

18 August 2025

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

Interim Results

BATM (LSE: BVC; TASE: BVC), a global provider of advanced network infrastructure, cybersecurity and diagnostic technologies, announces its interim results for the six months ended 30 June 2025.

Financial Summary*

\$m	H1 2025	H1 2024
Revenue	60.4	58.9
Gross profit	19.8	18.7
Gross margin	32.7%	31.7%
Adj. operating profit**	2.0	3.6
Adj. EBITDA**	4.0	5.7
Adj. profit before tax**	1.6	3.0

- Cash and short-term investments at 30 June 2025 were \$27.0m (31 December 2024: \$31.6m)

* Results for the Group's continuing operations. See note 4 to the consolidated financial statements for details on the discontinued operations

**Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

Operational Summary

- Strong H1 2025 performance, in line with management's expectations
 - Further progress on the execution of the strategy, including the sale of three non-core businesses
 - Strategic actions implemented in 2024 are delivering results in core divisions

BATM Networks

- BATM Networks returned to growth with an increase in revenue from both carrier ethernet and Edgility
- Four new carrier ethernet products were launched in the X-series portfolio, which are being well-received by the market, including an order from a Tier 1 communication service provider in Mexico
- New channel partners were onboarded in all target markets globally for the resale of the Group's carrier ethernet products and a customer partner portal was launched
- Edgility was selected by Telebras, a leading Brazilian telecommunications company, with a proof of concept currently underway with an end customer

BATM Cyber

- Significant milestone achieved with the delivery of the first units of a customised version of the Group's encryption platform for the commercial market
- Sustained delivery of orders for the Group's long-standing government customer, including the receipt of a new \$1.5m order to develop advanced cyber capabilities, which was subsequently increased to amount to \$2.1m by period end

BATM Diagnostics

- Achieved an increase in sales of proprietary and third-party diagnostic products following the successful rollout of the new strategy to prioritise reagent sales
- Entered the Italian market with MDXlab and won several projects, with a number of these including multi-year reagent and consumable agreements

Commenting on the results, Moti Nagar, Chief Executive Officer of BATM, said: “This has been an excellent six months of progress towards our strategic goals. The action that we took last year is beginning to deliver results, with a return to growth in BATM Networks and for our proprietary products in BATM Diagnostics as well as an improvement in gross margin in all of our core divisions. We achieved a major milestone in BATM Cyber with the delivery of our first encryption platform for the commercial markets. At the same time, we continued to execute on our strategy to become a more focused business with the sale of three non-core activities during the period. Accordingly, we exited the first half of 2025 in a much stronger position than when we entered. With positive momentum having continued into the second half, we are on track to deliver year-on-year growth for the full year.”

Enquiries

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Investor & Analyst Presentation

Moti Nagar, CEO, and Lior Miles, CFO, will be holding a webinar for analysts and investors on 21 August 2025 at 1.00pm BST. To register to participate or submit a question in advance, please use the following link: <https://forms.gle/8FNaWeZrvnUUyivm9>

Forward-looking statements

This document contains forward-looking statements. Those statements reflect the current opinions, evaluations and estimations of the Group's management, and are based on the current data regarding the Group's business as is detailed in this document and in the Group's periodical, interim and immediate reports. The Group does not undertake any obligation or make any representation that actual results and events will be in line with those statements, and stresses that they may differ materially from those statements, due to changes in the Group's business, market, competition, demand for the Group's products or services, general economic factors or other factors that can influence the Group's business and results, due to the risk factors that are detailed in the Group's Annual Report, and due to information and factors that are currently unknown to the Group's management and that, if known, would affect the management's opinions, evaluations or estimations. The Group will report the actual results and events according to its legal, accounting and regulatory obligations, and does not undertake any other obligation to report them or their deviations from the forward-looking statements, or to update any of the forward-looking statements in this document or to report that it is not valid anymore.

Operational Update

During the first six months of 2025, the Group continued to execute on its strategy to focus on its core businesses – BATM Networks, BATM Cyber and BATM Diagnostics – while also pursuing its strategy to dispose of non-core activities. The Group achieved a return to growth in BATM Networks and an increase in sales of both proprietary and third-party diagnostic products in BATM Diagnostics following the management reorganisation and refocused go-to-market approach adopted in those divisions in 2024. A key milestone was reached in BATM Cyber with the delivery of the first units of the Group's encryption platform for the commercial market. The Group also delivered an improvement in gross margin in all three of its core divisions for the period, in line with its strategy to pursue higher-margin activities.

The Group is exploring potential opportunities to add capability to its core activities through M&A, and to divest its non-core businesses. This resulted in the sale of three of its non-core businesses during the period. This will reduce the Group's costs and ongoing commitments related to these businesses as well as providing greater focus to the Group and supporting it in reinvesting into its identified core strengths of networks, cybersecurity and diagnostics to drive growth in these activities.

Further progress was made in transitioning the Group to operate as an enterprise, including joint marketing and joint product development initiatives between BATM Networks and BATM Cyber. In addition, the Group undertook an in-depth exercise that resulted in the launch of a new brand identity, including a new logo. The rebranding marks a significant milestone in BATM's journey, as it aligns more closely with its strategic vision to become a focused business and it brings its key activities under a unified brand identity, with its operations now structured under the three divisions of BATM Networks, BATM Cyber and BATM Diagnostics.

BATM Networks

\$m	H1 2025	H1 2024
Revenue	6.6	6.0
Gross margin*	44.4%	43.4%
Adj. operating loss*	(1.1)	(1.3)

* Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

The performance of BATM Networks in the period reflects the initial results of the decisive action taken during 2024 to return the division to growth, including a management reorganisation, expansion of the sales & marketing team and refocused go-to-market strategy. Accordingly, revenue increased by 11% to \$6.6m and by 156% on a sequential basis compared with H2 2024. This reflects an increase in revenue from sales of the Group's carrier ethernet products as well as its Edgility edge virtualisation and management platform.

Gross margin increased by 100bps, despite ongoing pricing pressure, as a result of an exercise undertaken to reduce production costs as well as the lower cost of sales associated with the division's new products. The increase in revenue and improved gross margin more than offset the higher operating expenses associated the expanded sales team and enabled a reduction in operating loss.

A key element of the Group's new go-to-market approach was the establishment of a team to focus on expanding the Group's global channel partners, including value-added resellers, systems integrators and distributors. The Group successfully onboarded new channel partners in all of its target global markets during the period, which have begun to resell the Group's carrier ethernet products. In particular, the Group's X-series portfolio of carrier ethernet products – with the first product being launched towards the end of 2024 and another four products being launched during the period – is proving popular and is expected to make an important contribution to growth in the second half of the year. To further strengthen

its engagement with its partners and customers, towards the end of the period the Group launched a customer partner portal, which has already generated new business opportunities.

In 2024, and continuing through the first half of 2025 with the hiring of additional sales resources, the Group made a strategic investment in targeting the Latin American market for its carrier ethernet and Edgility offerings. This resulted in a Tier 1 communications service provider in Mexico purchasing the Group's X-series of products – with the pipeline increasing for the second half of the year.

Edgility was selected by Telecomunicações Brasileiras S.A. ("Telebras"), a leading Brazilian telecommunications company that implements the federal government's communication network and supports public broadband policies as well as serving the enterprise market. Telebras is currently undertaking a proof of concept with Edgility and an end customer, which the Group expects to conclude in the second half.

The Group continued the rollout of Edgility under a three-year agreement signed last year with a Tier 1 telecommunications company in Mexico to provide Edgility to replace their incumbent network virtualisation solution. The customer will deploy Edgility to fully virtualise, orchestrate and manage at scale its enterprise connectivity services provided to enterprise and small- to medium-sized businesses. During 2024, the Group received orders worth over \$2.4m, to be delivered over the three-year period.

The Group has also continued to expand its partnership with a leading global provider of emergency connectivity services. The partner intends to continue to expand its use of Edgility internationally, which includes having conducted joint sales & marketing initiatives with the Group in Latin America.

BATM Cyber

\$m	H1 2025	H1 2024
Revenue	5.1	8.3
Gross margin*	52.6%	40.4%
Adj. operating profit*	1.0	2.5

* Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

The performance of the BATM Cyber division for H1 2025 was in line with management's expectations and compares with exceptional orders delivered in H1 2024 to the Group's long-standing government defence department customer. On a sequential basis, comparing with the trading of H2 2024, BATM Cyber revenue increased by 6%.

In 2024, the Group entered into a strategic partnership with a significant global technology, engineering and defence group (the "Partner") to distribute a customised version of the Group's advanced encryption platform, which is quantum key distribution ready, to a variety of commercial markets and for critical national infrastructure. A major milestone was achieved during the period with the Group delivering the first units of its cyber solution to its Partner, which will be used to support pilot and proof of concepts with various potential customers.

The Group sought to leverage the resources across the business with certain sales team members of the BATM Networks division beginning to promote the Group's cyber solution with their commercial customers and partners. In addition, the Group is undertaking joint product development initiatives utilising both the Group's Edgility and encryption technology.

During the period, the Group received a further \$1.5m order from its long-standing customer for the development of next-generation cyber capabilities, which was subsequently increased to amount to \$2.1m

by period end. The Group also intends to apply similar functionality, once developed, to its solution for the commercial markets, which will be a key differentiator for BATM's platform.

BATM Diagnostics

\$m	H1 2025	H1 2024
Revenue	20.6	17.0
Gross margin*	30.2%	27.9%
Adj. operating profit*	1.0	0.3

* Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

Revenue in the BATM Diagnostics division increased by 21%, with growth in revenue of both the Group's proprietary diagnostic products and distributed diagnostic products. The return to growth in sales of the Group's proprietary diagnostic products reflects the early benefits from the management reorganisation and refocused go-to-market approach adopted in the prior year to prioritise reagent sales, which are a higher margin and consumable product. The Group intends to provide its instruments on a lease basis, or as a lower-margin sale, alongside a reagent agreement to secure long-term, repeatable orders. With the higher contribution to revenue from reagent sales, there was a significant improvement in gross margin, which, with a relatively stable cost base, resulted in a substantial increase in adj. operating profit.

In particular, the Group was pleased to enter the Italian market with its MDXlab molecular diagnostics instrument based on the real-time PCR method, which offers an integrated, compact, cost-effective solution for small- to medium-sized laboratories or point-of-care. The MDXlab is gaining good traction and the Group won several projects that included multi-year reagent and consumable agreements, in line with the refocused strategy.

ADOR Diagnostics ("ADOR"), an associate company of the Group that is developing the disruptive NATlab molecular biology platform, continued to undertake the pre-clinical validation phase for the platform. ADOR is currently seeking to establish partnerships to support it in progressing to the next phase of development.

Non-core Activities

\$m (for continuing operations)	H1 2025	H1 2024
Revenue	28.0	27.6
Gross margin*	28.9%	29.8%
Adj. operating profit*	1.0	2.0

* Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

During the period, the Group made significant progress on executing on its strategy to exit its non-core activities with the sale of three non-core businesses, namely Celitron, its eco-med business in Hungary, Zer Laboratories, an administrator of third-party pre-natal diagnostic tests in Israel, and Progenetics, an administrator of third-party oncological diagnostic tests in Israel. Celitron and Zer Laboratories had been lossmaking for multiple years and Celitron had been classified earlier in the year as a discontinued operation for the purpose of the Group's financial reporting.

The Group had readied these operations for sale and intended to close them, to preserve the Group's cash resources, if a sale did not occur during 2025. By securing the sale of these operations, the Group will significantly reduce its costs and ongoing commitments related to these businesses. In addition,

Progenetics was sold for a total consideration of \$2m for the Group's 51% shareholding and the Group has received a total of c. \$383k in cash in consideration for the disposal of Celitron and Zer Laboratories.

The Group is continuing to seek further disposals of non-core businesses.

Financial Review

\$m (for continuing operations**)	Adjusted*		Reported	
	H1 2025	H1 2024	H1 2025	H1 2024
Revenue	60.4	58.9	60.4	58.9
Gross margin	33.1%	32.1%	32.7%	31.7%
Operating profit	2.0	3.6	1.0	2.8
EBITDA	4.0	5.7	3.3	5.2

* Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

** See note 4 to the consolidated financial statements

Total Group revenue increased to \$60.4m (H1 2024: \$58.9m). This reflects growth in BATM Networks and BATM Diagnostics.

Gross profit increased to \$19.8m (H1 2024: \$18.7m) with a gross margin of 32.7% (H1 2024: 31.7%), with the improvement reflecting an increased margin in all the Group's core divisions.

Sales and marketing expenses increased to \$10.2m (H1 2024: \$9.3m) reflecting investment in go-to-market made in the prior year, general and administrative expenses rose to \$6.9m (H1 2024: \$6.3m) and R&D expenses increased to \$2.5m (H1 2024: \$2.3m), which primarily reflects the Group investing to execute on its renewed strategy. The Group recognised net other operating income of \$0.7m, which is mainly attributed to the capital gain on the Group's disposals. This compares with other operating income in H1 2024 of \$2.0m, which primarily reflects the contribution to H1 2024 of other operating income generated from the revaluation of a liability.

Adjusted EBITDA, excluding amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity, was \$4.0m for H1 2025 compared with \$5.7m for the first half of the prior year. Adjusted operating profit was \$2.0m (H1 2024: \$3.6m) due to the higher operating expenses and the one-time operating income in H1 2024 of \$2.0m. On a reported basis, operating profit was \$1.0m (H1 2024: \$2.8m).

Profit before tax was \$0.6m (H1 2024: \$2.2m), as outlined above. On an adjusted basis, the Group reported a profit of \$1.6m (H1 2024: \$3.0m).

The Group recorded a tax expense of \$0.4m (H1 2024: \$0.6m) and share of loss of a joint venture and associated companies was \$0.2m (H1 2024: \$0.2m).

Net profit from continuing operations was \$0.03m (H1 2024: \$1.5m) and earnings per share was 0.13¢ (H1 2024: 0.32¢).

The Group recorded a loss from discontinued operations of \$4.3m (H1 2024: \$1.4m loss), primarily attributable to a non-cash loss arising from the disposal of historical capital reserves related to foreign currency translation (see note 4).

Net cash used in continuing operations (before tax and interest) was reduced to \$2.7m compared with \$4.1m in H1 2024. This primarily reflects changes in working capital.

The Group continues to have a strong balance sheet, with cash and short-term investments at 30 June 2025 of \$27.0m (31 December 2024: \$31.6m; 30 June 2024: \$32.6m).

Outlook

BATM entered the second half of 2025 in a stronger position than at the same point in the previous year. The strategic action taken in 2024 and in the first six months of 2025 has strengthened the Group's core divisions, which are experiencing positive momentum. In BATM Networks, the Group is on track to deliver strong growth for FY 2025, driven by an increase in carrier ethernet sales as well as growth in Edgility revenue. BATM Cyber continues to perform in line with management's expectations, with revenue for FY 2025 anticipated to be slightly lower than the prior year due to the exceptional contribution in 2024 from the Group's long-standing government defence department customer. In BATM Diagnostics, the Group is encouraged by the interest that it is receiving for its own products and is delivering sustained growth in third-party product sales. As a result, the Group expects to report a year-on-year increase in revenue and adj. EBITDA for FY 2025.

The Group is continuing to execute on its strategy to become a focused business through pursuing further disposals of non-core activities and identifying potential M&A opportunities to accelerate growth in its core divisions. Through these actions, combined with the successful delivery of the Group's renewed go-to-market approach in BATM Networks and BATM Diagnostics as well as entering the commercial market in BATM Cyber, the Board believes the Group is well positioned to deliver on its strategic objectives and deliver significant shareholder value.

**BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	Continuing Operations	
	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
	<u>Unaudited</u>	<u>Unaudited</u>
Revenues	60,362	58,882
Cost of revenues	40,598	40,187
Gross profit	19,764	18,695
Operating expenses		
Sales and marketing expenses	10,155	9,284
General and administrative expenses	6,860	6,333
Research and development expenses	2,464	2,272
Other operating income	(735)	(2,017)
Total operating expenses	18,744	15,872
Operating income	1,020	2,823
Finance income	382	319
Finance expenses	(838)	(961)
Profit before tax	564	2,181
Income tax expenses	(364)	(564)
Profit for the period before share of loss of a joint venture and associated companies	200	1,617
Share of loss of a joint venture and associated companies	166	159
Profit for the period from continuing operations	34	1,458
Loss for the period from discontinued operations	(4,286)	(1,398)
Profit (Loss) for the period	(4,252)	60
<u>Attributable to:</u>		
Non-controlling interests	(526)	58
Owners of the Company	(3,726)	2
Earnings (loss) per share (in cents):		
Basic and diluted from continuing operations	0.13	0.32
Basic and diluted from discontinued operations	(0.98)	(0.32)
Basic and diluted	(0.85)	(0.00)

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
	Unaudited	Unaudited
Profit (loss) for the period	(4,252)	60
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	6,721	(3,119)
Disposal of a foreign operation	4,005	=
Total other comprehensive income (loss) for the period	10,726	(3,119)
Total comprehensive income (loss) for the period	<u>6,474</u>	<u>(3,059)</u>
Attributable to:		
Owners of the Company from continuing operations	7,074	(1,446)
Owners of the Company from discontinued operations	(296)	(1,597)
Non-controlling interests	(304)	(16)
	<u>6,474</u>	<u>(3,059)</u>

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2025 \$'000 <u>Unaudited</u>	30 June 2024 \$'000 <u>Unaudited</u>	31 December 2024 \$'000 <u>Audited</u>
Current assets			
Cash and cash equivalents	21,384	27,176	25,898
Trade and other receivables	35,648	37,212	29,614
Short-term investment in deposits and other securities	5,649	5,417	5,672
Inventories	33,459	35,134	32,710
Disposal group Held for Sale	-	-	4,660
	<u>96,140</u>	<u>104,939</u>	<u>98,554</u>
Non-current assets			
Property, plant and equipment	12,719	14,592	12,016
Investment property	604	579	548
Right-of-use assets	4,093	5,587	4,178
Goodwill	3,344	12,690	3,344
Intangible assets	9,173	8,814	8,004
Investment in joint venture and associate	20,726	17,640	17,802
Investments carried at fair value	1,220	1,220	1,220
Deferred tax assets	3,602	3,478	3,498
	<u>55,481</u>	<u>64,600</u>	<u>50,610</u>
Total assets	<u>151,621</u>	<u>169,539</u>	<u>149,164</u>
Current liabilities			
Short-term bank credit	4,731	5,041	4,261
Trade and other payables	35,007	36,035	36,691
Current maturities of lease liabilities	1,956	2,027	2,032
Tax liabilities	500	100	619
Liabilities associated with disposal group Held for Sale	-	-	2,978
	<u>42,194</u>	<u>43,203</u>	<u>46,581</u>
Non-current liabilities			
Long-term liabilities	6,789	5,365	6,588
Long-term lease liabilities	2,474	3,631	2,358
Deferred tax liabilities	21	31	-
Retirement benefit obligation	759	617	655
	<u>10,043</u>	<u>9,644</u>	<u>9,601</u>
Total liabilities	<u>52,237</u>	<u>52,847</u>	<u>56,182</u>
Equity			
Share capital	1,320	1,320	1,320
Share premium account	430,058	429,089	429,598
Reserves	(24,478)	(32,910)	(31,073)
Reserves associated with disposal group Held for Sale	-	-	(3,620)
Accumulated deficit	(306,131)	(279,883)	(302,162)
Equity attributable to the:			
Owners of the Company	100,769	117,616	94,063
Non-controlling interests	(1,385)	(924)	(1,081)
Total equity	<u>99,384</u>	<u>116,692</u>	<u>92,982</u>
Total equity and liabilities	<u>151,621</u>	<u>169,539</u>	<u>149,164</u>

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital	Share premium account	Translation reserve	Other reserve	Other comprehensive income attributable to disposal groups	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2025	1,320	429,598	(24,300)	(6,773)	(3,620)	(302,162)	94,063	(1,081)	92,982
Profit for the period	-	-	-	-	-	(3,726)	(3,726)	(526)	(4,252)
Exchange differences on translating foreign operations	-	-	6,884	-	3,620	-	10,504	222	10,726
Total comprehensive income (loss) for the period	-	-	6,884	-	3,620	(3,726)	6,778	(304)	6,474
Dividend to non-controlling interests holding put option	-	-	-	-	-	(243)	(243)	-	(243)
Recognition of share-based payments	-	460	-	-	-	-	460	-	460
Capital reserve transactions with NCI	-	-	-	(289)	-	-	(289)	947	658
Disposal of subsidiary	-	-	-	-	-	-	-	(947)	(947)
Balance as at 30 June 2025 (unaudited)	1,320	430,058	(17,416)	(7,062)	-	(306,131)	100,769	(1,385)	99,384

For the six months ended 30 June 2024

	Share capital	Share premium account	Translation reserve	Other reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2024	1,320	428,656	(23,092)	(6,773)	(279,767)	120,344	(908)	119,436
Profit for the period	-	-	-	-	2	2	58	60
Exchange differences on translating foreign operations	-	-	(3,045)	-	-	(3,045)	(74)	(3,119)
Total comprehensive income (loss) for the period	-	-	(3,045)	-	2	(3,043)	(16)	(3,059)
Dividend to non-controlling interests holding put option	-	-	-	-	(118)	(118)	-	(118)
Recognition of share-based payments	-	433	-	-	-	433	-	433
Balance as at 30 June 2024 (unaudited)	1,320	429,089	(26,137)	(6,773)	(279,883)	117,616	(924)	116,692

**BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENT OF CASH FLOW**

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
	<u>Unaudited</u>	<u>Unaudited</u>
Net cash used in continuing operating activities (Appendix A)	(3,293)	(4,803)
Net cash used in discontinued operating activities	(25)	(476)
Investing activities		
Purchases of property, plant and equipment	(816)	(517)
Increase of intangible assets	(1,216)	(1,151)
Investment in joint venture and associated companies	(793)	(540)
Purchases of deposits and financial assets	(4,608)	-
Proceeds on disposal of deposits and securities	4,899	2,968
Proceeds on disposal of property, plant and equipment	140	557
Proceeds on disposal of operation, net (see note 3)	885	-
Net cash (used in) from investing activities – Continuing Operations	(1,509)	1,317
Net cash from (used in) investing activities – Discontinued Operations	40	(4)
Financing activities		
Lease payment	(997)	(958)
Bank loan repayment	(2,848)	(1,801)
Bank loan received	2,925	2,364
Dividend to non-controlling interests	(243)	(118)
Net cash used in financing activities – Continuing Operations	(1,163)	(513)
Net cash used in financing activities – Discontinued Operations	(83)	(118)
Net decrease in cash and cash equivalents	(6,033)	(4,597)
Cash and cash equivalents at the beginning of the period	25,898	32,339
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,519	(566)
Cash and cash equivalents at the end of the period	21,384	27,176

BATM ADVANCED COMMUNICATIONS LTD.
APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOW

APPENDIX A

Reconciliation of operating profit for the period to net cash from (used in) operating activities:

	Six months ended 30 June	
	2025 \$'000 Unaudited	2024 \$'000 Unaudited
Operating profit from continuing operations	1,020	2,823
Adjustments for:		
Amortisation of intangible assets	297	340
Depreciation of property, plant and equipment and investment property	2,023	2,083
Capital loss (gain) of property, plant and equipment	21	(230)
Share-based payments	460	433
Capital gain from disposal of operations (see note 3)	(893)	-
Operating cash flow before movements in working capital	2,928	5,449
(Increase) Decrease in inventory	(791)	2,578
Increase in receivables	(5,911)	(5,860)
Decrease in payables	(1,356)	(4,225)
Effects of exchange rate changes on the balance sheet	2,431	(2,016)
Cash used in operations	(2,699)	(4,074)
Income taxes paid	(572)	(779)
Interest (paid)/received, net	(22)	50
Net cash used in continuing operating activities	(3,293)	(4,803)
Net cash used in discontinued operating activities	(25)	(476)

**BATM ADVANCED COMMUNICATIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – General

These interim consolidated financial statements of the Group have been prepared in conformity with International Accounting Standard No. 34 "interim financial reporting".

In preparing these interim consolidated financial statements, the Group implemented accounting policies, presentation principles and calculation methods identical to those implemented in preparation of its consolidated financial statements as of 31 December 2024 and for the period ended on that date. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards.

Note 2 – Earnings per share

Earnings per share is based on the weighted average number of shares in issue for the period of 441,026,659 (H1 2024: 440,684,134) including 4,495,000 ordinary shares held in treasury. The number used for the calculation of the diluted earnings per share for the period (which includes the effect of dilutive stock option plans) is 441,812,327 shares (H1 2024: 441,525,375).

Note 3 – Disposal of subsidiaries and operation

A. Disposal of Progenetics

On 15 May 2025, the Group completed the divestiture of its interest in Progenetics resulting in the disposal of the assets and liabilities from the consolidated balance sheet, and a gain on the disposal was recognised in the consolidated statement of income, reflecting the difference between the consideration received and the carrying amount of the net assets and non-controlling interest ("NCI") disposed.

	30 June 2025 \$'000 <u>Unaudited</u>
Net assets disposed	
Assets associated with disposal group Held for Sale	2,015
Liabilities associated with disposal group Held for Sale	(948)
Non-Controlling interest	(947)
Net assets disposed	<u>120</u>
Disposal of a capital reserves related to currency translation of a foreign operation	15
Gain on disposal	<u>760</u>
 Net consideration	 <u>895</u>

Net cash inflow arising from disposal	
Consideration received in cash, net	1,619
Cash held in escrow	143
Cash and cash equivalents disposed	(867)
Net consideration	<u>895</u>

B. Disposal of Celitron

On 30 June 2025, the Group completed the divestiture of its interest in Celitron resulting in the disposal of the assets and liabilities from the consolidated balance sheet, and a gain on the disposal was recognised in the consolidated statement of income, reflecting the difference between the consideration received and the carrying amount of the net assets disposed.

	30 June 2025 \$'000 <u>Unaudited</u>
Net assets disposed	
Assets associated with disposal group Held for Sale	1,235
Liabilities associated with disposal group Held for Sale	(1,847)
Net assets disposed of	<u>(612)</u>
Disposal of a capital reserves related to currency translation of a foreign operation	3,990
Loss on disposal	<u>(3,138)</u>
Total consideration	<u>240</u>

Net cash inflow arising from disposal	
Consideration received in cash and cash equivalents, net	50
Deferred consideration	200
Cash and cash equivalents disposed	(10)
Total consideration	<u>240</u>

- C. On 30 June 2025, the Group completed the divestiture of the Zer Laboratories operation for a total consideration amounting to \$0.1m.

Note 4 – Discontinued operations

During 2024, the Board resolved to dispose of the eco-med operation, which constitutes part of the Group's non-core segment. The operation, which was expected to be sold within 12 months and had been classified as a discontinued operation, was sold on 30 June 2025 (see note 3). The comparative consolidated statement of profit or loss and the cash flow has been re-presented to show the discontinued operation separately from the continuing operations.

During 2024, a claim with respect to the discontinued operation was pending regarding alleged breach of contract to supply products and resulting damages. To the extent that the management, based on the advice of its consultants, predicts that the claim may result in a required outflow of funds from the Group, the management, based on the advice of its legal advisers, is of the opinion that an adequate provision was made in the financial statements.

The results of the discontinued operation are as follows:

	Six months ended 30 June (Unaudited)	
	2025 \$'000s	2024 \$'000s
Revenues	519	1,158
Expenses from operation	1,667	2,552
Loss from discontinued operation	(1,148)	(1,394)
Loss from disposal of discontinued operation	(3,138)	-
Tax expenses	-	4
Loss for the period attributable to discontinued operations	(4,286)	(1,398)

Note 5 – Other alternative measures

The information set out below is for continuing operations:

Six months ended 30 June 2025 (Unaudited)	Reported results	Adjustments*	Adjusted results
	US\$ thousands		
Gross profit	19,764	200	19,964
Gross margin (%)	32.7%	-	33.1%
Operating profit	1,020	987	2,007
EBITDA	3,340	690	4,030

Six months ended 30 June 2024 (Unaudited)	Reported results	Adjustments*	Adjusted results
	US\$ thousands		
Gross profit	18,695	216	18,911
Gross margin (%)	31.7%	-	32.1%
Operating profit	2,823	773	3,596
EBITDA	5,246	433	5,679

(*) Adjusted to exclude amortisation of intangible assets, share-based payments and exceptional expenses related to corporate activity

EBITDA measurement

	Six months ended 30 June	
	2025 \$'000 Unaudited	2024 \$'000 Unaudited
Operating profit	1,020	2,823
Amortisation of intangible assets	297	340
Share-based payments	460	433
Depreciation	2,023	2,083
Exceptional expenses related to corporate activity	230	-
Adj. EBITDA	4,030	5,679

Note 6 – Business segments

Operational segments are identified on the basis of internal reports about the Group's components that are reviewed by the chief operational decision maker of the Group ("CODM"), the CEO of the Company, for the purpose of allocating resources and evaluating the performance of the operational segments. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided and the operating profit.

The principal products and services of each of these segments are as follows: Networking – marketing, research and development of data communication products, which includes high-performance connectivity solutions for the network edge, including the Edgility open edge software platform that enables the deployment and life-cycle management of apps, network functions and compute devices at the edge of the network, and a broad portfolio of carrier grade switching and routing hardware and software products. Cyber – provision of integrated hardware and software solutions for network encryption, including hardware security modules (HSMs). Diagnostics – mainly engaged in sales and distribution of in vitro diagnostics reagents and instruments, including the development and production of proprietary products. Its proprietary products are focused on molecular diagnostics by test type and infectious disease by application area. Non-core – mainly the distribution of pharmaceutical and environmental monitoring products and diagnostic tests, and the production of eco- friendly pathogenic waste treatment solutions for medical, agricultural and pharmaceutical applications.

The segment information reported below is for continuing operations.

Six months ended 30 June 2025 (Unaudited)

	Networks \$'000	Cyber \$'000	Diagnostics \$'000	Non-core \$'000	Total \$'000
Revenues	6,621	5,121	20,612	28,008	60,362
Gross profit	2,782	2,696	6,182	8,104	19,764
Operating profit/(loss)	(1,422)	790	727	925	1,020
Net finance expenses					(456)
Profit before tax					564

Six months ended 30 June 2024 (Unaudited)

	Networks \$'000	Cyber \$'000	Diagnostics \$'000	Non-core \$'000	Total \$'000
Revenues	5,964	8,291	17,026	27,601	58,882
Gross profit	2,416	3,347	4,701	8,231	18,695
Operating profit/(loss)	(1,582)	2,373	90	1,942	2,823
Net finance expenses					(642)
Profit before tax					2,181