresholds for both Dr. Marom and Mr. Nagar.

Performance Measure	Weighting	Threshold (25% Payable)	Max (100% Payable)	Actual FY22 Achievement	Bonus Outcome (% Of Total Bonus)
EBITDA	75%	$13.7m	$17.1m	$8.0m	0%

The other 25% of the bonus was based on personal criteria. The objectives and their achievement are set out in the table below.

Objectives	Achievements in 2022	Bonus Outcome (% of Total Bonus)
Stabilise Group units for post-COVID era	Achieved growth across the Group in non-COVID related business The Board also took into consideration the undertaking of a successful succession process in transitioning the role of Group CEO	25%

This resulted in Dr. Marom and Mr. Nagar being due a partial bonus pay-out, equal to 25% of their annual base salaries. However, Dr. Marom and Mr. Nagar proposed to waive their right to additional variable remuneration for 2022, which was accepted by the Remuneration Committee.

Long-term incentive awards granted in 2022

Moti Nagar, who was the CFO in 2022, was granted, on 12 April 2022, 537,109 restricted share units ("RSUs") under the Group's Global Share Incentive Plan (2021). The RSUs vest on the third anniversary of the grant date subject to total shareholder return ("TSR") performance over the three-year period as follows:

TSR on vesting date compared to share price on date of grant	Vesting percentage of the RSUs
Less than +15%	0%
+15%	25%
Between +15% and +25%	Pro rata between 25% and 80%
+25%	80%
Between +25% and 50%	Pro rata between 80% and 100%
50% or higher	100%

If, and to the extent that, these RSUs vest, the resulting ordinary shares will be subject to a two-year holding period, however, sufficient awards may be sold during the holding period to satisfy any tax liabilities owed.

No other long-term incentive awards were granted to directors during 2022.

Share interests

	Shares owned outright (31/12/22)	Shares owned outright (31/12/21)	Awards unvested and subject to performance conditions as at 31/12/22	Options unvested and not subject to performance conditions as at 31/12/22	Options vested but not exercised as at 31/12/22	Shareholding as a percentage of salary/service fee
Executive Directors*						
Zvi Marom	96,794,500	96,794,500	-	-	4,000,000	5,577%**
Moti Nagar	-	-	537,109	-	906,200	0%
Non-executive Directors						
Gideon Chitayat	3,159,000	3,159,000	-	-	-	1,862%**
Harel Locker	-	-	-	-	-	0%
Varda Shalev	-	-	-	-	-	0%
Avigdor Shafferman	-	-	-	-	-	0%

* For the year ended 31 December 2022

** According to the share price on the LSE on 31 December 2022 of £0.274 and the currency rate on 31 December 2022 of £0.83 per $1.00

Dr. Zvi Marom's vested options have an exercise price of £0.2695 and Moti Nagar's vested options have an exercise price of £0.1269.

Ratio of CEO pay to average full-time employee pay

The ratio of CEO pay to average full-time employee pay during 2022 was 6:1 (2021: 11:1) for employees of Israeli companies in the Group and 24:1 (2021: 34:1) for the whole Group. The details of CEO pay can be found on page 57. Average full-time employee pay (for the whole Group), including employees being paid under service contracts, in 2022 was $27,847 (2021: $29,667). (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).

Relative importance of spend on pay

The table below shows overall spend on employee pay (including employees on service contracts and the Executive Directors) across the Group compared with distributions to shareholders.

	2022 ($m)	2021 ($m)	% change
Employee remuneration costs	25.7	29.5	(12.8)%
Distribution to shareholders	5.6*	-	-
Profit (EBITDA on reported basis)	8.0	29.6	(72.9)%

* Includes a dividend payment of $4.3m that was declared for 2021 and paid to shareholders on 5 January 2022 and a share buy-back totalling $1.3m.

Directors' Remuneration Report *CONTINUED*

Percentage change in directors' remuneration

The table below shows the percentage change in each directors' remuneration (on an actual currency basis). The prior two years' change has also been shown and this will build up over time to cover a rolling five-year period.

	Salary/Fee			Benefits			Annual Bonus		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Executive Directors									
Zvi Marom	0%	0%	0%	0%	0%	0%	(100%)	0%	173%
Moti Nagar	0%	0%	0%	0%	0%	0%	(100%)	0%	24%
Non-executive Directors*									
Gideon Chitayat	0%	0%	0%	–	–	–	–	–	–
Harel Locker	(6.8%)	4.3%	0%	–	–	–	–	–	–
Varda Shalev	(10%)	(4.2%)	8.8%	–	–	–	–	–	–
Avigdor Shafferman**	–	–	–	–	–	–	–	–	–

* The number of meetings attended by each director may change from one year to another.
** Appointed to the Board on 12 April 2022.

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

No payments for loss of office nor payments to former Directors were made during FY22.

Statement of shareholding voting

At the AGM that took place on 21 December 2022 there were eight 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	280,405,094	95.81	12,251,806	4.19	292,656,900	30,500
Approval of the remuneration of Moti Nagar as CEO	270,426,472	92.39	22,260,150	7.61	292,686,622***	778
Approval of the remuneration of Dr. Zvi Marom as a Non-executive Director	189,833,914	96.91	6,058,486	3.09	195,892,400***	4,750,500
Approval of the remuneration of Gideon Chitayat as Chairman	267,267,472	92.31	22,260,428	7.69	289,527,900***	3,159,500
Approval of an amendment to the Company's articles regarding the exemption and indemnification of directors and office holders	290,004,340	99.51	1,432,560	0.49	291,436,900	500
Approval of the exemption and commitment to indemnify Dr. Zvi Marom	183,606,844	93.73	12,281,806	6.27	195,888,650***	4,754,250
Approval of the exemption and commitment to indemnify Moti Nagar	280,401,344	95.80	12,281,806	4.20	292,683,150***	4,250
Approval of the exemption and commitment to indemnify all other current and future directors and office holders	277,242,344	95.76	12,281,806	4.20	289,524,150***	3,163,250

* There were no discretionary votes cast.

** Excludes withheld votes.

*** In accordance with Israeli law, shareholders defined as a 'controlling shareholder' or as having a 'personal interest' are ineligible to vote for certain resolutions.

Directors' Remuneration Report CONTINUED

Implementation of Policy for FY23

Component of Pay	*Implementation for FY23*
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 2023 bonus will be subject to Group revenue and/or EBITDA. The targets are currently commercially sensitive and will be reported in next year's annual report.
LTIP	A one-time grant of options to the new CEO and to the Chairman in accordance with their remuneration packages approved by shareholders on 21 December 2022.
NED fees	The Chairman and NED fees for FY23 are as follows: • Chairman fee: $100,000 • Non-executive Director* and External Director base fee: NIS 113,015** ($32,107***) • Non-executive Director* and External Director per-meeting fee: NIS 4,345** ($1,234***)

* From 1 January 2023, Dr. Zvi Marom became a Non-executive Director (having been CEO up to that point). As noted in the circular for the Group's 2022 AGM, for the period from 1 January 2023 to 30 June 2023 Dr. Marom will continue to be remunerated (via Nostredamus Technology Services Ltd) under his previous service agreement. From 1 July 2023, Dr. Marom's remuneration will be equal to the remuneration paid to the External Directors alongside a consulting agreement of $40,000 per annum.

** Linked to the consumer price index in Israel.

*** According to the 31 December 2022 currency rate of 3.52 NIS per 1 USD.

On behalf of the Board

Prof. Varda Shalev
Chair of the Remuneration Committee
4 April 2023

Directors' Report

PRINCIPAL ACTIVITIES

BATM is focused on the development, production and marketing of real-time technologies focusing on two main application areas: Networking & Cyber and Bio-Medical. Networking & Cyber includes products and services related to edge computing, NFV, carrier ethernet and cyber network monitoring and network encryption for large area networks. Bio-Medical includes medical diagnostic solutions, bio-waste treatment and sterilisation, and distribution of third-party medical equipment, supplies and administration of diagnostic testing. BATM has offices in North America, Israel and Europe.

FINANCIAL STATEMENTS

The Directors present their report together with the audited financial statements for the year ended 31 December 2022. The results of the year are set out in the consolidated statements of profit or loss. BATM recorded a net profit of $0.9 million.

RETURNS TO SHAREHOLDERS

The Board considers returns to shareholders to be an important element of its strategy to deliver shareholder value. On 17 March 2022, the Company received shareholder approval for a programme to buy back up to 44,053,412 ordinary shares of NIS0.01 ("Ordinary Shares") in the capital of the Company, representing approximately 10% of the Company's issued share capital at that date. During the year, the Company repurchased 4,495,000 Ordinary Shares under its share buy-back programme.

BUSINESS AND STRATEGIC REVIEW

The review of the Group's business operations, including strategic framework, key performance indicators and principal risks and uncertainties, are set out in the Strategic Report section on pages 3 to 30 together with this Directors' Report.

DIRECTORS

The Directors who served for the year ended 31 December 2022 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*
- 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***

* During the year under review, Moti Nagar served as an Executive Director and Chief Financial Officer. He became the Chief Executive Officer on 1 January 2023.

** During the year under review, Dr. Zvi Marom served as an Executive Director and Chief Executive Officer. He became a Non-executive Director on 1 January 2023.

*** Dr. Avigdor Shafferman was appointed on 12 April 2022.

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 35 to 41 which is incorporated into the Directors' Report by reference.

DIRECTORS' REMUNERATION AND INTERESTS

The Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 45 to 62.

RULES ABOUT APPOINTMENT AND REPLACEMENT OF DIRECTORS

Pursuant to the Company's articles of association and Israeli Companies Law, directors are elected at the 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 Executive Director, the CEO, Mr. Moti Nagar; the Chairman of the Board, Dr. Gideon Chitayat; and Non-executive Directors Dr. Zvi Marom and Dr. Avigdor Shafferman, were re-elected at the Annual General Meeting of 21 December 2022 until the following AGM. Mr. Harel Locker, a Non-executive External Director, was also re-elected for his third three-year term. Their biographies appear on pages 31 to 34 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 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
4 April 2023

BATM

Consolidated Financial Statements for the year ended 31 December 2022

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 71 to 120, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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' *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.

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 Tel: +972 (3) 608 55551 info@deloitte.co.il

Jerusalem
3 Kiryat Ha'Mada
Har Hotzvim Tower
Jerusalem, 914510
Tel: +972 (2) 501 8888
Fax: +972 (2) 537 4173
info-jer@deloitte.co.il

Haifa
5 Ma'aleh Hashichrur
P.O.8. 5648
Haifa, 3105502
Tel: +972 (4) 860 7333
Fax: +972 (4) 867 2528
info-haifa@deloitte.co.il

Eilat
The City Center
P.O.8. 583
Eilat, 8810402
Tel: +972 (8) 637 5676
Fax: +972(8) 637 1628
info-eilat@deloitte.co.il

Nazareth
9 Marj Ibn Amer St.
Nazareth, 16100
Tel: +972 (73) 399 4455
Fax: +972 (73) 399 4455
info-nazareth@deloitte.co.il

Beit Shemesh
9 Marj Ibn Amer St.
Yigal Alon 1 St.
Beil Shemesh, 9906201

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other intangible assets As detailed in Notes 23 and 24, as at 31 December 2022, the Group had goodwill and other intangible assets of $18,531 thousand. Goodwill and other intangible assets arise as a result of acquisitions by the Group. Management conducted their annual impairment test to assess the recoverability of the goodwill and consider whether there are indicators of impairment with respect to other intangible assets. In order to establish whether an impairment exists, the value in use is determined and compared to the net book value of cash-generating unit to which the goodwill is allocated and other intangible assets. This determination of an impairment is highly subjective as significant judgement is required by the management in determining the cash-generating units and the value in use as appropriate. The value in use is based on the cash flow forecast model for each 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 directors. Our audit procedures included: ▪ Evaluating whether the model used to calculate 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's estimations applied in the discount rates used in the value in use calculations. ▪ Challenging management's assumptions applied and inputs in the respective models by comparing it to historical information, market researches when available, contractual arrangements and approved budgets, search for available contradictory information. ▪ Performing stress analysis on key estimates. ▪ 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 IFRSs, 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, matters related to going concern and using the going

Deloitte.

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

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 judgement 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.

- 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 performance 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, related safeguards.

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

4 April 2023

Consolidated Statements of Profit or Loss

for the year ended 31 December

	Note	2022 US$'000	2021 US$'000
Revenues	5, 6	116,123	140,038
Cost of revenues	7	78,165	88,977
Gross profit		37,958	51,061
Operating expenses			
Sales and marketing expenses	8	17,209	18,290
General and administrative expenses	9	13,018	12,243
Research and development expenses	10	7,025	8,713
Other operating income	12	(2,428)	(12,563)
Total operating expenses		**34,824**	**26,683**
Operating profit		**3,134**	**24,378**
Finance income	13	772	1,466
Finance expenses	14	(2,011)	(911)
Profit before tax		1,895	24,933
Income tax expenses	15	(339)	(9,337)
Profit for the year before share of loss of a joint venture and associated companies		**1,556**	**15,596**
Share of loss of a joint venture and associated companies		(686)	(839)
Profit for the year		**870**	**14,757**
Attributable to:			
Owners of the Company		**244**	**14,340**
Non-controlling interests		**626**	**417**
Profit for the year		**870**	**14,757**
Earnings per share (in cents) basic	16	**0.06**	**3.26**
Earnings per share (in cents) diluted	16	**0.06**	**3.23**

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

Consolidated Statements of Comprehensive Income

for the year ended 31 December

	2022 US$'000	2021 US$'000
Profit for the year	870	14,757
Items that may be reclassified subsequently to profit or loss:		
Disposal of a foreign operation	–	(522)
Exchange differences on translating foreign operations	(5,810)	(4,880)
	(5,810)	(5,402)
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit obligation	65	162
	65	162
Total other comprehensive loss for the year	**(5,745)**	**(5,240)**
Total comprehensive income (loss) for the year	**(4,875)**	**9,517**
Attributable to:		
Owners of the Company	(5,727)	8,976
Non-controlling interests	852	541
	(4,875)	**9,517**

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

Consolidated Statements of Financial Position

for the year ended 31 December

	Note	2022 US$'000	2021 US$'000
Assets			
Current assets			
Cash and cash equivalents		35,156	65,331
Trade and other receivables	18	36,495	34,932
Short-term investment in deposits and other securities	17	9,011	2,432
Inventories	19	34,461	30,951
		115,123	133,646
Non-current assets			
Property, plant and equipment	20	15,309	18,107
Investment property	21	620	1,739
Right-of-use assets	22	5,461	6,570
Goodwill	23	12,583	11,385
Other intangible assets	24	5,948	4,648
Investment in joint venture and associate	12	15,555	12,667
Investments carried at fair value		1,220	1,027
Deferred tax assets	26	3,362	3,375
		60,058	59,518
Total assets		**175,181**	**193,164**
Equity and liabilities			
Current liabilities			
Short-term bank credit	27	2,235	1,634
Trade and other payables	27	46,256	47,519
Current maturities of lease liabilities	27	1,984	2,186
Tax liabilities		818	6,548
		51,293	57,887
Non-current liabilities			
Long-term bank credit	27	2,000	1,356
Long-term liabilities	27	3,472	3,888
Long-term lease liabilities	27	3,758	5,108
Deferred tax liabilities	26	120	170
Retirement benefit obligation	35	537	621
		9,887	11,143
Total liabilities		**61,180**	**69,030**
Equity			
Share capital	28	1,320	1,320
Share premium account		426,138	425,840
Reserves		(32,812)	(19,849)
Accumulated deficit		(279,579)	(279,888)
Equity attributable to the:			
Owners of the Company		115,067	127,423
Non-controlling interests		(1,066)	(3,289)
Total equity		**114,001**	**124,134**
Total equity and liabilities		**175,181**	**193,164**

The financial statements were approved by the board of directors and authorised on 4 April 2023. 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 2022 and 2021

	Share Capital	Share Premium Account	Translation Reserve	Other Reserve	Accumulated Deficit	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	US$ in thousands							
Balance as at 1 January 2021	**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)
Total comprehensive income (loss) for the year	–	–	**(5,526)**	–	**14,502**	**8,976**	**541**	**9,517**
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)
Balance as at 1 January 2022	**1,320**	**425,840**	**(19,337)**	**(512)**	**(279,888)**	**127,423**	**(3,289)**	**124,134**
Profit for the year	–	–	–	–	244	244	626	870
Re-measurement of defined benefit obligation	–	–	–	–	65	65	–	65
Exchange differences on translating foreign operations	–	–	(6,036)	–	–	(6,036)	226	(5,810)
Total comprehensive income (loss) for the year	–	–	**(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)
Balance as at 31 December 2022	**1,320**	**426,138**	**(26,039)**	**(6,773)**	**(279,579)**	**115,067**	**(1,066)**	**114,001**

(*) Less than 1K USD

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

Consolidated Statements of Cash Flow

for the year ended 31 December

	Note	2022 US$'000	2021 US$'000
Net cash from (used in) operating activities	30	**(2,784)**	**5,592**
Investing activities			
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 subsidiary		(550)	–
Proceeds from sale of a subsidiary	32	–	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 securities		(11,733)	(315)
Other	31	293	3
Net cash from (used in) investing activities		**(16,342)**	**15,069**
Financing activities			
Lease payment	22	(2,192)	(2,174)
Bank loan repayment	27	(11,017)	(13,252)
Bank loan received	27	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
Net cash used in financing activities		**(7,050)**	**(4,937)**
Net increase (decrease) in cash and cash equivalents		(26,176)	15,724
Cash and cash equivalents at the beginning of the year		65,331	50,575
Effects of exchange rate changes on the balance of cash held in foreign currencies		(3,999)	(968)
Cash and cash equivalents at the end of the year		**35,156**	**65,331**

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

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") are engaged in the research and development, production and marketing of data communication products in the field of metropolitan area networks and of bio-medical products, primarily laboratory diagnostics and eco-med equipment. The Bio-Medical division also distributes products of third parties.

2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

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

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) 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.

The 2022 and 2020 amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the 2022 amendments for an earlier period, it is also required to apply the 2020 amendments early.

Amendments to IAS 1 – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities

  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments have no significant impact on the Group's consolidated financial statements.

3 Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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.

When the Group reduces its ownership interest in an associate or a joint venture, but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

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 an operating unit, the attributable amount of 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 – Communication products, bio-medical products such as laboratory diagnostics and sterilisation eco-med products
- Rendering of services – Related mainly to software services such as training and technical support, laboratory service and maintenance related products sold
- Construction contracts

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, 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 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
The Group provides a service of installation of various software products for specialised business operations.

Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services 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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus any lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

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.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

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 policy to designated 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.

Employee benefits

Retirement benefit costs and termination benefits
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss under employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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 33.

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. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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.

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost model.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, between 27-33 years.

Transfers from owner-occupied property to investment property are made when the Company ends owner-occupation.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, 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 for production, administrative purposes, or for purposes not yet determined, 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	3%-6%
Plant and equipment	10%-33%
Motor vehicles	15%-25%
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.

Research and development expenditure

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

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:

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

Customer relationships and backlog	10%-12.5%
Technology	14%-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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Financial assets and investments

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The majority of financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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' line item. Fair value is determined in the manner described in note 36.

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.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and options. Further details of derivative financial instruments are disclosed in note 36.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured based on management estimate of the expenditure required to settle the obligation at the consolidated statements of financial position date, and are discounted to present value where the effect is material.

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 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.

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 over time. An analysis of the Group's revenues is as follows:

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Sales of goods	95,344	116,447
Services	13,191	15,837
Construction contracts	7,588	7,754
	116,123	**140,038**

6 Business and Geographical Segments

Business segments

Information reported to the chief operating decision maker (CEO of the Company) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of two major operating segments - Networking and Cyber Division and Bio-Medical Division. These divisions are the basis on which the Group reports its primary segment information. The principal products and services of each of these divisions are as follows: Networking and Cyber Division mostly includes the research and development, production and marketing of data communication products, such as Network Function Virtualisation and Edge Computing based on the Group's Edgility Software Suite, which provides operation and management capabilities for edge devices, as well as supply of carrier ethernet and access solutions in its Network Edge business. In the Cyber unit, the Group provides network monitoring and encryption solutions for very high speed, large area networks. The Bio-Medical Division is engaged in the research and development, production, marketing and distribution of medical products, primarily laboratory diagnostic equipment and sterilisation equipment.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

A. Segment revenues and segment results

Year ended 31 December 2022

	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Revenues from external customers	27,864	88,259	–	116,123
Operating profit/(loss)	(1,152)	4,286	–	3,134
Net finance expenses				(1,239)
Profit before tax				1,895

Year ended 31 December 2021

	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Revenues from external customers	27,992	112,046	-	140,038
Operating profit	7,844	16,534	-	24,378
Net finance income				555
Profit before tax				24,933

B. Segment assets, liabilities and other information

As at 31 December 2022

	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Assets	64,271	110,288	622	175,181
Liabilities	21,031	38,802	1,347	61,180
Depreciation and amortisation	1,408	3,426	57	4,891
Additions to non-current assets	2,851	4,250	-	7,101

As at 31 December 2021

	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Assets	74,951	116,474	1,739	193,164
Liabilities	23,904	40,826	4,300	69,030
Depreciation and amortisation	1,659	3,525	80	5,264
Additions to non-current assets	2,114	7,961	–	10,075

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	2022 $'000s	2021 $'000s
Networking and cyber products	18,898	15,376
Software services*	8,966	12,616
Distribution of medical products and services	70,272	71,832
Diagnostic products	11,307	31,576
Eco-Med products	6,680	8,638
	116,123	**140,038**

* The decrease in Software services revenue derives mainly from the sale of a Group subsidiary. See note 32 (disposal of subsidiary) for further details.

D. Revenue from major sources

Year ended 31 December 2022

Revenues	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Sales of goods	18,872	76,472	–	95,344
Services	3,529	9,662	–	13,191
Construction contracts	5,463	2,125	–	7,588
	27,864	**88,259**	–	**116,123**

Year ended 31 December 2021

Revenues	Networking and Cyber $'000s	Bio-Medical $'000s	Unallocated $'000s	Total $'000s
Sales of goods	15,376	101,071	–	116,447
Services	7,131	8,706	–	15,837
Construction contracts	5,485	2,269	–	7,754
	27,992	**112,046**	–	**140,038**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

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	
	2022	2021	2022	2021
Area A	82,052	107,718	40,897	40,302
Area B	22,272	22,923	12,372	10,304
Area C	11,799	9,397	2,207	4,510
Total	**116,123**	**140,038**	**55,476**	**55,116**

7 Cost of revenues

	Year ended 31 December	
	2022 $'000s	2021 $'000s
Direct costs – Components and subcontractors	74,665	74,136
Changes in inventory	(3,510)	2,942
Salaries and related benefits	3,220	7,330
Overhead and depreciation	2,388	2,726
Other expenses	1,402	1,843
	78,165	**88,977**

8 Sales and marketing expenses

	Year ended 31 December	
	2022 $'000s	2021 $'000s
Salaries and related benefits	10,804	10,220
Commissions	977	2,986
Outside services	457	491
Advertising and sales promotion	826	941
Overhead and depreciation	2,457	2,304
Travelling and other expenses	1,688	1,348
	17,209	**18,290**

9 General and administrative expenses

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Salaries and related benefits	6,289	5,114
Professional services(*)	2,818	3,506
Overhead and depreciation	1,678	1,347
Other expenses	2,233	2,276
	13,018	**12,243**
(*) Including auditors' remuneration for audit services	**353**	**347**

Amounts payable to Deloitte by the Group undertakings in respect of non-audit services in 2022 were $63 thousand (2021: $48 thousand). In addition, payables in respect of non-audit services to other than the Company's auditors, for tax and internal audit services in 2022, were $24 thousand and $13 thousand, respectively (2021: $51 thousand and $19 thousand, respectively).

10 Research and development expenses

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Salaries and related benefits	4,284	4,741
Components and subcontractors	1,705	2,863
Overhead and depreciation	866	852
Other expenses	442	591
Government grants	(272)	(334)
	7,025	**8,713**

11 Staff costs

The average monthly number of employees in 2022 (including executive directors) was 949 (2021:1,023).

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Their aggregate remuneration comprised:		
Wages and salaries	20,216	22,233
Social security costs	3,225	3,569
Other pension costs	1,156	1,603
	24,597	**27,405**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

12 Other operating income

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Gain from disposal of property	(2,021)	–
Gain from business combination achieved in stages over an associated company[1]	(404)	–
Gain from revaluation of investment carried at fair value	(193)	–
Amortisation of intangible assets	143	196
Profit from sale of a subsidiary[2]	–	(13,035)
Other	47	276
	(2,428)	**(12,563)**

(1) See note 31 in relation to business combination achieved in stages

(2) See note 32 in relation to the disposal of a subsidiary

13 Finance income

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Interest on bank deposits and other	729	571
Gain on derivative financial instruments	43	–
Foreign exchange differences, net	–	895
	772	**1,466**

14 Finance expenses

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Interest on loans and bank fees	(593)	(643)
Interest on liabilities	(740)	(224)
Foreign exchange differences, net	(456)	–
Loss on financial assets at FVTPL	(222)	–
Loss on derivative financial instruments	–	(44)
	(2,011)	**(911)**

15 Income tax expenses

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Current tax	(430)	(7,027)
Tax on previous years	53	(11)
Deferred tax (note 26)	38	(2,299)
	(339)	**(9,337)**

Taxation under various laws:

Israel

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

a. The corporate income tax rate for the years 2021 and 2022 is 23%
b. Encouragement of Capital Investments Law:

a. The corporate tax rate for each company with Preferred Enterprise status for the years 2021 and 2022 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 $123.4 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 2017 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 US law, losses created until 2017 can be carried forward for 20 years. As of 31 December 2022, the total carry-forward losses of Telco Systems amounted to $250.7 million of which deferred tax asset 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.

On 22 December 2017, a Tax Cuts and Jobs Act law was enacted (the "Tax Act"). The Tax Act contains significant changes to federal corporate taxes, including a permanent reduction of the corporate tax rate from 35% to 21% effective 1 January 2018.

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 24%.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

The Group has tax loss carry-forwards of $6.5 million in European subsidiaries and the Group did not recognise deferred tax assets in respect of $5.5 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	
	2022 $'000s	**2021 $'000s**
Profit before tax	**1,895**	**24,933**
Tax expense at the Israeli statutory corporate income tax rate of 23%	437	5,735
Difference between equity method measurement basis and cost basis for tax purposes	315	1,754
Differences between statutory tax in Israel (23%) and subsidiaries tax rate	418	1,449
Tax losses utilised in current period for which no deferred tax assets have been recognised	(774)	(154)
Deferred tax assets recognised	(24)	(191)
Tax on previous years	(53)	11
Other	20	733
Tax expenses for the year	**339**	**9,337**

16 Earnings per share

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

	Year ended 31 December	
	2022	**2021**
Earnings for the purposes of basic and diluted earnings per share ($'000s) attributable to Owners of the Company	**244**	**14,340**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	440,167,097	440,437,960
Effect of dilutive potential ordinary shares	2,190,019	3,829,714
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	**442,357,116**	**444,267,674**

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 1,778,220 (2021: 225,000).

The weighted average number of ordinary shares for the purposes of basic earnings per share for 2022 is taking into consideration the share buy-back conducted during the year (see note 29).

17 Short-term investment in deposits and other securities

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Interest-bearing deposits	1,182	158
Financial assets at FVTPL	7,829	2,274
	9,011	**2,432**

The average interest rate of deposits as of 31 December 2022 and 2021 are 3.42% and 0.25% respectively.

18 Trade and other receivables

	31 December	
Trade and other receivables	**2022 $'000s**	**2021 $'000s**
Trade receivable account	25,606	25,451
Participation in research and development: Government of Israel	79	90
VAT authorities	2,360	2,226
Tax authorities	156	257
Construction contracts (see following table)	2,159	1,474
Prepaid expenses	4,581	3,634
Other debtors	1,554	1,800
	36,495	**34,932**

	31 December	
Construction contracts	**2022 $'000s**	**2021 $'000s**
Composition:		
Cumulative costs incurred due to works construction contracts	13,795	8,493
In addition - Recognised profits	3,474	2,044
Less accounts submitted to project customers	(15,110)	(9,063)
	2,159	**1,474**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

No interest is charged on the receivables. An allowance has been made at 31 December 2022 for estimated irrecoverable amounts from the sale of goods of $3,085 thousand (2021: $3,499 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 2022, trade receivable account includes amounts of $5.2 million for which the maturity date has expired (including a receivable in the amount of $1.2 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 most 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	
	2022 $'000s	**2021 $'000s**
Raw materials	6,552	7,125
Work-in-progress	4,727	2,410
Finished goods	23,182	21,416
	34,461	**30,951**

During 2022, $0.2 million of slow-moving inventory was impaired and expensed to the profit or loss account (2021: $2.0 million).

20 Property, plant and equipment

($'000s)	**Land and buildings**	**Plant and equipment**	**Motor vehicles**	**Furniture and fittings**	**Leasehold improvements**	**Total**
Cost						
At 1 January 2021	**10,209**	**19,734**	**2,083**	**4,522**	**2,992**	**39,540**
Additions	29	3,477	394	103	2,036	6,039
Disposals	(11)	(265)	(229)	(77)	(29)	(611)
Disposal of subsidiary	–	(797)	–	–	(1,197)	(1,994)
Effect of translation adjustment	(519)	(621)	(115)	(88)	(86)	(1,429)
At 1 January 2022	**9,708**	**21,528**	**2,133**	**4,460**	**3,716**	**41,545**
Additions	37	1,264	346	90	463	2,200
Disposal	(2,478)	(558)	(43)	(439)	(193)	(3,711)
Business combination	-	42	-	3	-	45
Effect of translation adjustment	(477)	(695)	(201)	(204)	(196)	(1,773)
At 31 December 2022	**6,790**	**21,581**	**2,235**	**3,910**	**3,790**	**38,306**

($'000s)	Land and buildings	Plant and equipment	Motor vehicles	Furniture and fittings	Leasehold improvements	Total
Accumulated depreciation						
At 1 January 2021	**2,898**	**13,460**	**1,287**	**4,171**	**1,615**	**23,431**
Depreciation expense	299	1,332	228	74	116	2,049
Disposals	–	(220)	(175)	(77)	–	(472)
Disposal of subsidiary	–	(512)	–	–	(338)	(850)
Effect of translation adjustment	(232)	(301)	(86)	(71)	(30)	(720)
At 1 January 2022	**2,965**	**13,759**	**1,254**	**4,097**	**1,363**	**23,438**
Depreciation expense	258	1,157	178	174	284	2,051
Disposals	(970)	(418)	(43)	(330)	-	(1,761)
Business combination	-	20	-	2	-	22
Effect of translation adjustment	(194)	(293)	(118)	(123)	(25)	(753)
At 31 December 2022	**2,059**	**14,225**	**1,271**	**3,820**	**1,622**	**22,997**
Carrying amount						
At 31 December 2022	**4,731**	**7,356**	**964**	**90**	**2,168**	**15,309**
At 31 December 2021	**6,743**	**7,769**	**879**	**363**	**2,353**	**18,107**

21 Investment property

	2022 $'000s	2021 $'000s
At 1 January	1,739	1,878
Disposals	(1,022)	-
Depreciation expense	(58)	(80)
Exchange rate differences	(39)	(59)
At 31 December	**620**	**1,739**

Amounts recognised in the consolidated statements of profit or loss

	31 December	
	2022 $'000s	**2021 $'000s**
Rental income from investment property	29	24
Operating expenses related to income from investment property	(12)	(13)
Operating expenses related to investment property which produced no income	(93)	(134)

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

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 2022		31 December 2021	
	At amortised cost $'000s	Fair value $'000s	At amortised cost $'000s	Fair value $'000s
Italy	620	1,166	688	1,237
USA	-	-	1,051	1,933

The fair value in Italy and the USA 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.

During 2022, the Group sold its properties in the USA, which generated a profit of $2.1 million.

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 $1,220 per square metre for the property in Italy.

22 Right-of-use assets

($'000s)	Plant and equipment	Buildings	Motor vehicles	Total
Cost				
At 1 January 2021	-	12,840	1,493	14,333
Additions	848	1,618	693	3,159
Disposals	–	(495)	(365)	(860)
Disposal of subsidiary	–	(4,191)	(547)	(4,738)
Effect of translation adjustment	–	(110)	(13)	(123)
At 31 December 2021	**848**	**9,662**	**1,261**	**11,771**
Additions	286	957	175	1,418
Disposals	(77)	(669)	(216)	(962)
Effect of translation adjustment	(44)	(144)	(38)	(226)
At 31 December 2022	**1,013**	**9,806**	**1,182**	**12,001**

($'000s)	Plant and equipment	Buildings	Motor vehicles	Total
Accumulated depreciation				
At 1 January 2021	–	3,938	788	4,726
Charge for the year	128	1,706	375	2,209
Disposals	–	(285)	(365)	(650)
Disposal of subsidiary	–	(896)	(175)	(1,071)
Effect of translation adjustment	–	(6)	(7)	(13)
At 31 December 2021	**128**	**4,457**	**616**	**5,201**
Charge for the year	228	1,685	312	2,225
Disposals	(44)	(484)	(216)	(744)
Effect of translation adjustment	(6)	(129)	(7)	(142)
At 31 December 2022	**306**	**5,529**	**705**	**6,540**
Carrying amount				
At 31 December 2022	**707**	**4,277**	**477**	**5,461**
At 31 December 2021	**720**	**5,205**	**645**	**6,570**

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 27.

Amounts recognised in profit or loss

	2022 $'000s	2021 $'000s
Depreciation expense on right-of-use assets	2,225	2,209
Interest expense on lease liabilities	192	224
Expense relating to short-term leases	893	766

At 31 December 2022, the Group was committed to $0.7 million for short-term leases (2021: $0.4 million). The total cash outflow for leases amounted to $2,192 thousand (2021: $2,174 thousand).

23 Goodwill

The Group tests annually goodwill for impairment or more frequently if there are indications that goodwill might be impaired. The Group has two reportable business segments and goodwill is associated with CGUs within the Bio-Medical segment or CGUs within the Networking and Cyber segment. The goodwill related to the Bio-Medical segment in the amount of $10,599 thousand (2021: $9,401 thousand) is allocated to 5 CGUs: Eco-Med, Diagnostic, Distribution, Distributor and provider of genetics tests and Analytical instruments distribution. The goodwill related to the Networking and Cyber segment amounted to $1,984 thousand (2021: $1,984 thousand).

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

The goodwill is allocated to the following CGUs:

Eco-Med: $2,550 thousand (2021: $2,550 thousand)

Diagnostic: $1,020 thousand (2021: $1,082 thousand)

Distribution: $1,073 thousand (2021: $1,116 thousand)

Distributor and provider of genetics tests: $2,376 thousand (2021: $1,073 thousand)

Analytical instruments distribution: $3,580 thousand (2021: $3,580 thousand)

Networking: $1,984 thousand (2021: $1,984 thousand)

The recoverable amounts of the CGUs are determined from value-in-use calculations. 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 9.9% - 16.3% 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, 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 28% average growth per year for 1-5 years and 0% thereafter; for the Diagnostic CGU of 17% average growth per year for 1-5 years and 0% thereafter; for the Eco-Med CGU of 28% average growth per year for 1-5 years and 1% thereafter; for the Distribution CGU of 13% average growth per year for 1-5 years and 5% thereafter; for the Distributor and provider of genetics tests CGU of 7% average growth per year for 1-5 years and 1% thereafter; and for the Analytical instruments distribution CGU of 15% average growth per year for 1-5 years and 1% thereafter.

The average operating expenses have been assumed to grow for the Networking CGU at 24% average growth per year for 1-5 and then assumed to remain constant thereafter, and for the Diagnostic, Eco-Med, Distribution, Distributor and provider of genetics tests and Analytical instruments distribution CGUs at 8% average growth per year for 1-5 and then assumed to remain constant thereafter. The average cost of goods sold has been assumed to grow for the Networking CGU at 11% average growth per year for 1-5 and then assumed to remain constant thereafter, and for the Diagnostic ,Eco-Med, Distribution, Distributor and provider of genetics tests and Analytical instruments distribution CGUs at 15% average growth per year for 1-5 and 4% thereafter.

Sensitivity of the recoverable amount to changes in the key assumptions

The recoverable amount of the Analytical instruments distribution activity is higher than the carrying amount in the amount of $2.0 million. Reduction of 2% growth rate taken into account in calculating the value-in-use of the activity will result in a decrease of $0.9 million recoverable amount of the activity and no goodwill impairment will be recorded. Increase of 3% in pre-tax discount rate taken into account in calculating the value-in-use of the activity will result in a decrease of $1.1 million recoverable amount of the activity and no goodwill impairment will be recorded. The changes in assumptions for the sensitivity analysis will lead to changes in other assumptions used in the calculation of value-in-use.

	2022 $'000s	2021 $'000s
Balance at 1 January	**11,385**	**16,838**
Business combination [1]	1,429	–
Disposal of a subsidiary [2]	-	(5,185)
Foreign exchange difference	(231)	(268)
Balance at 31 December	**12,583**	**11,385**

[1] see note 31
[2] see note 32

24 Other intangible assets

	Customer Relationships and Backlog $'000s	Technology $'000s	Other $'000s	Total $'000s
Cost				
At 1 January 2021	**17,136**	**18,070**	**2,836**	**38,042**
Additions(*)	–	400	477	877
Disposals	–	(1,264)	–	(1,264)
Disposal of subsidiary	(4,896)	(199)	(1,554)	(6,649)
Effect of translation adjustments	(535)	(451)	(54)	(1,040)
As at 1 January 2022	**11,705**	**16,556**	**1,705**	**29,966**
Additions(*)	-	2,054	-	2,054
Disposals	-	(62)	-	(62)
Effect of translation adjustments	(320)	(290)	(68)	(678)
At 31 December 2022	**11,385**	**18,258**	**1,637**	**31,280**
Accumulated amortisation				
At 1 January 2021	**16,631**	**12,093**	**2,439**	**31,163**
Amortisation expense	43	547	126	716
Disposal	–	(106)	–	(106)
Disposal of subsidiary	(4,504)	(91)	(1,086)	(5,681)
Effect of translation adjustments	(513)	(233)	(28)	(774)
At 1 January 2022	**11,657**	**12,210**	**1,451**	**25,318**
Amortisation expense	10	427	121	558
Disposal	-	-	-	-
Effect of translation adjustments	(321)	(173)	(50)	(544)
At 31 December 2022	**11,346**	**12,464**	**1,522**	**25,332**
Carrying amount				
At 31 December 2022	**39**	**5,794**	**115**	**5,948**
At 31 December 2021	**48**	**4,346**	**254**	**4,648**

(*) Includes capitalised development costs according to IAS 38.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

25 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 2022 is presented below.

Subsidiary	Principal activity	Country of incorporation	Ownership interest	Date of acquisition
Entity A	Telecommunication	United States of America	100%	April 2000
Entity B	Distribution	Romania	100%	June 2007
Entity C	Eco-Med	Hungary	100%	February 2008
Entity D	Distribution	Moldova	51%	July 2008
Entity E	Diagnostics	Italy	96%	February 2009
Entity F	Diagnostics	Italy	96%	November 2009
Entity G	Cyber	Israel	67%	April 2012
Entity H	Distribution	Hungary	100%	January 2016
Entity I	Distribution	Israel	100%	January 2017

The most significant NCIs (49%) are related to entity D. The profit and loss allocated to the NCI for 2022 amounts to $331 thousand (2021: $569 thousand).

26 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).

	Retirement benefit obligations $'000s	Losses carried forward $'000s	Other $'000s	Total $'000s
At 1 January 2021	**–**	**5,759**	**–**	**5,759**
Change for the period	–	(2,280)	–	(2,280)
Effect of translation adjustments	–	(104)	–	(104)
At 1 January 2022	–	**3,375**	–	**3,375**
Change for the period	–	–	–	–
Effect of translation adjustments	–	(13)	–	(13)
At 31 December 2022	–	**3,362**	–	**3,362**

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 2021	**90**	**621**	**711**
Change for the period	(16)	35	19
Effect of translation adjustments	(1)	(19)	(20)
Disposal of a subsidiary	–	(540)	(540)
At 1 January 2022	**73**	**97**	**170**
Change for the period	(14)	(24)	(38)
Effect of translation adjustments	(5)	(7)	(12)
At 31 December 2022	**54**	**66**	**120**

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: $14,154 thousand as of 31 December 2022 (31 December 2021: $12,873 thousand).

27 Financial and other liabilities

Trade and other payables

	31 December	
	2022 $'000s	**2021 $'000s**
Trade creditors	20,990	20,701
Salary accruals	6,708	7,195
VAT and other tax	3,013	4,336
Dividend payables	-	4,300
Provision	221	–
Liability for acquisition	3,779	-
Other creditors and accruals	11,545	10,987
	46,256	**47,519**

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	
	2022 $'000s	**2021 $'000s**
Long-term bank credit	2,000	1,356
	2,000	**1,356**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

Long-term liabilities

	31 December	
	2022 $'000s	**2021 $'000s**
Liability to the office of the chief scientist	2,845	2,685
Government institutions and other	627	1,203
	3,472	**3,888**

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

2022	**Open balance $'000s**	**Cash flow from finance activities, net $'000s**	**Foreign exchange differences $'000s**	**Close balance $'000s**
Short term	1,634	609	(8)	2,235
Long term	1,356	839	(195)	2,000
	2,990	**1,448**	**(203)**	**4,235**

2021	**Open balance $'000s**	**Cash flow from (used in) finance activities, net $'000s**	**Foreign exchange differences $'000s**	**Close balance $'000s**
Short term	5,365	(3,565)	(166)	1,634
Long term	675	744	(63)	1,356
	6,040	**(2,821)**	**(229)**	**2,990**

Lease liabilities

	2022 $'000s	**2021 $'000s**
Balance as at 1 January	**7,294**	**10,684**
Cash payments	(2,384)	(2,393)
Other	1,421	2,801
Foreign exchange impact	(589)	(34)
Disposal of subsidiary	-	(3,764)
Balance as at 31 December	**5,742**	**7,294**

	31 December	
	2022 $'000s	**2021 $'000s**
Maturity analysis		
Year 1	1,984	2,186
Year 2	1,475	1,682
Year 3	1,102	1,240
Year 4	758	1,047
Year 5	416	741
Onwards	7	398
	5,742	**7,294**

28 Share capital

	Ordinary shares of NIS 0.01 each (number of shares)	
	2022	**2021**
Authorised:	**1,000,000,000**	**1,000,000,000**
Issued and fully paid:	**440,534,124**	**440,534,124**

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

During the year, the Company purchased a total of 4,495,000 shares (the "Buy-back Programme"- see also note 29). In addition, three share-based grants were made (see also note 33). During 2021, 100,000 options were exercised by an employee. No options were exercised during 2022.

29 Dividends and buyback

On 14 December 2021, the Company's shareholders approved the distribution of a dividend of GBP 0.74 per ordinary share, amounting to a total payout of $4.3 million. The amount was fully paid during the first quarter of 2022.

On 17 March 2022, the general meeting of shareholders of the Group approved a buy-back programme. During the year, the Company purchased a total of 4,495,000 ordinary shares for a total of $1,325 thousand (net of transaction costs) for an average price of GBP 0.24 per share.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

30 Note to the cash flow statement

	Year ended 31 December	
	2022 $'000s	**2021 $'000s**
Operating profit from operations	**3,134**	**24,378**
Adjustments for:		
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	105	(1,803)
Operating cash flow before movements in working capital	**5,834**	**14,661**
Decrease (increase) in inventories	(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	(1,556)	(1,616)
Cash from operations	**(1,074)**	**8,672**
Income taxes paid	(985)	(2,383)
Interest paid	(725)	(697)
Net cash from (used in) operating activities	**(2,784)**	**5,592**

31 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. As a result, the Group recorded a capital gain of $404 thousand.

	2022 US$ in thousands
Net assets acquired	
Current assets	523
Cash	29
Property, plant and equipment	22
Current liabilities	(514)
	60
Goodwill	1,429
Total consideration	**1,489**
Satisfied by:	
Disposal of investment in associated company	775
Liability of acquisition	714
Total consideration	**1,489**
Net cash inflow arising on business combination:	
Cash and cash equivalents acquired	29

As at the date of approval of these financial statements, the Group had not yet completed the initial accounting treatment for the acquisition of the associated company, including the estimation of the fair value of the acquired assets and the goodwill. Therefore, the fair value of the assets and liabilities is provisional and may be subject to changes.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

32 Disposal of subsidiary

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.

NGSoft

	2021 US$ in thousands
Net assets disposed	
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
Net assets disposed of	**6,149**
Disposal of a foreign operation translation reserve	(522)
Gain on disposal	13,035
Total consideration	**18,662**
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents, net	20,903
Cash and cash equivalents disposed	(2,241)
	18,662

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:

	2022		2021	
	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	5,631,200	0.3008	5,756,200	0.2867
Granted during the year	-	-	225,000	1.0502
Forfeited during the year	(150,000)	0.4196	(250,000)	0.5976
Exercised during the year	-	-	(100,000)	0.4340
Outstanding at the end of the year	**5,481,200**	**0.2976**	**5,631,200**	**0.3008**
Exercisable at the end of the year	**5,264,534**	**0.2718**	**5,247,867**	**0.2505**

The outstanding options at 31 December 2022 had a weighted average exercise price of 0.2976 GBP, and a weighted average remaining contractual life of 5.2 years.

On 21 February 2021, 225,000 options were granted for an estimated fair value of $200 thousand which were calculated according to the Black-Scholes model.

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

	2021
Weighted average share price (GBP)	1.05
Weighted average exercise price (GBP)	1.05
Expected volatility	82%
Expected life	3
Risk-free rate	1.3%
Expected dividends	0%

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.

Subsequent to the balance sheet date, on 1 January 2023, the Company granted options over ordinary shares of 0.01 NIS each in the capital of the Company with an exercise price of 25.49 pence to the chairman and CEO of the Company, in an amount of 1,229,369 options (fully vest on the first anniversary of the grant date) and 16,433,937 options (one-third of the options will vest on each of the first, second and third anniversaries of the grant date) respectively.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

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

	Number of RSUs 2022
Outstanding at beginning of year	-
Granted during the year	2,190,359
Forfeited during the year	-
Awarded during the year	-
Outstanding at the end of the year	**2,190,359**

During the year, three share-based grants were made. In April, the Company granted to an executive officer 537,109 RSUs under the Group's 2021 Plan. The RSUs vest on the third anniversary of the grant date subject to total shareholder return ("TSR") performance over the three-year period as follows:

TSR on vesting date compared to share price on date of grant	Vesting percentage of the RSUs
Less than +15%	0%
+15%	25%
Between +15% and +25%	Pro rata between 25% and 80%
+25%	80%
Between +25% and 50%	Pro rata between 80% and 100%
50% or higher	100%

The fair value of the grant is $224 thousand and was calculated using the Bionomic model as follows:

	2022
Weighted average share price (GBP)	0.50
Expected volatility	57%
Expected life	3
Risk-free rate	1.5%
Expected dividends	0%

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 and behavioural considerations.

In July and September, the Company granted 1,653,250 RSUs to four employees, with vesting periods of two to three years and subject to performance conditions. The total fair value of this grant of RSUs to four employees amounts to $700 thousand, based on the Company's average closing share price over the 30 trading days preceding the grant date.

The Group recognised total expenses of $298 thousand and $96 thousand related to equity-settled share-based payment transactions in 2022 and 2021, 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: $515 thousand in the year 2022 (2021: $453 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. Under the plans, the employees are entitled to post-employment benefits equivalent to years of service multiplied by 8.33% of final salary on either attainment of a retirement age of 67 (men) and 65 (women) or redundancy. No other post-retirement benefits are provided to these employees.

In Italy, each employee is entitled to severance payment at the end of employment. In principal conditions to release the liability are: 1. Full retirement age; 2. Accumulation of minimal working years; 3. Termination of employment by the employer; 4. Death of employee; 5. Occurrence of employee's disability.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 7 February 2023 by Alexey Trakshinsky, FILAA on behalf of Elior Weissberg Ltd., a member of the Institute of Actuaries, 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:

	2022	2021
Discount rate(s)	2.22%	2.15%
Expected rate(s) of salary increase	3-4%	1-4%
Expected inflation rate	2.71%	2.56%
Employee turnover rate	8%	8%

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

Service cost:

	2022 $'000s	2021 $'000s
Current service cost	150	193
Net interest expenses	3	11
Components of defined benefit costs recognised in profit or loss	**153**	**204**

Re-measurement on the net defined benefit liability:

	2022 $'000s	2021 $'000s
Return on plan assets (excluding amounts included in net interest expense)	(5)	80
Actuarial gains and losses arising from changes in financial assumptions	42	15
Actuarial gains and losses arising from other	28	67
Components of defined benefit costs recognised in other comprehensive income	**65**	**162**

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:

	2022 $'000s	2021 $'000s
Present value of funded defined benefit obligation	1,665	2,044
Fair value of plan assets	(1,128)	(1,423)
Net liability	**537**	**621**

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

	2022 $'000s	2021 $'000s
Opening defined benefit obligation	2,044	2,574
Current service cost	150	193
Interest cost	31	37
Remeasurement gains arising from changes in financial assumptions	(87)	(75)
Benefits paid	(284)	(552)
Disposal of a subsidiary	-	(76)
Exchange rate differences	(189)	(57)
Closing defined benefit obligation	**1,665**	**2,044**

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

	2022 $'000s	2021 $'000s
Opening fair value of plan assets	1,423	1,746
Interest income	28	26
Remeasurements gains/(losses) return on plan assets (excluding amounts included in net interest expense)	(22)	88
Contributions from the employer	39	52
Benefits paid	(180)	(449)
Disposal of a subsidiary	-	(71)
Exchange rate differences	(160)	31
Closing fair value of plan assets	**1,128**	**1,423**

36 Related party transactions

Remuneration of key management personnel

	2022 $'000s	2021 $'000s
Short- and long-term employee benefits	1,845	1,912
Shared-based payment	56	–
	1,901	**1,912**

Subsequent to the balance sheet date, Dr. Marom and Mr. Nagar proposed to waive their right to receive additional variable remuneration, accordingly, their 2022 bonus will not be paid.

Transactions with associated companies
During the year, the Group provided various services to an associated company for an amount of $2,104 thousand.

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.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

(c) Categories of financial instruments

	2022 $'000s
Financial assets	
Cash and cash equivalents*	35,156
Fair value through profit or loss**	9,707
Fair value through OCI**	524
Receivables	29,392
Financial liabilities	
At amortised cost	55,843

	2021 $'000s
Financial assets	
Cash and cash equivalents*	65,331
Fair value through profit or loss	2,935
Fair value through OCI	524
Receivables	28,815
Financial liabilities	
At amortised cost	56,142
Fair value through profit or loss	47

* Cash and cash equivalents comprises $2.4 million deposits up to three months and $32.8 million cash (2021: $2.4 million deposits up to three months and $62.9 million cash).

** The amounts include 'Short-term investment in deposits and other securities' and 'Investments carried at fair value' in the amounts of $9,011 thousand and $1,220 thousand respectively.

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	
	2022 $'000s	**2021 $'000s**	**2022 $'000s**	**2021 $'000s**
EUR	23,396	24,332	20,909	33,212
NIS	5,595	9,650	11,572	26,400
RON	5,252	4,826	10,026	11,711
MDL	2,765	2,737	4,682	3,862
GBP	360	388	133	3,764
Other	4,939	2,240	1,822	2,067

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 2022. 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.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

Profit or loss

	2022 $'000s	2021 $'000s
NIS Impact	783	1,724
EUR Impact	104	396
GBP Impact	(2)	362

Equity

	2022 $'000s	2021 $'000s
NIS Impact	(185)	(49)
EUR Impact	(352)	492
MDL Impact	192	112
GBP Impact	(21)	(24)
RON Impact	477	689
Other Currencies Impact	(312)	(17)

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.

During the year, the Company engaged in hedge transactions, which resulted in $43 thousand recorded as finance income (2021: transactions resulted in $44 thousand expenses).

(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 2022					
Non-interest bearing bank loans	-	42,396	725	4,703	47,824
Bank loans interest bearing(*)	5.21	403	1,832	2,000	4,235
Lease liabilities	2.64	496	1,488	3,758	5,742
		43,295	4,045	10,461	57,801
31 December 2021					
Non-interest bearing bank loans	–	42,646	450	4,692	47,788
Bank loans interest bearing(*)	4.20	552	1,082	1,356	2,990
Lease liabilities	2.05	546	1,640	5,108	7,294
		43,744	3,172	11,156	58,072

(*) Part of the bank loans are linked to a fix rate plus Euribor.

The future bank loan interest to be paid is $202 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.

38 Post balance sheet events

(a) In January 2023, the Group won a $26 million multi-year government defence order for its latest high-performance cyber security solution.

(b) 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.

Other Alternative Measures

Income statement adjustments

The Group has made reference in the annual report to a number of adjustments regarding (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. These adjustments are outlined below:

Year ended 31 December 2022 (Unaudited)	Reported results	Amortisation of intangible assets	Adjusted results
	US$ thousands		
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

Year ended 31 December 2021 (Unaudited)	Reported results	Adjustments to exclude NGSoft	Amortisation of intangible assets	Adjusted results (ongoing operations)
	US$ thousands			
Revenues	140,038	7,262	–	132,776
Gross profit	51,061	1,235	(414)	50,240
Gross margin (%)	36.5%	17.0%	–	37.8%
Sales and marketing expenses	18,290	144	–	18,146
General and administrative expenses	12,243	358	–	11,885
Research and development expenses	8,713	–	106	8,607
Other operating expenses (income)	(12,563)	(12,994)	154	277
Operating profit	24,378	13,727	(674)	11,325
EBITDA	29,642	13,956	–	15,686

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:

	Reported Year ended 31 December		Adjusted 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	4,548	4,334	4,361
EBITDA	**8,025**	**29,642**	**8,025**	**15,686**

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

Company Information

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

Company Number
520042813 – Registered in Israel

Company Secretary
Mr. Yair Livneh

Auditors
Deloitte Israel & Co.
1 Azriely Center,
Tel-Aviv, Israel

Financial Adviser & Stockbroker
Shore Capital
Cassini House,
57 St James's Street,
London SW1A 1LD, UK

Legal Counsel in UK
Fladgate LLP
16 Great Queen Street,
London WC2B 5DG, UK

Registrar
Link Group
10th Floor, Central Square,
29 Wellington Street,
Leeds LS1 4DL, UK

Financial PR Consultants
Gracechurch Group
48 Gracechurch Street,
London EC3V 0EJ, UK

BATM IS A LEADER IN REAL-TIME TECHNOLOGIES

We bring high-technology solutions that are innovative, cost-effective and reliable to our chosen global sectors of biomedicine and networking.

For more information visit:
www.batm.com

@BATMLtd

@BATM

@BATMgroup

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