



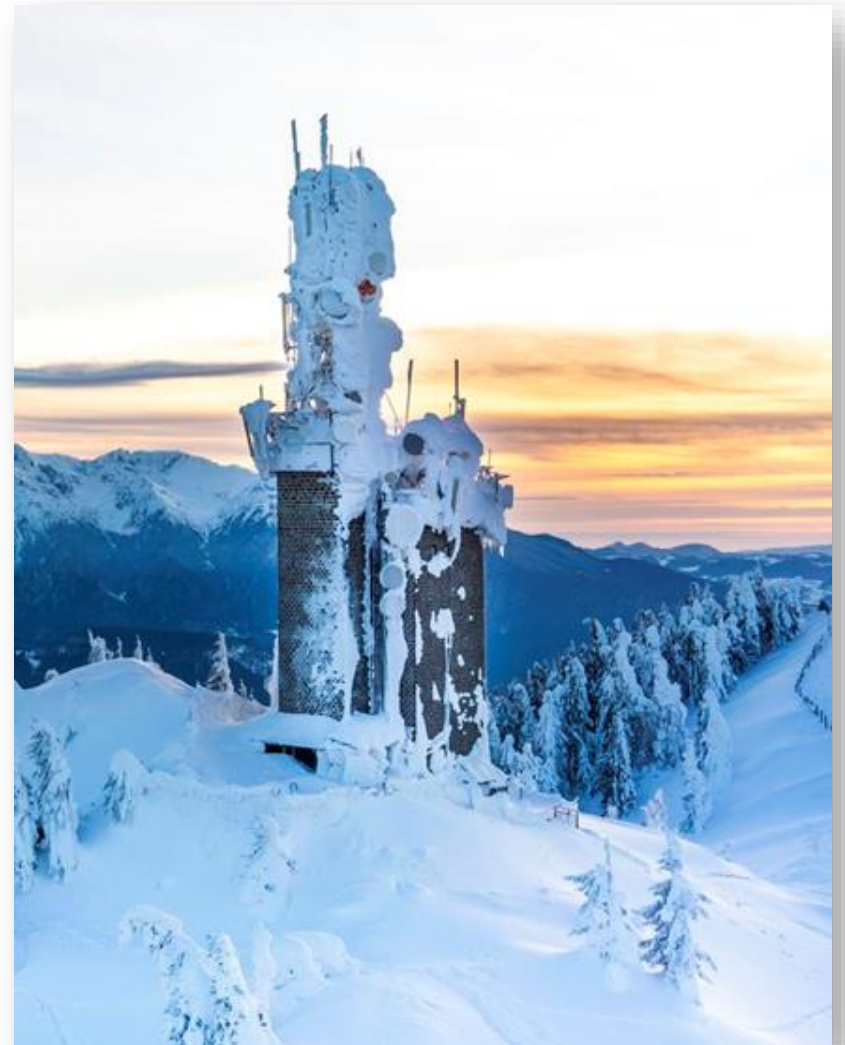
Alaris Holdings Limited

FINANCIAL YEAR END RESULTS – 30 June 2021

21 September 2021

Agenda

1. Welcome and Introduction
2. Group Structure Overview
3. Financials
4. Strategy
5. In Closing
6. Q&A



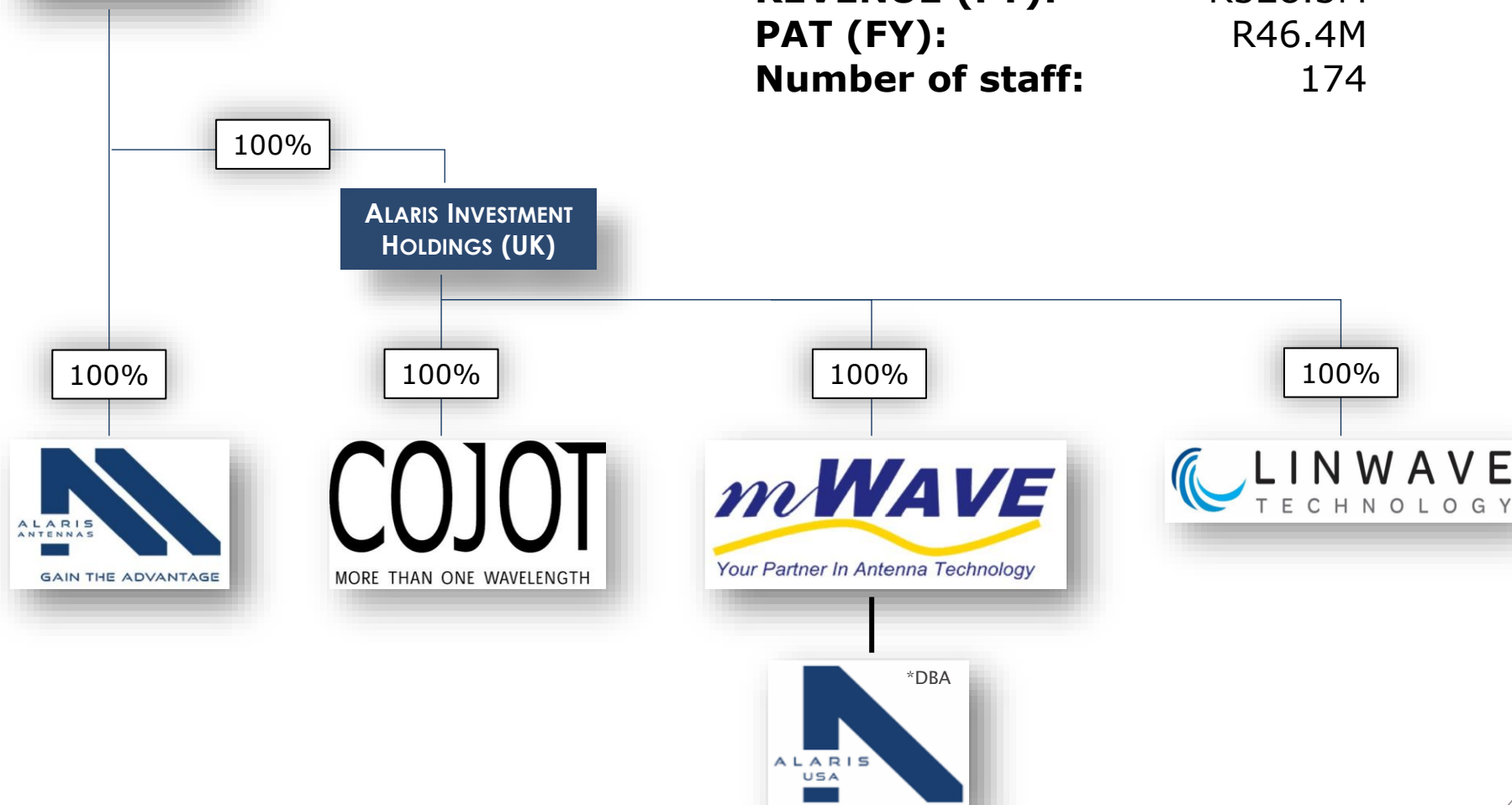


GROUP OVERVIEW



As at 30 June 2021

REVENUE (FY): R328.3M
PAT (FY): R46.4M
Number of staff: 174



Group Overview



Alaris Holdings and
Alaris Antennas,
Centurion, RSA



COJOT,
Espoo, Finland



mWAVE and Alaris USA,
Windham, Maine, USA



Linwave,
Lincoln, UK

Alaris Holdings:

- Listed on JSE ALTX since 2008.
- A strategic technology holdings company
- Radio Frequency (RF) and microwave technology
- Design and manufacturing: own IP, own products
- Approach: customer intimate, competent trusted advisor
- Customer base: B2B - global, biggest market in US, Europe



FINANCIALS

Highlights

Revenue increased by

35% ↑

R242.8 million to
R328.3 million

Profit after tax increased by

50% ↑

from R31.0 million
to R46.4 million

**Headline earning
per share** increased by

50% ↑

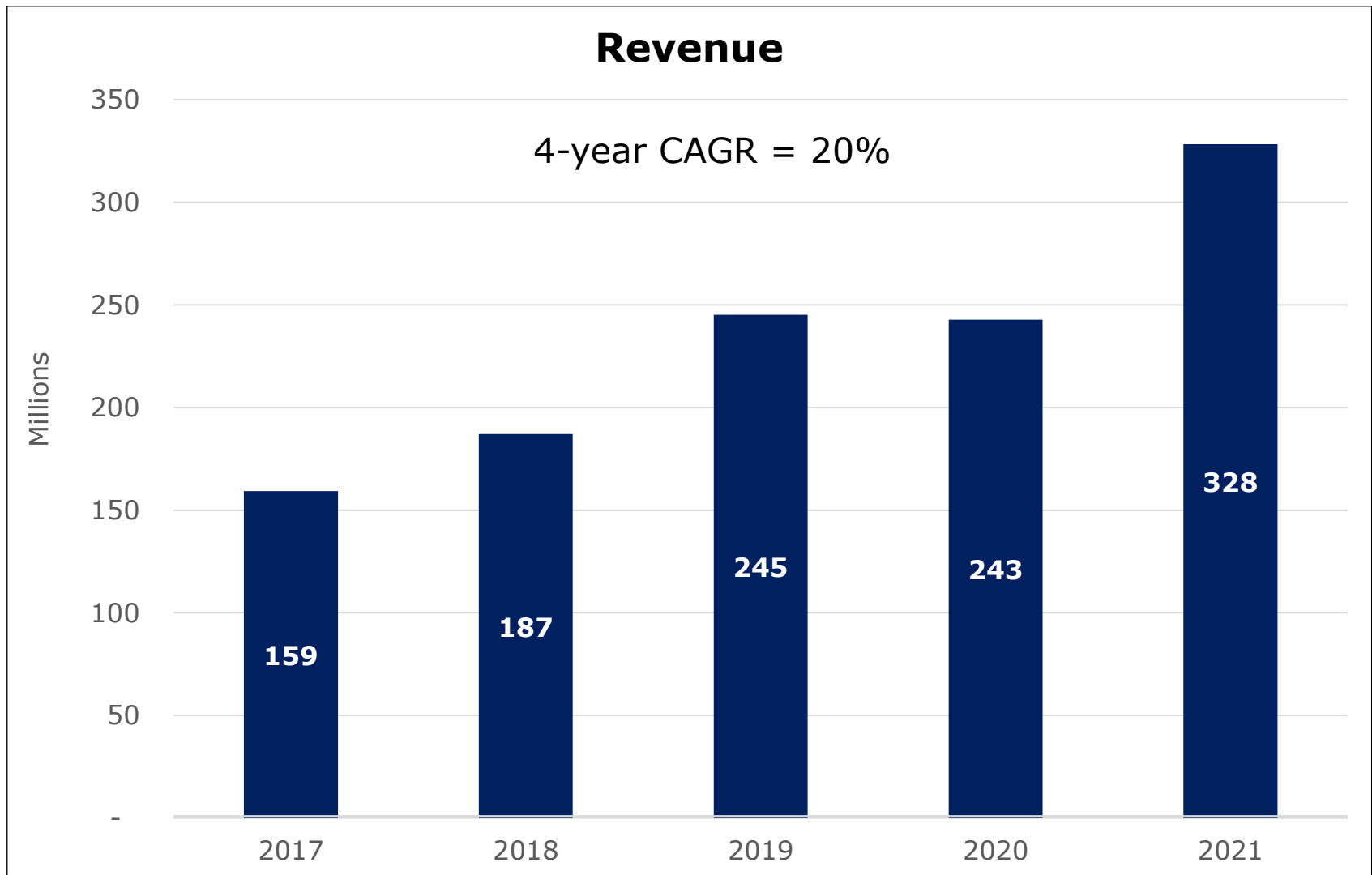
from 25.89 cents
to 38.78 cents

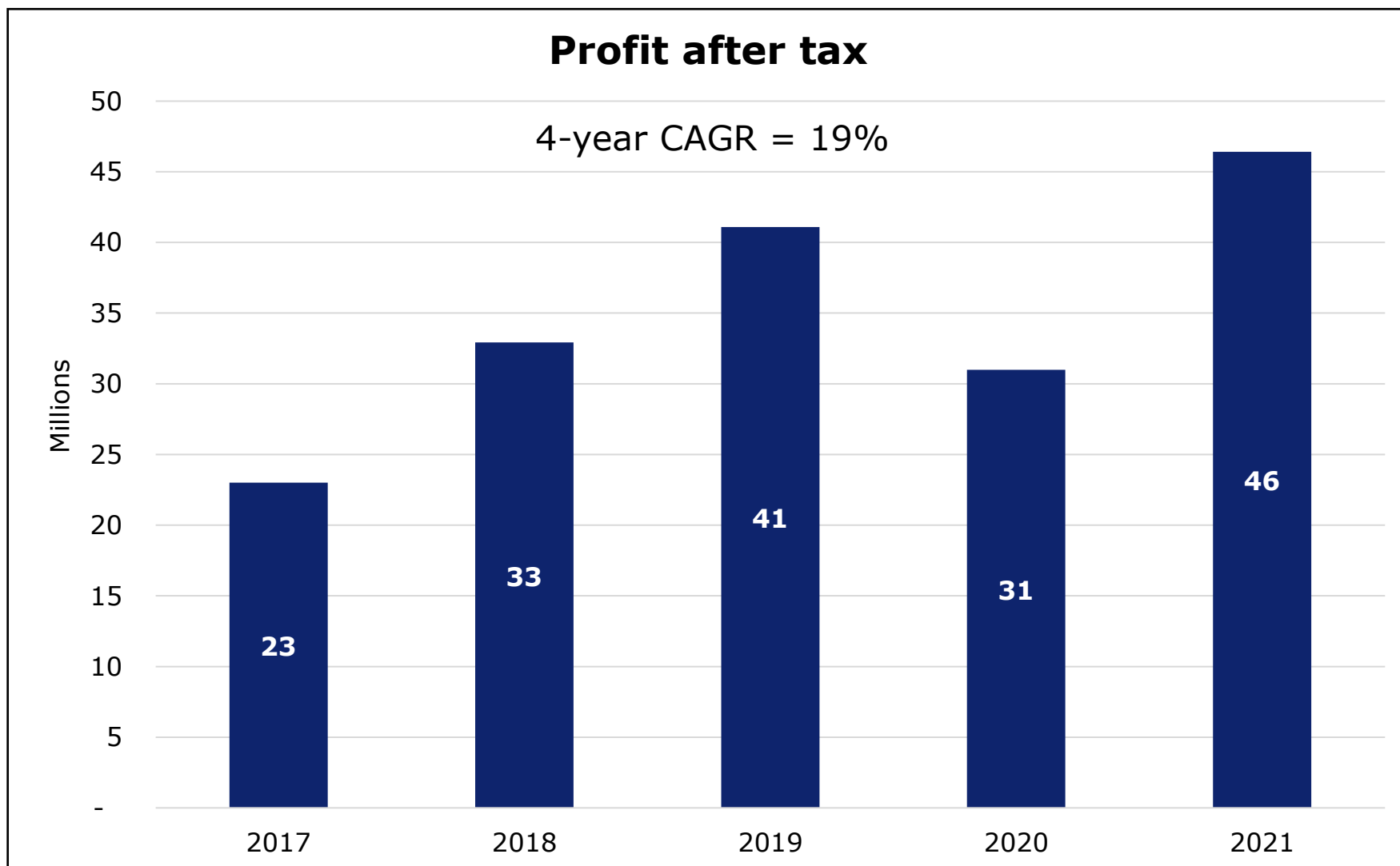
**Strong cash
position** of

R93.2 million

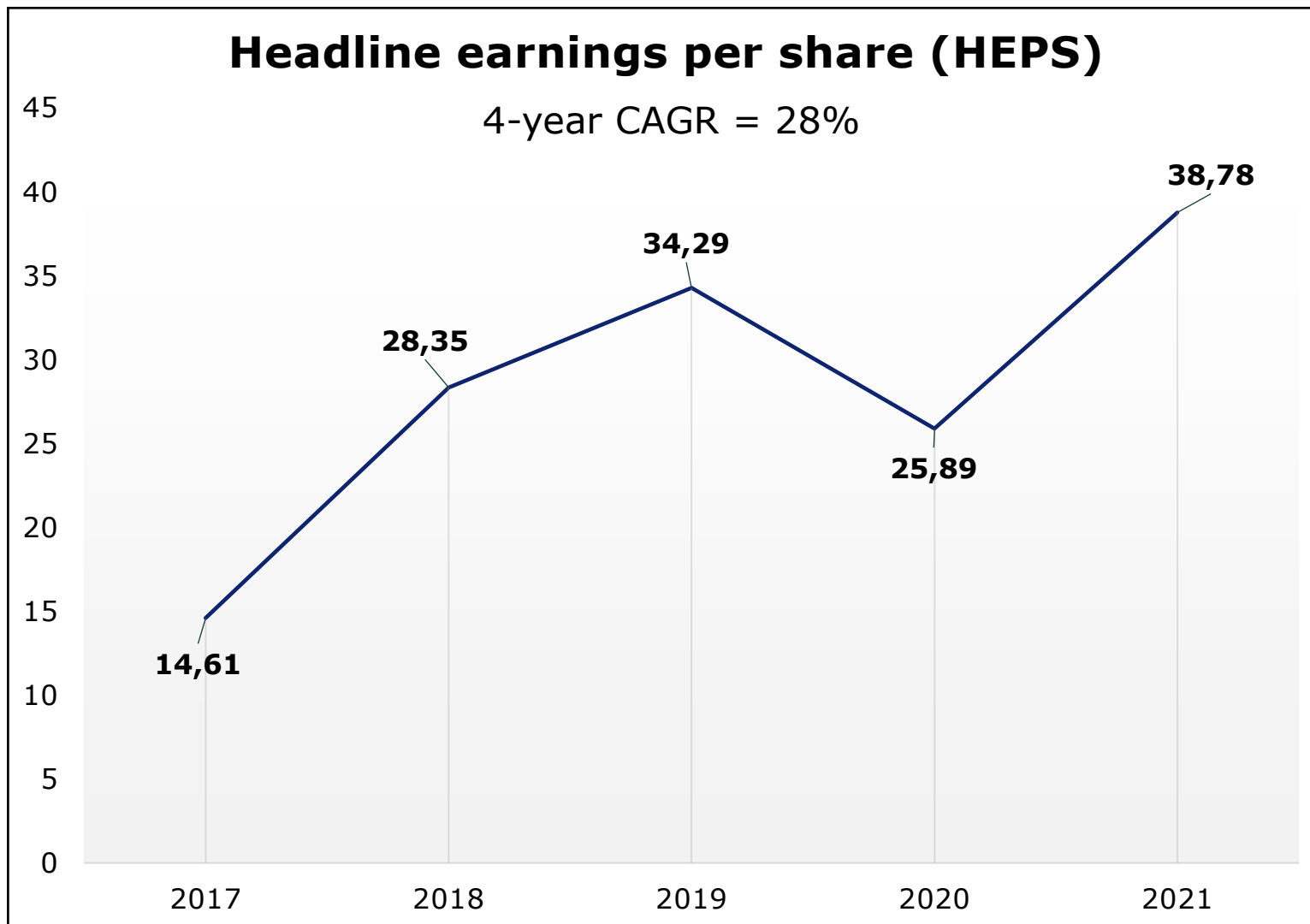
as at
30 June 2021

Group Revenue





Headline earnings per share





SEGMENT REPORTING



Segment – Alaris Antennas



Revenue

33%

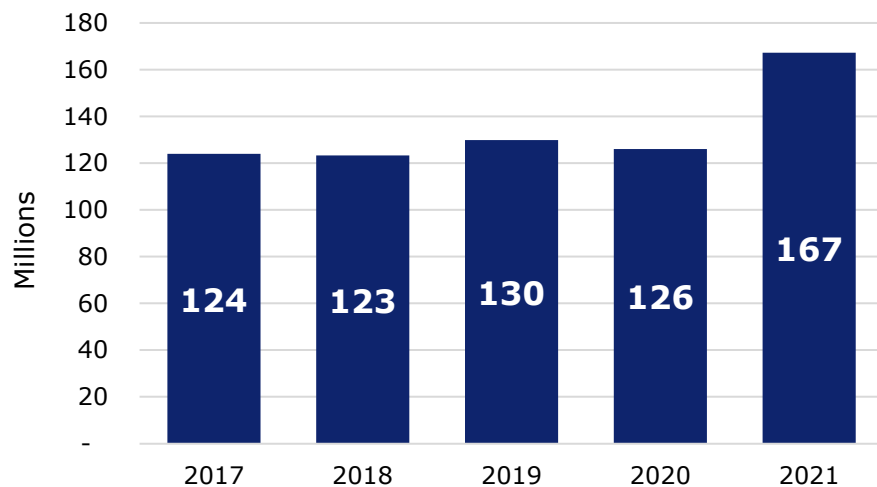
EBITDA

49%

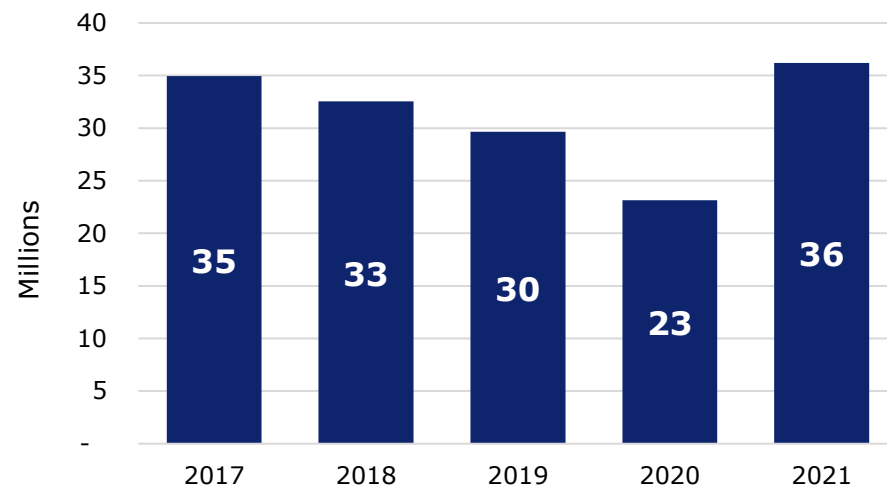
PAT

56%

Revenue



PAT



- Very strong year for Alaris Antennas
- Started the 2021FY with a strong order book
- Healthy collaboration between subsidiaries and strong growth in intersegmental sales
- COVID-19 had a bigger impact in the second half only with some staff members falling ill
- There were minor supply chain challenges, but these were mitigated through effective management and continuous risk assessment. The impact on customers was minimal

COJOT

MORE THAN ONE WAVELENGTH



Segment – COJOT

Revenue

12%

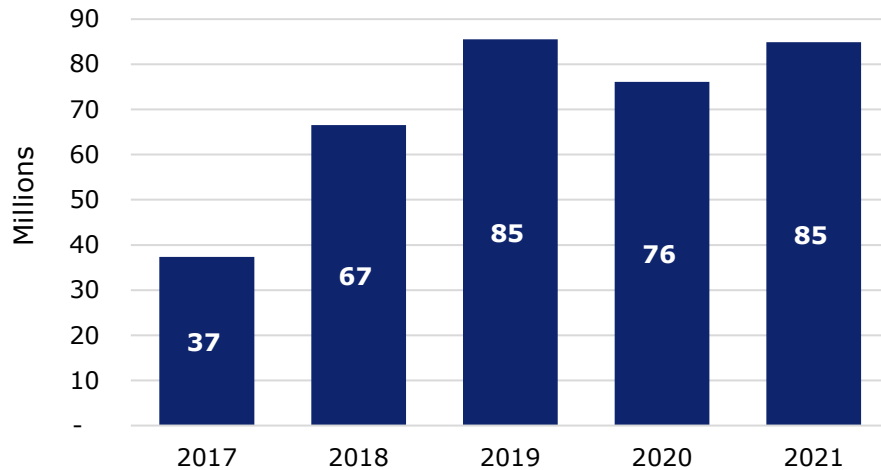
EBITDA

10%

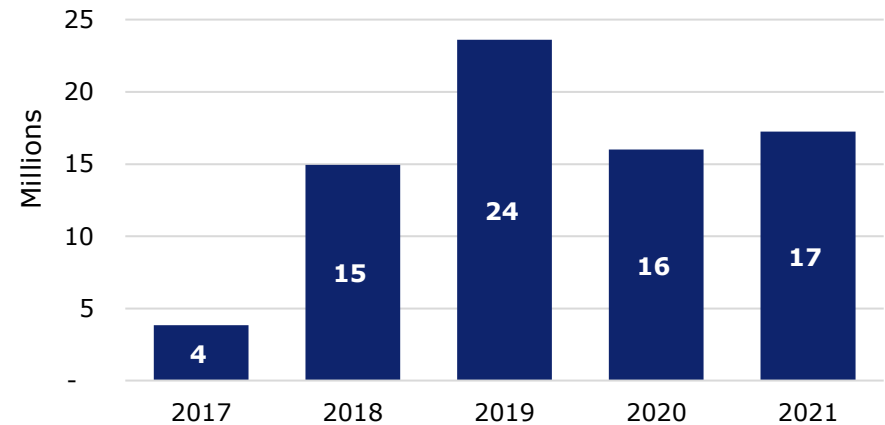
PAT

8%

Revenue



PAT



- COVID-19 impacted revenue negatively
 - Delayed decision making on projects by customers
 - Prohibitions on travel
- The worldwide component shortage and raw material inflation had a further effect
- Margins lower from one large over budget Switched Beam Antennas (SBA) project
 - But we see it as an investment for the future in SBA
- Multiple SBA orders in the pipeline



Segment – mWAVE

Revenue

62%

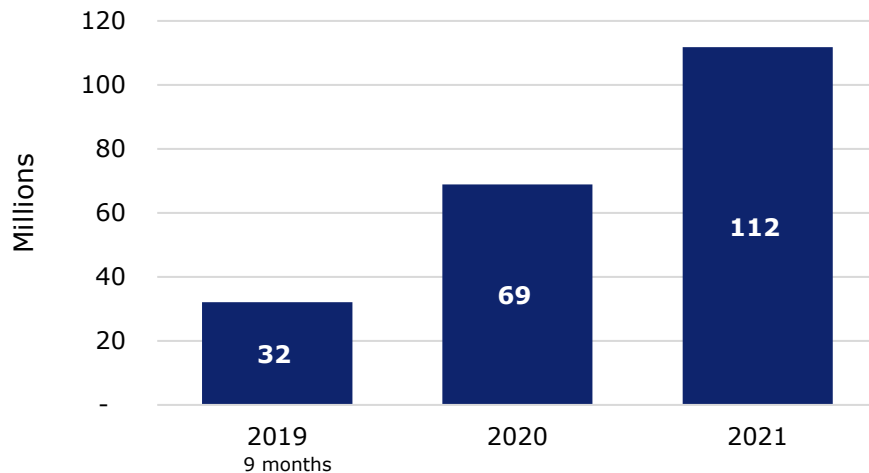
EBITDA

69%

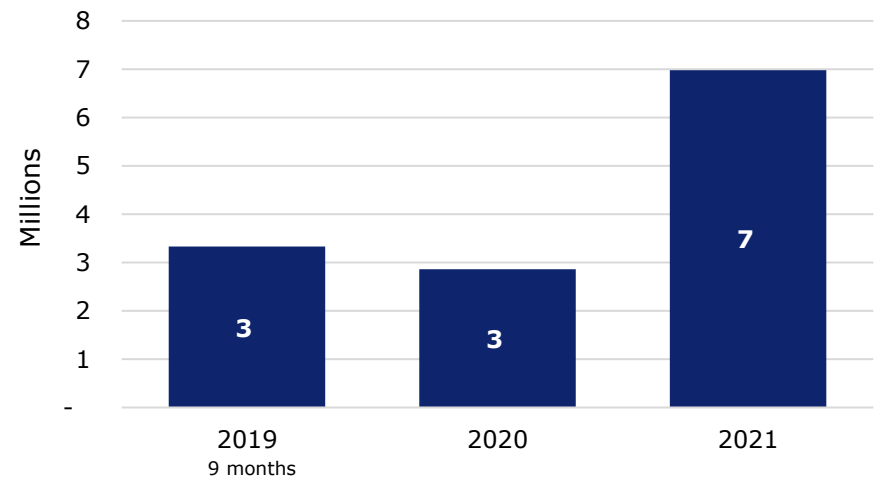
PAT

144%

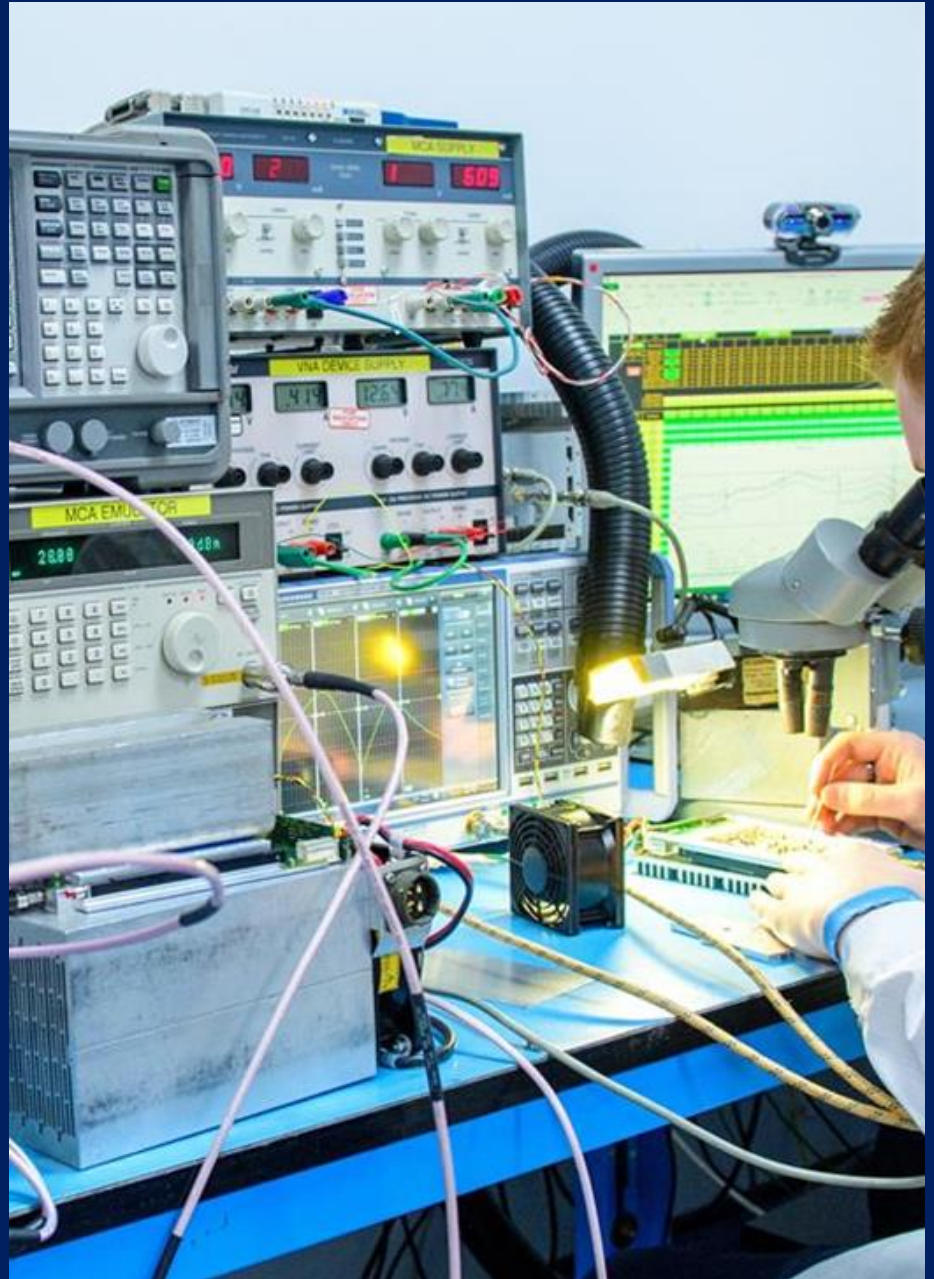
Revenue



Profit after tax



- Strong growth in cross-selling increased to R63 million
- Alaris USA as the “channel partner” for Alaris Antennas, COJOT and Linwave
- \$263k COVID relief grant received from the US government
- R&D tax refund claimed for new developments
- Margins have improved. Focus remains on further improvement



Segment – Linwave

Overview:

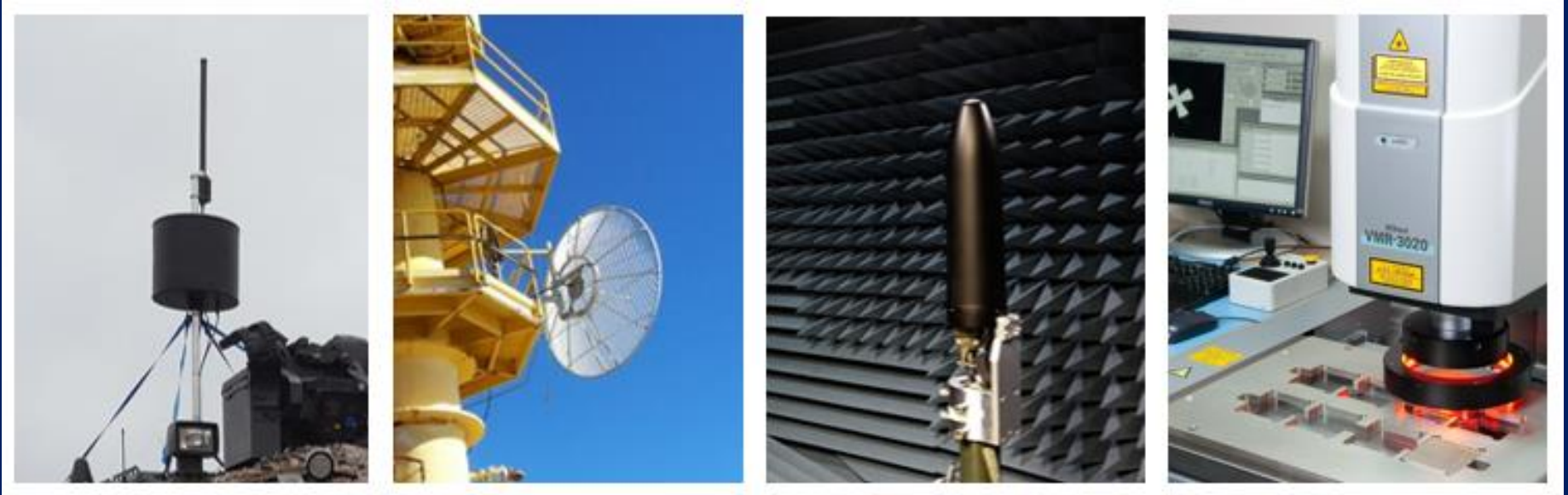
- Strategic win
- Adding RF electronics competence to Group and increasing our global footprint
- Paid R56.6m cash and 1.8m in shares

	R'000
Total Net identifiable assets	52 921
Goodwill	18 760
Total Consideration transferred	71 681
<i>Less: consideration in shares (1.8 million shares)</i>	<i>(3 080)</i>
<i>Less: cash acquired</i>	<i>(11 990)</i>
Net cash outflow	56 611

Segment – Linwave

	4 months Audited
R'000	Jun-21
Revenue	36 611
EBITDA	6 864
PAT	5 943
PAT margin	16%

- Had a fantastic year at Linwave. This was their best year in history. Mainly driven by exceptional performance in the last 4 months
- R&D tax benefits of 230% on approved projects which reduces tax expense significantly
- Started the new financial year with a good open order book
- Focus during the new year will be on post acquisition implementation:
 - ERP system implementation
 - Activity based costing to improve margins
 - Building the RF electronics into the antennas of AA, COJ and MWA



CORPORATE & CONSOLIDATION

Segment – Corporate and Consolidation



R'000	Audited Jun-21	Audited Jun-20
Net FX losses/(gains)	1 087	(1 250)
Employee costs, board fees & SBP	11 447	9 584
Legal, consulting & listing fees	5 917	2 307
Net Other costs	1 518	392
	19 969	11 032

- Non-cash IFRS 2 Share-based payment expense is based on making targets over 3 years. Should targets not be achieved, the expense would be reversed
- Employee costs include bonuses for the current year as targets were met. In the prior year no bonuses were paid
- Legal and consulting fees include non-recurring costs of R3.8 million for the Linwave acquisition
- Net other costs includes ~ R1 million of amortisation for Linwave for the current year



OVERVIEW OF SUMMARISED FINANCIALS

Statement of profit and loss

R'000	Audited June 2021	Audited June 2020
Revenue	328 305	242 753
Cost of sales	(110 106)	(79 876)
Gross profit	218 199	162 877
Other income	6 921	1 689
Operating expenses	(167 623)	(125 031)
Trading operating profit	57 498	39 535
Finance income	1 133	1 802
Finance costs	(760)	(558)
Profit before taxation	57 871	40 779
Taxation	(11 461)	(9 794)
Profit for the period	46 410	30 985
Weighted average number of ordinary shares in issue	119 829 488	119 734 262
Headline earnings per ordinary share (cents)	38.78	25.89

- Revenue increased by 35%
- Linwave consolidated for 4 months contributing R36.6m in revenue
- Other income includes \$263k COVID relief grant from the USA government
- Effective tax rate reduced from 24% to 20% due to:
 - \$263k COVID relief grant non-taxable
 - Close to zero taxes payable at Linwave from R&D tax credits
- Weighted average number of shares only reflecting 4 months of the 1.8 million shares issued for Linwave. Will see the full effect in next year's financials

Statement of financial position

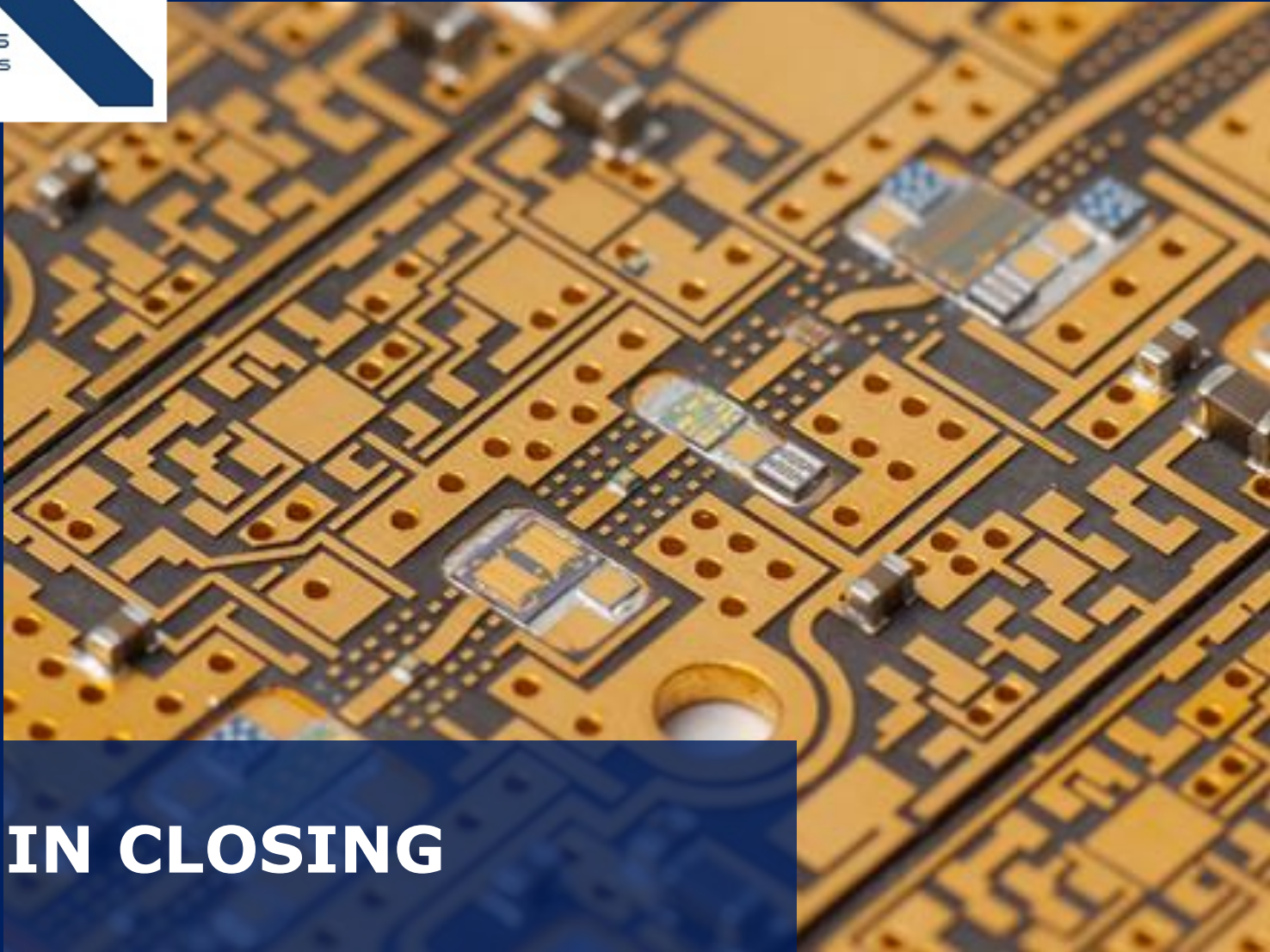
R'000	2021	2020
Assets		
Non-Current Assets	141 234	100 324
Current Assets		
Inventories	40 681	30 681
Trade and other receivables	74 693	40 689
Tax receivable	2 004	1 426
Cash and cash equivalents	93 177	110 268
	210 555	183 064
Total Assets	351 789	283 388
Equity		
Equity attributable to owners of the Company		
Share capital	6	6
Share premium	209 286	205 250
Share-based payment reserve	26 073	17 350
Foreign currency translation reserve	(955)	17 899
Accumulated profit/(loss)	27 015	(19 395)
Total equity	261 425	221 110
Non-Current Liabilities	22 005	18 864
Current Liabilities	68 359	43 414
Total Liabilities	90 364	62 278
Total Equity and Liabilities	351 789	283 388

- All assets and liabilities increased from the Linwave acquisition
- Strong cash balance despite paying bulk of acquisition in cash
- The cash will help with:
 - working capital
 - innovation funding
 - future acquisitions
 - delayed pandemic effects
- Group has moved to an accumulated profit position
- Healthy liquidity – current ratio of 3.1 and quick ratio of 2.5 allows the Group to pay cash for future acquisitions

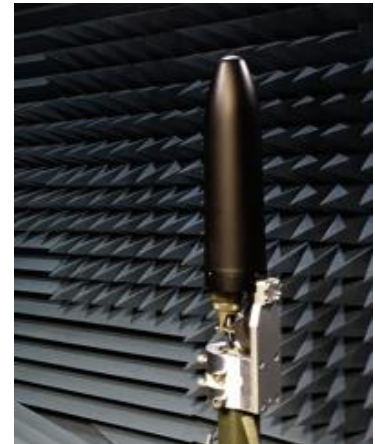
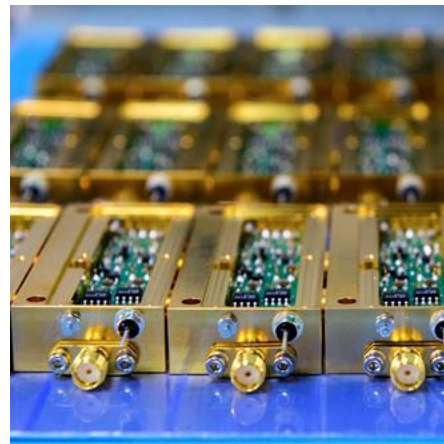
Cash flow

R'000	June 2021	June 2020
Profit before taxation	57 871	40 779
Adjusted for non-cash items	9 545	28 663
Working capital changes	1 850	20 558
Cash generated from operations	69 266	90 000
Net finance income	964	1 602
Taxation paid	(18 475)	(16 637)
Net cash from/(used in) operating activities	51 755	74 965
Cash flows from investing activities		
Additions to plant and equipment	(4 457)	(4 423)
Additions to intangible assets	(1 101)	(1 770)
Acquisition of subsidiary	(56 611)	–
Net cash used in investing activities	(62 169)	(6 193)
Net cash used in financing activities	(6 976)	(445)
Net increase/(decrease) in cash and cash equivalents for the period	(17 390)	68 327
Cash and cash equivalents at the beginning of the year	110 268	41 836
Effect of exchange rate movement on cash balances	299	105
Total cash and cash equivalents at end of the year	93 177	110 268

- Healthy overall cash flow despite:
 - COVID-19 pandemic
 - Acquisition was funded mainly in cash
- Non-cash items reduction from Rand strength on closing date. Foreign currency translation reserve causes the big reduction.
- We are comfortable with the current working capital situation.
- Acquisition of Linwave cost the Group R56.6 million in cash.
- Net cash used in financing increased – this is mainly rental payments for the facilities. In the prior year new leases were signed or extended. In the current year, only payments were made.

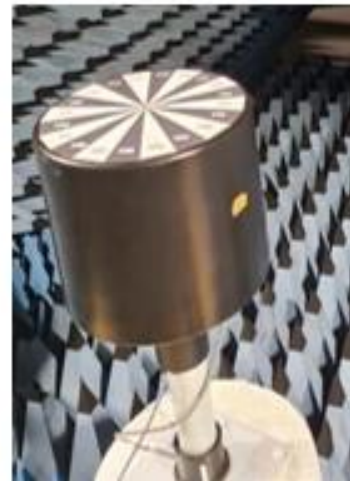


- The outlook is neutral for the coming financial year:
 - Component shortages and raw material inflation
 - Impact of Covid-19 remains
 - Exciting opportunities being worked on currently
- Focus on innovation, research and development to deliver bespoke solutions
- Emphasis on new, higher value technology offerings
- Future acquisitive growth continues to be part of the strategy
- Fostering synergies, collaboration and cross-selling within the Group
- Trends point toward good growth in the RF technology space and more complex antenna systems



Investment Attributes

- **Export:** more than 90% revenue is hard currency denominated
- **Healthy gross margin** of about 70%
- Inhouse technical expertise, **own IP** and registered patents
- Competes successfully in a first world environment with unique, **technologically advanced products**
- **Niche player** in large global market with good growth potential
- **19-year track record** selling to blue chip western technology companies
- Strong financial governance due to being listed for 13 years





Questions & Answers

THANK YOU