SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE

2020

ALARIS HOLDINGS

Summary

Revenue decreased by	1%	from R245.2 million to R242.8 million.
Profit after tax decreased by	25%	from R41.1 million to R31.0 million.
Headline earnings per share decreased by	24%	from 34.29 cents to 25.89 cents.
Strong cash position of		R110.3 million as at 30 June 2020.

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 Limited is a Radio Frequency ("RF") technology holding company listed on the JSE AltX since July 2008.

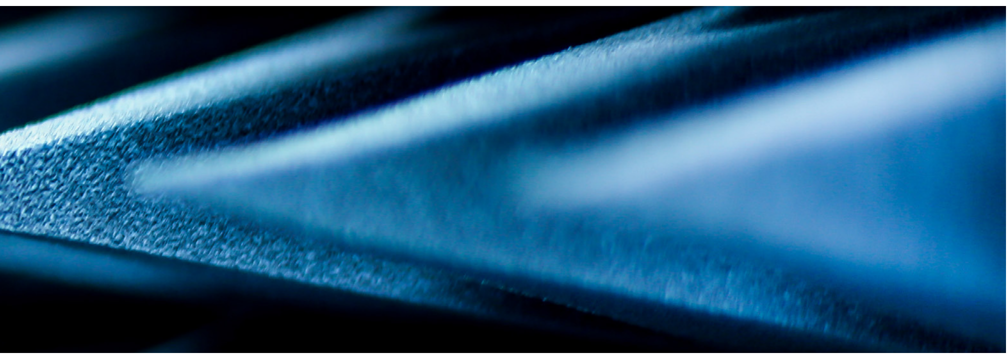
The **Alaris Group** consists of:

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, defense 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 results of the combined operations showed a decrease versus the comparative period. Revenue decreased by 1% from R245.2 million to R242.8 million and profit after tax ("PAT") decreased by 25% from R41.1 million to R31.0 million. Headline earnings per share decreased by 24% from 34.29 cents to 25.89 cents.

The Group's cash position at 30 June 2020 was R110.3 million, with about 48% of the funds located in South Africa. Late invoicing in June 2019, resulted in the recovery of funds in the first half of the 2020 financial year and additional cash. Surplus cash will continue to support the Group's intention to expand the global footprint through suitable acquisitions.

The management team at Group level expanded with Dr Chris Vale transitioning into the Group CTO role from his CTO position at Alaris Antennas. He will co-ordinate the research and development activities amongst the subsidiaries concerning the product roadmap, technology requirements and supporting the execution of high-profile product and system developments.

In addition, Jenny Heyes joined the Holdings team as Group Marketing Officer (GMO) to provide focused support for Public Relations, Investor Relations and brand visibility across the subsidiaries. This will support revenue generating opportunities in various industries and market segments targeted by the Group. Through various identified initiatives, this function will improve customer and stakeholder communication and engagements.

Alaris Antennas

Total revenue decreased by 3% from R129.9 million to R126.0 million and PAT decreased by 22% from R29.7 million to R23.1 million. The above sales value includes the cross-selling between subsidiaries. The cross-selling of the Alaris Antennas products increased from R0.8 million to R21.2 million. The primary contributor to the decrease in sales was the COVID-19 hard lockdown implemented in South Africa from March 2020. Other obstacles emerged as a result of the pandemic including supply chain challenges, the issue of export permits due to governmental institutions being closed and limited flights to ship orders to customers globally. This resulted in unaudited revenue of about R27.0 million and EBITDA of about R21.0 million being deferred to July and August 2020.

Although the financials reflect a decrease in revenue, the company still provided a satisfactory result amidst the storm of the COVID-19 pandemic and the continuously increasing challenging market conditions in South Africa. During the first half of the year, the company achieved growth in revenue and PAT. Together with a strong set of orders in hand, a solid foundation was laid for the second half of the year.

The company was forecast to achieve strong results until the hard COVID-19 lockdown was instituted in South Africa from 27 March to 16 April 2020. An essential services certificate was obtained and as from 17 April 2020, Alaris was able to start ramping up production again. Some staff members continued to work from home, adhering to governmental guidelines. As per Health & Safety requirements, various measures were put in place to mitigate the risk of exposure. The Alaris Antennas Health and Safety committee monitored the situation closely.

At the core of our client centricity approach, Alaris continues to focus on closer client interaction earlier in the program cycle to ensure that Alaris' products are designed into the client's larger systems. As a result of this strategy, the company executed on large repeat orders during the first half of the financial year, allowing the engineering team to focus on innovation and the design of products that were identified in the product roadmap to secure future programs and new customers. This led to the innovative development of three new products, adding to its competitive advantage and ability to develop cutting-edge technology solutions for its clients in a niche market.

Approximately 90% of revenue is derived from exports – providing a strong justification to continue the push to increase the Group's footprint globally ensuring Alaris is closer to our customers to be the competent trusted advisor.

COJOT

COJOT's continued efforts fell short, with total revenue reducing by 11% from R85.5 million to R76.1 million, and a 32% decrease in PAT from R23.6 million to R16.0 million versus the comparative period. The cross-selling off COJOT products increased from R1.4 million to R7.1 million.

COJOT experienced a strong first half, but did not thrive in the second half of the financial year. This can be attributed to the COVID-19 pandemic, which delayed decisions on projects for the customers and the end customers. As per the regulations of social distancing, much less testing was done than normal since testing requires physical contact between staff members and often, customers. In addition, a big project was delayed due to USA policies being implemented which relate to foreign entities dealing in that country.

Since the acquisition of COJOT, the company has expanded and its staff complement has outgrown the current premises. It was therefore necessary to expand the COJOT premises during the second half of the year.

COJOT's years of design, development and manufacturing expertise have enabled the company to offer reliable and durable antenna equipment to some of the most demanding environments in the world. Like Alaris Antennas, the company has a strong client 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.

mWAVE Industries LLC

- **mWAVE**

mWAVE contributed for a full year, compared to nine months in the comparative period. It achieved revenue of R68.9 million and a PAT of R2.9 million. COVID-19 impacted the decision-making process in the USA and this resulted in a few projects being delayed, moving into the new financial year. Manufacturing slowed down due to the impact of the pandemic and high-risk employees had to stay at home.

On the 1st of June 2020, Jim Detert joined mWAVE as Managing Director assuming the responsibilities from Peter Farnum, one of the founders of mWAVE, who will be moving into the COO role as he is scales down his work involvement. The three-month handover over supported the objective of least disruption for the organisation.

With Jim at the helm of mWAVE, the focus will shift to aligning technical capability with commercial competency which will support growth and new business development. His wealth of experience in strategy, operational insight and the growth of companies, will add value across the business. The management team is looking forward to continued successes, expanded capacity and quality service levels to the client base under Jim's leadership.

Business overview continued

Operational activities to align mWAVE with the Group's strategic objectives have been a key focus during FY20. A new ERP system was implemented in November 2019, which brought mWAVE onto the same platform as the Group. It will assist in tracking and driving margin improvement. mWAVE also completed the expansion of its premises in October 2019.

The mWAVE website was upgraded and improved in July 2020. The new website is aligned to the Holdings brand and was established with the customer in mind, being more responsive to customer and prospect information searches.

mWAVE has contributed to improving lives through technology by becoming part of the solution to provide Kenya internet access by way of a compact, lightweight, custom antenna solution. mWAVE is keen to replicate this achievement and are geared and ready to support the development of broadband access to the rest of Africa and other parts of the world.

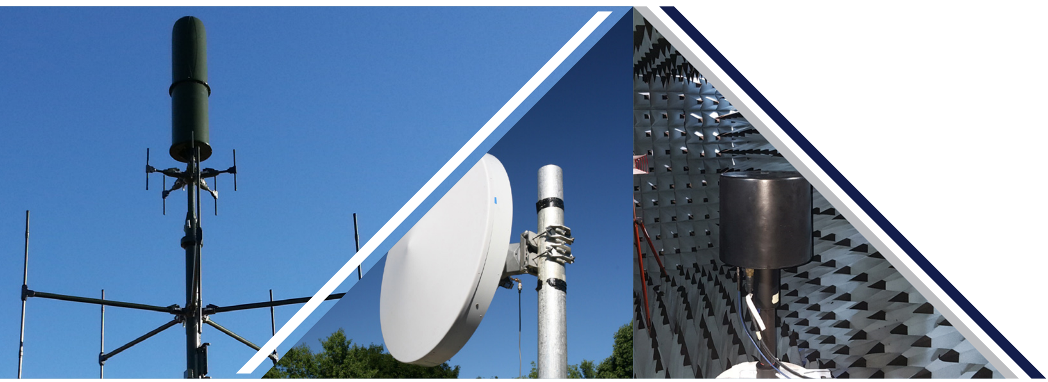
- **Alaris USA**

As of 1 June 2019, the new Alaris USA was created as a division of mWAVE Industries to sell and support specialised antennas and other RF related products designed by COJOT and Alaris Antennas to its customer base in North America.

The handover process of Alaris Antennas and COJOT customers in the USA to Alaris USA has been completed. Valuable prospects are being unlocked with the presence of Alaris USA and increased inter-segmental activities contribute to the positive outlook for organic growth.

Alaris USA's competitive advantage lies in its ability to offer a broad range of specialised products through its partnerships, and with support from the technical teams in Finland and South Africa, the capability to create and develop customised solutions for its customers. Its status as a US based entity allows the company closer interactions and relationships with its customer base in North America, giving Alaris USA invaluable access to the largest defense market in the world.

The team is working very closely with the Research & Development, Product Management and Industrialisation teams at both Alaris Antennas and COJOT. This results in closer co-operation with customers in the USA and Canada and contributes to the value and service provided to the customers. This entity contributed R18.8 million of the cross-selling orders from COJOT and Alaris Antennas.

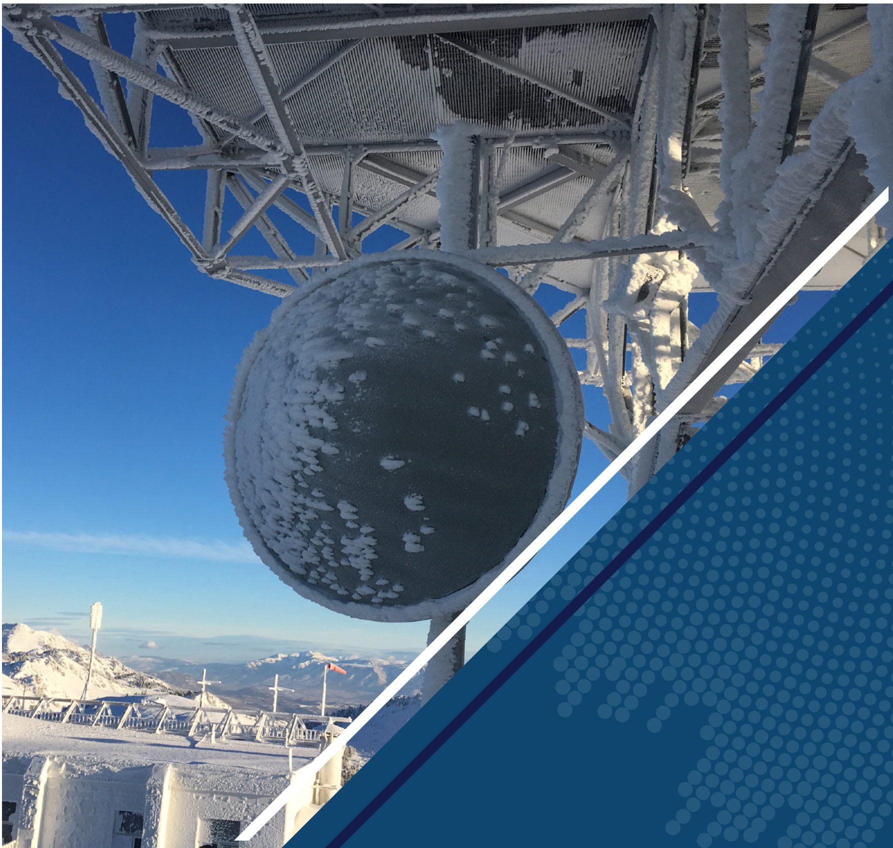


Business overview continued

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 gains of R1.3 million (June 2019: R0.2 million).
- Employee costs, cost of the share incentive option scheme for Group executives and board fees totaling R10 million (June 2019: R11 million). R2.4 million related to share-based payment expense that could be reversed in the future should the set profit targets not be made. No bonuses were paid in the current year due to the profit targets not being achieved.
- Legal and consulting fees including the costs to be listed on the JSE, advisory fees, group audit fees and legal fees for the mWAVE acquisition totaling R2 million (June 2019: R3 million).



Prospects

The Group's strategic focus areas of extensive expertise in RF products, owning and continuously developing its intellectual property, provision of antenna system solutions and the ever-expanding global reach of its products provide a solid foundation and unique position for growth to all entities – Alaris Antennas, COJOT, mWAVE and Alaris USA.

Alaris Antennas

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.

Alaris has a good mix of repeat orders in the pipeline which will flow through production processes and orders for delivery. The opportunities identified for newly developed products will be further pursued over the next few months to secure the orders and deliver these products successfully as a designed-in solution.

The management team is confident that its continued focus on quality and the ongoing development of cutting-edge technological products, will continue to place Alaris Antennas in an ideal position for future expansion of market segments and offerings. The strategy to focus on closer client interactions earlier on in the program cycle, to ensure that Alaris products are designed in, seems to be converting into sizeable opportunities. The team is grateful for the company's strong balance sheet and order book, which made it possible to weather the storm. This also forms a strong foundation for the new financial year and the team is excited about the positive outlook.

Saving lives is a key theme in the defense space and Alaris Antennas supports this with their ongoing promotion and communication of the latest development in the various product lines for this market. The defense sector represents an important and potentially lucrative opportunity for Alaris Antennas.

Alaris Antennas' key assets are its people who develop long term client relationships. This strategy has ensured successful growth in the past and will continue to be the foundation for future growth. One of the company's key strengths lies in its ability to develop and hold its own IP as it continues to invest significantly in research and development, adding to its competitive advantage in a niche market.

Whilst the pandemic has affected the ability to travel and meet customers face to face, the Alaris Antennas sales team has adapted by using virtual workshops with key customers.

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 environments in the world. Like Alaris Antennas, the company has a strong client-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.

The demand for smart antennas is on the increase. Several switched beam antenna (SBA) sales 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 use of SBA can enhance 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.

COJOT's upgraded website has seen an increase in traffic and their online brochure has been effective in gaining new opportunities and will continue to do so in the new year. Increasing the footprint throughout Europe and Asia is a key focus area for COJOT to accelerate growth.

The Alaris USA entity was established to service the North American market for COJOT. During the year COJOT has started entering the US market. There is opportunity for a substantial growth in sales into new market segments and COJOT is seeing several new opportunities that have been created. This will contribute to future organic growth for the company.

mWAVE Industries LLC

– mWAVE

Since a major part of the global electronic warfare market is located in the USA, mWAVE is perfectly positioned for organic growth. Its product lines complement those of the Group's fellow subsidiaries, providing a further positive outlook for future growth.

The company will continue focusing on improving margins and customised product sales in order to increase profits, as well as the alignment of important operational processes and best practices within the Group.

As the US represents strategic growth opportunities for Alaris Holdings, effective coverage of key states is necessary. Increasing feet on the ground is through representation on the East coast by an agent whilst the West coast is covered by a sales channel representative. Sales representation in the Mid-western states is under review to ensure adequate coverage in the USA to capitalise on every opportunity.

– Alaris USA

The establishment of the Alaris USA division, located at mWAVE, will continue to play a key role in increasing exposure and building relationships. It will also assist in the promotion of the Alaris Group initiative of cooperative cross-selling, enabling an expanded product offering to customers.

Alaris USA's status as a US based entity allows the company closer interactions and relationships with its customer base in North America, giving Alaris USA invaluable access to the largest defense market in the world. Products are designed and manufactured by two fellow subsidiaries in the Group, namely Alaris Antennas in South Africa and COJOT in Finland. Alaris USA maintains a close relationship with the technical teams in both locations, which has allowed for several new opportunities to be created. The company is successfully entering into new market segments.

Prospects continued

Further opportunities for growth exist by adding new distributors, agents and new system houses as clients. Should the need arise from US customers for products to be made in the USA, Alaris USA may develop its own manufacturing capacity, building on the platform that mWAVE Industries has in place. Product design and manufacturing therefore exists as a future opportunity.

Alaris USA has upgraded its website which showcases COJOT and Alaris Antennas products. This will draw attention to customised solutions as well as to the existing range of products and services. This is important since the USA is one of the biggest markets for these product ranges.

The Group

The COVID-19 pandemic undoubtedly changed the immediate and future landscape. Several key measures relating to sales and business development were established on Group level to create a mechanism to look into the future as much as we can.

Attracting and retaining the right customers is the key to meeting revenue targets and to long term sustainability. Visibility of the brand is a priority and will be achieved through traditional and digital media. The Group has a holistic communication plan to support the information needs of customers, investors and brand followers.

Segmentation of the market will allow us to use our resources more effectively and make better strategic decisions. Value propositions will be tailored by segment to differentiate our offer which will support revenue growth.

Other than a distinctive offering, a prerequisite to penetrating any market is a strong presence. With the pandemic restricting physical contact, other channels of prospecting and communication are in consideration that will not affect the advanced technological support offered by the subsidiaries.

The entities in the Group are strongly focused on research and development. They hold invaluable, exploitable technologies that can be monetised into the future. Cross-selling opportunities and processes are in place to further capitalise on synergies between the subsidiaries. Sustainable organic growth will remain a strategic priority for the Group, whilst operational activities are continuously aligned as the operations expand.

Our financial results demonstrate the importance for Alaris to operate globally. In addition, as a client centric organisation it is essential to be close to our customers and partners to discuss bespoke solutions and hence extending our global footprint remains top priority.

The products of the Alaris Group's subsidiaries have developed over the years from a components-based offering to more complete antenna systems solutions. This transition requires us to further deepen and broaden our expertise and know-how into the microwave and RF electronics space. With this strategic direction in mind, the Alaris management team is actively seeking and hard at work to unlock merger and acquisition opportunities in this field. The accomplishment of this important goal will allow us to build on our path of offering high-performance antenna systems to our customers.

Fostering the RF electronics capability will allow for diversification and will further secure the continued and sustainable growth of the subsidiaries in the Group. The company's excess cash is earmarked for this requirement as further growth is pivotal to us.

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

R'000	Audited June 2020	Audited June 2019
Revenue [A]	242 753	245 184
Cost of sales	(79 876)	(77 871)
Gross profit	**162 877**	**167 313**
Other income	1 689	1 111
Operating expenses	(125 031)	(114 299)
Trading operating profit [B]	**39 535**	**54 125**
Finance income	1 802	430
Finance costs	(558)	(174)
Profit before taxation	**40 779**	**54 381**
Taxation	(9 794)	(13 300)
Profit for the period	**30 985**	**41 081**
Other comprehensive income net of tax		
Items that may be reclassified subsequently to profit or loss:	**20 020**	**28**
– Gross foreign currency translation reserve	23 738	(50)
– Taxation	(3 718)	78
Total comprehensive income	**51 005**	**41 109**
Weighted average number of ordinary shares in issue [C]	119 734 262	119 810 497
Weighted average number of diluted ordinary shares in issue [C]	122 618 380	122 068 163
Basic earnings per ordinary share (cents)	25.88	34.29
Diluted earnings per ordinary share (cents)	25.27	33.65
Headline earnings per ordinary share (cents)	25.89	34.29
Diluted headline earnings per ordinary share (cents)	25.28	33.65

A. *Refer to supplementary note 5.*

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.*

Summarised consolidated statement of financial position

as at 30 June 2020

R'000	Audited June 2020	Audited June 2019
Assets		
Non-Current Assets		
Plant and equipment	9 376	7 242
Right-of-use-asset [A]	13 250	–
Goodwill	50 289	42 034
Intangible assets	14 559	15 945
Deferred tax assets	12 850	11 229
	100 324	**76 450**
Current Assets		
Inventories	30 681	19 080
Current tax receivable	1 426	94
Trade and other receivables	40 689	80 935
Cash and cash equivalents	110 268	41 836
	183 064	**141 945**
Total Assets	**283 388**	**218 395**
Equity and Liabilities		
Equity		
Equity attributable to owners of the Company		
Share capital	6	6
Share premium	205 250	207 283
Share-based payment reserve	17 350	9 941
Foreign currency translation reserve ("FCTR")	17 899	(2 121)
Accumulated loss	(19 395)	(49 927)
Total Equity	**221 110**	**165 182**
Liabilities		
Non-Current Liabilities		
Loans and borrowings	3 456	1 266
Lease liabilities [A]	10 066	–
Deferred tax liabilities	5 342	2 475
	18 864	**3 741**
Current Liabilities		
Loans and borrowings	2 732	588
Trade and other payables	35 531	43 617
Current tax payable	1 421	5 267
Lease liabilities [A]	3 730	–
	43 414	**49 472**
Total Liabilities	**62 278**	**53 213**
Total Equity and Liabilities	**283 388**	**218 395**

A. *Refer to supplementary note 6.*

Summarised consolidated statement of changes in equity

R'000	Share capital	Share premium	Share based payment reserve	FCTR	Accumu-lated loss	Total equity
Year ended						
Balance at 1 July 2018	**6**	**202 051**	**7 428**	**(2 149)**	**(91 008)**	**116 328**
Total comprehensive income for the year:	–	–	–	28	41 081	41 109
– Profit for the year	–	–	–	–	41 081	41 081
– Foreign currency translation reserve	–	–	–	28	–	28
Share-based payment charge for existing options	–	–	2 808	–	–	2 808
Share options exercised on net basis	–	112	(295)	–	–	(183)
mWAVE acquisition settled in shares	*	8 113	–	–	–	8 113
Movement in treasury shares	*	(2 993)	–	–	–	(2 993)
Balance at 30 June 2019	**6**	**207 283**	**9 941**	**(2 121)**	**(49 927)**	**165 182**
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:	–	–	–	20 020	30 985	51 005
– Profit for the period	–	–	–	–	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.*

Summarised consolidated statement of cash flows

for the year ended 30 June 2020

R'000	Audited June 2020	Audited June 2019 [B]
Profit before taxation	40 779	54 381
Adjusted for non-cash items	28 663	9 765
Working capital changes	20 558	(31 143)
Cash generated from operations	**90 000**	**33 003**
Net finance income	1 602	213
Taxation paid	(16 637)	(7 284)
Net cash from/(used in) operating activities	**74 965**	**25 932**
Cash flows from investing activities		
Additions to plant and equipment	(4 423)	(2 385)
Proceeds on disposal of plant and equipment	–	20
Additions to intangible assets	(1 770)	(218)
Acquisition of subsidiary	–	(30 151)
Net cash used in investing activities	**(6 193)**	**(32 734)**
Cash flows from financing activities		
Receipts of loans and borrowings	4 334	178
Payment of lease liabilities [A]	(2 657)	–
Acquisition of treasury shares – Share Incentive Scheme [B]	(2 122)	(3 178)
Net cash used in financing activities	**(445)**	**(3 000)**
Net increase/(decrease) in cash and cash equivalents for the period	68 327	(9 802)
Cash and cash equivalents at the beginning of the year	41 836	51 679
Effect of exchange rate movement on cash balances	105	(41)
Total cash and cash equivalents at end of the year	**110 268**	**41 836**

A. *Refer to supplementary note 6.*

B. *In the prior year, the net increase in treasury shares was classified under investing activities. After the release of the 2019 financial statements, it came to management's attention that the correct classification of the investment in holding company is under financing activities. In the current year, the classification was corrected, and the prior year classification was restated.*

Segmental analysis

R'000	Audited June 2020	Audited June 2019
Segmental revenue		
Alaris Antennas	**104 790**	**129 075**
– Total revenue	125 997	129 885
– Inter-segmental	(21 207)	(810)
COJOT	**69 019**	**84 058**
– Total revenue	76 079	85 488
– Inter-segmental	(7 060)	(1 430)
mWAVE	**68 944**	**32 051**
– Total revenue	68 944	32 051
– Inter-segmental	–	–
	242 753	**245 184**
Earnings before interest, tax, depreciation and amortisation (EBITDA) [A]		
Alaris Antennas	35 471	42 362
COJOT	21 276	30 227
mWAVE	5 565	4 856
Corporate and consolidation	(11 761)	(16 289)
	50 551	**61 156**
Profit for the period		
Alaris Antennas	23 142	29 663
COJOT	16 011	23 611
mWAVE	2 864	3 332
Corporate and consolidation	(11 032)	(15 525)
	30 985	**41 081**
Normalised earnings after tax for the period [B]		
Alaris Antennas	23 145	29 663
COJOT	16 011	23 611
mWAVE	2 864	3 332
Corporate and consolidation	(10 995)	(13 934)
	31 025	**42 672**

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 and consulting fees for acquisitions.*

Segment assets and liabilities

R'000	Audited June 2020	Audited June 2019
Segment assets		
Alaris Antennas	102 215	97 203
COJOT	42 301	48 268
mWAVE	46 955	28 512
Corporate and consolidation	91 917	44 412
	283 388	**218 395**
Segment liabilities		
Alaris Antennas	(31 061)	(26 169)
COJOT	(11 932)	(18 720)
mWAVE	(13 760)	(5 566)
Corporate and consolidation	(5 525)	(2 758)
	(62 278)	**(53 213)**

Reconciliation of headline earnings to profit and normalised earnings

R'000	June 2020	June 2019
Basic earnings attributable to ordinary shareholders	**30 985**	**41 081**
Profit for the year	**30 985**	**41 081**
Legal and consulting costs for acquisitions	40	1 591
Normalised earnings after tax comprising [A]	**31 025**	**42 672**
Alaris Antennas	**23 145**	29 663
COJOT	**16 011**	23 611
mWAVE	**2 864**	3 332
Corporate and consolidation [B]	**(10 995)**	(13 934)
Weighted average number of ordinary shares in issue	119 734 262	119 810 497
Normalised earnings per ordinary share (cents)	25.91	35.62

A. *Normalised earnings, as determined by the Alaris Group, is calculated for the current year by adjusting profit for the legal and consulting fees 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 summarised consolidated financial statements

for the year ended 30 June 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 30 June 2020, that the loans given originally is still market related should a similar transaction be entered into at 30 June 2020.

2. Statement of compliance

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

The directors take full responsibility for the preparation of the report and the summarised consolidated financial information has been extracted from the underlying consolidated financial statements. This summarised report is a summary from audited information but is in itself not audited. The Board approved the Group annual financial statements on 15 September 2020.

3. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") for summarised reports, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summarised financial statements. The JSE Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, except for changes arising from the new standards adopted as disclosed in Note 6.

The summarised consolidated financial statements have been presented on the historical cost basis except for the currency futures, which are measured at fair value. These results are presented in Rand, rounded to the nearest thousand, which is the functional currency of Alaris and the Group presentation currency. These results incorporate the financial statements of the Company, its subsidiaries and entities that 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 summarised consolidated financial statements were prepared under the supervision of the Group Financial Director and CFO, Elsie Müller CA(SA).

4. Report of the independent auditors

The summarised consolidated financial statements are extracted from the audited consolidated financial statements but are themselves not audited. The financial statements were audited by KPMG Inc., which expressed an unmodified opinion thereon.

The audited financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The Company's directors take full responsibility for the preparation of the summarised report and for the financial information having been extracted correctly from the underlying financial statements.

The summarised consolidated financial statements do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2020.

5. Revenue

R'000	Audited June 2020	Audited June 2019
Fully configured products	**205 710**	199 497
Newly developed products	**37 043**	45 687
	242 753	**245 184**

6. Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the summarised consolidated 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:

IFRS 16: Leases

IFRS 16 introduces a single on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and the related lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for June 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Previously, the Group determined at contract inception whether an arrangement was or contains a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if a contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether a lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises a right-of-use asset and lease liabilities for most leases – the leases are on the balance sheet. The Group has elected not to recognise right-of-use assets and lease liabilities for leases with low value assets like IT and related equipment. The Group recognises the lease payments associated with these leases in the income statement.

At transition, for leases classified as operating leases under IAS 17, the right-of-use asset and lease liabilities were measured as if IFRS 16 had always been applied. The lease payments were discounted using the Group's incremental borrowing rate of 10% in South Africa and 5.25% in the United States of America.

Renewal of leases are assessed as they become due if such lease contains a renewable option. Management's assessment therefore includes all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to renew. The South African premises are due for renewal at the end of September 2020 and management decided to renew the lease for another three years in June 2020. The modification to the asset and liability was done in June using the latest incremental borrowing rate of 7.25%. The American premises are only renewable in 2026. As at 1 July 2019 the Finnish subsidiary had a month to month lease and no right-of-use asset was raised for this subsidiary. The Finnish subsidiary signed a lease agreement January 2020. An incremental borrowing rate of 3% was used to calculate the lease liability.

The Group leases a number of items of production equipment and vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Supplementary notes to the summarised consolidated financial statements continued

for the year ended 30 June 2020

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on the transition is summarised below:

R'000	1 July 2019
Right-of-use asset	6 216
Deferred tax asset	175
Lease liabilities	(7 387)
Straight-lining liability	543
Retained earnings	453

In addition to the above, the nature of the expenses relating to the leases have changed as IFRS 16 replaced the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The change in the nature of the expenses had a positive effect of R3.4 million on the EBITDA of the Group. The impact on earnings and headline earnings per share is negligible.

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

Standard/Interpretation	Effective date Periods beginning on or after	Expected impact
Conceptual Framework amendments: Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	The impact of the standard will not be material to the financial statements
IFRS 3 amendment: Definition of a Business	1 January 2020	The impact of the standard will not be material to the financial statements
IAS 1 and 8: Amendments to the definition of Material	1 January 2020	The impact of the standard will not be material to the financial statements
IFRS 9, IAS 39 and IFRS 7: Amendments to interest rate benchmark reform	1 January 2020	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 2022 (proposed delay to 1 January 2023)	The impact of the standard will not be material to the financial statements

Supplementary notes to the summarised consolidated financial statements continued

for the year ended 30 June 2020

7. Reconciliation from earnings to headline earnings:

R'000	Audited June 2020	Audited June 2019
Profit for the year	**30 985**	**41 081**
Basic earnings	**30 985**	**41 081**
Losses on disposal of assets	14	–
Headline earnings	**30 999**	**41 081**
Weighted average number of ordinary shares in issue	119 734 262	119 810 497
Shares in issue net of treasury shares	119 346 231	120 073 330
Basic earnings per ordinary share (cents)	25.88	34.29
Headline earnings per ordinary share (cents)	25.89	34.29

8. Subsequent events

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

9. Going concern

The outbreak of the global COVID-19 pandemic and the implementation of the national lockdown during March 2020 resulted in certain operations within the Group not being able to operate for 3 weeks and have created delays in the Group's production process as well as certain delays in the sales process. The Group primarily sells to companies in Europe, Asia and North America where most of these businesses are classified as essential service providers in the respective countries and have therefore seen limited impact from national lockdowns imposed by their governments. This places the Group in a favourable position as most of its goods are being exported to essential businesses overseas and the Group is not reliant on a South African customer base to sustain operations during the lockdown. Although the South Africa subsidiary experienced some delay towards the end of the financial year to complete certain projects, the company has a sizeable open order book which will see the company make a good start to the new financial year.

The Group has generated a net profit for the year ended June 2020 of R31 million and as at 30 June 2020, the Group has cash and cash equivalents of R110 million. The current assets exceeded current liabilities by R140 million.

The directors have assessed of 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.

Supplementary notes to the summarised consolidated financial statements continued

for the year ended 30 June 2020

10. Dividends

The Group evaluates the payment of a dividend on a regular basis with the intention of becoming a regular dividend payer. However, this has to be assessed carefully against our growth and acquisition strategy.

The growth strategy approved by the Board centres around acquisitions and/or mergers. A number of targets have and are being explored but closing takes time. The nature of the sellers of these targets are typically individual founders of the respective businesses making the selling process drawn out and, in some cases, complicated. The Board believes that it would be more appropriate for the Group to retain cash to ensure that the Group is best placed to implement its acquisitive growth strategy. Therefore, the Board has resolved not to declare a dividend for the financial year ended 30 June 2020 (2019: R0).

11. Directorate

On 20 December 2019, Mr. C.B. Neser was appointed as a Non-Executive Director to the Board and Mr. A. Mellet resigned from the Board. There were no further changes to the board during the period under review, up to and including the date of this report.

Jürgen Dresel
Group Chief Executive Officer

Elsie Müller
Group Financial Director and CFO

22 September 2020
Johannesburg

Corporate information

ALARIS HOLDINGS LIMITED
(incorporated in the Republic of South Africa)
www.alarisholdings.com

Directors
Coen Bester*^ (Chairman),
Jürgen Dresel# (Group CEO),
Carel van der Merwe*^,
Richard Willis*^, Gisela Heyman,
Peter Anania*^°, Chris Neser^,
Elsie Müller (Group FD and CFO)

*Independent
^Non-executive
#German
°American

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Company Secretary
Fusion Corporate Secretarial Services (Pty) Ltd

Transfer Secretaries
Computershare Investor Services
Proprietary Limited
Registration Number 2004/003647/07
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Auditors
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Bankers
Standard Bank
Nordea Bank
Androscoggin Bank

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