



## FULL YEAR RESULTS

March 2024



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# Presentation Team



**Moti Nagar**  
CEO

- CEO of BATM since January 2023
- Served as CFO since 2015
- Prior to BATM, held several senior positions at Deloitte, which he joined in 2005
- MBA and Certified Public Accountant



**Ran Noy**  
CFO

- CFO of BATM since February 2023
- Served as VP Finance since 2021
- 10 years' experience at ADAMA Ltd as Financial Reporting Manager
- Certified Public Accountant, having started his career at EY

# Strategic Update

## Moti Nagar, CEO



# BATM's Strategic Vision

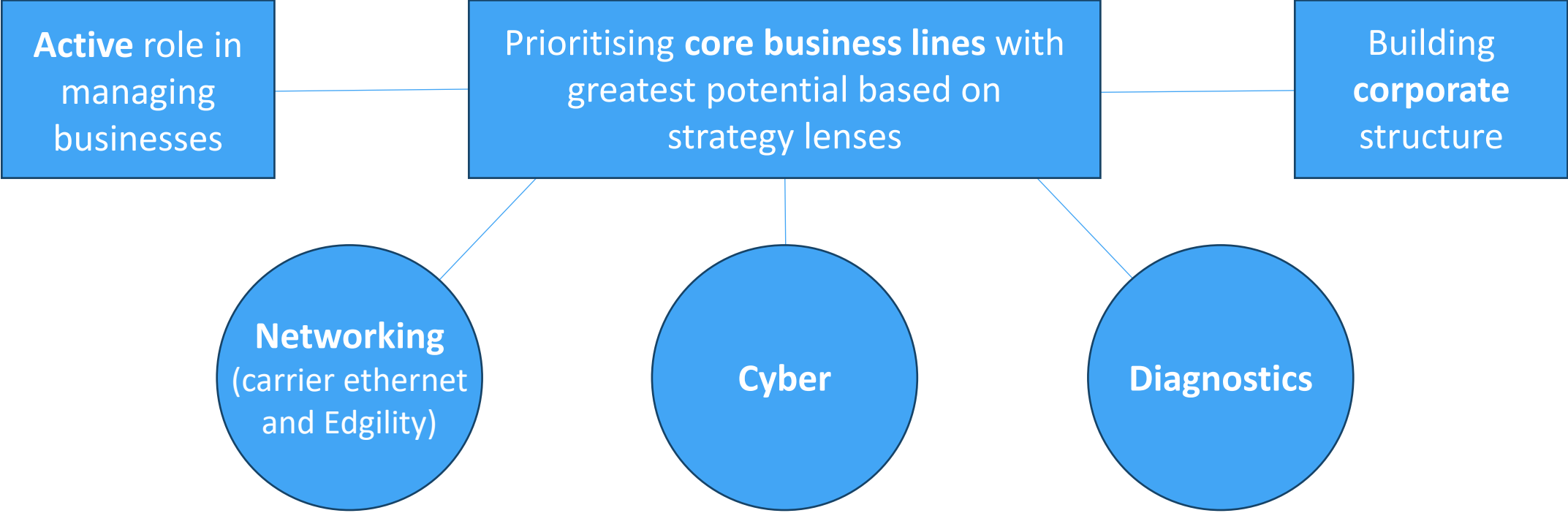
- **An in-depth three-month strategy process** was undertaken with a leading consulting firm
- **BATM's current state, strategies, and relevant markets** were comprehensively analysed
- **Strategic principles were established** in line with BATM's identity, business needs, and path to growth



*As a **global** enterprise, BATM will maximise its top assets while providing high-quality solutions in growing markets with **innovative technology, unique know-how and focused businesses***

# Renewed Strategic Focus

## *Global enterprise with a 'best of breed' strategy*



# Solid Progress Made with New Strategy Implementation

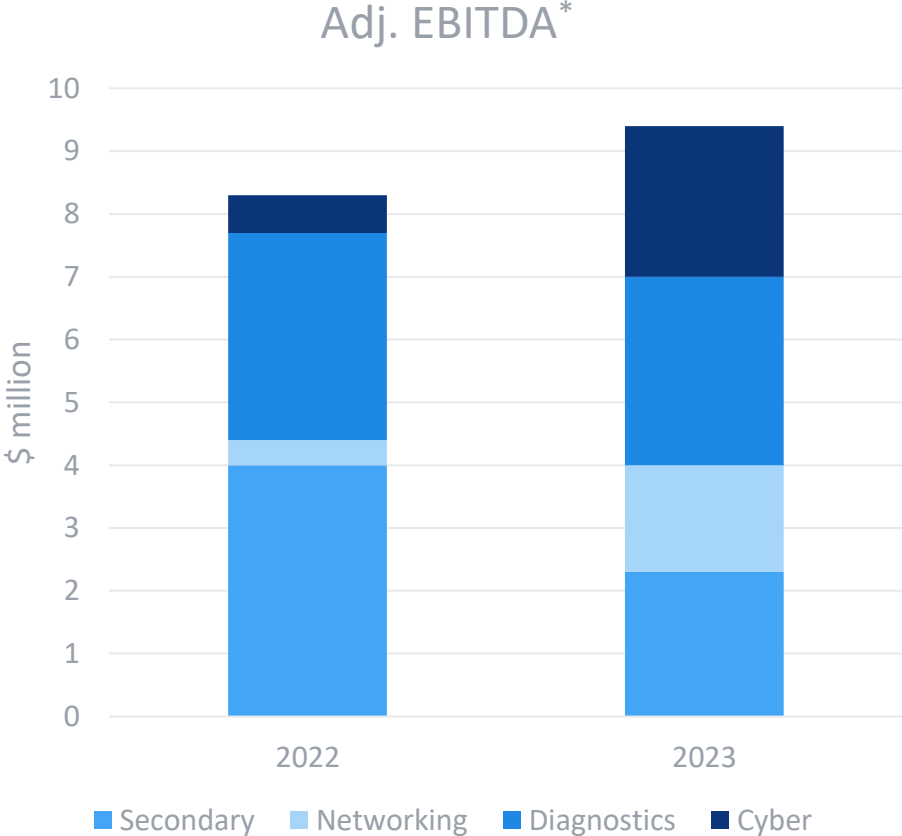
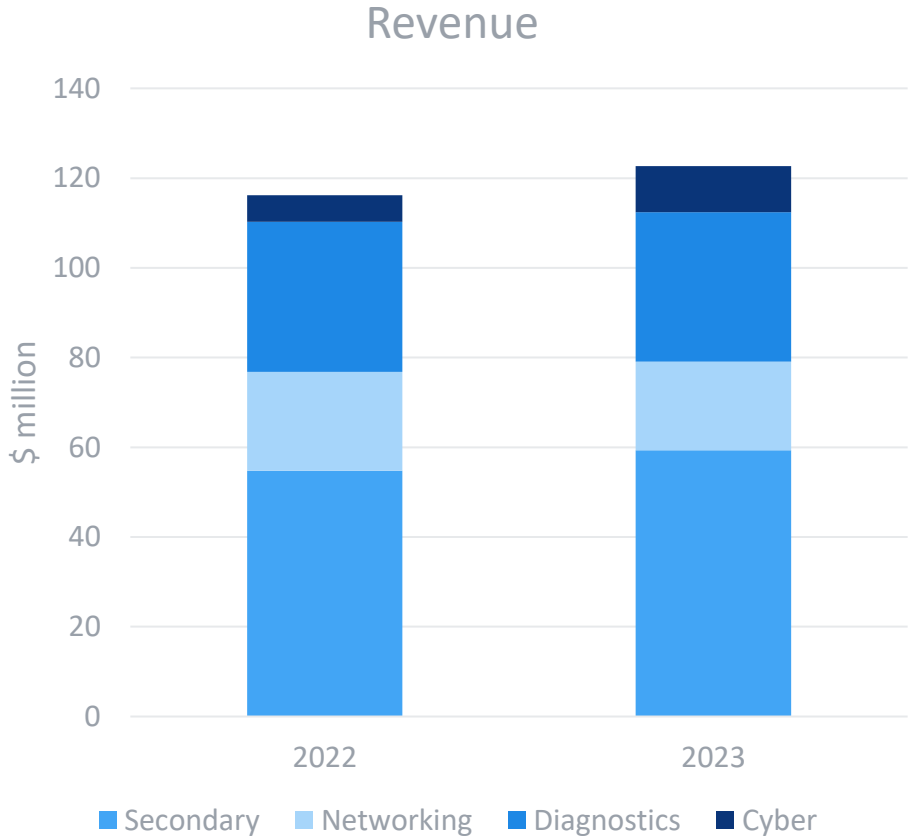
## Core activities

- Reorganisation of core divisions completed
- Commenced building corporate management
- Resources have been allocated to build a global sales team
- Investment banks appointed in Israel and US to explore M&A

## Secondary activities

- Restructuring of businesses and preparing for divestment
- Began exploring potential opportunities during the second half of the year
- Manufacturing capacity and capabilities in secondary businesses being utilised to create synergies with core divisions

# Delivering Growth



\* Throughout this presentation, 'adjusted' is to exclude share-based (non-cash) payments and the amortisation of intangible assets





# FY 2023 Highlights



Achieved growth in revenue and adj. EBITDA against challenging macroeconomic backdrop and reduction in demand for COVID-19 products



Commenced implementation of renewed strategy. Solid progress made in H2 2023



Outstanding performance of Cyber division – \$32.4m of orders received

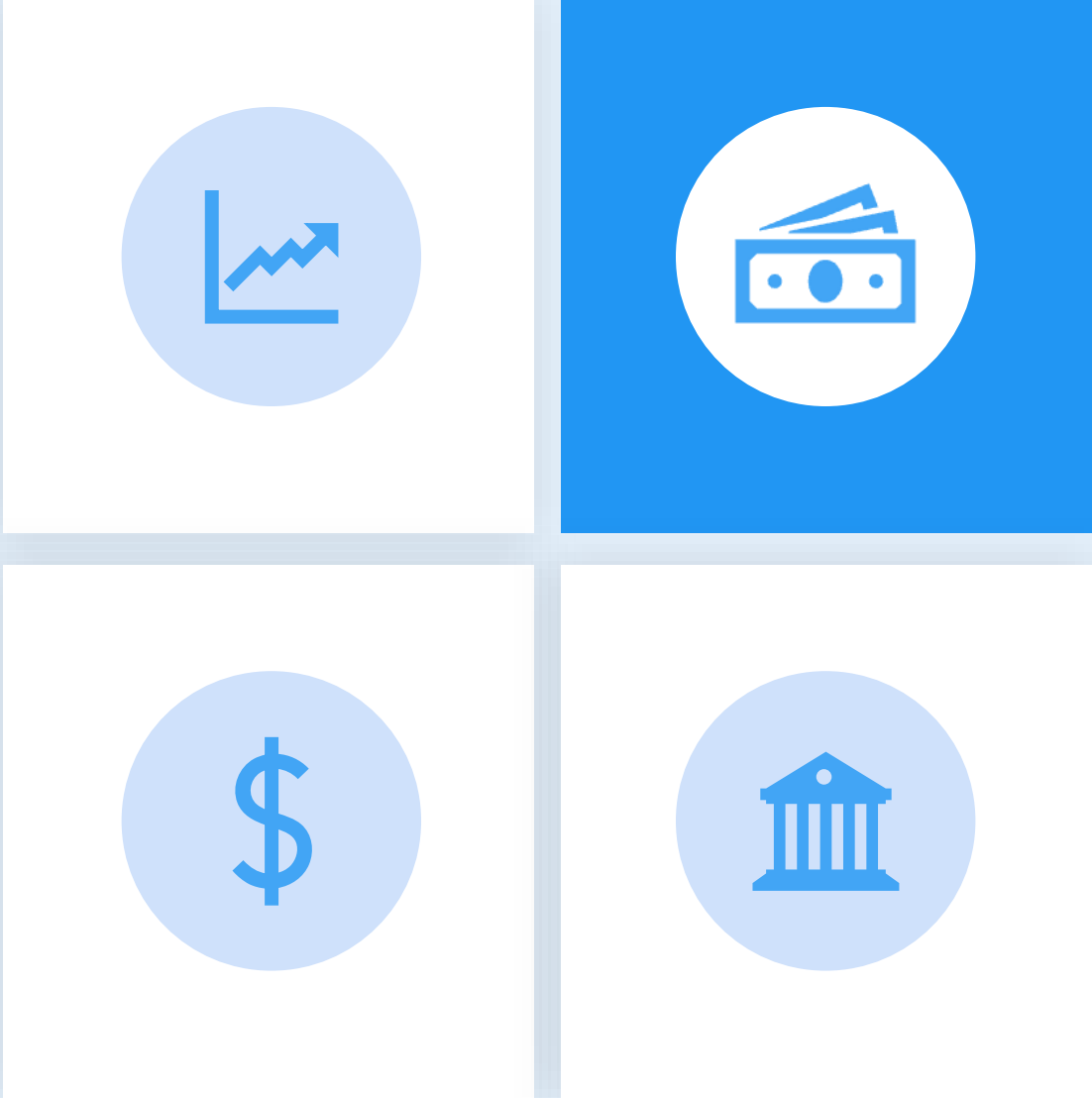


Introduced new products to drive Diagnostics and Networking growth in 2024



# Financial Review

Ran Noy, CFO



# Financial Highlights

**Revenue**  
**\$122.8m**  
**+6%**  
(2022: \$116.1m)

**Gross Margin**  
**32.5%**  
**-20bps**  
(2022: 32.7%)

**Operating Profit\***  
**\$5.0m**  
**+25%**  
(2022: \$4.0m)

**EBITDA\***  
**\$9.3m**  
**+12%**  
(2022: \$8.3m)

**Cash From Operating  
Activities**  
**\$5.0m**  
**+279%**  
(2022: \$2.8m used in)

**Cash And Short-term  
Investments\*\***  
**\$40.8m**  
(31 Dec 2022: \$44.2m)

\* Adjusted to exclude share-based (non-cash) payments and the amortisation of intangible assets

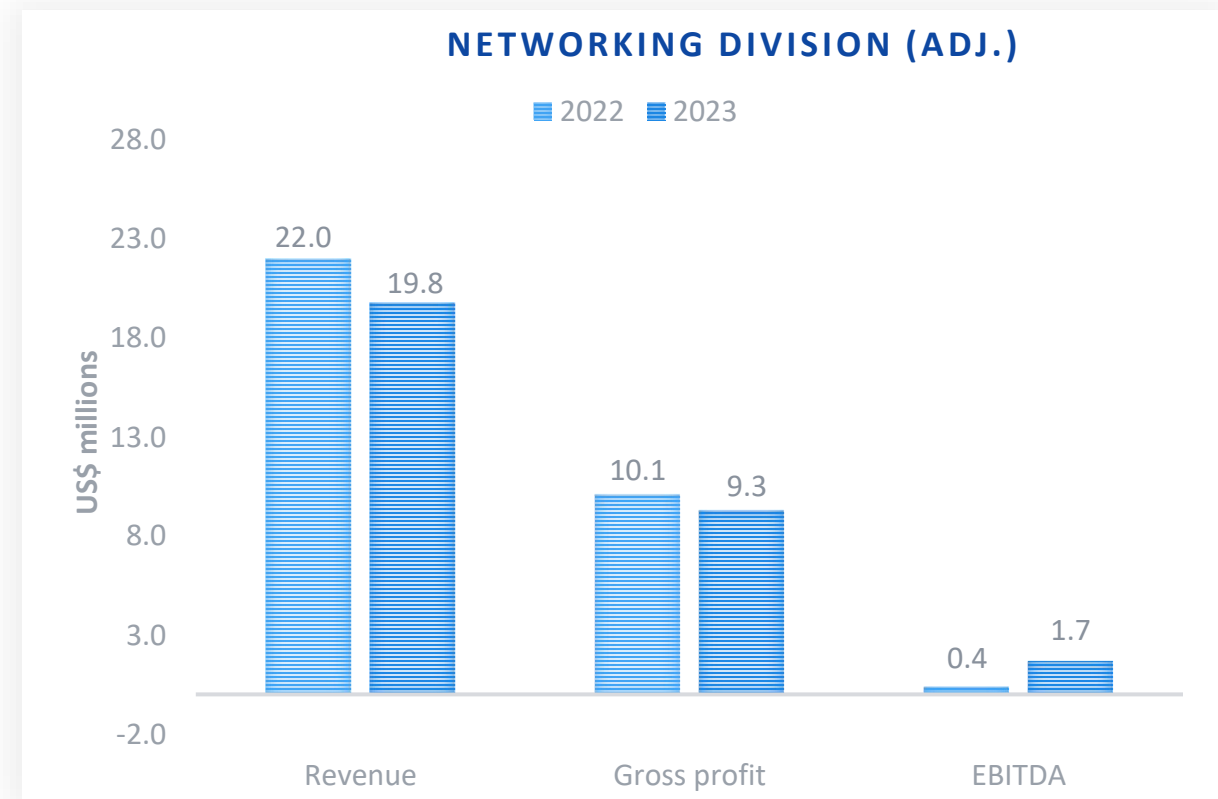
\*\* Short-term investments includes investments in deposits and other securities

# Networking

Adjusted (\$m)	2023	2022
Revenues	19.8	22.0
Cost of sales	10.5	11.9
Gross profit	9.3	10.1
Gross margin	47.1%	45.9%
Operating expenses	8.4	10.6
EBITDA	<b>1.7</b>	<b>0.4</b>

- Revenue impacted by global slowdown in telecoms industry
- Improvement in gross margin reflects increased contribution from Edgility revenue
- Significant increase in adj. EBITDA from reduced expenses and improvement in margin

**31.2%**  
of total core business revenue

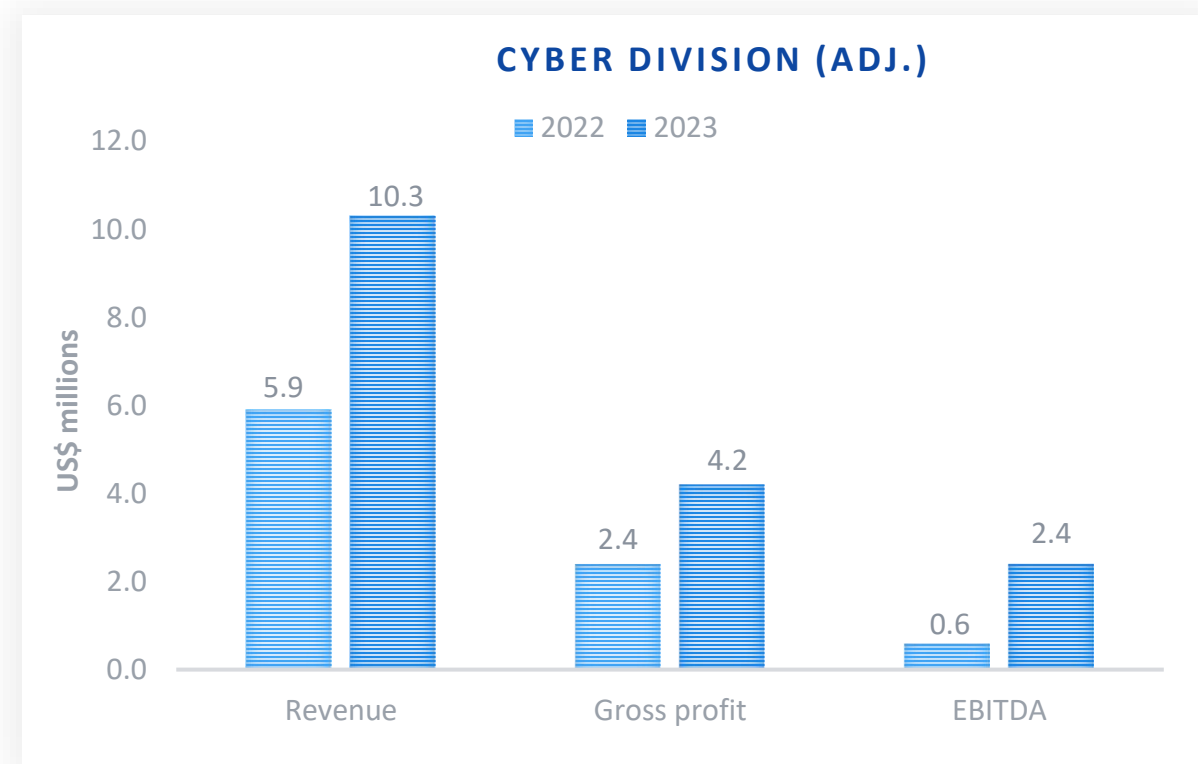


# Cyber

Adjusted (\$m)	2023	2022
Revenues	10.3	5.9
Cost of sales	6.1	3.5
Gross profit	4.2	2.4
Gross margin	40.8%	40.6%
Operating expenses	2.0	2.0
EBITDA	<b>2.4</b>	<b>0.6</b>

- Substantial growth in revenue of 76.6% and adj. EBITDA of 289.9%
- Commenced delivery of substantial multi-year orders awarded during the year

**16.3%**  
of total core business revenue

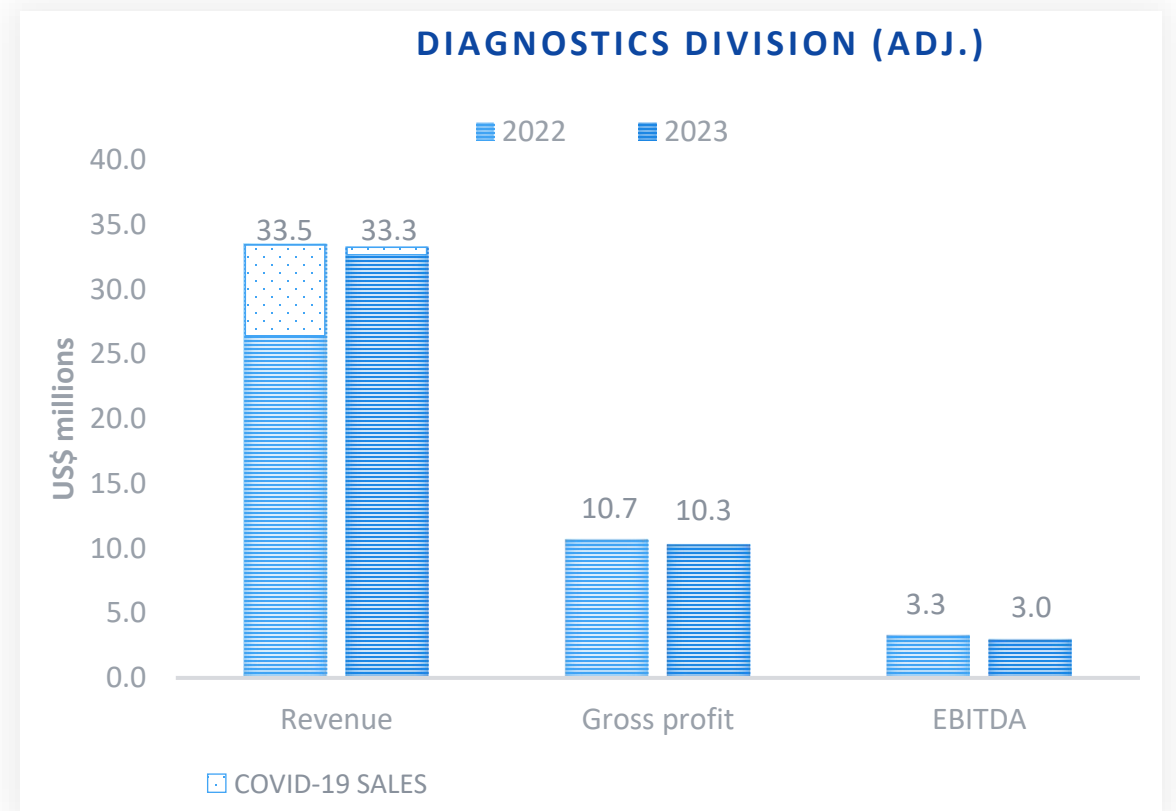


# Diagnostics

Adjusted (\$m)	2023	2022
Revenues	33.3	33.5
Cost of sales	23.0	22.8
Gross profit	10.3	10.7
Gross margin	31.0%	31.9%
Operating expenses	9.1	9.0
EBITDA	<b>3.0</b>	<b>3.3</b>

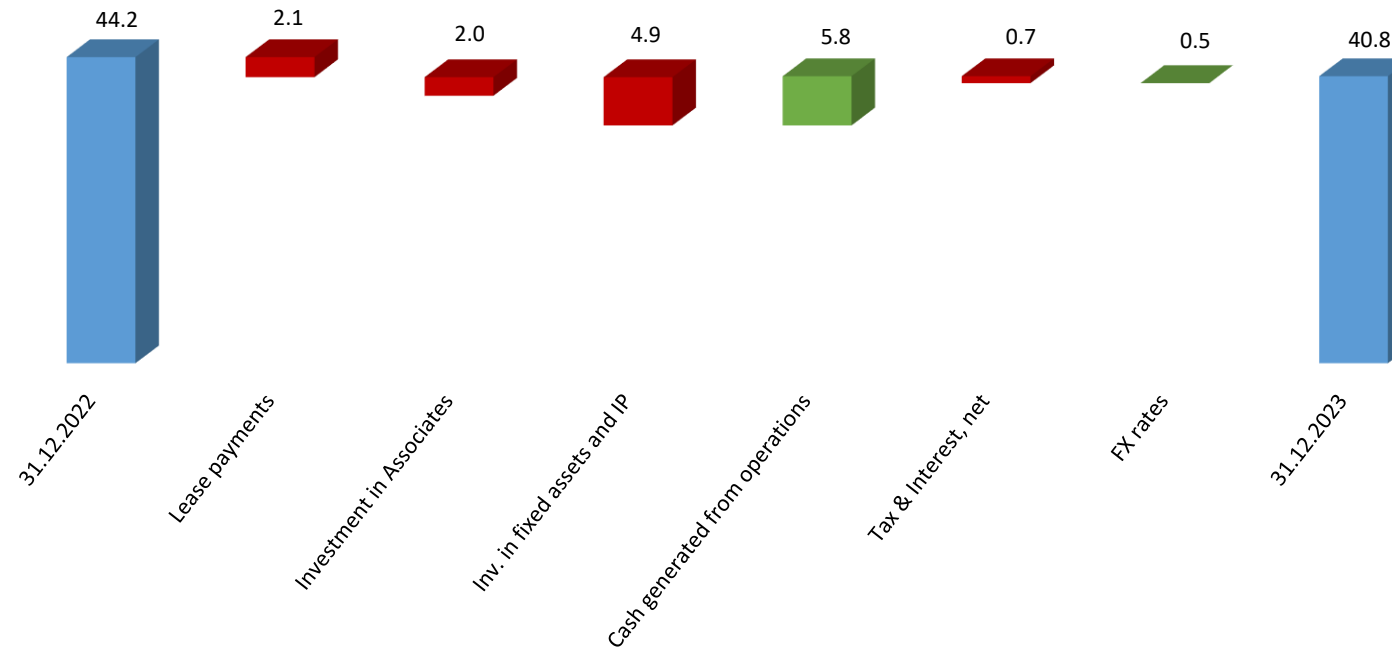
- Revenue increased 20.8% when excluding sales related to COVID-19 products
  - Driven by expanded customer base and product portfolio for distributed diagnostic products
- Gross margin slightly lower due to COVID-19 product contribution to 2022
- Adj. EBITDA lower due to reduction in revenue and margin

**52.5%**  
of total core business revenue



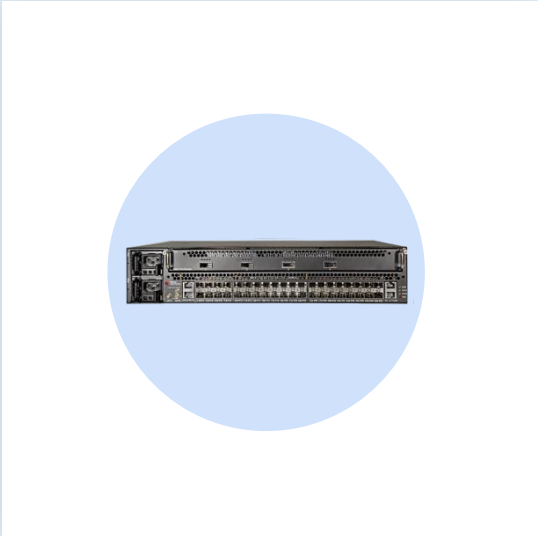
# Cash Management

Cash and short-term investments in deposit and other securities (\$m)



# Business Review

## Moti Nagar, CEO





# Networking

## Sales impacted by global slowdown in telecommunications industry

### Edgility

- Two five-year orders from NGA 991 LLC to support delivery of emergency call-handling system in the US
- Rollout continued with CEMEX and CityFibre
- Sustained engagement with potential customers worldwide
- Launched significantly enhanced release of Edgility

### Carrier Ethernet

- Launched upgraded cost effective 10GE demarcation device – undergoing POCs
- Development of product portfolio continued – new products to be launched this year to support additional use cases

- **Highly innovative and agile solution**
- **Addresses the challenges of edge computing**
- **Rapidly growing market**

- **Strong installed base**
- **Extensive network experience**
- **Large, stable and growing market**

## **Won multi-year orders totalling \$32.4m from government defence customer**

- Expect to continue to receive new orders in 2024

## **Sustained product development to accelerate growth**

- Addressing quantum computing era
- Expanding to new markets:
  - Further government agencies
  - Commercial market

- **Leading encryption products with unique capabilities**
- **Significant untapped growth opportunity in commercial markets**
- **Powerful brand endorsement: strategic encryption provider for large government clients**

# Diagnostics

## Revenue growth of 21% when excluding COVID-19 contribution

- In line with the new strategy, the Diagnostics division now comprises all of the Group's diagnostics instrument and reagent activities
- Progressed development and engineering of new reagents, kits and instruments – including launch of **MDXlab** molecular diagnostics instrument and introduction of **EXTRAlab NGS Prep**
- Expanded customer base and product portfolio for diagnostic distribution
- Progress made by ADOR Diagnostics with in-hospital pre-clinical trials commencing and investment of \$7.5m secured

- **High-capacity facilities in Europe**
- **Existing registered licences**
- **Substantial and growing market**

- **Patented technology with groundbreaking potential**
- **Strong knowledge base and established partnerships**

## **BATM entered 2024 with positive momentum in core activities, new focused strategy and strong balance sheet**

- Ramping up process for strategic delivery to establish solid infrastructure for sustainable growth, including plans to:
  - Build a strong global sales function
  - Explore M&A and divestment opportunities
- Significant backlog in Cyber and focused on development of new encryption product to enable expansion into new markets
- Strong interest being received in MDXlab and EXTRAlab NGS Prep, which are expected to drive Diagnostics growth
- Investment to enhance infrastructure to drive Networking growth
- **With a strong balance sheet, as well as valuable IP, the Board remains confident in the Group's prospects**

# Appendix



# Strategic Growth Plan Process

- An in-depth three-month strategy process was undertaken with a leading consulting firm
- BATM's current state, strategies, and relevant markets were comprehensively analysed
- Strategic principles were established in line with BATM's identity, business needs, and path to growth

## High-Level Process Overview



### Current State Analysis

*What are the core capabilities and value proposition?*

- Assessment of BATM's current strategic directions and future business goals
- Analysis of current capabilities, value proposition, and company financials
- Mapping BATM's customers and distribution channels



### Market Overview

*What are the current and future market opportunities?*

- Assessment of market structure, and segmentation of select target markets
- Identification of key market drivers, trends, and challenges
- Analysis of market size, growth forecasts, and total addressable market estimations

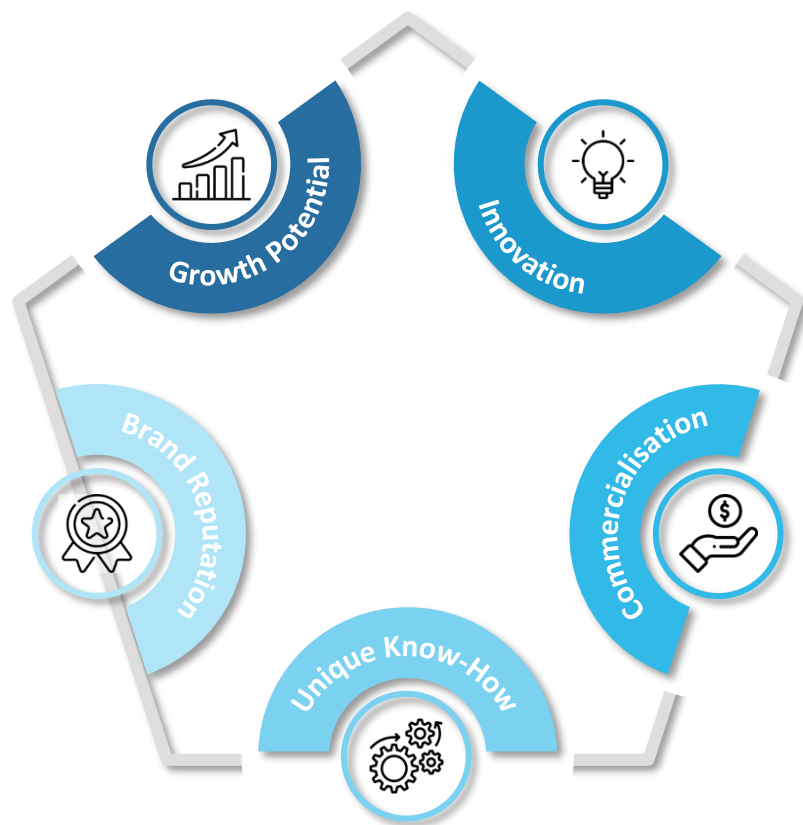


### Strategic Principles

*What guidelines will optimise capabilities and resources?*

- Identification of key strategic questions and potential directions
- Design of strategic principles based on company capabilities, financials, and synergies
- Evaluation of strategy alignments for select businesses

# Strategic Lenses



## Growth potential

What is the growth potential for this part of the business?



## Innovation

Does this initiative align with BATM's innovative identity?



## Commercialisation

What is the timeline and feasibility of commercialisation?



## Unique know-how

What is BATM's unique level of expertise in this field?



## Brand reputation

Will BATM's existing reputation create unique opportunities?

# FY 2023 Profit and Loss

(\$000's)	FY 2023		FY 2022	
	Adjusted*	Reported	Adjusted*	Reported
<b>Revenues</b>	122,830	122,830	116,123	116,123
<b>Gross profit</b>	40,457	39,890	38,373	37,958
<b>Operating expenses</b>				
<b>Sales and marketing expenses</b>	-	19,130	-	17,209
<b>General and administrative expenses</b>	-	15,126	-	13,018
<b>Research and development expenses</b>	-	5,081	-	7,025
<b>Other operating income</b>	-	(1,096)	-	(2,428)
<b>Total operating expenses</b>	-	38,242	-	34,824
<b>Operating profit</b>	4,961	1,648	3,989	3,134

\* Adjusted to exclude share-based payments and amortisation of intangible assets



# Adjustments

(\$000's)	Reported results	Adjustments*	Adjusted results
<b>Year ended 31 December 2023</b>			
<b>Gross profit</b>	39,890	568	40,457
<b>Gross margin (%)</b>	32.5%	-	32.9%
<b>Operating profit</b>	1,648	3,313	4,961
<b>EBITDA</b>	6,824	2,518	9,342
<b>Year ended 31 December 2022</b>			
<b>Gross profit</b>	37,958	414	38,372
<b>Gross margin (%)</b>	32.7%	-	33.0%
<b>Operating profit</b>	3,134	855	3,989
<b>EBITDA</b>	8,025	298	8,323

\* Adjusted to exclude share-based payments and amortisation of intangible assets

# FY 2023 Cash Flow

	FY 2023	FY 2022
(\$000's)		
<b>Net cash from (used in) operating activities</b>	5,009	(2,784)
<b>Net cash used in investing activities</b>	(6,120)	(16,342)
<b>Net cash used in financing activities</b>	(2,160)	(7,050)
<b>Net decrease in cash and cash equivalents</b>	(3,271)	(26,176)
<b>Cash and cash equivalents at the beginning of the year</b>	35,156	65,331
<b>Cash and cash equivalents at the end of the year</b>	32,339	35,156
<b>Cash and short-term investments in deposits and other securities</b>	40,764	44,167

# FY 2023 Balance Sheet

	31 December 2023	30 June 2023	31 December 2022
(\$000's)			
<b>Cash and short-term investments*</b>	40,764	41,891	44,167
<b>Total assets</b>	174,627	174,550	175,181
<b>Total liabilities</b>	55,191	58,430	61,180
<b>Net assets</b>	119,436	116,120	114,001

\* Short-term investments includes investments in deposits and other securities

**THANK YOU**  
**[www.BATM.com](http://www.BATM.com)**