

LEI: 213800FLQUB9J289RU66

19 April 2021

BATM Advanced Communications Limited
(“BATM”, the “Group” or the “Company”)

ANNUAL FINANCIAL REPORT - DTR 6.3.5 Disclosure

Following the release on 22 February 2021 of the Group's Preliminary Results Announcement for the financial year ended 31 December 2020 (the “Preliminary Announcement”), BATM announces that the 2020 Annual Report and Accounts has been published today. This document has been made publicly available on the BATM website (www.batm.com). The annual report can be found in the Investor Relations section under Financial Reports. The direct link is <http://www.batm.com/investor-relations/financial-statements/>.

In compliance with 9.6.1 of the Listing Rules, a copy of the 2020 Annual Report and Accounts will shortly be available for inspection at the FCA's National Storage Mechanism website: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

The primary purpose of this announcement is to inform the market about the publication of the Company's Annual Report and Accounts for the year ended 31 December 2020 (the “2020 Annual Report and Accounts”).

The information below, which is extracted from the 2020 Annual Report and Accounts, is included solely for the purpose of complying with DTR 6.3.5 and the requirements it imposes on issuers as to how to make public annual financial reports. It should be read in conjunction with the Group's Preliminary Announcement. Together these constitute the material required by DTR 6.3.4 to be communicated to the media in unedited full text through a Regulatory Information Service. This material is not a substitute for reading the full 2020 Annual Report and Accounts. References to page numbers and notes to the accounts set out in the Appendices below refer to page numbers and notes to the accounts in the Group's 2020 Annual Report and Accounts.

The Preliminary Announcement includes an indication of the important events that occurred during the year and a condensed set of the financial statements.

The Group's auditor has reported on the accounts and its reports are unqualified. The Independent Auditor's Report on the Group financial statements is set out in full on pages 53-56 of the 2020 Annual Report and Accounts.

APPENDIX A - DIRECTORS' RESPONSIBILITY STATEMENT

The 2020 Annual Report and Accounts contain a responsibility statement in compliance with paragraph 4.1.12 of the DTR. The directors' responsibility statement is set out on pages 50-51 of the 2020 Annual Report and Accounts for the Group. This statement is set out below in full and unedited text:

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 Group in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Israeli company law requires the Directors to prepare and approve such financial statements.

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.

APPENDIX B - RISKS AND UNCERTAINTIES

The principal risks and uncertainties are set out on pages 22-23 of the 2020 Annual Report and Accounts. The full and unedited text relating to these disclosures are set out below:

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 in 2020
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 little harm to its overall business.	-

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 very experienced legal advisers of a high calibre for the Company and main subsidiaries in the Group who provide ongoing advice and updates on relevant legal compliance requirements.	-
Business continuity (including impact of COVID-19)	There are risks to business continuity from specific events, including natural disasters and the COVID-19 pandemic.	The Group operates in numerous locations and its manufacturing contractors are also located in multiple locations so that in the case of a business disaster the Group's recovery would be very quick and continuity is guaranteed. 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.	↑
Competition	There is a risk that BATM is unable to build and maintain competitive advantage in its focus markets.	The Group is a leading company in those technological areas in which it operates and aspires to be a dominant player in each such niche. The Group periodically evaluates how to improve its efficiency by developing and producing better quality and performance products at more attractive prices – thus giving it an advantage over its competitors.	-
Customer 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.	↑
Research & Development (R&D)	There is a risk that R&D programs 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.	↓
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 IT evaluations to ensure that its IT systems have the latest cyber security tools and security procedures in place. In addition, BATM and two of its subsidiaries operating in the networking and cyber niches are approved suppliers to the	-

		Israeli Ministry of Defense and, as such, are continually monitored by the MoD and must maintain the highest level of cyber security.	
Foreign Exchange	There is a risk that the Group's currency exposure leads to financial loss.	The Group's finance department at the corporate level manages the cash and income in such a way as to match each company's or subsidiaries' revenues to its expenses and keeps these in the same currency, thereby avoiding any currency exposure. When this is not possible, the Group uses hedging transactions when needed to protect itself against potential currency risk.	↓

- Ends -

Enquiries

BATM Advanced Communications

Dr Zvi Marom, Chief Executive Officer
Moti Nagar, Chief Financial Officer

+972 9866 2525

Shore Capital

Mark Percy, Anita Ghanekar, James Thomas (Corporate Advisory)
Henry Willcocks (Corporate Broking)

+44 20 7408 4050

Luther Pendragon

Harry Chathli, Claire Norbury

+44 20 7618 9100