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BATM ADVANCED COMMUNICATIONS LTD.

Notice of a Special Shareholders' Meeting

6 June 2018



International H.Q.

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

52-0042813 – Registered in Israel

8 May 2018

Dear Shareholder,

I am pleased to enclose the notice to a special shareholders' meeting of the Company to be held at the offices of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ, on June 6, 2018 at 9.30 am.

The purpose of the meeting is to consider and, if thought appropriate, approve the following matters that require shareholders' approval under the relevant provisions of the Israeli Companies Law:

1. To approve amending and renewing the management services contract with Nostredamus Technology Services Ltd., a service company through which the Chief Executive Officer of the Company, Zvi Marom, provides his management services to the Company, in accordance with the main terms and conditions as detailed in Part I of the Appendix (see also note 1);
2. To approve amending certain terms and conditions of the employment contract of the Executive Director and Chief Financial Officer, Moti Nagar, in accordance with the changes detailed in Part II of the Appendix (see also note 2); and
3. To approve the payment of a bonus, equivalent to three monthly salaries (post increase), to Moti Nagar for his performance in 2017, based on achieving the financial targets set in his employment contract (see also note 3).

With respect to Resolutions 1 and 2, I would like to point out to shareholders that the remuneration committee took independent advice from KPMG London's executive compensation department for preparing the Company's updated Remuneration Policy and asked them to provide data on median salaries in FTSE SmallCap companies.

1. Based on this, we are proposing an increase in annual basic salary to USD 382,000 (GBP 281,000) of the Chief Executive Officer as well as the bonus and options entitlement to him as set forth in Part I of the Appendix, which are all in full compliance with the Remuneration Policy of the Company approved at the last AGM of October 2017 and below the maximum amount of USD 520,000 (GBP 382,000) allowed under that Remuneration Policy.
2. We are also proposing an increase in the Chief Financial Officer's annual basic salary to NIS 720,000 (GBP 146,000), which is in full compliance with the Remuneration Policy of the Company and below the maximum amount of NIS 1,087,000 (GBP 220,000) allowed under that Policy.

With regards to Resolution 3, the proposed bonus payment to the Chief Financial Officer for 2017 is payable and due to him based on the achievement of the financial targets in accordance with his employment contract. As the CFO is also an executive director of the Company, the proposed bonus requires shareholder approval pursuant to section 270 (3) of the Israeli Companies Law-1999.

The Board of Directors of the Company believes that the adoption of each of the resolutions to be proposed at the special shareholders' meeting is in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own beneficial holdings.

Yours sincerely,

Dr. Gideon Chitayat
Chairman of the Board

Note 1: The CEO, Dr. Zvi Marom, is also a controlling party who holds a significant shareholding in the Company. Section 275 of the Israeli Companies Law-1999 provides that a transaction relating to employment terms or grant of benefits by the Company to a controlling party requires the approval of the Remuneration Committee and the Board of Directors and following this the approval by the shareholders which must meet at least one of the following conditions: (i) the majority vote of shareholders in favour of the proposed grant must comprise a majority that does **not** include the specific interested party in approving the proposed transaction out of those participating in the vote, and in counting the votes for passing the proposed resolution the votes of those abstaining shall not be taken into account; or (ii) the total number of shareholders voting against this proposal shall not exceed two percent (2%) out of the total voting rights in the Company. The Remuneration Committee of the Company discussed the appropriate level of remuneration for the CEO for 2018 at its meeting on 7 May 2018 and recommended that the remuneration package set forth above was appropriate. The Board of Directors was satisfied that these recommendations should be submitted to a special shareholders' meeting for approval (as required by the Israeli Companies Law).

Note 2: As the CFO, Moti Nagar, also holds the position of an executive director in the Company, section 270 (3) of the Israeli Companies Law-1999 provides that the proposed resolution relating to his employment terms requires the approval of the Remuneration Committee and the Board of Directors and following this the approval by a majority of the shareholders. The Remuneration Committee and Board discussed the appropriateness of the proposed resolution at their meetings on 7 May 2018 and found it to be satisfactory and in full compliance with the Remuneration Policy.

Note 3: Based on the CFO's current employment contract, he is entitled to receive an annual bonus of up to five monthly salaries based on the achievement of defined financial criteria by the Company. As the Company achieved the criteria defined for 2017, the proposed resolution to award the CFO an annual bonus of three monthly salaries was recommended by the Remuneration Committee of the Company and Board of Directors at their meetings on 7 May 2018. It is only being brought for shareholders' approval for the sake of formality due to the requirements of section 270 (3) of the Israeli Companies Law-1999.

Notice of a Special Shareholders' Meeting

Notice is hereby given that a special shareholders' meeting (the "Meeting") of BATM Advanced Communications Ltd. will be held at the offices of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ, on 6 June 2018 at 9.30 a.m. to consider, and if thought fit, to pass the following Resolutions, which will be proposed as **ordinary resolutions**:

Ordinary Resolutions

1. To approve amending and renewing the management services contract with Nostredamus Technology Services Ltd., a service company through which the current CEO of the Company, Zvi Marom, provides his management services to the Company, according to the main terms and conditions detailed in Part I of the Appendix;
2. To approve amending certain of the terms and conditions of the employment contract with the CFO, Moti Nagar, who is also an executive director of the Company, according to the changes detailed in Part II of the Appendix;
3. To approve the payment of a bonus of three updated monthly salaries to the CFO for his performance in 2017 based on the achievement of the financial targets set in his employment contract.

Dated: 8 May 2018

By order of the board
Dr. Gideon Chitayat, Chairman of the Board

Company number: 52-0042813

Registered office: Neve Ne'eman Industrial Park 4, Ha'harash street

PO Box 7318, Hod Hasahron, 45240 Israel.

Notes to the Notice of Special Shareholders' Meeting

1. Only those members registered on the Company's register of members at:
 - 1.1 Close of business on 2 June 2018; or
 - 1.2 If this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.
 2. Information regarding the Meeting is available at www.batm.com.
 3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out in the notes to the proxy form. **In order to be valid, proxy forms must be lodged at either Link Assets Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England not less than 48 hours prior to the Meeting, or**
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at the registered office of the Company in Israel marked for the attention of the CFO not less than 96 hours prior to the Meeting. A form of proxy appears on the following page. In the case of a member which is a corporation, the proxy (or any related document) should be given under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such party or authority) must be included with the proxy form.

4. If you are a member of the Company and your shares are registered only on the Israeli Register of shareholders, you must send your proxy forms as indicated above together with a Certificate of ownership in English proving your ownership of the shares you wish to vote at the Meeting from the Israeli Register or Israeli bank at which you hold your shares.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

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

In order to revoke a proxy instruction, you will need to inform the Company by sending a hardy copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services at the address referred to in Note 3 above. The revocation notice must be received by Link Asset Services not less than 48 hours prior to the Meeting.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
 8. In the case of holders of depositary interests representing shares in the Company, a form of direction must be completed in order to direct Link Market Services Trustees Limited, the Depositary, to vote on the holder's behalf at the Meeting (in person or by proxy) or, if the Meeting is adjourned, at the adjourned meeting. **In order to be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to Link Assets Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England by no later than 72 hours before the time fixed for the Meeting or any adjourned meeting.** A form of direction appears on the penultimate page of this notice.
 9. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
 10. The Company will answer any question you ask relating to the business being dealt with at the Meeting unless:
 - 10.1 answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - 10.2 the answer has already been given on a website in the form of an answer to a question; or
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- 10.3 it is undesirable in the interest of the Company or the good order of the Meeting that the question be answered.
11. As at 11.00 a.m. on 8 May 2018, the Company's issued share capital comprised **403,300,820** ordinary shares at 0.01 NIS each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 a.m. on 8 May 2018 **is 403,300,820**.
12. If you do not have a proxy form or form of direction and believe that you should have one, or if you require additional forms, please contact Link Assets Services on 0871 664 0300 if calling from the UK (calls cost 12p per minute plus network extras) or +44 (0)371 664 0300 if calling from outside the UK.
13. You may not use any electronic address provided either:
- 13.1 in this notice of special shareholders' meeting; or
- 13.2 any related documents (including the Chairman's letter and proxy form)
- to communicate with the Company for any purposes other than those expressly stated.
14. The following documents will be available for inspection at **the registered office of the Company** from 8 May 2018 until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
- Copy of the current management service contract between the Company and Nostredamus Technology Services Ltd., in respect of Dr Zvi Marom's services.
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Form of proxy

For use at the 6 June 2018 special shareholders' meeting (the "Meeting") of BATM Advanced Communications Ltd. convened for 9.30 a.m. at the offices of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ, England

I/We

of

being a member of the Company hereby appoint/the Chairman of the Meeting to act as my/our proxy and to vote for me/us as indicated below with an "X" at the special shareholders' meeting of the Company convened for 6 June 2018 at 9.30 a.m. and at any adjournment.

Date

Signed

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

Ordinary Resolutions

	FOR	AGAINST
1. To approve amending and renewing the management services contract with Nostredamus Technology Services Ltd., a service company through which the current CEO of the Company, Zvi Marom, provides his management services to the Company, according to the main terms and conditions detailed in Part I of the Appendix.	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve amending certain of the terms and conditions of the employment contract with the CFO, Moti Nagar, who is also an executive director of the Company, according to the changes detailed in Part II of the Appendix.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the payment of a bonus of three updated monthly salaries to the CFO for his performance in 2017 based on the achievement of the financial targets set in his employment contract.	<input type="checkbox"/>	<input type="checkbox"/>

Notes:

1. This form of proxy to be valid must be completed and signed and must be deposited with Link Assets Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England or at the registered office of the Company not less than 48 hours before the time fixed for the Meeting.
 2. In the case of a corporation this proxy should be under its common seal, or if not so required under the hand of an officer duly authorised in writing.
 3. In the case of joint holders the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for the purposes seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
 4. Any alteration made in the form of proxy should be initialled.
 5. You are referred to the Notes to the Notice of Special Shareholders' Meeting for further information.
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Form of direction

For use by holders of depositary interests representing shares on a one-for-one basis in BATM Advanced Communications Ltd (“BATM”) in respect of the special shareholders' meeting (the “Meeting”) of BATM convened for 6 June 2018 at 9.30 a.m. at the offices of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ, England

I/We
of

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

Ordinary Resolutions

	FOR	AGAINST
1. To approve amending and renewing the management services contract with Nostredamus Technology Services Ltd., a service company through which the current CEO of the Company, Zvi Marom, provides his management services to the Company, according to the main terms and conditions detailed in Part I of the Appendix.	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve amending certain of the terms and conditions of the employment contract with the CFO, Moti Nagar, who is also an executive director of the Company, according to the changes detailed in Part II of the Appendix.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the payment of a bonus of three updated monthly salaries to the CFO for his performance in 2017 based on the achievement of the financial targets set in his employment contract.	<input type="checkbox"/>	<input type="checkbox"/>

Signature:

Date:

Notes:

1. To be effective, this form of direction and the power of attorney or other authority (if any) under which it is signed, or a notarised or otherwise certified copy of such power of attorney, must be deposited at Link Assets Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England not later than 72 hours before the time appointed for holding the Meeting.
 2. Any alterations made to this form of direction should be initialled.
 3. In the case of a corporation this proxy should be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
 4. Please indicate how you wish your votes to be cast by placing "X" in the boxes provided. On receipt of this form duly signed, you will be deemed to have authorised Link Market Services Trustees Limited to vote, or to abstain from voting, as per your instructions.
 5. If a depositary interest holder wishes to attend the Meeting they should notify Link Market Services Trustees Limited (the Depositary) accordingly who will issue a Letter of Representation to the depositary interest holder giving them authorisation to attend the Meeting. If any depositary interest holder attends the Meeting without a Letter of Representation, they will only be allowed to enter the Meeting as a guest. Requests for a Letter of Representation should be made to the Depositary no later than 72 hours prior to the Meeting or any adjourned meeting.
 6. You are referred to the Notes to the Notice of Special Shareholders' Meeting for further information.
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APPENDIX

PART 1

Main terms and conditions of the new Management Services Contract for the CEO

Term of the new agreement: Effective from 1 January 2018 until 31 December 2020 (3 years)

Remuneration: Increase in annual Base Salary from USD 300,000 (GBP 221,000) to USD 382,000 (GBP 281,000) annually (equivalent to USD 31,833 (GBP 23,400) per month) plus all relevant social benefits and taxes on this amount.

Annual Bonus: Shall be payable by BATM to Nostredamus Technology Services Ltd., a service company through which the Chief Executive Officer of the Company, Zvi Marom, provides his management services to the Company (the "Service Management Company"), for each of the above three years, in the event that the BATM Group achieves the adjusted EBITDA for each year which is set in the annual budget (work plan) approved by the Board at the beginning of that year (hereinafter – the "Base adjusted EBITDA ") and subject to the following:

An annual bonus shall be payable only if:

- (a) The adjusted EBITDA for the relevant year is more than USD \$4.3 million;
- (b) For each increase in the actual adjusted EBITDA for the relevant year of 10% as compared with the Base adjusted EBITDA, the Service Management Company shall be entitled to a bonus of 1 month's Base Salary up to a ceiling of 9 monthly Base Salaries (should the actual adjusted EBITDA for the relevant year be 100% or more of the Base adjusted EBITDA). Two out of the nine monthly Base Salaries, if payable, will be based on personal performance criteria of the CEO as reviewed by the Board.

Long Term Incentives: A grant of four million options to purchase BATM ordinary shares.

* The exercise price per share will be the average price of the Company's share on the FTSE during the month preceding the shareholders' approval of this transaction.

* The options granted will vest as follows: at the end of twelve months – 0; at the end of 24 months – 50% of the above amount of options; and at the end of 36 months – 50% of the above amount of options, provided that (a) Dr. Zvi Marom remains in his position at the Company as of the date of each vesting and (b) the BATM Group has achieved a gross profit of at least USD \$33 million for the previous calendar year in which the vesting date falls.

Except for the increase in the Base Salary and new criteria for eligibility for bonus and long-term incentives as set forth above, all the other contractual terms in the original agreement shall remain in effect without any change.

APPENDIX

PART 2

Main proposed change to the Employment Agreement of the CFO, Moti Nagar

Effective from 1 January 2018

(a) Increase in the CFO's monthly base salary from NIS 50,000 gross (GBP 10,144) to NIS 60,000 gross (GBP 12,173).

(b) The CFO shall be entitled to 15 recreation days' payment ("Demei Havra'a) in place of 7 such days, due to his seniority as an employee of BATM. This is in common with employment practice in Israel under relevant labour laws and practice.

(c) The CFO shall also be entitled to the use of a car from a leasing company that BATM leases vehicles from, provided that the leasing cost to BATM per month shall not exceed NIS 5,000 (GBP 1,000) plus VAT (compared with a previous ceiling of NIS 4,000 (GBP 800) plus VAT per month).

(d) All other terms and conditions in the CFO's employment contract shall remain in effect, as adjusted by the above changes.
