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

Sale of Diagnostics Distributor

BATM (LSE: BVC; TASE: BVC), a global provider of advanced network infrastructure, cybersecurity and diagnostic technologies, is pleased to announce that it has entered into an agreement (the "Sale Agreement") to sell A.M.S 2000 Trading Impex SRL ("AMS"), a subsidiary of the Group that distributes diagnostic laboratory equipment in Romania. The Sale Agreement marks a key milestone in the execution of the Group's strategy to exit its non-core activities and focus on its core strengths of networks, cybersecurity and diagnostics.

Under the terms of the Sale Agreement, the Group will sell AMS to Dr. Zvi Marom, a non-executive director and significant shareholder of the Group, in exchange for his entire shareholding of 96,794,500 ordinary shares of NIS 0.01 each ("Ordinary Shares") in BATM, representing c. 22.2% of the existing issued share capital. The transaction values AMS at £17.6m (c. 23.7m), based on the closing price of the Group's Ordinary Shares on the Main Market of the London Stock Exchange on 3 October 2025, being the trading day prior to the signing of the Sale Agreement. Dr. Marom's offer exceeded the value of a competing offer that the Group received for the disposal of AMS.

The completion of the sale is subject to the approval of shareholders at a general meeting; the Board will issue a circular to convene this general meeting in due course. Following completion, Dr. Marom will cease to be a shareholder of the Group and will resign as a director of the Group.

Moti Nagar, Chief Executive Officer of BATM, said:

"This transaction marks a significant step in BATM's strategic execution, underlining our focus on becoming a streamlined, high-growth business. The sale of AMS is the fourth sale of a non-core asset in 2025, reflecting our commitment to focus resources and efforts on our core markets of networks, cybersecurity and diagnostics, that offer substantial growth opportunities and where we are making strong advancements, particularly in network encryption and edge computing. The Board believes this transaction is compelling not only strategically, but also because it allows us to deliver immediate value to shareholders. We continue to make progress with respect to exiting other non-core assets and look forward to updating the market in due course."

Background to the transaction

Since June 2023, the Group has been executing on a clear strategy for the business to focus on its core strengths of networks, cybersecurity and diagnostics, and to dispose of all non-core assets. The Group is prioritising its higher-margin activities that are in substantial, high-growth markets and where it can leverage its decades of experience of delivering highly innovative solutions. By disposing of its non-core assets, the Group will be able to provide greater resources and focus to its identified core strengths to drive growth in these activities where the Board believes greater opportunities exist to maximise shareholder value.

AMS, which was established in 1997 and acquired by the Group in 2007, is an authorised importer and distributor in the Romanian market of diagnostic laboratory equipment, including reagents and laboratory supplies, from leading international brands. It also has two laboratories that perform genetic, microbiological, physio-chemical and environmental analyses, which will be taken out of AMS prior to the sale. BATM will continue to own and operate the two laboratories, which it will seek to sell as part of its ongoing strategy to dispose of non-core assets. AMS has approximately 100 employees across several offices, a warehouse and the laboratories in Romania. The proposed sale will reduce the operational complexity of BATM and enable savings in central corporate costs.

For the year ended 31 December 2024, AMS generated revenue of 34.2m, a gross margin of 28% and net profit of 2.7m prior to any allocation of central corporate costs. This includes the contribution from the laboratories, which accounted for c. 11% of AMS revenue in 2024.

For the Group's reporting purposes, AMS was incorporated within the BATM Diagnostics division as the business had begun to distribute the Group's proprietary diagnostic products alongside third-party products. However, its activities are non-core to the Group's high-margin, high-growth and high-technology focus. Accordingly, the Board believes it is in the best interests of the Group and its shareholders to dispose of AMS for the reasons outlined above.

Terms of the transaction

Under the terms of the Sale Agreement, the Group will sell AMS (excluding the laboratories) to Dr. Marom for £17.6m. The consideration will be satisfied by the exchange of his entire shareholding in the BATM (the "Consideration Shares"). Dr. Marom holds a total of 96,794,500 Ordinary Shares in BATM, representing c. 22.2% of the Group's issued share capital. BATM will retain any cash balances that will be outstanding in AMS prior to the sale, after adjustments to normative working capital in AMS.

BATM is the ultimate parent company of AMS, through the Group's 100% indirect ownership of Sunstring Ltd, which wholly owns AMS.

The completion of the transaction is subject to shareholder approval at a general meeting and all other legal and regulatory requirements.

Resultant holdings, total voting rights and Rule 9 waiver

Under the terms of the Sale Agreement, the Consideration Shares will be held by Sunstring Ltd.)or with another company in the Group, at BATM's discretion(. In accordance with Israeli law, due to the Consideration Shares being held by a subsidiary of the Group, they would not have any voting rights. As a result, on completion of the transaction, the total number of Ordinary Shares with voting rights in BATM is expected to reduce to 339,887,169 Ordinary Shares. This would be the figure used by shareholders as the denominator for the calculations by which they would determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Group under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

The completion of the transaction, as outlined above, would result in Lombard Odier holding over 30% of the voting rights of the Group. As a company incorporated in Israel, the Group is not bound by the City Code on Takeovers and Mergers (the "UK Takeover Code"). However, as per the Group's articles of association (the "Articles"), the Group has chosen to voluntarily adopt the principles of the UK Takeover Code, but, in accordance with the Articles, the Board of Directors has full authority to determine its application. Accordingly, the Board has resolved that Lombard Odier holding over 30% of the voting rights of the Group to be a permitted acquisition under the terms of the Articles and thus there would not be an obligation under the section of the Articles that has adopted Rule 9 of the UK Takeover Code for Lombard Odier to make a mandatory offer for BATM.

Related party transaction

By reason of Dr. Marom being a non-executive director and significant shareholder of the Group, the transaction would constitute a related party transaction under UK Listing Rule 8.2.1R. The Independent Directors of BATM, having been so advised by Shore Capital, acting in their capacity as sponsor to the Group, consider the terms of the transaction to be fair and reasonable so far as the shareholders of the Group are concerned. The Independent Directors also took into account a valuation report by an independent consultancy that was commissioned by the Board, with the value of the Consideration Shares being in line with the report's estimated value for AMS. Dr. Marom did not participate in any of the Board deliberations concerning this transaction and the transaction has been approved by the Group's Audit Committee. In addition, and as noted above, the proposed transaction with Dr. Marom represents the best offer that the Group received for the disposal of AMS.

Enquiries

BATM	
Moti Nagar, Chief Executive Officer	+972 9866 2525
Lior Miles, Chief Financial Officer	
Shore Capital	
Mark Percy, Anita Ghanekar, James Thomas (Corporate Advisory)	+44 20 7408 4050
Gracechurch Group	
Harry Chathli, Claire Norbury	+44 20 4582 3500
KK Advisory	
Kam Bansil, Steve Keeling	+44 20 7039 1901

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.

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