



Alaris Holdings Ltd

Financial results for the year ended
30 June 2023

www.alaris.tech



Agenda

1. Welcome and Introduction
2. Group Overview / new CI
3. Financials
4. Strategy
5. Interposing of UK entity
6. Closing comments
7. Q&A



Welcome

Thank you for joining us



- Presenting today are:
 - Juergen Dresel – Group CEO
 - Chris Buckenham – Group CFO
 - Chris Vale – Group CTO

- Changes since we last spoke:
 - Elsie Muller left as CFO/FD to focus on family
 - Chris B joined us as Group CFO / Head of HR
 - Chris B and Chris V are based in the UK
 - Gisela Heyman handed over the head of HR function to Chris B
 - Iaan van der Merwe joined as Group FM following the resignation of his predecessor and a period of interim appointments



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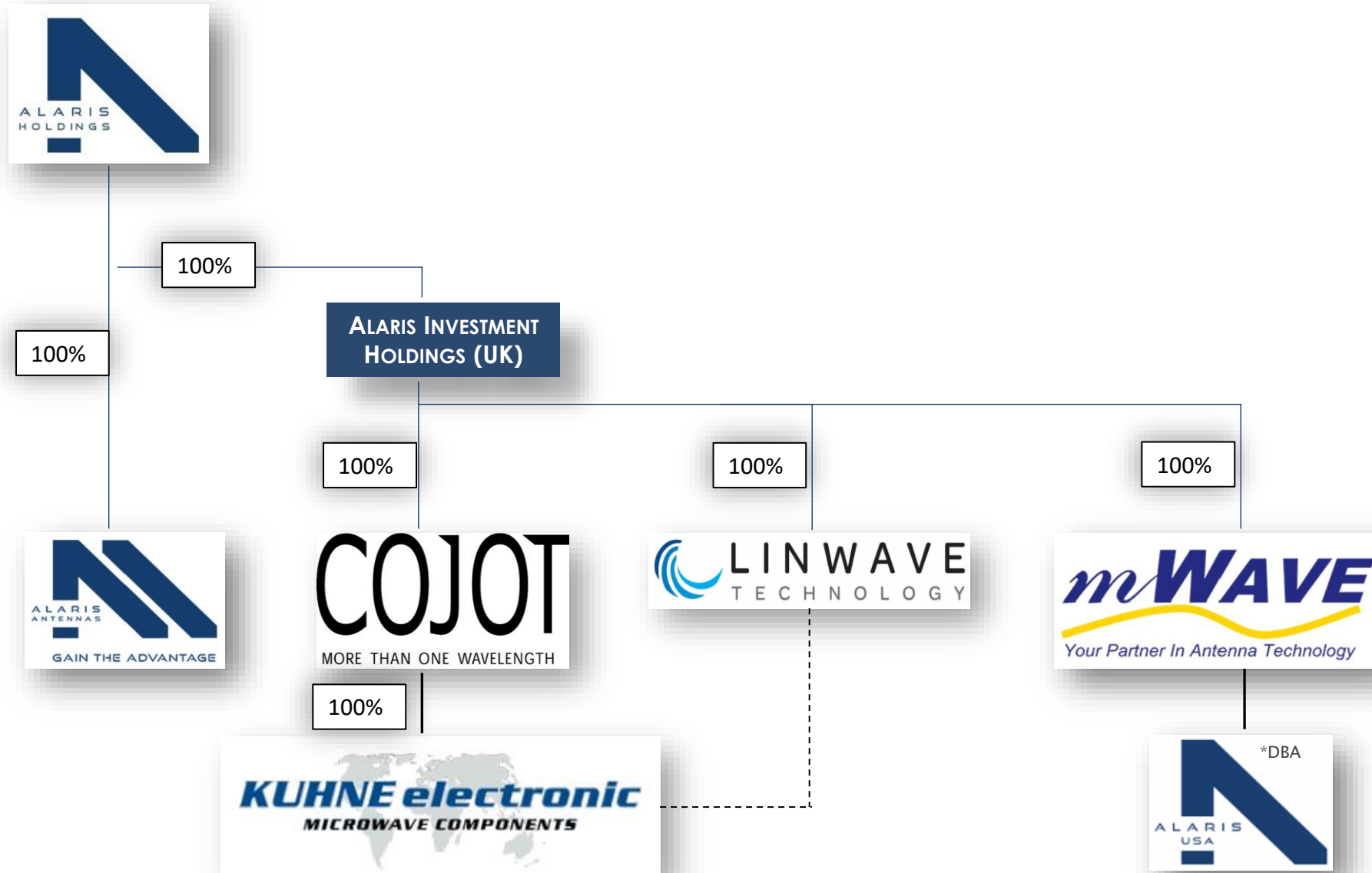


INSPIRING THE NEXT SOLUTION

Group Overview

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Alaris Holdings Group Structure (old)



United Brands of Alaris



Background to the rebranding – challenges

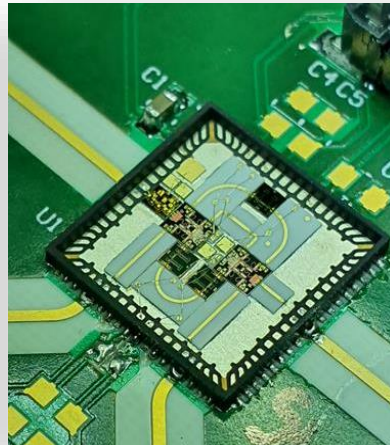
- Looking at the appearance of the various Group logos, for the outside world it seemed to be disconnected.
- Acquisitions of various entities over time since 2016 created confusion about the Group structure.
- At exhibitions (and other events), customers and partners were asking frequently how the group structure works and the group's businesses interact.
- Due to this confusion valuable time was used to clarify the Group structure, which otherwise could have been used to discuss new business opportunities.

Alaris therefore embarked on a major rebranding project.

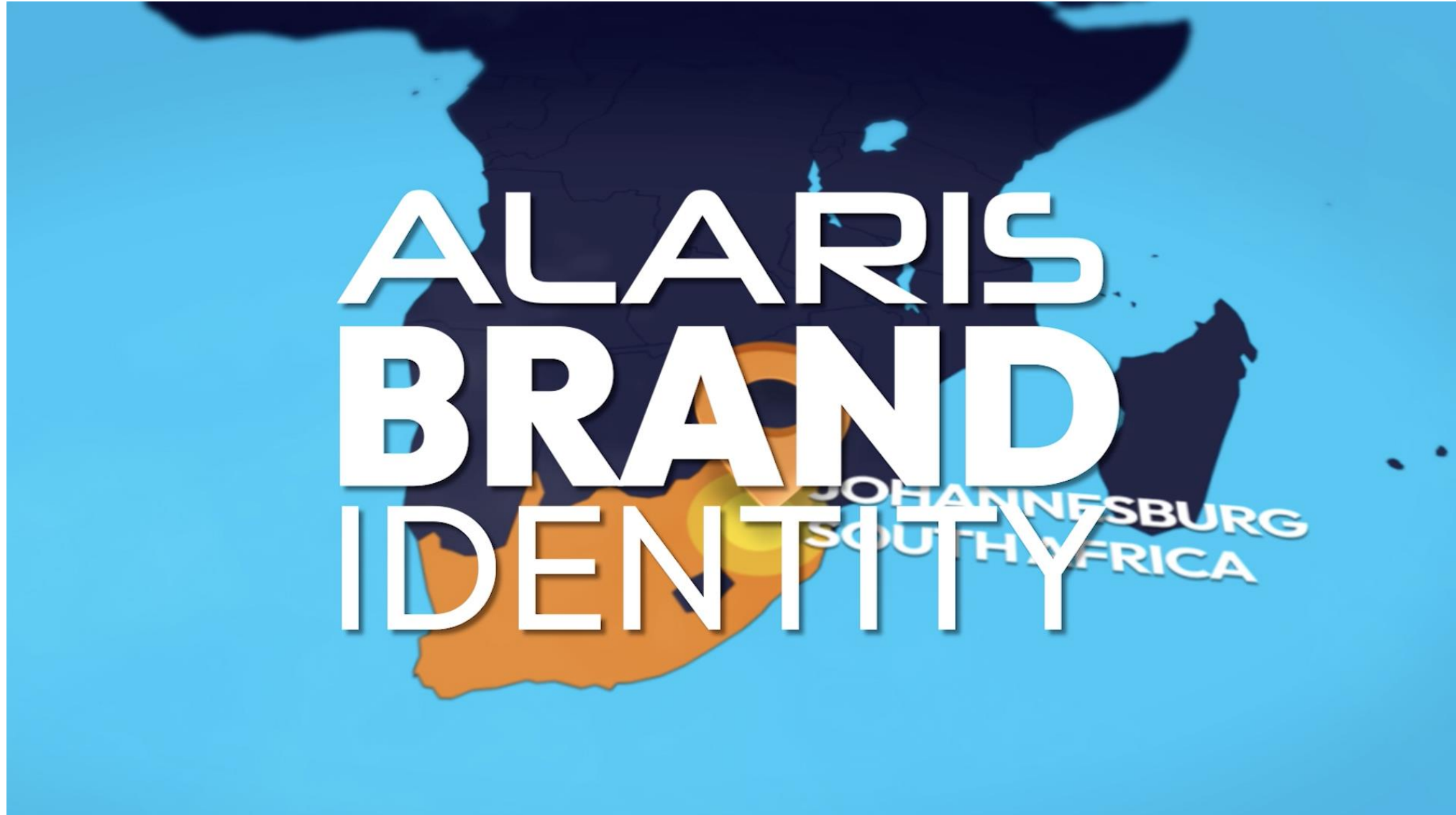
United Brands of Alaris

Background to the rebranding - solution

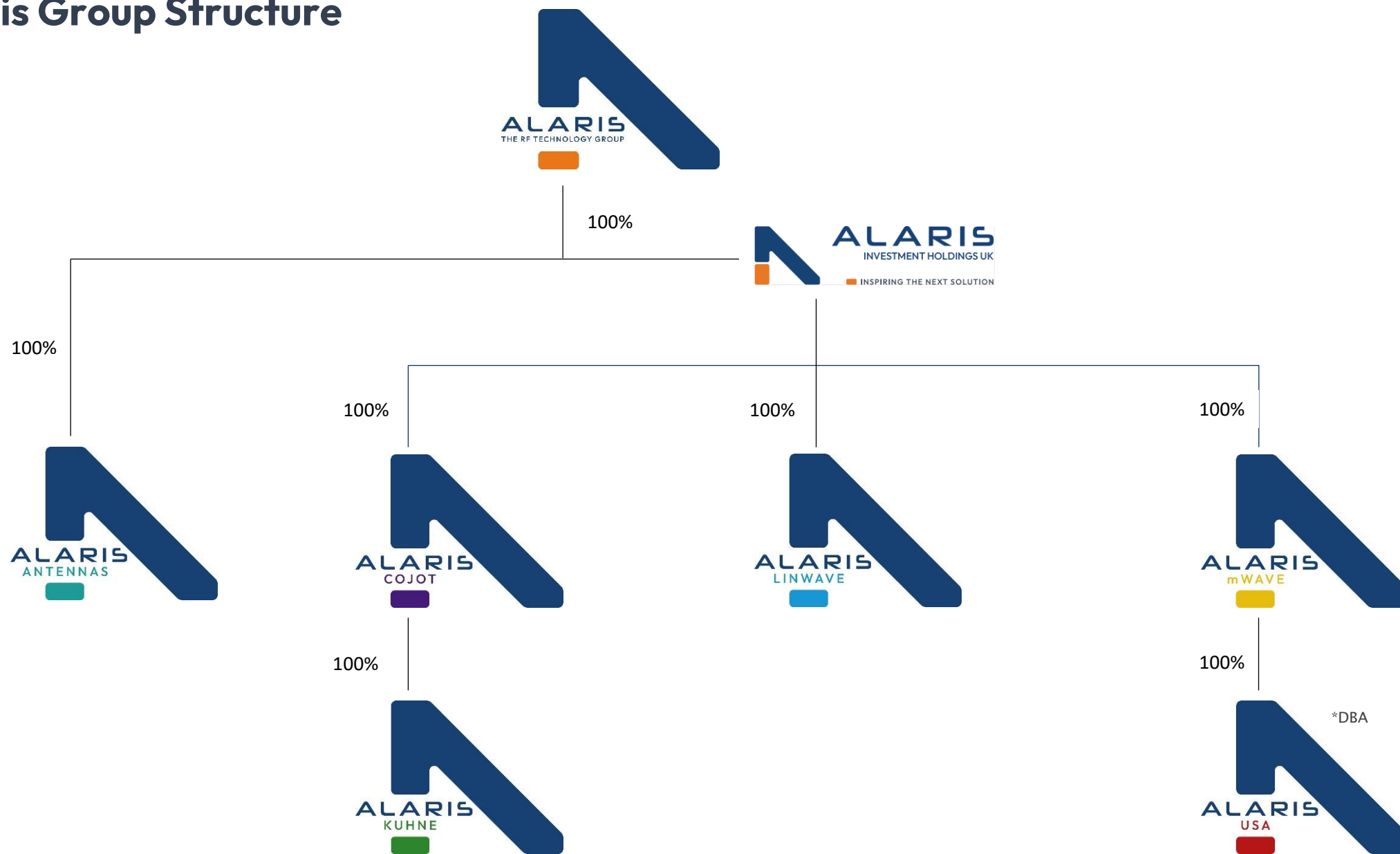
- The Group's strengths were used as basis to create a brand solution and direction on the way forward.
- The Group Exco jointly selected the Dual / Endorsed / Umbrella branding as the way forward:
 - Retain brands of the subsidiaries
 - Build one brand as united front



The Alaris Group Brand Story



Alaris Group Structure

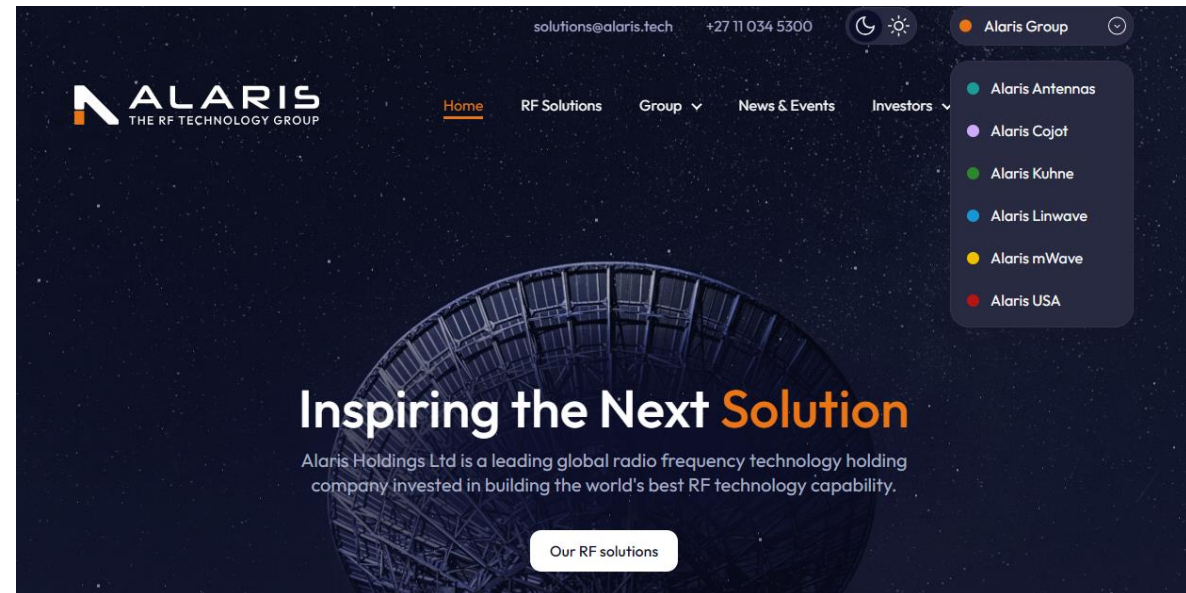


United Brands of Alaris



- Building a newly developed website for the Group and its subsidiaries.

www.alaris.tech



New CI public launch at the DSEI



United Brands of Alaris

New CI benefits

- Customers, partners and investors will have a clearer understanding of Alaris.
- Discussions can now be focused on business opportunities at exhibitions and events.
- The united “Alaris” brand will have more gravity with stakeholders – the Group will be stronger than its parts.
- Building one strong brand instead of diluted efforts allows us to focus time, cost and effort in one place rather than water down the efforts across all.
- The dual brand strategy retains the identity of each subsidiary which we believe to be an important feature in the Alaris Group.
- Bringing the Group closer together and emphasising synergies.



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FY23 Observations

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Reflection on the financial year 2023

CHALLENGES / ANOMALIES

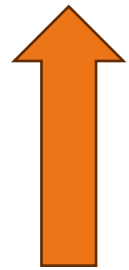
- Scarce skills in RF technology engineering field globally remains a challenge (Engineering, Sales and other technical positions)
- Rapidly changing geo-political environment:
 - Orders delayed and lost
 - Head office location in South Africa
- Key position changes during the year
- Timely execution of product developments due to capacity & capability constraints

POSITIVE DEVELOPMENTS

- Record financial year on the back of an increased order intake.
- United brands of Alaris – a major rebranding project (public launch in Sep 23)
- Strong interest in latest innovations and technology projects from customers:
 - Steerable Beam Antenna
 - Direction Finding Antennas
 - Microwave Power Generators
 - Satcom Antennas and Converters
- Increase in business opportunities, especially from the US market
- Strong collaboration and synergies amongst the subsidiaries in the Group

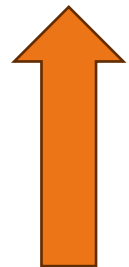
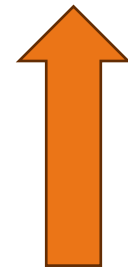
Financials

Summary



Revenue increased by
60%
from R353 million
to R564 million

Profit after tax increased by
254%
from R18.9 million
to R66.5 million

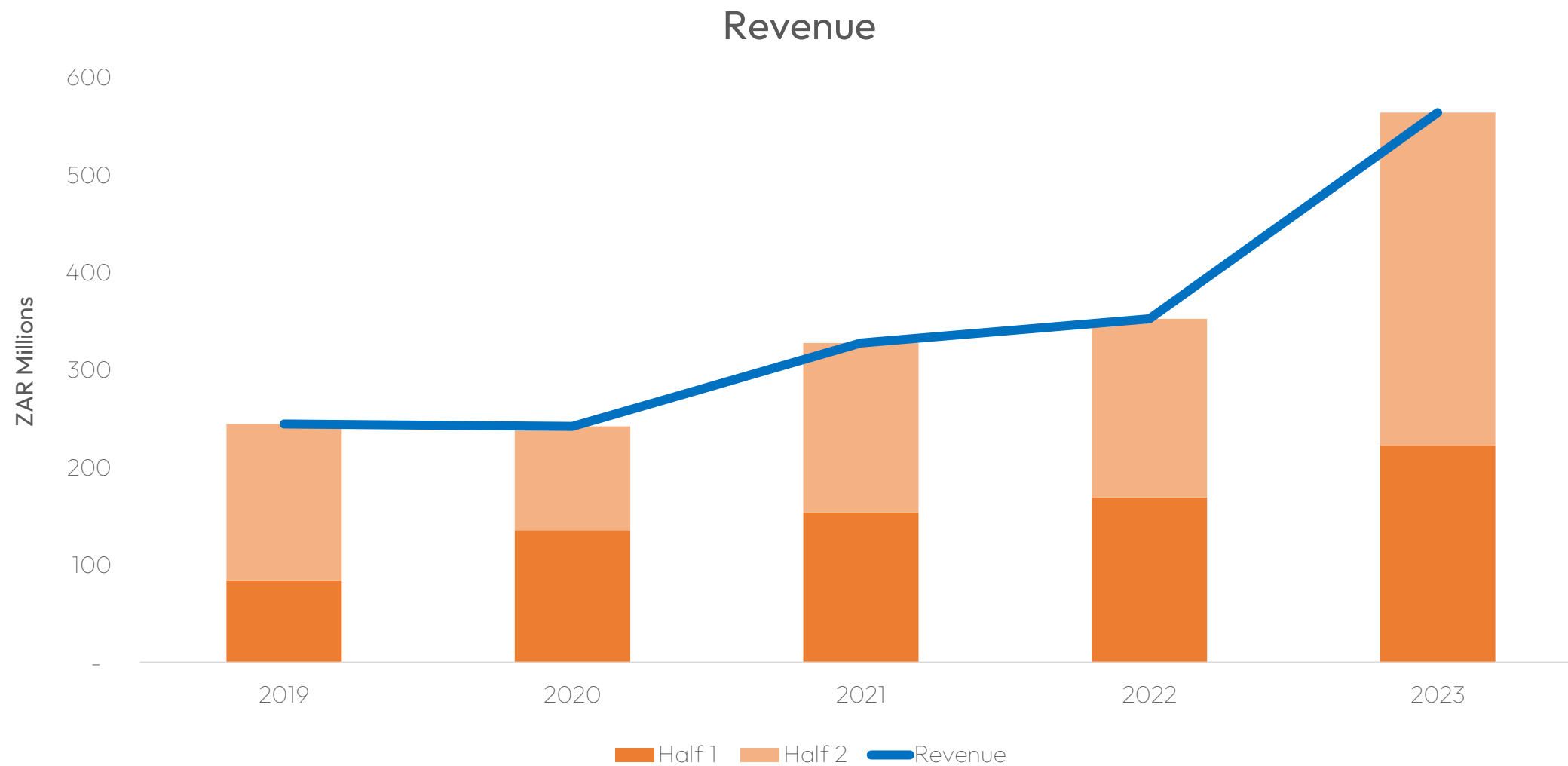


Normalised EPS increased by
94%
from 28.4 cents
to 55.2 cents

Kuhne electronic
acquisition successfully
concluded on
1 July 2022

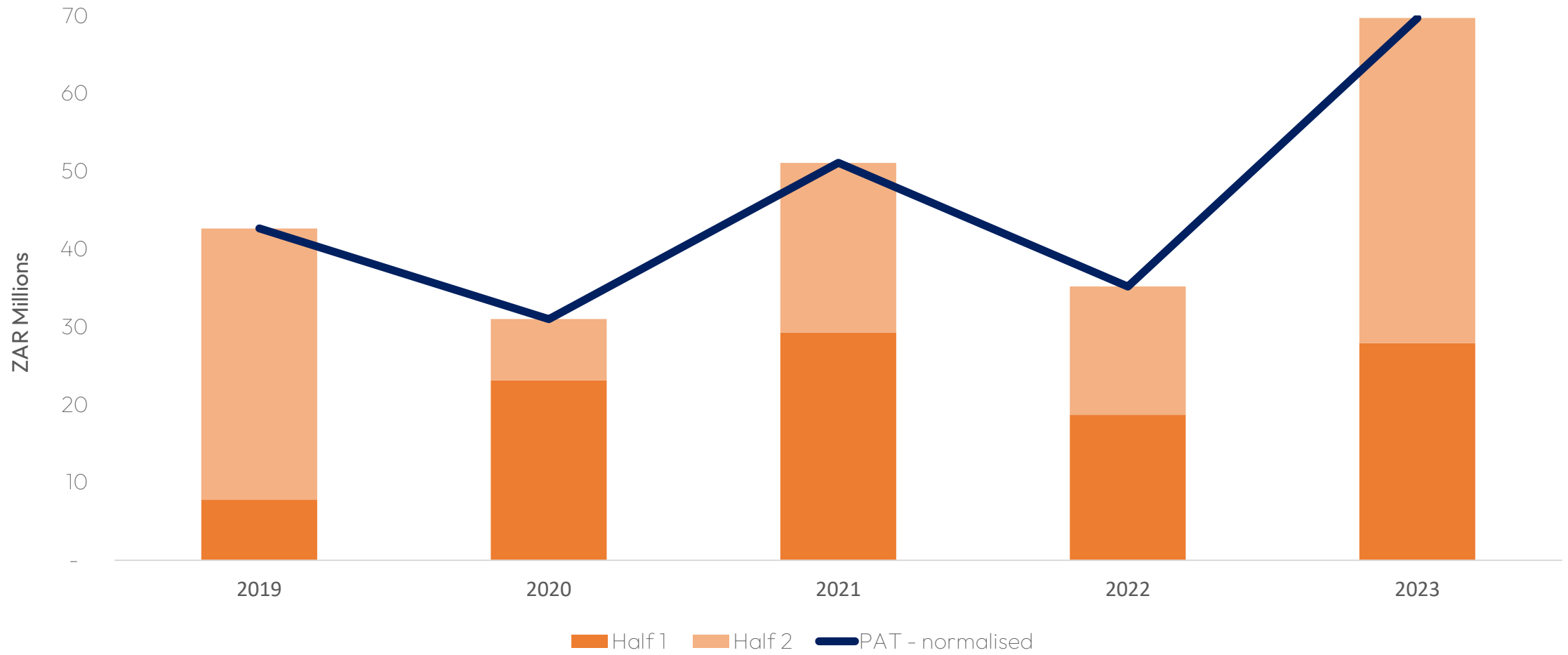


Group Revenue



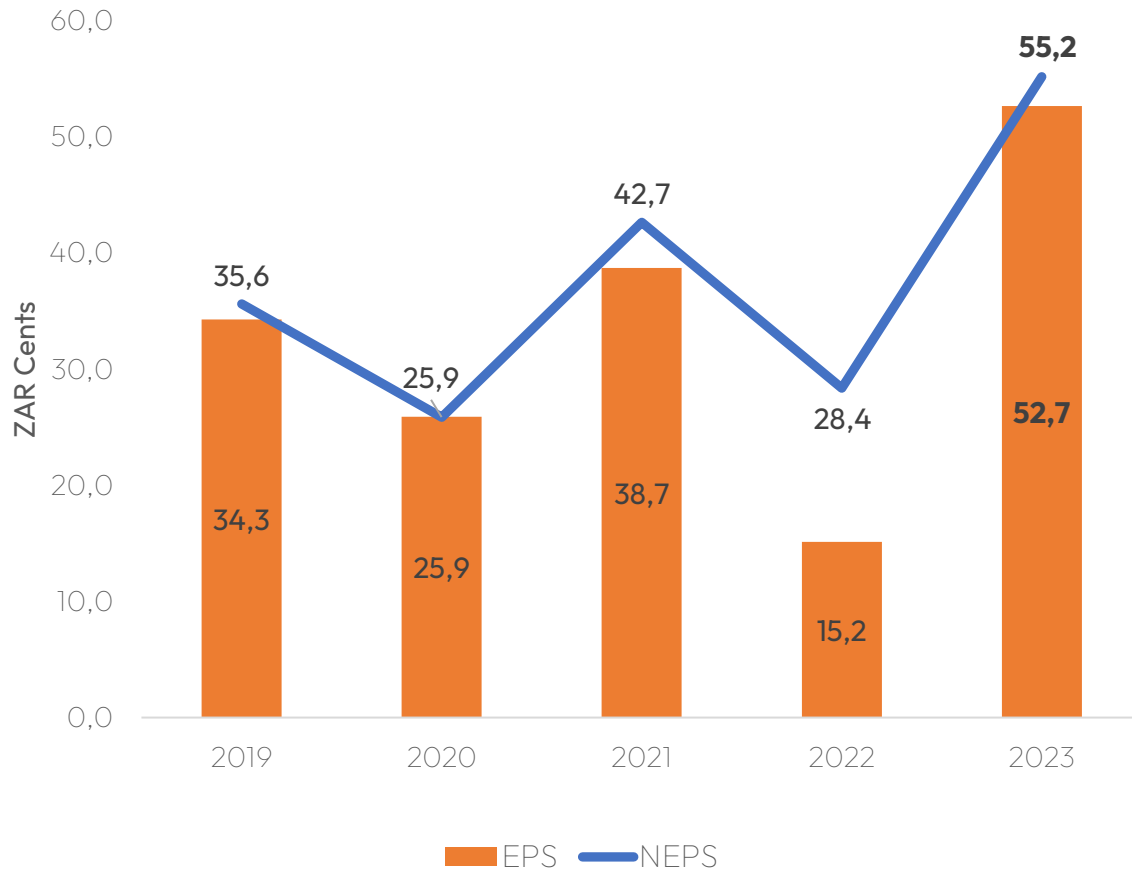
Normalised Group PAT

Normalised PAT

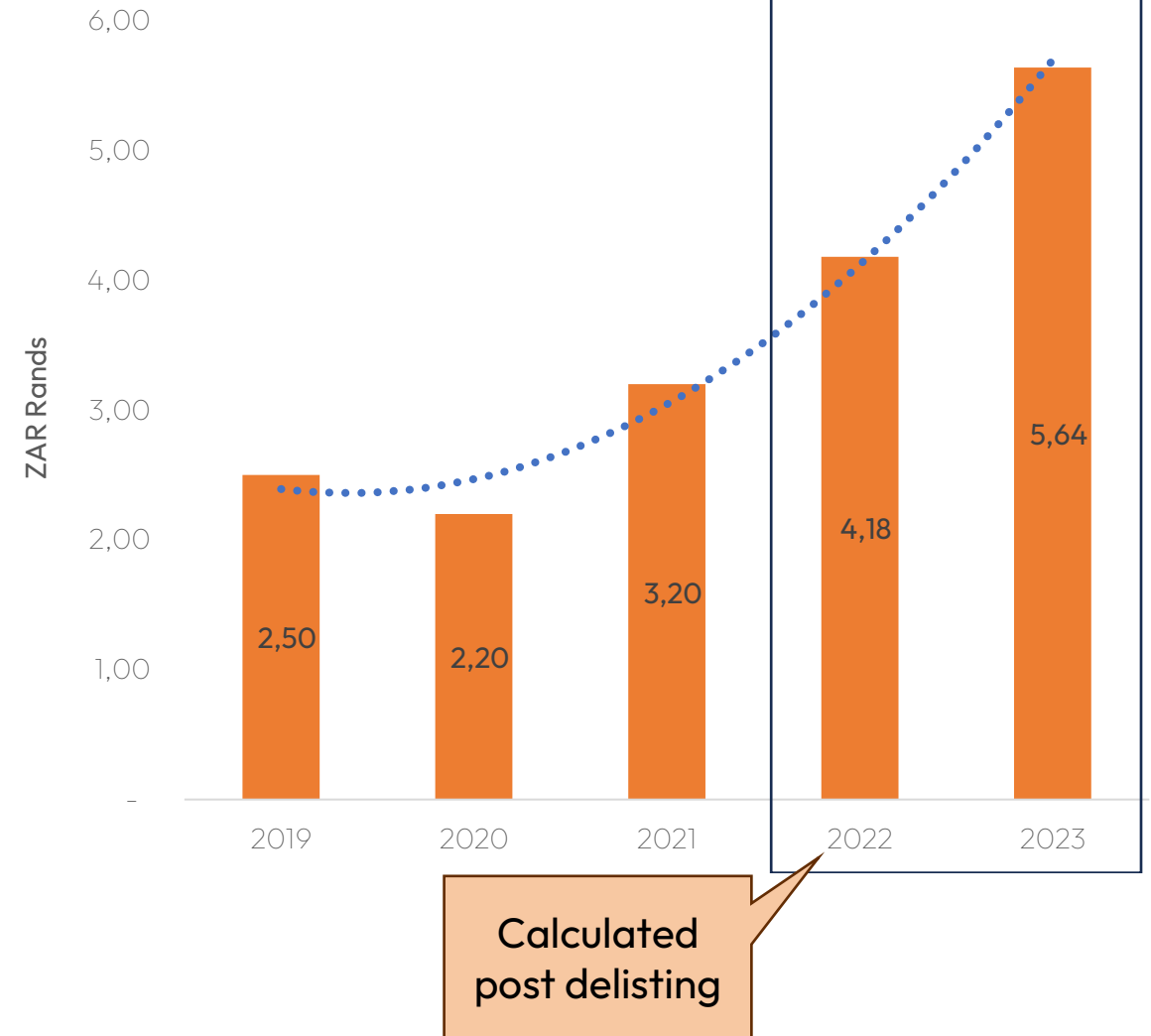


Shareholder Value Creation

EPS and NEPS per share

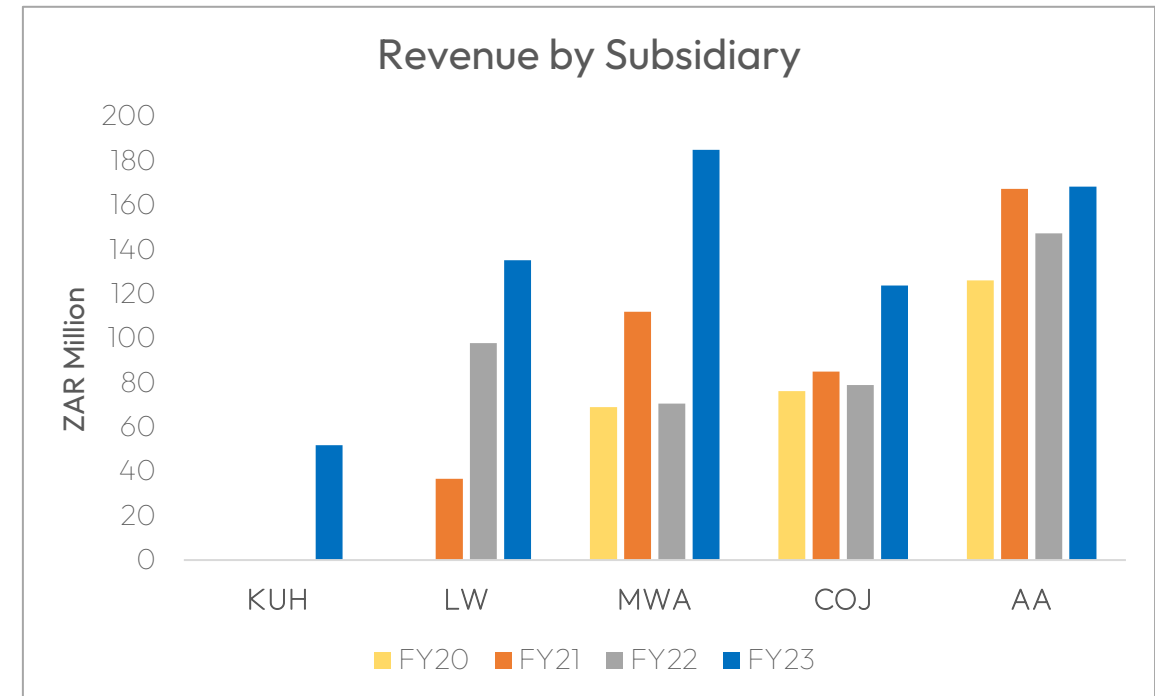
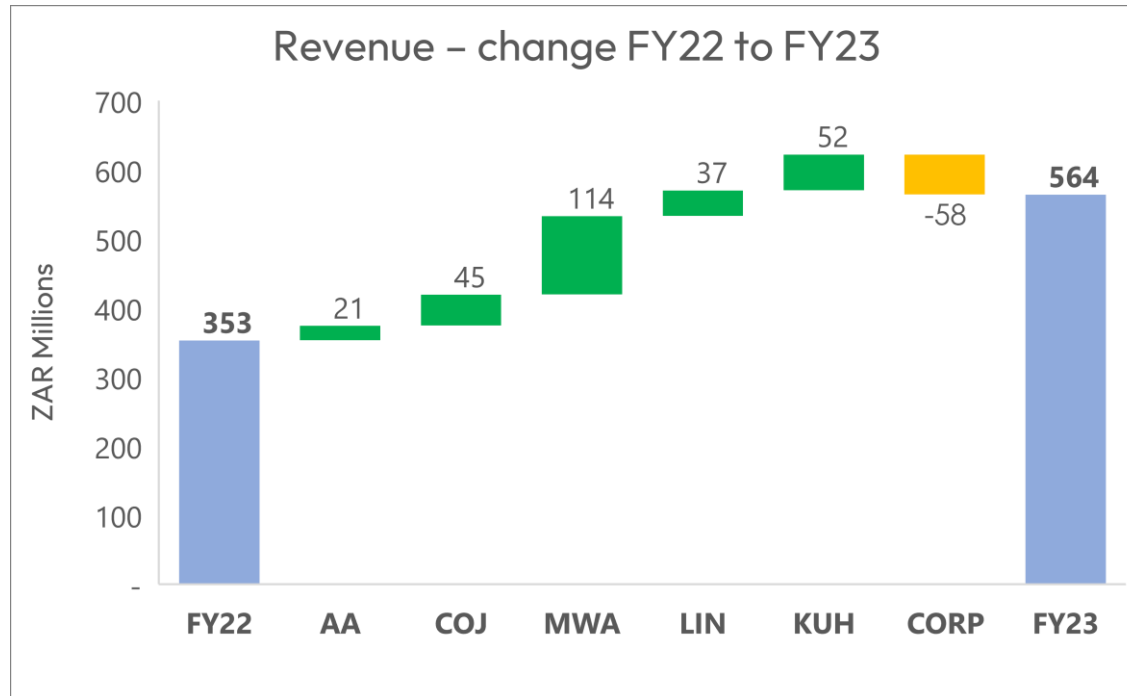


Share Price



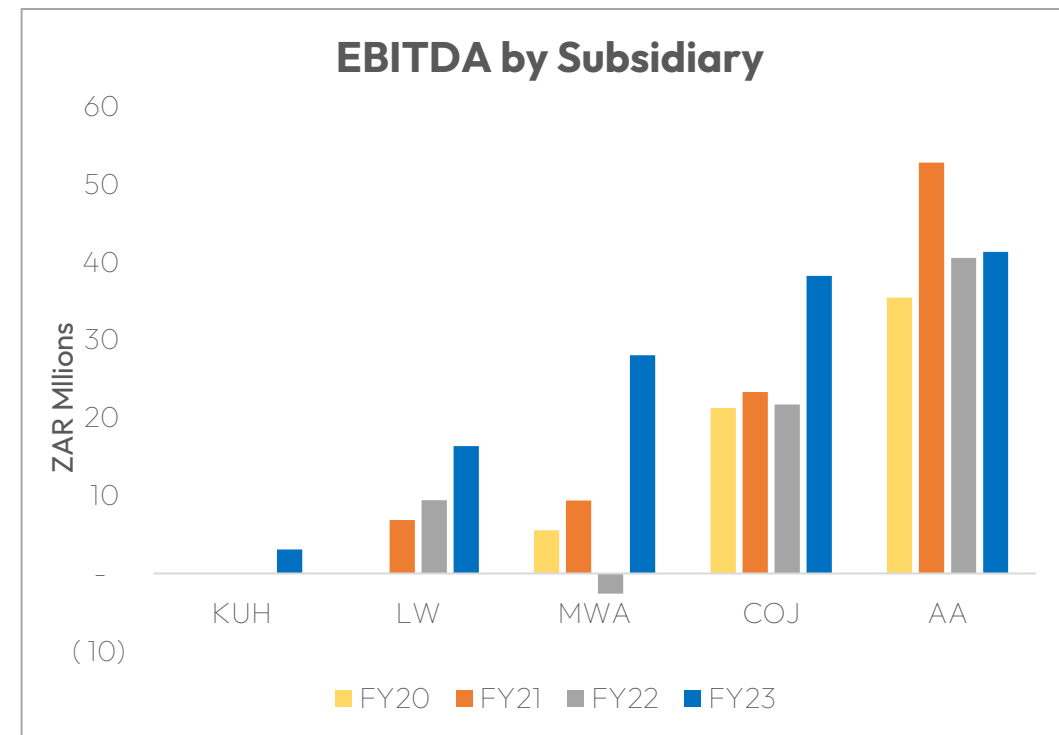
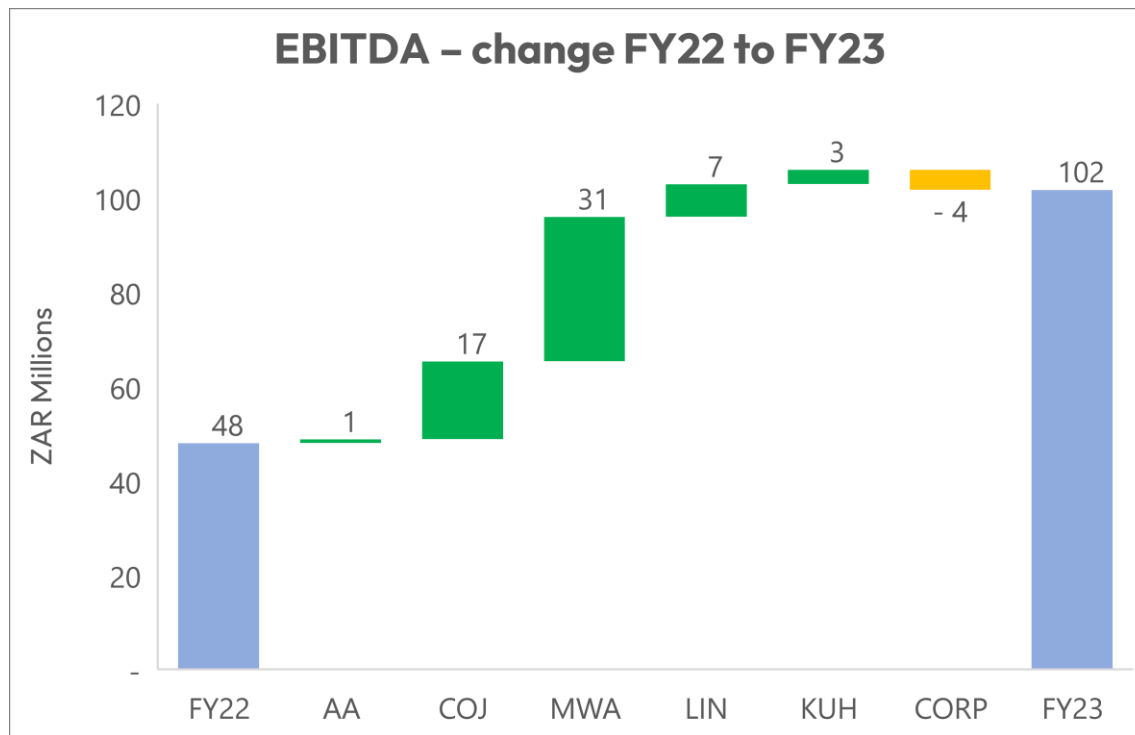
Segmental reporting

Revenue

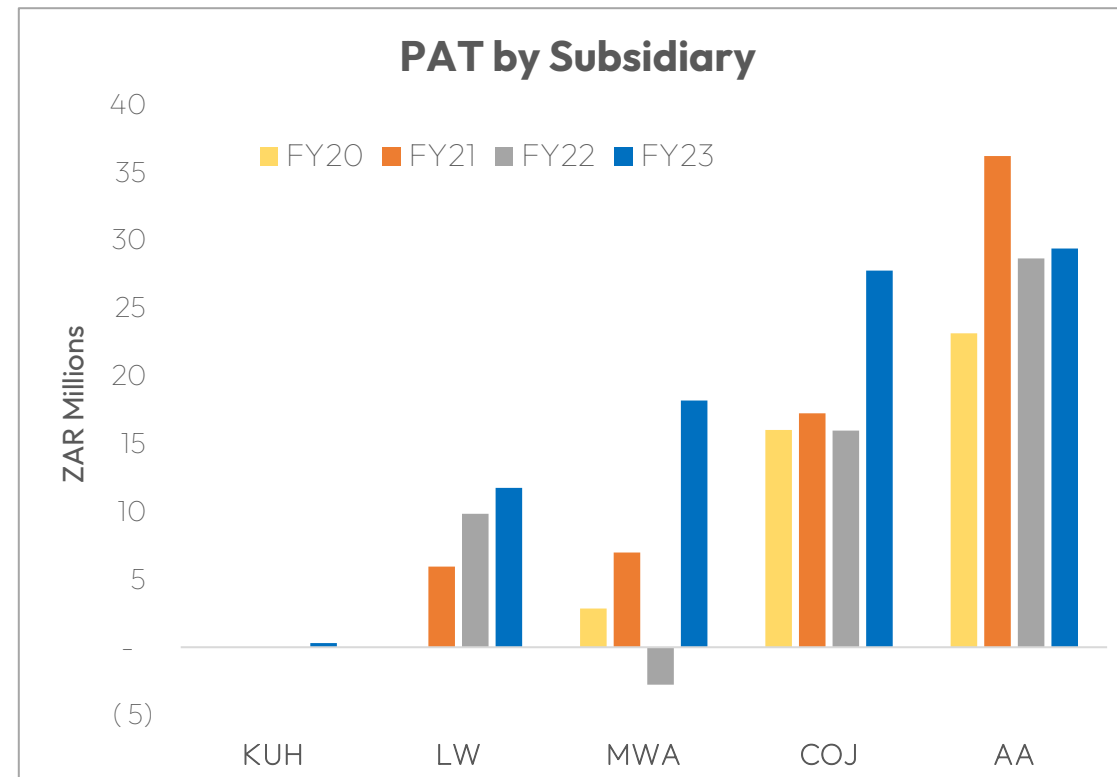
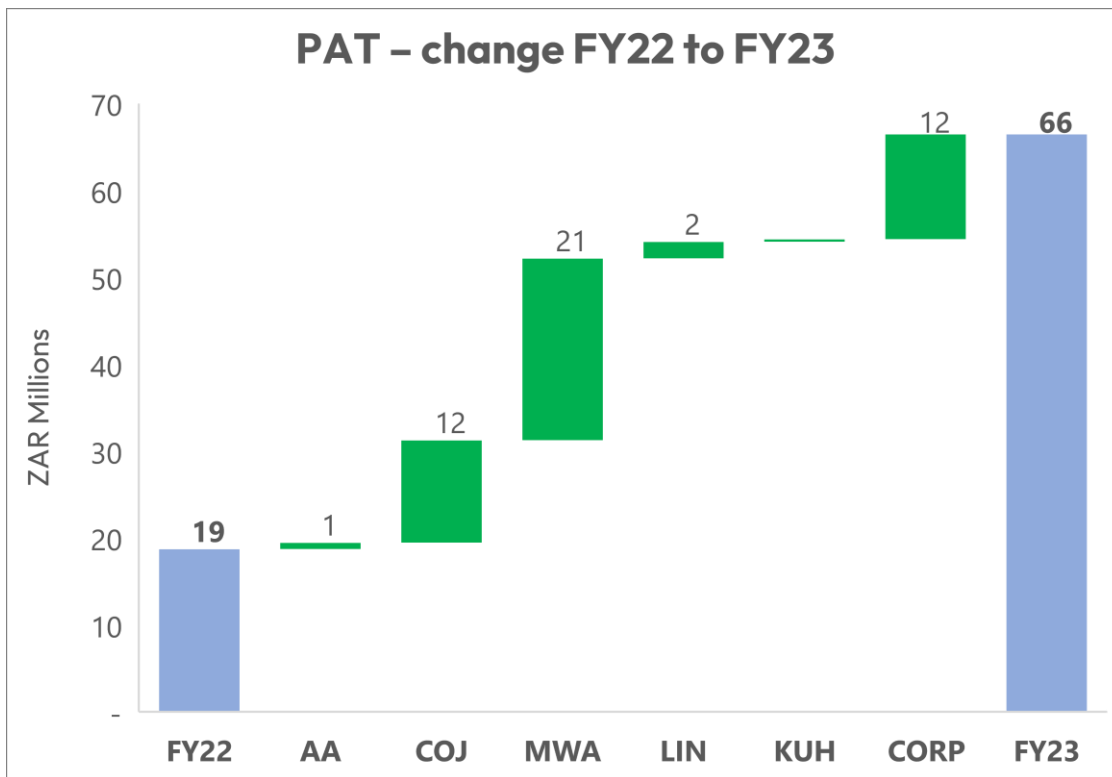


- Record turnover for the year for the group. All subsidiaries contributed to the 60% increase
- Strong run rate second half of the year across all operations as orders executed
- Turnaround at mWave and AUSA from prior year contributed to FY23 revenue uplift
- Kuhne first year
- Corp = increased cross selling within the Group (R99m total) – removed on consolidation

EBITDA (Earnings before interest, depreciation and amortisation)



- Revenue driven uplift plus:
 - mWave and AUSA return to profitability
 - Gross margin enhancements
 - mWave turnaround from losses FY22
 - Cojot 3% increment year on year with incremental bottom-line growth FY23
 - Weaker exchange rates against US\$, Euro and GBP



- Record Group profit for the year
- Consistent growth over the years across all subsidiaries
- Limited impact year one from Kuhne but profitable



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Summarised financials – an overview

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Statement of Profit and Loss

	Audited	
R'000	June 2023	June 2022
Revenue	564 377	353 013
Cost of sales	(174 636)	(133 365)
Gross profit	389 741	219 648
	69%	62%
Other income	1 224	3 320
Operating expenses	(309 937)	(200 647)
Trading operating profit	81 028	22 321
Finance income	1 350	439
Finance costs	(1 346)	(898)
Profit before taxation	81 032	21 862
Taxation	(14 499)	(3 064)
Profit for the year	66 533	18 798
Weighted average number of ordinary shares in issue	126 327 181	124 067 215
Basic earnings per ordinary share (cents)	52.67	15.15

- Revenue increased by 60%.
Like for like - excl Kuhne revenue increased by 45%.
- Gross margin increased by 7% with enhanced margins at both Cojot and mWave contributing.
- Operating expenses increased by 54% (42% excl Kuhne), predominantly driven by increases vs FY22 for performance related pay provisions.
- Increase in finance income as result of cash in South Africa being invested in interest earning accounts.
- Increase in finance costs related to use of funds to acquire Kuhne and advanced inventory to counter supply chain challenges.
- Weaker exchange rates contributed to increased revenue with the majority not traded in ZAR.

Statement of Financial Position (Balance Sheet)

R'000	Audited	
	June 2023	June 2022
Assets		
Non-Current Assets	198 404	126 101
Current Assets		
Inventories	115 233	69 849
Trade and other receivables	160 030	113 633
Sundry debtors	–	27 144
Tax receivable	7 040	5 682
Cash and cash equivalents	63 414	41 728
	345 717	258 036
Total Assets	544 121	384 137
Equity and Liabilities		
Equity	387 551	270 676
Liabilities		
Non-Current Liabilities		
Loans and borrowings	9 876	2 115
Lease liabilities	12 449	13 387
Deferred tax liabilities	8 697	3 991
Total non-current liabilities	31 022	19 493
Current Liabilities		
Loans and borrowings	4 468	1 117
Lease liabilities	4 962	5 910
Trade and other payables	106 566	80 585
Bank Overdraft	–	5 894
Tax payable	9 552	462
	125 548	93 968
Total Liabilities	156 570	113 461
Total Equity and Liabilities	544 121	384 137

- Assets and liabilities increased with the Kuhne acquisition.
- Inventory increased significantly:
 - Components purchased in advance to counter supply chain component shortages
 - mWave and Linwave significant increases
- Increase in trade receivables and payables due to activity levels through the final two months.
- Sundry debtors @ June 22 consisted of €1.6 million paid to the sellers of Kuhne electronics. Effective date of the acquisition is 1 July 22, the financials were consolidated from that date (full year FY23).
- Loans increased through funding of €0.5m to acquire the Kuhne freehold property (all other property leasehold).
- FY22 overdraft at Linwave to fund advanced inventory purchases whilst FY23 supporting the funding for Kuhne acquisition from cash reserves.

Statement of Cashflow

R'000	Audited	
	June 2023	June 2022
Profit before taxation	81 032	21 862
Adjusted for non-cash items	52 266	28 644
Working capital changes	(56 526)	(49 425)
Cash generated from operations	76 772	1 081
Net finance income	429	249
Taxation paid	(14 106)	(5 982)
Net cash from/ (used in) operating activities	63 095	(4 652)
Cash flows from investing activities		
Additions to plant and equipment	(17 432)	(6 362)
Proceeds on disposal of plant and equipment	144	(778)
Prepayment for acquisition for subsidiary	-	(27 144)
Acquisition of subsidiary	(13 248)	-
Additions to intangible assets	(842)	-
Net cash used in investing activities	(31 378)	(34 284)
Cash flows from financing activities		
Increase in loans and borrowings	2 232	1 312
Payment of lease liabilities	(2 441)	(14 042)
Repurchase of Shares	(1 928)	-
Acquisition of treasury shares – Share Incentive Scheme	(1 257)	(5 626)
Net cash used in financing activities	(3 394)	(18 356)
Net increase/(decrease) in cash and cash equivalents for the period	28 323	(57 292)
Cash and cash equivalents at the beginning of the year	35 834	93 177
Effect of exchange rate movement on cash balances	(743)	(51)
Total cash and cash equivalents at end of the half year	63 414	35 834

- Non-cash items include depreciation and amortisation of R20.9m; share based payment expense of R14.7m.
- Working capital cash outflow:
 - Increase in trade debtors
 - Inventory purchased in advance due to component shortages
- Prepayment of €1.6m to sellers of Kuhne electronic in June 2022.
- Cash paid to acquire Kuhne.
- New plant and equipment purchased, net of finance.
- Repayment of lease liabilities (IFRS16) – rental commitments for the group's leasehold premises (except Kuhne).



In Closing



- Activities in global markets picked up considerably during this past year.
- FY24 has started off with a strong open order book. Market climate remains challenging.
- Execution of product development will however be monitored closely to ensure timely delivery.
- The Group has grown considerably. Some internal investments will be made in the period ahead.
- During FY23 focus was on organic growth, however an acquisition pipeline is maintained.
- Going forward, smaller acquisitions will be placed under subsidiaries in the Group.
- Focus and investment placed on the interposing of the company into a UK entity.
- Emphasis remains on providing new, higher value technology offerings and moving up the value chain.



QUESTIONS & ANSWERS

Thank you for your attendance