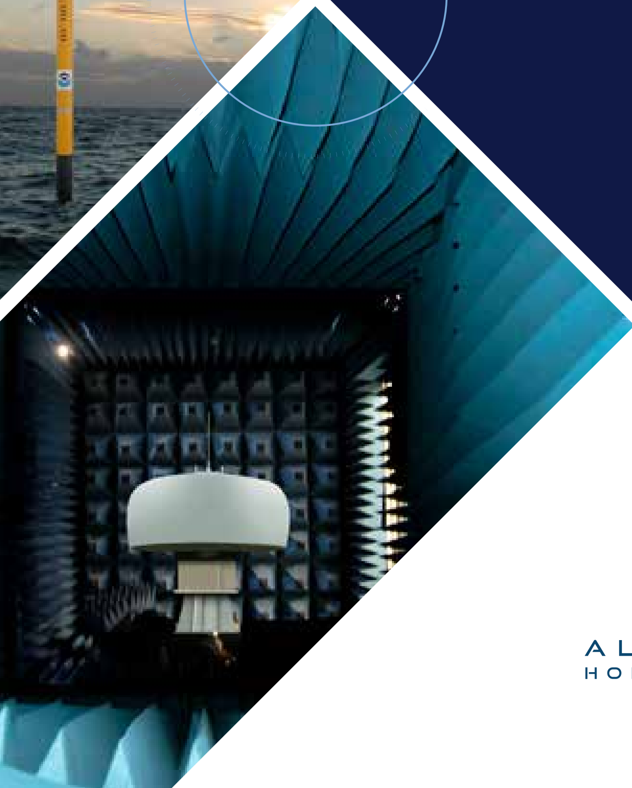


# UNAUDITED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER

# 2020

ALARIS
HOLDINGS

## Summary

| | | |
|---|---|---|
| Revenue increased by | 13% | from R136.3 million to R154.4 million |
| Profit after tax increased by | 26% | from R23.1 million to R29.1 million |
| Headline earnings per share increase by | 27% | from 19.27 cents to 24.40 cents |
| Strong cash position of | | R130.8 million as at 31 December 2020 |
| The UK acquisition was successfully concluded on 26 February 2021 utilising the cash resources | | |

Alaris Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
Share code: ALH ISIN: ZAE000201554
("Alaris" or "the Company" or "the Group")

## What we are all about

Alaris Holdings is a global radio frequency ("RF") technology holding company focused on developing its own products and retaining its own IP that it markets to the global specialised industrial and research institutes, governmental and defence market segments. Our customer centric approach emphasises our strategic objective of being a trusted technical advisor and partner in the RF technology domain. The Group has been listed on the JSE AltX since July 2008.

The **Alaris Group** consists of:

**Alaris Antennas,** founded in 1997 and headquartered in Centurion, South Africa, designs, develops, manufactures and sells state-of-the-art, specialised broadband antennas and other related RF products used in the communication, frequency spectrum monitoring, testing and measurement, electronic warfare and other specialised markets. Its client base, consisting of system integrators, frequency spectrum regulators and players in the homeland security space, is located across the globe – mostly outside of South Africa – in the Americas, Europe and Asia.

**COJOT**, founded in 1986 and located in Espoo, Finland, serves military and public safety markets globally. With more than 30 years of experience, COJOT designs, develops and manufactures innovative broadband antennas that improve the connectivity, coverage and competitiveness of radio equipment deployed to save lives and protect property.

**mWAVE,** based in Windham, Maine in the United States, is a leading global provider of advanced custom and commercial microwave antenna solutions. The company was established in 2004 and designs and manufactures standard and custom microwave antenna products for commercial and government applications spanning the scientific, defence and academic communities.

**Alaris USA**, trading as a division of mWAVE Industries and based in Windham, Maine, sells and supports specialised antennas and other RF related products designed by COJOT and Alaris Antennas to its customer base in North America. Its products are used in the communication, frequency spectrum monitoring, testing and measurement, counter unmanned aircraft systems (UAS), electronic warfare and other specialised markets. Like COJOT and Alaris Antennas, Alaris USA clients are system integrators, frequency spectrum regulators, government end users and players in the homeland security space.

# Business Overview

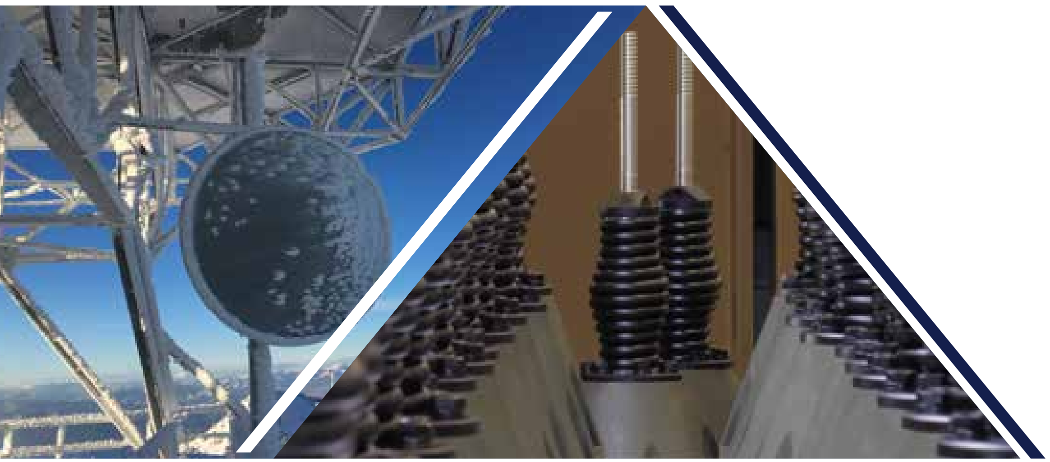
The Alaris Holdings Group experienced a strong first half of the financial year amidst a challenging global economic market, with combined operations showing an increase in revenue and profit after tax ("PAT"). This half year reflects another significant growth, in addition to the already previously strong comparative period. Revenue increased by 13% from R136.3 million to R154.4 million, and PAT increased by 26% from R23.1 million to R29.1 million. Headline earnings per share increased by 27% from 19.27 cents to 24.40 cents. These results demonstrate the Group's commitment to organic growth on a year-by-year basis.

The Group's cash position at 31 December 2020 was R130.8 million, with 43% of the funds located in South Africa. Surplus cash was utilised to acquire Linwave Technologies Limited.

The expansion of the management team at Group level is bearing fruit, with various projects being rolled out in support of operational and development activities. The Group CTO is actively and technically involved with strategic projects, whilst coordinating research and development activities across the Group. This relates to the product roadmap, pro-active technology development and supporting the execution of strategic product and system developments. During its short existence, this function had led to an increase in several joint projects across the Group.

The role of the Holdings office is to support the subsidiaries in achieving their targets and to leverage the Group brand to their advantage. Various marketing initiatives were launched to identify and develop lead and revenue generating opportunities in the different subsidiaries. The Group Marketing Officer is providing guidance to develop a combined brand visibility across the subsidiaries to our customers, shareholders and investors.

In the latter half of the previous financial year, segmentation of markets was introduced, which allowed the subsidiaries to use the resources in their teams more effectively and to make better strategic decisions. This model is generating good results and is encouraging revenue growth.







## Alaris Antennas

Total revenue increased by 41% from R67.2 million to R94.9 million and PAT increased by 86% from R14.0 million to R26.1 million. The above sales value includes cross-selling between subsidiaries. The cross-selling of Alaris Antennas products increased from R6.6 million to R39.0 million. Due to the operational impact of COVID-19, late invoicing deferred some of the revenue from FY20 into FY21. Profitability was assisted by a higher margin product mix and to an extent, reduced travel costs.

The company reported strong results despite increasingly challenging economic conditions in South Africa. Growth was achieved in all areas of the business and made possible by the strong order book and balance sheet. Whilst the pandemic has affected the ability to travel and meet customers face to face, the sales team adjusted well by interacting via virtual workshops with key customers. This has been effective in engaging successfully with customers.

The continued strategy to engage with clients earlier on in their procurement programs is bearing fruit and resulting in good repeat orders. Working closely with customers and understanding their requirements has allowed the engineering team to focus on the design and development of new products to meet clients' needs, providing a cutting-edge advantage to customers.

A new Chief Operating Officer was appointed on 1 July 2020. With client centricity being one of the Alaris values, delivery of quality products on time is very important. Under his experienced leadership, this team is playing a vital role in implementing this objective and will continue to focus on operational improvements where needed.

The establishment of Alaris USA has proved to be a success, providing a closer proximity and easier engagement with Alaris customers in the USA. As more than 90% of revenue is derived from exports, there remains a strong motivation to increase the company's global footprint to be positioned as the trusted advisor in the provision of technologically advanced solutions.

## COJOT

The COVID-19 pandemic had a negative impact on the financial results of COJOT. Total revenue decreased by 3% from R43.9 million to R42.6 million and PAT decreased by 31% from R12.2 million to R8.4 million. The heightened cooperation amongst teams in the Group is visible in the cross-selling numbers for COJOT, which increased from R2.4 million to R5.1 million.

The decrease in revenue can be directly attributed to the COVID-19 pandemic, which delayed decisions on projects by customers and end customers. Increased prohibitions on international travel added to the delays. A large development project for an American customer was more expensive than budgeted for, which resulted in a lower margin. However, this is seen as an investment for the future, since multiple orders are in the pipeline.

During this first half, COJOT increased its footprint into new territories which, combined with the cross-selling of Alaris Antennas products, has provided a successful result with orders in hand. The presence of Alaris USA opened up a whole new playing field in North America and several new opportunities have been created.

Several Switched Beam Antenna (SBA) projects have been secured and the outlook for growth in this field is encouraging. The Group's engineers are well-positioned to drive this trend. The expansion of the offices and improved testing facility helps ensure the delivery of quality products. New software was implemented in their testing chamber, which is more efficient. This enables the engineering team to spend more time on product functionality, thereby ensuring top of the range quality.

## mWAVE Industries LLC

- **mWAVE**

This is the second year in which mWAVE contributed to the income of the Group, after becoming part of Alaris Holdings in October 2018. Total revenue increased by 78% from R34.4 million to R61.1 million and PAT increased by 12% from R4.2 million to R4.7 million. Although less impacted than the other subsidiaries, the COVID-19 pandemic also delayed client decision-making in the USA, resulting in a few projects being postponed. Significant cross-selling revenue through Alaris USA lifted revenue, but it's at a lower margin since this is a "channel partner" for the other subsidiaries. The majority of profits for this are reflected in the other subsidiaries.

mWAVE has recently added a well-established sales representative on the West Coast to complement an existing sales agency representative on the East Coast, thereby increasing the geographical footprint in North America and Canada. Close cooperation with the teams at Alaris Antennas and COJOT brought about an increase in cross-segmental sales. Both of these initiatives will take time to grow to their full potential, but are expected to fuel sales growth primarily in the more profitable, customised product market.

mWAVE is aligning their technical capability towards market requirements and new business development. The company continues to implement operational changes to increase efficiency in their processes and to align the entity with the Group's strategic objectives.

- **Alaris USA**

Alaris USA is seen as a valuable contributor to the organic growth of the Group and the expansion of its footprint. Establishing presence in the USA has allowed the entity to foster closer relationships with customers in Northern America. This allows for more in-depth solution-driven discussions. This is enabling new business development and increased inter-segmental projects, allowing the company to fulfil its role as trusted advisor.

Alaris USA is working closely with various teams at Alaris Antennas and COJOT to offer specific customised solutions. This entity contributed R37.5 million of the cross-selling orders from COJOT and Alaris Antennas to the revenue of the Group.



Business overview continued

## Corporate and consolidation

This division includes costs associated with being a listed entity and the running costs of shared services. An example of this is the centralised treasury function, where foreign currency hedging is managed. The following are the main costs before tax included in this segment:

- Net foreign exchange loss of R1.7 million (December 2019: gain of R0.2 million).
- Employee costs, cost of the share incentive option scheme for Group executives and board fees totaling R7.5 million (December 2019: R6.1 million). R2.2 million related to the share-based payment expense that could be reversed in the future should the set profit targets not be made.
- Legal and consulting fees including the costs to be listed on the JSE, advisory fees, group audit fees totaling R1.5 million (December 2019: R1.2 million). Non-recurring costs of R 0.2 million relate to travelling costs to visit acquisition targets and some legal fees to start the acquisition process.

# Prospects

The Group is well positioned for growth across all the subsidiaries and is built on a solid foundation of four key strategies:

- Extensive expertise in RF products
- Owning and continuously developing intellectual property
- Design of antenna and RF system solutions
- A global footprint of its subsidiaries to support the global application of its products

## Alaris Antennas

With a strong base of motivated and performance-driven people, Alaris Antennas is working towards an agile and collaborative culture with the other subsidiaries in the Group. By doing this, more solutions can be offered to its customers. Alaris Antennas has established itself in the industry as a specialist Direction Finding (DF) antenna systems supplier, with a highly skilled and specialised team of engineers uniquely positioned to support the company's objective of being the preferred supplier and partner of advanced RF products. The company will use this key differentiator to encourage further expansion into antenna system solutions and RF / Microwave electronics.

In order to grow its footprint, the company has established sales representatives in key territories to ensure a contribution to organic growth in the period ahead. Opportunities identified for newly developed products will be pursued with the goal of having these products designed-in as a solution.

Combined with technical expertise, customer centricity has led to long term client relationships. The highly skilled and knowledgeable team of antenna experts continues to embrace innovation while focus is placed on market relevant opportunities. In addition to holding its own IP, the company continues to invest significantly in research and development, adding to its competitive advantage in a niche market.

Alaris Antennas is experiencing a significant uptake in manpack direction finding antennas. This range is currently being upgraded with the latest technology.

The outlook is positive. The team is grateful for the company's strong balance sheet and, with a significant set of orders in hand, a strong foundation was laid for the second half of the year. The management team is excited about the period ahead.

## COJOT

COJOT's years of design, development and contract manufacturing expertise have enabled the company to offer reliable and durable antenna equipment for use in some of the most demanding and extreme environments in the world. The company has a strong customer centric approach, resulting in close relationships with its customers. The company makes use of a direct sales team and selected channel partners to build its order book and is investigating further representation in the Asian markets.

Switched Beam Antenna (SBA) sales and the outlook for growth in this field continue to be encouraging with several good sales projects in the pipeline. The use of SBA enhances the usability, performance and spectrum management of complex communication networks in various ways





by combining the advantages of higher gain directional antennas with mobility and directional selectivity. Since it supports effective drone detection, tracking and countermeasure systems, the demand for smart antennas continues to increase. These systems can for example be used to alert airports of unauthorised drones. Given the increased use of drones world-wide, we expect the demand for these types of products will continue increasing. With a strong and highly skilled engineering team, COJOT is geared to address solution requests from its customers.

COJOT was able to start servicing the North American market through the establishment of Alaris USA. The entry into this market started well and opportunities exist for substantial growth in sales into new territories and market segments. This will enhance future organic growth. Increasing its footprint throughout Europe and Asia is still a key focus area for COJOT to accelerate growth.

## mWAVE Industries LLC

### – mWAVE

mWAVE is well positioned for organic growth, since the biggest defence force spend and largest portion of the global electronic warfare market is located in the USA. Its product lines complement those of the Group's other subsidiaries, providing a further positive outlook for growth. The Company is expecting a significant upturn by expanding its geographical sales footprint through cross-selling opportunities with other Group subsidiaries.

mWAVE continues to improve internal processes to align with the Group, improve margins and support additional product sales to increase profits.

As the US represents strategic growth opportunities for the Group, effective coverage of key states is necessary. mWAVE will partner with more representatives to increase its footprint and be closer to its customers. This facilitates in-depth discussions and customised solutions.

mWAVE is also leveraging its proven technical, design and manufacturing capability to partner on projects that, if successful, can generate repeat/programmatic business. This business model has a longer sales-cycle but is part of the ongoing strategy to generate predictable growth.

### – Alaris USA

Alaris USA is becoming an ever-stronger asset to the Group, strategically positioned to foster closer interaction and relationships with its customer base in the United States and Canada. This entity, which is based at the mWAVE offices in Maine, will continue to promote cooperative cross-selling, enabling an expanded product offering to customers.

Close relationships with the technical and research teams at all the subsidiaries are maintained, allowing for new opportunities and the design and development of solution-driven products based on customer needs.

Sales representation in the USA will be expanded to address demand from new market segments. Furthermore, an additional salesperson will be appointed at the Alaris USA office to support the growth in opportunities. The potential for Alaris USA to have its own manufacturing capability may still develop in future, building on the platform that mWAVE has in place.

# Prospects continued

## The Group

The envisioned future of the Group is built on the solid foundation of its four key strategies, which encompass acquisitive and organic growth, key expert competencies, intellectual property and core values.

Organic growth is a cornerstone for all subsidiaries and each one is given specific targets for year-on-year profit growth. Emphasis is on new technology and increased product complexity (antenna systems), but with a focus on building subsidiaries' specific core competencies and tactically opening new application areas and segments.

The products of the Group's subsidiaries have developed over the years from a components-based offering to more complete antenna systems solutions. As indicated in the previous announcements, the Group intended growing this further by adding a strong competency in RF/Microwave electronics design and manufacturing to complement the existing technical capability in antennas and electromagnetics.

Continuous efforts by management to unlock an acquisition opportunity in this regard, brought success when a share purchase agreement was signed to acquire 100% of the issued share capital of Linwave Technology Limited ("Linwave") on Friday, 26 February 2021.

Linwave, founded in 2003 and based in Lincoln, UK, is a leading supplier of novel custom RF & Microwave electronics products across multiple markets from defence, avionics, marine and wireless, to industrial and healthcare. The company provides unique and bespoke solutions to customers through their world-class team of engineers and system designers, as well as their manufacturing capabilities.

Linwave designs and manufactures microwave/RF components and subsystems in a seamless "concept to finished product" process. Linwave's design team utilises state-of-the-art microwave simulation tools for circuit modelling and optimisation to provide the robust product solutions their customers demand. Full test and extensive measurement capabilities allow the manufacturing team to produce value added products that exceed their customers' expectations. In addition, a complete in-house chip and wire assembly facility allows Linwave to produce differentiated products in the RF and microwave domain.

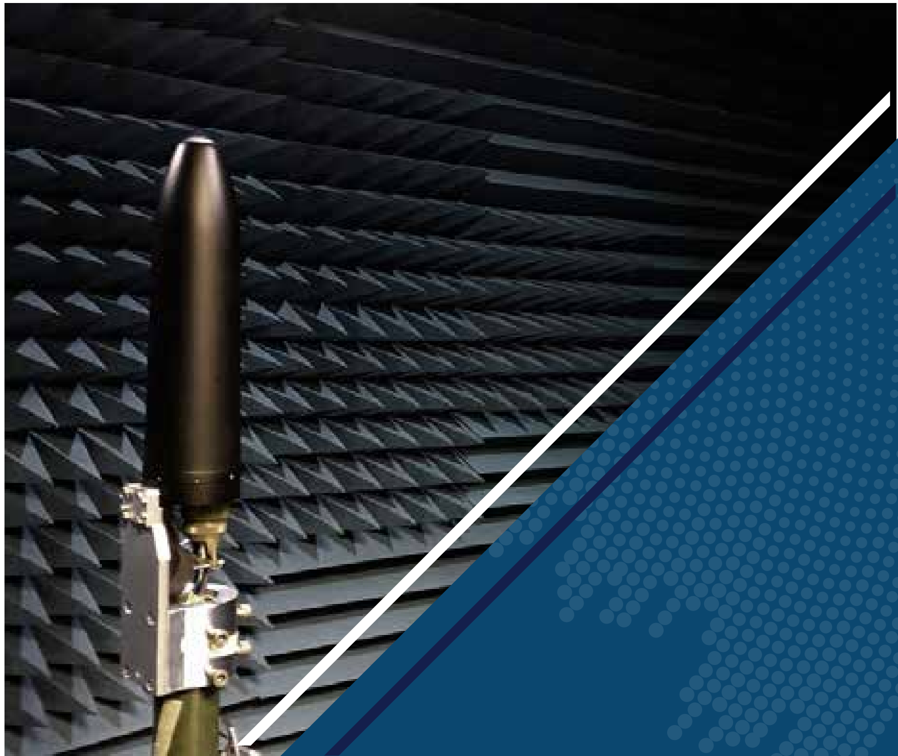
The acquisition of Linwave allows Alaris to expand its growing portfolio of businesses and diversify its territorial reach internationally, especially given that a significant number of its customers are located in Europe and the UK. The deal allows Alaris to achieve a key long-term strategic objective of bolstering its capabilities in RF/microwave electronics technology. This helps grow its core antenna business and move into the field of new and more advanced antenna system solutions.

The nature of the products developed by the Group has seen a shift towards added complexity and integration of electronics. Linwave has extensive expertise and capabilities in this space and can help extend the sophistication, range and competitiveness of the Group's antenna systems offerings.

The acquisition will allow existing subsidiaries to focus on their core capabilities in antennas and antenna systems, whilst adding significant value to their product offering. It will also allow all subsidiaries in the Group, including Linwave, to benefit from synergies enabling more efficient and competitive growth than they might accomplish as standalone enterprises.

The executive team is proud of all the entities in the Group weathering the COVID-19 pandemic by adapting their way of conducting business and diligently continuing with the task at hand. Several risk mitigating measures and new mechanisms to enable sales and business development were put in place. These are supporting growth and success of our customers. Despite this, Alaris is a customer-centric organisation, so the pandemic is likely to continue hindering the way business is done as long as there are restrictions on travel, meeting customers in person and physical attendance at trade shows. It is imperative to maintain strong communication with all customers to ensure that their access to the bespoke solutions offered by all the subsidiaries remains unaffected.

Looking ahead, diversification is at the core of sustainable growth. Management is enthusiastic about the future of the Group, including potential opportunities that the Linwave acquisition brings to the Group in the form of diversification of new products, customers, territories and market segments. This should result in a stronger financial performance.



# Condensed consolidated statement of profit or loss and other comprehensive income

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| Revenue [A] | 154 365 | 136 339 | 242 753 |
| Cost of sales | (47 664) | (42 549) | (79 876) |
| **Gross profit** | **106 701** | **93 790** | **162 877** |
| Other income | 3 557 | 170 | 1 689 |
| Operating expenses | (73 456) | (64 643) | (125 031) |
| **Trading operating profit [B]** | **36 802** | **29 317** | **39 535** |
| Finance income | 570 | 856 | 1 802 |
| Finance costs | (333) | (364) | (558) |
| **Profit before taxation** | **37 039** | **29 809** | **40 779** |
| Taxation | (7 942) | (6 699) | (9 794) |
| **Profit for the period** | **29 097** | **23 110** | **30 985** |
| **Other comprehensive income net of tax** | | | |
| Items that may be reclassified subsequently to profit or loss: | **(12 005)** | **(2 640)** | **20 020** |
| - Gross foreign currency translation reserve | (14 186) | (2 941) | 23 738 |
| - Taxation | 2 181 | 301 | (3 718) |
| **Total comprehensive income** | **17 092** | **20 470** | **51 005** |
| Weighted average number of ordinary shares in issue [C] | 119 255 536 | 120 014 648 | 119 734 262 |
| Weighted average number of diluted ordinary shares in issue [C] | 123 500 047 | 122 853 248 | 122 618 380 |
| Basic earnings per ordinary share (cents) | 24.40 | 19.26 | 25.88 |
| Diluted earnings per ordinary share (cents) | 23.56 | 18.81 | 25.27 |
| Headline earnings per ordinary share (cents) | 24.40 | 19.27 | 25.89 |
| Diluted headline earnings per ordinary share (cents) | 23.56 | 18.82 | 25.28 |

A. *Refer to supplementary note 4.*

B. *Trading operating profit comprises sale of goods, rendering of services and directly attributable costs, but excludes finance income and finance costs.*

C. *Weighted average number of shares net of treasury shares.*

# Condensed consolidated statement of financial position

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Plant and equipment | 8 767 | 8 852 | 9 376 |
| Right-of-use-asset | 12 041 | 5 013 | 13 250 |
| Goodwill | 46 685 | 41 132 | 50 289 |
| Intangible assets | 12 361 | 13 659 | 14 559 |
| Deferred tax assets | 14 623 | 13 239 | 12 850 |
| | **94 477** | **81 895** | **100 324** |
| **Current Assets** | | | |
| Inventories | 23 349 | 21 765 | 30 681 |
| Current tax receivable | 1 709 | 73 | 1 426 |
| Trade and other receivables | 55 220 | 55 897 | 40 689 |
| Cash and cash equivalents | 130 795 | 82 065 | 110 268 |
| | **211 073** | **159 800** | **183 064** |
| **Total Assets** | **305 550** | **241 695** | **283 388** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 6 | 6 | 6 |
| Share premium | 204 157 | 206 139 | 205 250 |
| Share-based payment reserve | 22 157 | 13 228 | 17 350 |
| Foreign currency translation reserve ("FCTR") | 5 894 | (4 761) | 17 899 |
| Accumulated profit/(loss) | 9 702 | (27 270) | (19 395) |
| **Total Equity** | **241 916** | **187 342** | **221 110** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Loans and borrowings | 488 | 1 208 | 3 456 |
| Lease liabilities | 8 917 | 3 334 | 10 066 |
| Deferred tax liabilities | 2 652 | 2 124 | 5 342 |
| | **12 057** | **6 666** | **18 864** |
| **Current Liabilities** | | | |
| Loans and borrowings | 720 | 687 | 2 732 |
| Trade and other payables | 41 316 | 43 225 | 35 531 |
| Current tax payable | 5 834 | 1 221 | 1 421 |
| Lease liabilities | 3 707 | 2 554 | 3 730 |
| | **51 577** | **47 687** | **43 414** |
| **Total Liabilities** | **63 634** | **54 353** | **62 278** |
| **Total Equity and Liabilities** | **305 550** | **241 695** | **283 388** |

# Condensed consolidated statement of changes in equity

| R'000 | Share capital | Share premium | Share-based payment reserve | FCTR | Accumu-lated profit /(loss) | Total equity |
|---|---|---|---|---|---|---|
| **Six months ended** | | | | | | |
| **Balance at 1 July 2020** | **6** | **205 250** | **17 350** | **17 899** | **(19 395)** | **221 110** |
| Total comprehensive income for the period: | **–** | **–** | **–** | **(12 005)** | **29 097** | **17 092** |
| - Profit for the period | – | – | – | – | 29 097 | 29 097 |
| - Foreign currency translation reserve | – | – | – | (12 005) | – | (12 005) |
| Share-based payment charge for existing options | – | – | 5 010 | – | – | 5 010 |
| Share options exercised on net basis | – | (259) | (203) | – | – | (462) |
| Movement in treasury shares | * | (834) | – | – | – | (834) |
| **Balance at 31 December 2020** | **6** | **204 157** | **22 157** | **5 894** | **9 702** | **241 916** |
| **Balance at 1 July 2019** | **6** | **207 283** | **9 941** | **(2 121)** | **(49 927)** | **165 182** |
| Adjustment from the adoption of IFRS 16 | - | - | - | - | (453) | (453) |
| **Adjusted balance at 1 July 2019** | **6** | **207 283** | **9 941** | **(2 121)** | **(50 380)** | **164 729** |
| Total comprehensive income for the period: | – | – | – | (2 640) | 23 110 | 20 470 |
| - Profit for the period | – | – | – | – | 23 110 | 23 110 |
| - Foreign currency translation reserve | – | – | – | (2 640) | – | (2 640) |
| Share-based payment charge for existing options | – | – | 3 376 | – | – | 3 376 |
| Share options exercised on net basis | – | (169) | (89) | – | – | (258) |
| Movement in treasury shares | * | (975) | – | – | – | (975) |
| **Balance at 31 December 2019** | **6** | **206 139** | **13 228** | **(4 761)** | **(27 270)** | **187 342** |

# Condensed consolidated statement of changes in equity continued

| R'000 | Share capital | Share premium | Share-based payment reserve | FCTR | Accumu-lated profit /(loss) | Total equity |
|---|---|---|---|---|---|---|
| **Year ended** | | | | | | |
| **Balance at 1 July 2019** | **6** | **207 283** | **9 941** | **(2 121)** | **(49 927)** | **165 182** |
| Adjustment from the adoption of IFRS 16 | – | – | – | – | (453) | (453) |
| **Adjusted balance at 1 July 2019** | **6** | **207 283** | **9 941** | **(2 121)** | **(50 380)** | **164 729** |
| Total comprehensive income for the year: | – | – | – | 20 020 | 30 985 | 51 005 |
| - Profit for the year | – | – | – | – | 30 985 | 30 985 |
| - Foreign currency translation reserve | – | – | – | 20 020 | – | 20 020 |
| Share-based payment charge for existing options | – | – | 7 498 | – | – | 7 498 |
| Share options exercised on net basis | – | (169) | (89) | – | – | (258) |
| Movement in treasury shares | * | (1 864) | – | – | – | (1 864) |
| **Balance at 30 June 2020** | **6** | **205 250** | **17 350** | **17 899** | **(19 395)** | **221 110** |

* *Nominal amount – amount smaller than R1 000.*

# Condensed consolidated statement of cash flows

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| Profit before taxation | 37 039 | 29 809 | 40 779 |
| Adjusted for non-cash items | 5 003 | 6 072 | 28 663 |
| Working capital changes | (1 415) | 21 961 | 20 558 |
| **Cash generated from operations** | **40 627** | **57 842** | **90 000** |
| Net finance income | 237 | 737 | 1 602 |
| Taxation paid | (7 628) | (12 442) | (16 637) |
| **Net cash from operating activities** | **33 236** | **46 137** | **74 965** |
| **Cash flows from investing activities** | | | |
| Additions to plant and equipment | (1 713) | (3 148) | (4 423) |
| Proceeds on disposal of plant and equipment | – | 15 | – |
| Additions to intangible assets | (802) | (308) | (1 770) |
| **Net cash used in investing activities** | **(2 515)** | **(3 441)** | **(6 193)** |
| **Cash flows from financing activities** | | | |
| (Payments)/receipts of loans and borrowings | (1 637) | 41 | 4 334 |
| Payment of lease liabilities | (6 154) | (1 151) | (2 657) |
| Acquisition of treasury shares – Share Incentive Scheme | (1 296) | (1 234) | (2 122) |
| **Net cash used in financing activities** | **(9 087)** | **(2 344)** | **(445)** |
| Net increase in cash and cash equivalents for the period | 21 634 | 40 352 | 68 327 |
| Cash and cash equivalents at the beginning of the year | 110 268 | 41 836 | 41 836 |
| Effect of exchange rate movement on cash balances | (1 107) | (123) | 105 |
| **Total cash and cash equivalents at end of the half year** | **130 795** | **82 065** | **110 268** |

# Segmental analysis

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| **Segmental revenue** | | | |
| Alaris Antennas | **55 878** | **60 528** | **104 790** |
| - Total revenue | 94 913 | 67 155 | 125 997 |
| - Inter-segmental | (39 035) | (6 627) | (21 207) |
| COJOT | **37 433** | **41 454** | **69 019** |
| - Total revenue | 42 562 | 43 866 | 76 079 |
| - Inter-segmental | (5 129) | (2 412) | (7 060) |
| mWAVE | **61 054** | **34 357** | **68 944** |
| - Total revenue | 61 162 | 34 357 | 68 944 |
| - Inter-segmental | (108) | – | – |
| | **154 365** | **136 339** | **242 753** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** [A] | | | |
| Alaris Antennas | 37 476 | 20 547 | 35 471 |
| COJOT | 11 520 | 15 638 | 21 276 |
| mWAVE | 5 294 | 6 403 | 5 565 |
| Corporate and consolidation | (11 491) | (8 184) | (11 761) |
| | **42 799** | **34 404** | **50 551** |
| **Profit for the period** | | | |
| Alaris Antennas | 26 110 | 14 037 | 23 142 |
| COJOT | 8 381 | 12 170 | 16 011 |
| mWAVE | 4 740 | 4 217 | 2 864 |
| Corporate and consolidation | (10 134) | (7 314) | (11 032) |
| | **29 097** | **23 110** | **30 985** |
| **Normalised earnings after tax for the period** [B] | | | |
| Alaris Antennas | 26 110 | 14 039 | 23 145 |
| COJOT | 8 381 | 12 170 | 16 011 |
| mWAVE | 4 740 | 4 217 | 2 864 |
| Corporate and consolidation | (9 930) | (7 290) | (10 995) |
| | **29 301** | **23 136** | **31 025** |

A. *EBITDA is trading operating profit per the Statement of Profit or Loss and excludes depreciation and amortisation.*

B. *Normalised earnings, as determined by the Alaris Group, is calculated for the current year by adjusting profit for the legal fees, consulting fees and other costs for acquisitions.*

# Segment assets and liabilities

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| **Segment assets** | | | |
| Alaris Antennas | 108 233 | 91 009 | 102 215 |
| COJOT | 36 204 | 31 414 | 42 301 |
| mWAVE | 51 181 | 40 074 | 46 955 |
| Corporate and consolidation | 109 932 | 79 198 | 91 917 |
| | **305 550** | **241 695** | **283 388** |
| **Segment liabilities** | | | |
| Alaris Antennas | (40 400) | (33 037) | (31 061) |
| COJOT | (13 517) | (10 500) | (11 932) |
| mWAVE | (6 701) | (8 507) | (13 760) |
| Corporate and consolidation | (3 016) | (2 309) | (5 525) |
| | **(63 634)** | **(54 353)** | **(62 278)** |

# Reconciliation of headline earnings to profit and normalised earnings

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| **Basic earnings attributable to ordinary shareholders** | **29 097** | **23 110** | **30 985** |
| **Profit for the year** | **29 097** | **23 110** | **30 985** |
| Legal and consulting costs for acquisitions | 204 | 26 | 40 |
| **Normalised earnings after tax comprising** [A] | **29 301** | **23 136** | **31 025** |
| Alaris Antennas | 26 110 | 14 039 | 23 145 |
| COJOT | 8 381 | 12 170 | 16 011 |
| mWAVE | 4 740 | 4 217 | 2 864 |
| Corporate and consolidation [B] | (9 930) | (7 290) | (10 995) |
| Weighted average number of ordinary shares in issue | 119 255 536 | 120 014 648 | 119 734 262 |
| **Normalised earnings per ordinary share (cents)** | **24.57** | **19.28** | **25.91** |

A. *Normalised earnings, as determined by the Alaris Group, is calculated for the current year by adjusting profit for the legal fees, consulting fees and other costs for acquisitions.*

B. *Costs relating to shared services, fees associated with being a listed company, net foreign exchange gains/losses and costs of the incentive share options of group executives are included in this segment. Net funding costs are also included in the segment.*



# Supplementary notes to the condensed consolidated financial statements

for the six months ended 31 December 2020

## 1 Financial instruments carried at fair value

The carrying values of other financial assets and liabilities, trade and other receivables, trade and other payables approximate their fair value due to it being short-term in nature. The Group measures currency futures at fair value using inputs as described in level 1 of the fair value hierarchy. The carrying value of loans and borrowings approximate their fair value as the instruments carry a variable rate and management has assessed at 31 December 2020, that the loans given originally is still market related should a similar transaction be entered into at 31 December 2020.

## 2 Statement of compliance

Alaris Holdings Limited is a South African registered company. These condensed consolidated interim financial statements comprise of the Company and its subsidiaries.

The condensed consolidated interim financial statements for the six months ended 31 December 2020 are prepared in accordance with the International Financial Reporting Standard ("IFRS"), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the previous annual financial statements, except for the changes arising from the adoption of significant new accounting pronouncements which became effective in the current reporting period.

## 3 Basis of preparation

The condensed consolidated interim results have been presented on the historical cost basis except for the currency futures, which are fair valued. These results are presented in Rand, rounded to the nearest thousand, which is the functional currency of Alaris and the Group presentation currency. These condensed consolidated interim results incorporate the financial statements of the Company, its subsidiaries and entities that, in substance, are controlled by the Group. Results of subsidiaries are included from the effective date of acquisition up to the effective date of disposal. All significant transactions and balances between Group entities are eliminated on consolidation.

The directors take full responsibility for the preparation of the report. The condensed consolidated interim financial statements were prepared under the supervision of the Group Financial Director and CFO, Elsie Müller CA(SA). These interim results have not been audited or reviewed by the Group's auditors.

# Supplementary notes to the condensed consolidated financial statement continued

for the six months ended 31 December 2020

## 4 Revenue

| R'000 | Unaudited six months ended December 2020 | Unaudited six months ended December 2019 | Audited June 2020 |
|---|---|---|---|
| Fully configured products | 116 283 | 116 659 | 205 710 |
| Newly developed products | 38 082 | 19 680 | 37 043 |
| | **154 365** | **136 339** | **242 753** |

## 5 Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the changes arising from the adoption of the following significant new accounting pronouncements which became effective in the current reporting period:

**The following standards and interpretations are in issue but not yet effective:**

| Standard/Interpretation | Effective date Periods beginning on or after | Expected impact |
|---|---|---|
| Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2021 | The impact of the standard will not be material to the financial statements |
| Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37) | 1 January 2022 | The impact of the standard will not be material to the financial statements |
| IAS 1 amendment - Classification of liabilities as current or non-current | 1 January 2023 | The impact of the standard will not be material to the financial statements |
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) | 1 January 2022 | The impact of the standard will not be material to the financial statements |
| Reference to the Conceptual Framework (Amendments to IFRS 3) | 1 January 2022 | The impact of the standard will not be material to the financial statements |



# Supplementary notes to the condensed consolidated financial statement continued

for the six months ended 31 December 2020

## 6 Reconciliation from earningsto headline earnings:

| | December 2020 | December 2019 | Audited June 2020 |
|---|---|---|---|
| Profit for the year | 29 097 | 23 110 | 30 985 |
| Basic earnings | 29 097 | 23 110 | 30 985 |
| Losses on disposal of assets | – | 14 | 14 |
| Headline earnings | **29 097** | **23 124** | **30 999** |
| Weighted average number of ordinary shares in issue | 119 255 536 | 120 014 648 | 119 734 262 |
| Shares in issue net of treasury shares | 118 929 562 | 119 572 785 | 119 346 231 |
| Basic earnings per ordinary share (cents) | 24.40 | 19.26 | 25.88 |
| Headline earnings per ordinary share (cents) | 24.40 | 19.27 | 25.89 |

## 7 Subsequent events

Shareholders are referred to the SENS announcement dated 1 March 2021 regarding the conclusion of the acquisition of 100% of the shareholding in Linwave Technology Limited ("Linwave") through its wholly owned subsidiary Alaris Investment Holdings UK Limited ("Alaris UK") on 26 February 2021.

The purchase consideration for the acquisition is GBP 3.2 million of which an amount of GBP 3 million will be paid in cash and GBP 0.2 million was paid by issuing 1 823 145 Alaris ordinary shares at a value of R2.27 per share. GBP 2.7 million was paid in cash on the date the share purchase agreement was signed and the deal was concluded. GBP 0.3 million was put in escrow. To the extent that the actual amount of net working capital exceeds the estimated amount of net working capital Alaris UK shall pay an amount equal to the excess; or if the actual net working capital amount is less than the estimated net working capital amount, the Sellers shall pay to Alaris UK an amount in aggregate equal to the shortfall, such amount to be transferred in the first instance from the escrow account and if that is insufficient from the Sellers, provided that the aggregate consideration payable shall not exceed GBP4 million. The cash paid for the acquisition is financed through excess cash available in the Group.

If the acquisition had occurred on 1 July 2020, management estimates that the consolidated revenue for the group would have been R206.8 million and consolidated profit for the period would have been R37.7 million.

Other than the above, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

# Supplementary notes to the condensed consolidated financial statement continued

for the six months ended 31 December 2020

## 8 Going concern

The directors have assessed the ability of the Group and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

## 9 Dividends

No dividend was declared for the period under review.

## 10 Directorate

No changes were made to the Board during the period under review, up to and including the date of this report.

By order of the board

**Jürgen Dresel**
*Group Chief Executive Officer*

**Elsie Müller**
*Group Financial Director and CFO*

24 March 2021
Johannesburg

# Corporate information

**ALARIS HOLDINGS LIMITED**
(incorporated in the Republic of South Africa)
www.alarisholdings.co.za

**Directors**
Coen Bester*^ (Chairman),
Jürgen Dresel# (CEO),
Elsie Müller (Group FD and CFO)

Richard Willis*^,
Peter Anania*^°,
Chris Neser^,
Carel van der Merwe*^
Gisela Heyman

*Independent
^Non-executive
#German
°American

**Business address and registered office**
1 Travertine Avenue,
N1 Business Park,
Old Johannesburg Road,
Centurion, 0157
(Private Bag X4, The Reeds, Pretoria, 0061)

**Designated Adviser**
PSG Capital (Pty) Ltd
Registration Number 2006/015817/07
Second Floor,
11 Alice Lane,
Sandton, 2196 (PO Box 650957, Benmore, 2010)

**Company Secretary**
Fusion Corporate Secretarial Services (Pty) Ltd

**Transfer Secretaries**
Computershare Investor Services
Proprietary Limited

Registration Number 2004/003647/07
Rosebank Towers,
15 Biermann Avenue,
Rosebank,
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

**Auditors**
KPMG Inc.

**Bankers**
Standard Bank
Nordea Bank
Androscoggin Bank
Bank of America

**PRINCIPAL SUBSIDIARIES**

**Alaris Investment Holdings UK Limited**
Registration Number 10081803
Directors: Vice Admiral Robert George Cooling@,
Jürgen Dresel#
1 Finsbury Circus
London
EC2M 7SH

**Alaris Antennas Proprietary Limited**
Registration Number 2013/048197/07
Managing Director: Gisela Heyman^
Other directors: Jürgen Dresel#, Ruenelle Kowlesar^, Carel van der Merwe^
1 Travertine Avenue,
N1 Business Park,
Old Johannesburg Road,
Centurion, 0157
Tel +27 (0)11 034 5300

**COJOT Oy**
Registration Number 0620465-3
Managing Director: Samu Lentonen°
Other directors: Jürgen Dresel#, Herbert Bauer#
Päivänkakkarantie 10
02270 Espoo,
Finland
Tel +358 (0) 9 452 2234

**mWAVE Industries LLC**

**mWAVE**
Managing Director: Jim Detert*
Other directors: Jürgen Dresel#, Peter Anania*
Peter Farnum*
33R Main Street, Unit 1,
Windham,
ME 04062
USA
Tel: +1 (207) 892 0011

**Alaris USA LLC**
Vice-president of Alaris USA LLC: Ralph Prigge^
33R Main Street, Unit 1,
Windham,
ME 04062
USA
Tel: +1 (207) 517 5304

@British
#German
^South African
*American
° Finnish

**www.alarisholdings.com**