



LEI: 213800FLQUB9J289RU66

1 March 2021

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

Update on Sale of NGSoft

Further to the Group's announcement of 12 January 2021, BATM (LSE: BVC; TASE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, announces that it has exercised its option to sell NG Soft Ltd. ("NGSoft"), a subsidiary of the Group, for NIS 105.1m (approximately \$33m) to Aztek Technologies (1984) Ltd., a provider of ICT cloud services in Israel and a portfolio company of SKY Fund (the "Buyer").

The Group and the Buyer have entered into a share purchase agreement pursuant to which the Buyer will purchase the entire issued share capital of NGSoft for a total consideration of NIS 105.1m (c. \$33m), of which the Group will receive a total of NIS 93.7m (c. \$29m) in cash. The Group's consideration includes a NIS 15.5m loan repayment from NGSoft and a NIS 2.1m dividend payment, which will be received prior to completion, and the remaining NIS 76.1m will be received on completion. Certain employees of NGSoft will receive the balance of NIS 11.4m through cash out of their employee options and rights on completion. Completion, which is subject to the receipt of approval from the Israel Competition Authority, is expected to occur by the end of March 2021.

The Group intends to invest the proceeds of the sale to strengthen its innovation and commercialisation engine organically and through acquisition to enable the Group to accelerate its core activities – in particular, in network function virtualisation ("NFV") and molecular diagnostics. The Board of BATM believes these areas offer transformational growth opportunities in the short- to medium-term. In addition, the disposal of NGSoft, combined with the increased contribution to Group revenue from molecular diagnostics and NFV, will support the anticipated improvement in gross margin for 2021.

NGSoft is a software and digital services company that provides creative digital and technology solutions. Its development activities do not include any of the Group's NFV or cyber solutions. In 2020, NGSoft generated a profit before tax of \$2.4m and as at 31 December 2020 it had gross assets of \$22.5m.

Dr Zvi Marom, Chief Executive Officer of BATM, said: "We are pleased to be, once again, generating value from the sale of a part of our portfolio that is non-core to our future. We will be able to use the proceeds from this transaction to accelerate the areas of our business that we believe will provide transformational growth opportunities. This follows an extremely successful 2020, with significant strategic progress in both the Bio-Medical and Networking & Cyber division, and further strengthens our foundations. As a result, we remain very excited about our future and look forward to continuing to deliver shareholder value."

Enquiries:

BATM Advanced Communications

Dr Zvi Marom, Chief Executive Officer

+972 9866 2525

Moti Nagar, Chief Financial Officer

Shore Capital

Mark Percy, Anita Ghanekar, James Thomas (Corporate Advisory)

+44 20 7408 4050

Henry Willcocks (Corporate Broking)

Luther Pendragon

Harry Chathli, Claire Norbury

+44 20 7618 9100