

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")



CATEGORY 2 ACQUISITION ANNOUNCEMENT AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are advised that on 26 February 2021, the Company, through its wholly-owned subsidiary Alaris Investment Holdings UK Limited ("**Alaris UK**"), entered into an agreement ("**Agreement**") with Mr CM Carr, Ms R Carr, Mr AF Corlett, Mr PA Tyson, Mr S Green, Mr IJ Duke and Mr NJ Sparling ("**the Sellers**" and, together with Alaris, "**the Parties**"), in terms of which the Company will purchase the entire issued share capital of Linwave Technology Limited ("**Linwave**") from the Sellers for a purchase consideration of GBP 3 million and the issue of 1 823 145 Alaris ordinary shares ("**Purchase Consideration**") ("**Acquisition**").

2. DESCRIPTION OF LINWAVE

Linwave, founded in 2003 and based in Lincoln, UK, is a leading supplier of novel custom RF & Microwave products across multiple markets from defence, avionics, marine and wireless, to industrial and healthcare.

Linwave provides unique and bespoke solutions to their 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.

A full test and extensive measurement capability allows 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.

3. RATIONALE FOR THE ACQUISITION

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 in the UK. Furthermore, the deal allows Alaris to achieve a key long-term strategic objective which is to bolster its capabilities in RF/microwave electronics technology to help 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 ensure that Alaris effectively extends the sophistication, range and competitiveness of its antenna systems offerings.

The Acquisition will allow the existing subsidiaries to focus on their core capabilities in antennas and antenna systems, whilst adding significant value to their product offering. The Acquisition will also allow the other subsidiaries in the Group, as well as Linwave, to benefit from synergies enabling them to grow their businesses in a more efficient and competitive manner than either company might accomplish as a standalone enterprise.

4. PURCHASE CONSIDERATION

The Purchase Consideration is to be settled by way of:

- a cash payment of GBP 2,7 million to the Sellers;
- a cash payment of GBP 300 000 to be held 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; and
- 1 823 145 Alaris ordinary shares

5. CONDITIONS PRECEDENT

The Acquisition is subject to no outstanding conditions precedent.

6. OTHER KEY TERMS OF THE ACQUISITION

The Parties engaged with the Department for Business, Energy & Industrial Strategy ("BEIS") on 27 January 2021 to seek an informal view that the Acquisition does not merit review by BEIS either under the public interest regime set out in the Enterprise Act 2002 ("EA02") and/or the national security regime proposed in the National Security and Investment Bill ("NSIB"). As at 26 February 2021, no such informal confirmation has yet been received from BEIS, though the Acquisition can legally close without receipt of the same.

In the unlikely event that the abovementioned informal confirmation is not received from BEIS and a post-closing review is launched under either the EA02 or NSIB, Alaris and the Sellers have agreed to use their best endeavours to cooperate with each other and BEIS. Alaris and the Sellers have further agreed to use their best endeavours to procure that relevant changes are made to the Linwave business to address any concerns raised by BEIS (or such UK public body as might be applicable) with a view to ensuring that the Acquisition is not unwound and to minimise the losses arising to Alaris as a result of any concerns raised by BEIS.

7. EFFECTIVE DATE OF THE ACQUISITION

Delivery and payment in respect of the Assets will take place on 26 February 2021

The effective date of the Acquisition is anticipated as being 26 February 2021.

8. FINANCIAL INFORMATION

The value of the net assets of Linwave as at 31 December 2020, being the date of the last unaudited management statements, was GBP1 716 053.

The unaudited profits after tax of Linwave for the 9 months ended 31 December 2020, was GBP388 933, based on the unaudited management statements of Linwave which were prepared in terms of UK GAAP.

The Company is satisfied with the quality of the management accounts of Linwave, however, shareholders are warned that they are unaudited.

9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Agreement contains representations and warranties by the Sellers in favour of the Company which are standard for a transaction of this nature.

10. CLASSIFICATION OF THE ACQUISITION

The Acquisition constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements.

11. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the Company's cautionary announcement released on SENS on 13 January 2021.

Shareholders are hereby advised that as the particulars of the Acquisition have now been announced, caution is no longer required to be exercised by shareholders when dealing in the Company's securities.

12. OTHER

The Company confirms, for purposes of paragraph 9.16 of the JSE Limited Listings Requirements, that nothing in the constitutional documents of Linwave will, in any way, frustrate or relieve the Company from compliance with the JSE Limited Listings Requirements.

Pretoria
1 March 2021

Designated Advisor
PSG Capital

