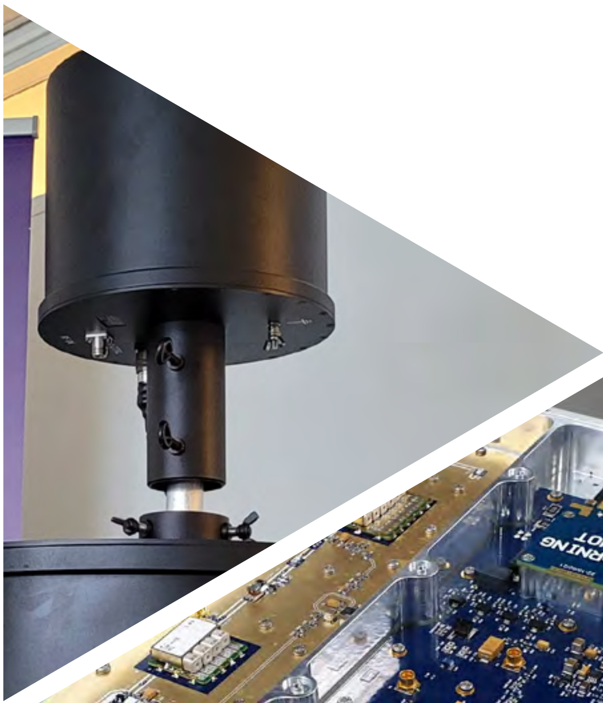
# INTEGRATED ANNUAL REPORT 2022



ALARIS HOLDINGS

# ABOUT THIS REPORT

Alaris Holdings Limited's ("Alaris" or "the Group") 2022 integrated annual report provides relevant information relating to the economic, environmental, social activities and financial issues of the Group for the year ended 30 June 2022. The content and structure of this report conforms to the recommendations and the principles laid out in the King Report on Corporate Governance 2016 ("King-IV™"), and complies with the South African Companies Act (Act 71 of 2008), as amended ("the Companies Act and the International Financial Reporting Standards ("IFRS").

It provides an account of the Group's progress to date and offers a forward-looking perspective in terms of future goals, targets and strategies. It aims to provide a transparent, balanced and holistic view of the Group's performance.

The report summarises key aspects of the Group and provides a strategic overview of the activities within the Group. The underlying strength of the report is the commitment to corporate governance and ethical behaviour.

**Board responsibility for integrated annual report**

The board of directors of Alaris Holdings Limited ("the Board") acknowledges responsibility for the integrity of the integrated annual report. The directors have applied their minds to the report and believe that it covers material issues and fairly presents the consolidated performance of the Group.

The Board approved the release of the 2022 integrated annual report.

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# ABOUT ALARIS

## OUR VISION

Be a leading global radio frequency ("RF") technology holding Group by investing in RF related technology companies.

Extracting the core aspects from Alaris' vision statement best describes the nature and values of the Group:

- Our **VALUES** define our character, our **DNA** and guide us daily in how we behave and make decisions.
- In order for us to achieve our **GOALS**, execute our **STRATEGY** effectively and realise our **VISION**, we need to live our Values every day.

## OUR MISSION

The mission of Alaris is to invest in global RF technology companies with similar business models that inter-operate as innovative bespoke product and solution design factories for their partners.

## ALARIS VALUES

**CLIENT CENTRIC**

I Understand the Needs of our Clients.

I Respond Swiftly.

**ACCOUNTABILITY**

I Take Ownership to Produce Output

I Make Change Happen

**INTEGRITY**

I Promote Openness

**EXCELLENCE**

I Continuously Teach and Learn

I Deliver Quality

**INNOVATION**

I Innovate for My Client

## WHAT WE ARE ALL ABOUT

Alaris Holdings, founded in 1997, is a global radio frequency ("RF") technology holding and investment company. Focused on developing its own products and retaining its own IP, the entity provides technologically advanced solutions and products to customers across multiple markets from defence, aviation, marine and wireless, to industrial, healthcare, research communities and government institutes. The Group's strategic objective of being a trusted technical advisor and partner in the RF technology domain is evident in the customer centric approach adopted by all its subsidiaries.

**The Alaris Group consists of:**

ALARIS ANTENNAS GAIN THE ADVANTAGE · ALARIS USA · COJOT MORE THAN ONE WAVELENGTH · mWAVE Your Partner In Antenna Technology · LINWAVE TECHNOLOGY

**Alaris Antennas**, founded in 1997 and headquartered in Centurion, South Africa, designs, develops, manufactures and sells state-of-the-art, specialised broadband antenna systems 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 35 years of experience, the company 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 and millimetre-wave antenna solutions. The company was established in 2004 and designs and manufactures standard and custom antennas, feeds and components for commercial and government applications.

**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, Alaris Antennas and more recently Linwave Technology products, to customers 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 and emerging markets. Like COJOT, Alaris Antennas and Linwave Technology, Alaris USA clients are system integrators, frequency spectrum regulators, government end users and law enforcement entities.

**Linwave Technology**, founded in 2003 and based in Lincoln in the United Kingdom, is a leading supplier of novel, custom RF and microwave products across multiple markets from defence, avionics, marine and wireless, to industrial and healthcare. The company designs and manufactures customised microwave/RF components for harsh environmental applications at frequencies up to 100GHz. Solutions can range from die level semi-conductor components assembled and tested in the company's own clean room facility, to complex sub-systems with multiple functions incorporating software and embedded control. Linwave prides itself on its ability to work closely with its customers to develop the optimum solution for their particular application, ultimately providing them with a technical advantage in the marketplace.

The Group acquired **Kuhne electronic** at the end of June this year. As the effective date of the acquisition is 1 July 2022, reporting on the company will be included for the first time in the half year results in December 2023. Kuhne electronic, founded in 1994 and based in Berg, Bavaria, Germany, is an RF and Microwave electronics engineering company, which develops, manufactures, and sells products / components into the healthcare, industrial, radio amateur and defence market segments. It has an in-house design and development team and a manufacturing department capable of supporting both prototype product build and medium scale batch manufacture. This includes a pick and place capability. With the acquisition of Kuhne electronic to the ALH Group of companies, it will advance the entity's drive to become even more subsystem oriented.

## ALARIS HOLDINGS LIMITED AND ITS SUBSIDIARIES' 5 YEAR FINANCIAL REVIEW TOTAL OPERATIONS

The below historical numbers are affected by the following transactions during these five years:

| | | | | |
|---|---|---|---|---|
| **mWAVE acquisition was consolidated into the Group on 1 October 2018.** | **Alaris USA LLC, a business unit of mWAVE, came into effect on 1 June 2019.** | **COVID-19 pandemic influencing the world economics in 2020 – 2022.** | **Linwave acquisition was finalised 26 February 2021.** | **Operations as reported in the financial statements should be used as the baseline for the future.** |


# CURRENT FINANCIAL YEAR HIGHLIGHTS

**Revenue**
increased by
**8%**
from R328.3 million to R353.0 million.

**Profit after tax**
decreased by
**59%**
from R46.4 million to R18.8 million.

**Normalised earnings per share**
decreased by
**33%**
from 42.66 cents to 28.38 cents.

**German acquisition,**
**Kuhne electronic, was successfully**
concluded on 1 July 2022.

| | Jun-22 | Jun-21 | Jun-20 | Jun-19 | Jun-18 |
|---|---|---|---|---|---|
| Revenue (R'000) | 353 013 | 328 305 | 242 753 | 245 184 | 187 075 |
| Operating EBITDA (R'000) | 48 003 | 70 979 | 50 551 | 61 156 | 47 895 |
| Trading Operating Profit (R'000) | 22 321 | 57 498 | 39 535 | 54 125 | 42 722 |
| Profit after tax (R'000) | 18 798 | 46 410 | 30 985 | 41 081 | 32 919 |
| **Total Assets (R'000)** | **384 137** | **261 425** | **283 388** | **218 395** | **155 626** |
| Cash holdings (R'000) | *35 834 | 93 177 | 110 268 | 41 836 | 51 679 |
| HEPS (cents) | 22.36 | 38.76 | 25.89 | 34.29 | 28.35 |
| EPS (cents) | 15.15 | 38.73 | 25.88 | 34.29 | 28.35 |
| NAV per share (cents) | 213.22 | 214.58 | 185.27 | 137.87 | 100.18 |
| Tangible NAV per share (cents) | 155.78 | 142.54 | 130.93 | 89.48 | 66.28 |
| Actual number of shares in issue (less treasury shares) | 126 945 634 | 121 830 957 | 119 346 231 | 119 810 497 | 116 116 771 |
| Number of employees at year end | 175 | 174 | 129 | 138 | 119 |

* The balance of the cash as at 30 June 2022 was lower due to a R27 million prepayment that was made to the sellers of Kuhne electronic.

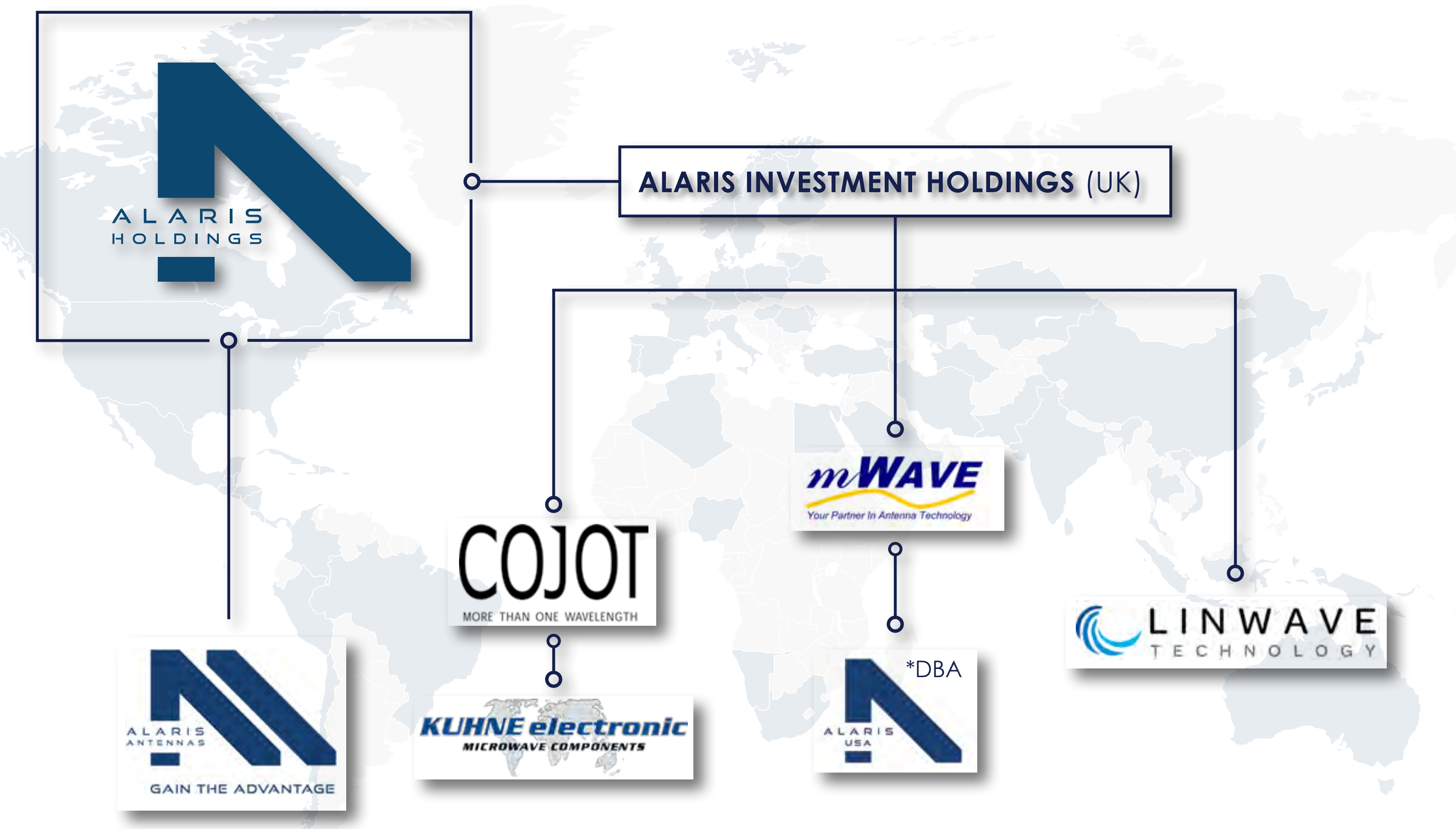
Refer to note 12 in the financial statements

# HIGHLIGHTS (CONTINUED)

## CONSOLIDATED VALUE-ADDED STATEMENT

| R'000 | June 2022 | June 2021 | June 2020 | June 2019 | June 2018 |
|---|---|---|---|---|---|
| Revenue | 353 013 | 328 305 | 242 753 | 245 184 | 187 075 |
| Net cost of raw materials, goods and services | (133 365) | (110 106) | (79 876) | (77 871) | (53 589) |
| Wealth created by trading operations | 219 648 | 218 199 | 162 877 | 167 313 | 133 486 |
| Other income | 3 320 | 6 921 | 1 689 | 1 111 | 738 |
| Finance income | 439 | 1 133 | 1 802 | 430 | 380 |
| **Total value created** | **223 407** | **226 253** | **166 368** | **168 854** | **134 604** |
| **Distributed as follows** | | | | | |
| Employees | | | | | |
| Salaries and other employee benefits | 151 555 | 131 491 | 108 858 | 95 295 | 76 502 |
| Providers of capital | | | | | |
| Finance cost | 898 | 760 | 558 | 174 | 392 |
| Providers of services | | | | | |
| General operating expenses | 32 350 | 23 728 | 5 157 | 11 975 | 9 827 |
| Government | | | | | |
| Income taxes | 3 064 | 11 461 | 9 794 | 13 300 | 9 791 |
| Retained for growth | 35 540 | 59 890 | 42 001 | 48 110 | 38 092 |
| Amortisation of intangible assets | 6 496 | 5 584 | 4 886 | 4 280 | 2 731 |
| Depreciation on property, plant and equipment | 4 673 | 3 372 | 3 216 | 2 749 | 2 442 |
| Depreciation on right-of-use asset | 5 573 | 4 524 | 2 914 | – | – |
| Net profit after dividend | 18 798 | 46 410 | 30 985 | 41 081 | 32 919 |
| | **223 407** | **227 330** | **166 368** | **168 854** | **134 604** |

## GROUP ORGANOGRAM AND MAP




*Note: Kuhne electronic was acquired with effective date 1 July 2022. Reporting to be included in the financial year 2023 report. The above organogram reflects the Group structure going forward.*


COJOT
MORE THAN ONE WAVELENGTH
ED BEAM
NAS
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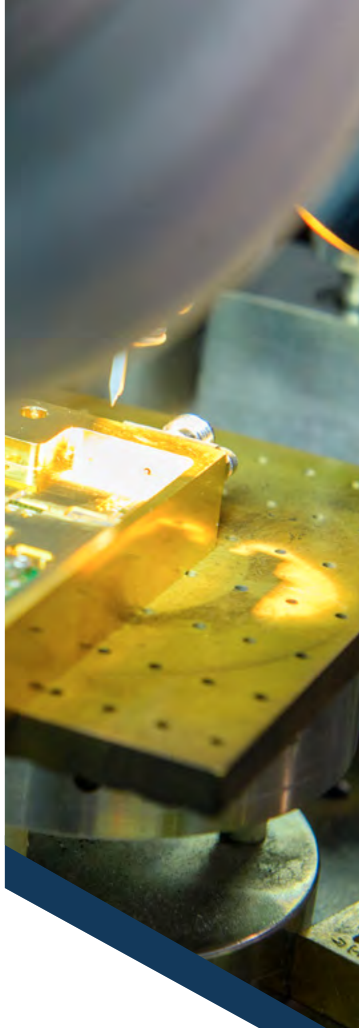
tworks.

# THE GROUP AT A GLANCE

The Group is divided into the following segments and the key focus areas are defined as:



### ALARIS HOLDINGS AND CORPORATE SERVICES

Technology holding company that invests horizontally to exploit its knowledge in terms of:

- Offering products (sometimes with services)
- Focus on system houses and operators
- Focus on client intimacy
- Technology innovation to stay ahead of market and support clients, thereby providing its clients a competitive edge.

The foreign subsidiaries are 100% owned by Alaris Investment Holdings UK Limited which is also reported on under this segment.

### ALARIS ANTENNAS

- Specialist in complex Direction Finding and monitoring antennas and subsystems (land, naval and manpack), wide frequency band and high power antennas
- Maintains ownership of intellectual property
- Has a customer centric approach, with excellent service through immediate response
- Provides customer solutions through innovative bespoke product design
- Provides competent technical advice by understanding our clients' requirements

### COJOT

- Provide customer solutions through innovative product design
- Owns intellectual property
- Provide competent technical advice by understanding our clients' needs
- High quality of products designed for outsource manufacturing
- Excellent service through rapid response

### ALARIS USA

- Provide competent technical advice by understanding clients' needs
- Excellent service through rapid response
- Wide product offering with flexibility to customer needs
- Provide customer solutions through partnership with Linwave, COJOT and Alaris Antennas

### mWAVE

- Designs, manufactures and tests a wide range of standard and custom microwave antenna products for commercial, government and defence applications.
- Specialises in parabolic grid antennas, solid parabolic antennas and high performance, millimetre wave and wide band feed assemblies
- Covers 100 MHz to 110 GHz frequency range with wide product line
- Maintains ownership of intellectual property
- Owns and operates outdoor and indoor antenna test ranges, which are used to support new antenna development & for production verification
- Offers third party testing for clients

### LINWAVE

- Specialist in Microwave Frequency Modules for harsh environments
- Owns IP
- Provides custom solutions for bespoke customer applications
- Product range from die level to sub system
- Supports wide market scope from Defence, Healthcare, Marine, Industrial and Avionics in frequencies up to 100GHz
- Often employed as an extension to the customer's design team with benefits realised from concurrent Engineering and a good Engineer-to-Engineer design relationship

# GROUP OVERVIEW

**ALARIS HOLDINGS LTD**

Uniquely positioned for growth across all the subsidiaries, the Group is built on a solid foundation of four key strategies:

| | | | |
|---|---|---|---|
| **Extensive expertise in RF products,** | **Owning and continuously developing intellectual property,** | **The design of antenna and RF system solutions and** | **The global footprint of its subsidiaries and the global application of its products.** |

Global expansion allows for enhanced product and service offerings, based on an extended knowledge spectrum across the subsidiaries. Not only do the Group's customers benefit from access to highly skilled engineers across the globe, but the companies are uniquely positioned to serve as trusted advisors in providing customers with technologically advanced, customised solutions.

The companies in the Group remain strongly focused on research and development, holding invaluable, exploitable patented technologies that can be monetised into the future. Cross-selling opportunities and processes are in place to further capitalise on synergies between the subsidiaries.

The Head Office, through its various roles, provides support and services to the companies in the Group, ensuring alignment and strategic focus on goals and specific identified objectives and key results (OKR's).

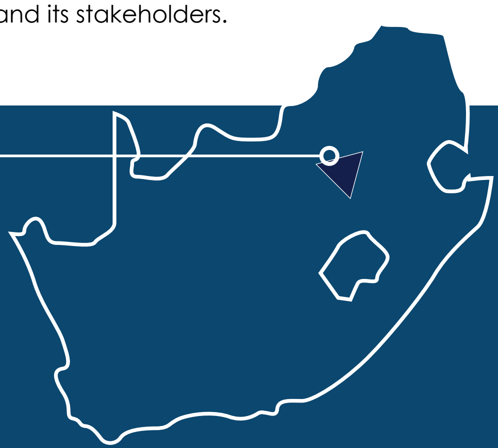
The design and development of new products based on the uniquely combined skill sets of the Group provide an opportunity to reach into untapped market segments where this expertise can be leveraged. With client-centricity and the creation of bespoke solutions as a fundamental organisational value, the focus is on core deliverables required by the client. This results in the provision of competitive features and enables increased performance for end users. A technological edge is achieved through relentless commitment, product innovation and excellent service.

The Group's global strategy remains one of international expansion, aligned to the move into antenna system solutions and a stronger focus on RF / microwave electronics, thereby extending the range and competitiveness of our offerings to our customers. By diversifying into different territories and entering new market segments, the management team's focus is to ensure ongoing profitable organic and acquisitive growth for the Alaris Holdings Group and its stakeholders.

**Location:**

The corporate offices for Alaris Holdings are located in the Gauteng province of South Africa.

1 Travertine Ave
N1 Business Park
Centurion
0157
South Africa



In order to ensure close proximity to our clients, the subsidiaries in the Group have numerous business partners based around the world. The companies supply system houses with specialised antennas. This is primarily through systems integrators and manufacturers who use custom-designed antennas as part of their product offering, and these constitute a valuable and sustainable sales channel.

COJOT outsources its manufacturing to companies in Finland and Estonia, while Alaris Antennas, Linwave and mWAVE manufacture at their premises in Gauteng, South Africa, Lincoln, UK and Windham, USA respectively. Alaris USA sources its products through the subsidiaries.

## OVERVIEW OF THE YEAR

The **Alaris Holdings Group** is still standing strong amidst global turmoil and world-wide economic pressures during this past financial year. Although the entity reported an increase in revenue by 8% from R328.3 million to R353.0 million, profit after tax ("PAT") decreased by 59% from R46.4 million to R18.8 million and normalised earnings per share also decreased by 33% from 42.66 cents to 28.38 cents.

Financial year 2022 will be remembered as one of the most challenging periods for the Alaris Holdings Group. Similar to economic pressures that have been experienced worldwide, all subsidiaries in the Group felt the aftermath of COVID-19, the impact of the component shortages and the price increases on raw materials during the period in review. In addition, projects were delayed and moved out to the new financial period, which added to declines in this past year. Considering the impact of all these external influences and the downturn in the USA entities which absorbed the group profits, Alaris Holdings still had a reasonable year.

A landmark change took place in February 2022, when Alaris Holdings delisted from the JSE. After the shareholders voted in favour of this action on 21 December 2021, the process was concluded on the 14th of February. The executive team and the board remain committed to rigorous financial control in the best interests of all stakeholders.

Linwave Technology has been part of the Group since 26 February 2021 and a full year's contribution is reflecting in the financial results. During the past year, operational activities have been aligned effectively with the Group and various successes have been achieved. Cross-subsidiary cooperation is at a healthy and productive level, with some of the products being integrated into various designs. The team's extensive capabilities in the RF/microwave electronics space is of significant value to the Group, given the strategic path towards added complexity and the integration of electronics, the entity embarked upon.

Another momentous event that took place in the reporting period was the successful conclusion of the Kuhne electronic acquisition, with effective date 1 July 2022. Reporting on this entity will therefore be included in the 2023 financial period. Kuhne electronic, founded in 1994 and based in Berg, Bavaria, Germany, is an RF and Microwave electronics engineering company, which develops, manufactures, and sells products / components into the healthcare, industrial, radio amateur and defence market segments. It has an in-house design and development team and a manufacturing department capable of supporting both prototype product build and medium scale batch manufacture. This includes a pick and place capability. With the acquisition of Kuhne electronic to the ALH Group of companies, it will advance the entity's drive to become even more subsystem oriented.

During this year, substantial time and focus was allocated to innovation and new product development based on the strategic product roadmaps that were constructed in the previous year. The Innovation Fund which was established at Group level with the support from the Board, generated significant progress in the design of new products. The development of more complex products places the Group in an ideal position to move up in the value chain. In addition, these activities are core to keep up with the trends, to provide leading edge technology to the Group's customers and to grow the diversification of product types.

Sustainable organic growth will remain a strategic priority for the Group, with operational activities continuously being aligned as the Group expands. New product developments and applications assist in this objective as new market areas are opening up.

The Group's strategy of expanding territories and markets has allowed for an enhanced product and service offering to its customers, who have benefitted from access to highly skilled engineers across the globe, providing customers with world-class customised solutions.

**Prospects**

The four key strategies identified by the Group remain a solid foundation for expansion in the envisioned future. With these core drivers, the Group is therefore well positioned for growth:

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

**The Group**

Due to the impact of the volatile global economic market on the Group and all its subsidiaries this year, organic growth will receive priority focus across all levels and entities. A number of key actions have been put in place to encourage this objective for the period ahead, since sustainable growth remains core to the business plan. Specific emphasis will be placed on increasing business development opportunities at mWAVE and converting those into orders, thereby bringing profits back on track. As a major part of the global electronic warfare market is in the USA, every effort will be made to capitalise on these opportunities through our presence in this territory. A number of strategic actions are considered for further implementation and to streamline operations at mWAVE.

Through the established Innovation Fund at Group level, continued emphasis will be placed on innovation, research and new product developments to drive the company's technical strategy to move up in the value chain and towards antenna systems and new markets. All companies will continue with this effort and building on their specific core competencies, thereby enhancing their product offerings in new market segments and applications.

The acquisition of Kuhne electronic was concluded and control was taken over on 1 July 2022. One of the focus areas for the new financial year will be on integrating Kuhne electronic fully into the Group and maximising synergies between this entity and Linwave.

The business development teams are engaging with customers more frequently through in-person meetings and will be attending many more trade shows and exhibitions. The ability to provide competent technical advice by a highly skilled engineering team and understanding its clients' requirements, has enabled the entities to act as trusted advisors to their customers in the field of antenna systems. An uptick in activities has already been experienced towards the end of FY22, and the teams are looking forward to increase customer engagements, thereby living the Group's core value of customer centricity and the strategy of interacting with their clients early on in the project cycle.

Despite the delisting from the JSE, the strategy of international expansion remains. Therefore, the teams in the various entities will progressively engage in business opportunities which will bolster the Group's foothold in strategic territories and markets. With the addition of Kuhne electronic, based in Germany, it strengthens Alaris Holdings' presence in Europe even more, and positions the Group with closer proximity to its customers.

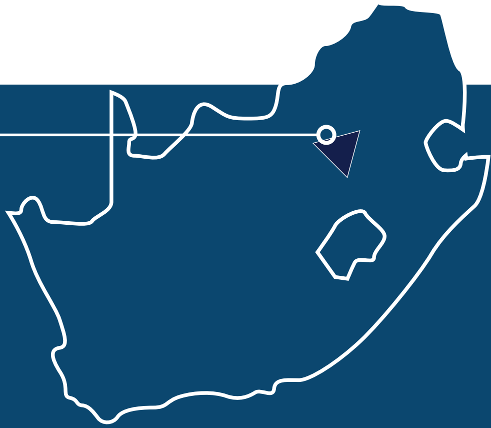
Although a step back was enforced by the volatile economic conditions during the concluded period, the executive team remains positive about the future of the Group. The increase in its advanced technological designs and complexity of the products, the significant presence in expanded territories, the diversification of product offerings and additional market segments provide an ideal platform for a lucrative future. The combination of the mentioned strategies, driven by a dynamic workforce, should bring the financial performance back on track in the period ahead.

ALARIS ANTENNAS

GAIN THE ADVANTAGE

**Location**

1 Travertine Ave
N1 Business Park
Centurion
0157
South Africa



## OVERVIEW OF THE YEAR

Financial Year 2022 has been challenging. The company started the year with a lower open order book compared to the previous year.

Taking our long sales cycles into account, Alaris Antennas has seen the impact of the COVID-19 pandemic more prevalently during this past year owing to the slowdown in decision-making processes by our customers and the inability to meet with our customers face-to-face. Certain opportunities were also placed on hold due to funding being diverted to the Ukrainian war situation.

The order intake during the year remained much slower than anticipated, with opportunities deferring later into the year or even into the new year. The sales activities and market interest has shown an uptick in the last quarter of the year.

Total revenue decreased by 12% from R167.2 million to R147.1 million and PAT decreased by 21% from R36.2 million to R28.7 million. The revenue includes sales to fellow subsidiaries that are eliminated on consolidation. Although revenue declined by 12%, good margins were reported, and therefore a healthy PAT was reported for the year.

Based on the sales outlook at the start of the year, the management team made some very bold decisions to start manufacturing large orders on risk, ensuring timely delivery of orders to customers still within this financial year. This allowed the company to buffer in some way the impact of the component shortages, supplier challenges, positive COVID tests of employees and electricity shortages. Due to this, costs were incurred upfront, impacting the entity's cash resources negatively.

Fortunately, COVID restrictions became a thing of the past and travel bans were lifted, which resulted in the business development team being able to visit customers in person again and to attend exhibitions. The team is excited about opportunities unlocked, which should have a positive impact in the new year.

The collaboration and support between the subsidiaries is proving to be successful, providing a wider variety of world-class solutions to customers and enabling entry into new markets.

During the year, innovative products were designed by the R&D team, which were done in line with the company's strategic product roadmaps. Alaris Holdings allocated internal development funding for a product to service the ITU (International Telecommunication Union) market. This product was successfully designed and Alaris Antennas worked closely with one of its customers to ensure the development meets market expectations. Delivery of the first prototypes has taken place.

Given the circumstances of this year, the results are viewed as solid and are an indication of effective teamwork, dedication and persistence.

**Location:**

Päivänkakkarantie 10
02270 Espoo
Finland

## OVERVIEW OF THE YEAR

**COJOT** experienced a tough year with revenue staying stable in foreign currency but decreasing in South African Rand by 7% from R84.9 million to R78.8 million and a decrease of 7.5% in PAT from R17.3 million to R16.0 million. COVID-19 still impacted customer decision-making resulting in a few projects being delayed. The worldwide shortage of components delayed some large deliveries. Due to the war in Ukraine, raw material and component prices continued rising and the lead time for materials increased. Fair price increases for COJOT products were introduced during the year to balance the impact of worldwide inflation and price increases on the company.

Years of design, development and manufacturing expertise have enabled the company to offer reliable and durable antenna equipment in some of the world's most demanding environments. Like Alaris Antennas, COJOT has a strong client centric approach. It makes use of a direct sales team and selected channel partners to build its order book. Travel to visit European-based customers in-person and to attend exhibitions has commenced again after all travel bans were lifted. The consequent movement in opportunities shows that this is critical for growth.

A variety of switched beam antenna (SBA) sales projects were successfully finalised during the year. Alaris Holdings additionally allocated internal development funds towards enhancing the SBA's technological offering even more. This initiative, which significantly enhances the performance of SBA products in certain use cases, has already attracted the interest of a significant existing customer and a large order is imminent, thanks to the investment funding deployed.

Order backlog for the FY23 is at a healthy level and the outlook for growth in this field remains encouraging. The MIDAS range and smart antenna product line are set to provide a unique competitive edge to the company's customers and will contribute to the organic growth of the Group.

**Location:**

33R Main Street, Unit 1,
Windham,
ME 04062
USA

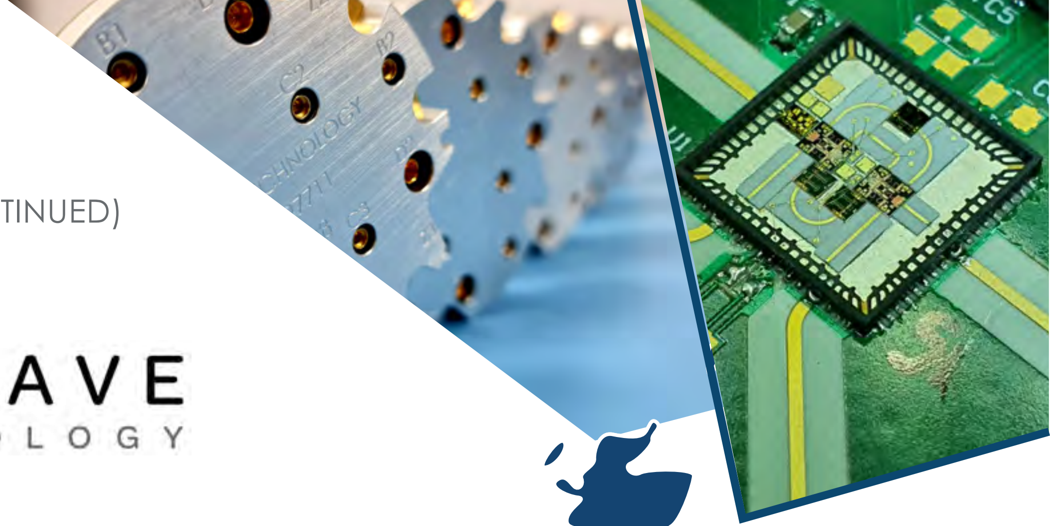
## OVERVIEW OF THE YEAR: mWAVE

**mWAVE** had disappointing results with a decrease in revenue of 37% from R111.9 million to R70.5 million and a loss of R2.7 million versus a profit of R7.0 million in the prior financial year. It was a tough year and closing orders continued to be challenging. The drop in profit is a result of the revenue decline during this year, especially relating to a large decrease in sales for the customised products. As a mitigating effort, expenses were cut during the year to ensure as little as possible losses. The Company received forgiveness of the PPP (Paycheck Protection Program) loan of R4.3 million in the previous year. The PPP was established as part of the *Coronavirus Aid, Relief and Economic Security Act*, providing loans to qualifying businesses in the USA. Profitability can return with an increase in revenue. Expense mitigations continue to be implemented to help the company get through this difficult period.

Profits can be increased at this point by increasing volumes and focusing on customised, as well as product sales. The Company is working to provide systems including positioners and radomes as well as additional electronics on some of the larger proposals, by leveraging the engineering and manufacturing capacity of mWAVE. The sales team is actively engaging with customers and are focused on growing the order book to provide the steady base needed to capitalize on the manufacturing assets and experience that mWAVE has.

## OVERVIEW OF THE YEAR: Alaris USA

The sales at **Alaris USA** decreased by 40% from R70 million to R38 million. The growth of the Alaris USA division of mWAVE will play a key role in increasing the exposure of Alaris Antennas, COJOT, and now Linwave products into the North American region. A decrease in sales at Alaris USA will negatively impact the other companies in the Group. During the year Alaris USA struggled to receive orders from customers in the USA as a result of delayed decision making from its customers, due to a side-effect of COVID. Of all the countries in which the Group is operating in, the USA was one of the last countries to progress with decision making and movement in projects, to placing orders. Towards the end of June, activities started picking up and Alaris USA observed more opportunities coming through from customers, even those that we were in the pipeline before COVID already. It is encouraging to note that Alaris USA is starting to see traction again.



LINWAVE TECHNOLOGY

**Location:**

Marlin Building,
4 Sadler Rd,
Lincoln LN6 3RS,
United Kingdom

## OVERVIEW OF THE YEAR

**Linwave's** business landscape has continued to undergo significant change since becoming part of Alaris Holdings Ltd at the end of February 2021. Following this acquisition, Linwave has been focussed on driving through improvements that were previously underway and incorporating the views and inputs from the wider subsidiary Group. It has also responded to significant global supply chain disruptions and the impact that these have had on its customer base.

For the financial year ending in June 2022, Linwave reported an increase in revenue of 167% from R36.6 million to R97.7 million and an increase in PAT of 66% from R5.9 million to R9.8 million. Linwave was included for 12 months in the current year compared to 4 months in the prior year. The profits include Government funded Research and Development tax credits based on the work undertaken on site. In addition, Linwave secured a forward order-book of 90% of its budget for financial year 2022/2023, with further orders for subsequent years. This represents a significant increase in forward order intake and results in a healthy start to the new financial year for the business.

One of the main strategic changes since becoming part of the Alaris Group, was to transition from a project-based to a product-based supplier. Traditionally, Linwave has developed customer specific solutions which has limited the level of market penetration it could achieve. The company is working towards a broader range of product variants off the back of its successful development projects, thereby providing an increased product portfolio and solutions to a wider customer base. Linwave has had significant success in this area winning new development and production contracts for its Block Up Converter (BUC) products in the US for very large customers.

The newly created Product Manager roles have started to support the company's goal to promote the breadth of its product range and are currently involved in generating a range of product brochures to promote this capability to a wider audience. The change in the business model will assist in driving future business opportunities to the company, and by association, to the Group.

A second significant strategic project focused on the profitability of the business and specifically the margins of individual products. This project has already identified some significant improvements which have been implemented to the cost template used when bidding for new work. In addition, a pre-bid review board has been introduced to improve the visibility throughout the business of work Linwave is currently bidding for, as well as ensuring that the prices quoted are in line with our profit targets. Linwave is also moving to the Group standard business ERP system which will assist the company to identify the cost build up in much greater detail, and to attribute it to the correct product types rather than applying a standard across all products. The "Go-Live" date for transitioning to Business Central is 1st October 2022.

Linwave has to date completed two new design and development contracts for Group subsidiaries: one for Alaris Antennas (SA) and one for COJOT (Finland). Innovation funding from Alaris Holdings was allocated to Linwave to fund its high precision oscillator design update, and work will continue on this throughout the new financial year. Strategic technology roadmaps in three key areas have been finalised with the support of the Group CTO. These will guide efforts of the team to reach specific organic growth targets.


# GOVERNANCE

# MODERATING OUR BEHAVIOUR

**ETHICS**

Alaris has always employed a multi-cultural employee team and engaged with customers and suppliers from a variety of cultures. Alaris considers racism, sexism, and other forms of discrimination entirely unacceptable. This is communicated via our Company policies and culture. Management ensures prompt reaction to eliminate any contradictory behaviour.

The Board constantly considers the short- and long-term impacts of the Group's strategy on the economy, society and the environment. Where possible our products are designed to ensure that the natural environment is not compromised.

All employees of the Group are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner, which in all circumstances, is above reproach. The responsibility of the Social and Ethics Committee is to ensure that Alaris and its employees act in a responsible manner to be a good corporate citizen. Strict codes of conduct are in place to ensure that an honest and credible working environment is created and sustained.

Executive directors of the Group and its subsidiaries are required to make an annual written declaration that they are not aware of any corruption or bribery that transpired in the day-to-day operations of the Group.

Employees are regularly reminded that any suspicions of fraud, corruption or unethical behaviour can be reported on an anonymous basis if required to the chairman of the Board or the chairman of the Audit & Risk Committee. Such concerns can also be reported to the Group CEO and Group CFO.

The impact of Alaris' decisions on internal and external stakeholders is monitored on a constant basis and feedback is investigated and resolved where possible.

**REMUNERATION**

The Group's remuneration policy is in-line with Alaris' values and objectives. Target incentives, which are recommended by the Remuneration Committee to the Board for approval, are in place to ensure that exceptional employees are rewarded for their efforts in a controlled and authorised manner.

The long-term portion of the remuneration policy is addressed via the Share Incentive Trust where share options were allocated to certain senior employees as a mechanism to align their interests with shareholders whilst retaining their services.

**GOVERNANCE**

The Group is committed to on-going and effective communication with stakeholders. It subscribes to a policy of sound corporate governance and open and timeous communication in line with the JSE Listings Requirements.

**RISK**

The Board is ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, it has delegated various functions to the Audit & Risk Committee which amongst other things sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner.

Risks are assessed on an on-going basis by management and any significant changes are discussed. Pre-emptive decisions are taken when risks are identified to minimise the impact of these risk factors on the economic, social and environmental responsibilities of Alaris.

## MATERIAL RISKS IN THE GROUP

| Risk | Context | Mitigating actions |
|---|---|---|
| **Limited organic growth** | Global economic volatility impacted organic growth across all subsidiaries.<br>Projects were delayed and moved into the new FY. | • Maintain focus on financial fundamentals (increase profits and EPS)<br>• Enforce strategic growth plans<br>• Continue diversification of product offerings and additional market segments |
| **Scarce skills** | RF engineers worldwide are a scarce skill. Engineers with RF expertise are even more scarce in South Africa due to skilled engineers emigrating from South Africa. | • Build a pipeline of good engineers through activities like vacation work, bursaries and learnerships to feed engineering talent pipeline from the bottom up<br>• Create opportunities for engineers in South Africa at fellow subsidiaries to keep valuable employees in the Group |
| **Unstable economic conditions in South Africa** | Doing business in South Africa is difficult and becomes commercially unviable [Exchange rate volatility, shrinking supply chain, lack of growth in the country, brain drain and electricity supply/ infrastructure; limited business in SA] | • Expand further on international opportunities<br>• Maintain/increase export revenue<br>• Consider foreign outsource options<br>• Investigate feasible BBBEE options |
| **Impact of COVID-19 pandemic** | Impact of the pandemic resulted in volatile economic markets and delayed projects.<br>Worldwide shortage of components and inflation of raw material due to the ongoing pandemic. | • Business development teams are conducting in-person meetings again, as well as attending exhibitions.<br>• With the global footprint of the Group, it is easier to reach closer proximity to customers.<br>• Robust operational plans are in place to mitigate risks caused by the impact of the shortages. |
| **War between Russia and Ukraine** | Triggers a disaster recovery plan for all companies<br>• Access by the Group to Intellectual Property<br>• Access of financial information<br>• Human resources –how the company will operate with the resources available<br>• Manufacturing – how this will be done? | • Working on a disaster recovering plan for major disasters (like war) to get access of all the IP and cash.<br>• Price increases will be given through to customers on the price increases we see. |
| **Lumpy nature of business** | Lumpy nature of underlying business threatens consistent growth on increased base. | • Actively drive & monitor rolling order forecast<br>• Add more companies into the structure to diversify risk and add higher volume<br>• Increase business development capability/ capacity.<br>• Project the order intake on a quarterly basis instead of twice a year and plan the load management actively on a monthly basis |

# CHAIRMAN'S REVIEW 2022

The board's decision to de-list Alaris from the South African AltX became a reality in 2022, propelling the company onto a new path towards becoming a truly international enterprise. Our executive teams deserve credit for successfully achieving this goal on top of their normal duties of managing the business.

Two compelling factors influenced this decision. Customer intimacy is engrained in our approach, and since roughly ninety percent of our revenue is generated outside of South Africa, we need to be in closer proximity to our markets. The delisting will ultimately lead to a new international location of our Holdings company. In addition, an unfortunate reality of the South African listed environment emerged over the last decade, namely that it is not particularly appreciative of technology-based companies. We thus need to move to an environment where we can raise future acquisition capital at improved valuation premiums in the medium term.

"Normal" is hardly the appropriate word to use in business today. Over and above the challenges that COVID brought a year earlier, and which still prevails through the new paradigm of work-from-home in its various configurations, severe logistic supply chain challenges emerged amidst worldwide electronic component shortages, impacting margins and order completion. In addition, South Africa experienced socially disruptive riots in July 2021. And then, just as we thought that the world was returning to a manageable steady state, a tragic war erupted in the Ukraine, causing further economic uncertainty and political turmoil.

All of this would not leave our organic growth plans unscathed. Growing revenue in an environment of limited face-to-face contact with new client prospects poses immense challenges to a business that is built on the paradigm of customer intimacy and trusting relationships. With the normalization of international travel, our well-tested approach should regain its effectiveness. For this reason, there will be a renewed emphasis on marketing and sales in the coming year. A previous colleague of mine used to say, "nothing in business happens until a sale is made," and this certainly remains true today.

Against this background, we take heart from the moderate revenue growth achieved in 2022. This, coupled with the continued increase in our rolling order forecast, confirm the continued demand for our products and services. Unfortunately, EBITDA came under pressure. Whilst the turmoil in our external environment certainly attributed to this, we also identified areas of internal improvement and management is in the process of implementing appropriate change initiatives.

A highlight of the year was our progress in the pro-active development of innovative technology-lead products as part of a board initiative under the guidance of the Technology Committee. I had the privilege of attending these meetings and was awed at the depth and width of the technology know-how we have at our disposal in the group. The enthusiasm and sharing of knowledge between our engineers were most inspiring. This initiative is bound to deliver an array of new products soon.

We would like to extend a hearty welcome to Kuhne Electronic joining our group of companies following the conclusion of the recent acquisition. This is our first permanent footprint in Germany and will certainly enhance our plans in Europe. The acquisition is in line with our strategy to extend our technology portfolio and to enter the healthcare applications market segment. Exploration of synergies between Linwave and Kuhne holds exciting prospects. The solid performance of our two core antenna technology companies, Cojot and Alaris, continues to provide a platform from which we will grow our systems capabilities as well as our diversification drive into adjacent markets like telecommunications and industrial applications. Our progress in the large USA market remains slow and will receive focused attention in the coming months. It remains vitally important for Alaris to develop solid traction in this market.

## Chairman's Report 2022 (continued)

We have a clear and compelling strategy guiding us along our new growth path. It is underpinned by talented and engaged employees. Our governance structures are effective and appropriate. We have a solid and growing technology base. We offer our clients world-class products in markets that are growing at a steady pace. Our smaller shareholder base is fully aligned to our goals. Thus, the future is indeed ours to explore and enjoy. We are indeed well positioned to realize our ambitions.

The Alaris Holdings board remains a source of wisdom and leadership to me along this journey. The boards of our subsidiaries provide us with the confidence that we will deliver on our strategy.

I thank all executives, fellow directors and employees for their commitment and diligent efforts during a challenging year.

I proudly invite you to read about our progress towards our new future as captured in this year's report.

**Coen Bester**
Chairman

Alaris Holdings Limited

# CEO'S REVIEW

For the entire Group and its subsidiaries, financial year 2022 can be summed up as a disruptive year. The impact of a volatile economic market was felt across the Group during the entire period. Various obstacles in the form of the aftermath of the pandemic, inflation, component shortages and price increases on raw material influenced a variety of aspects in the industry and markets in which Alaris is operating. In addition, projects were delayed and moved out to the new financial year.

Fortunately the year has not only brought doom and gloom, but significant milestones were also achieved during the period in review. In February, ALH delisted from the JSE with the intent to relist on an international platform in future. As per the acquisitive growth strategy which has been shared over the past 18 months, we were able to extend our global footprint, with the acquisition of Kuhne electronic in Germany. These topics will be addressed in a bit more detail further down in the report.

Geopolitical instability and negative spillovers from the war in Ukraine, had a significant impact on growth in major markets. According to the International Monetary Fund, the baseline forecast for growth globally is slowing down from 6.1% in 2021 to 3.2% in 2022. This has certainly manifested itself also in the markets in which the Alaris Holdings subsidiaries are operating.

As a result of the geopolitical instability, various countries, especially in Europe, have increased their defence spending. This is viewed as considerable opportunity for the Group and Alaris is well-positioned to provide technologically advanced products to address the needs and provide solutions to concerns countries have.

The pandemic did not only have an economic impact, but brought a different concept into play as well - that of staff placing more value on their work-life balance and benefits that can be offered by employers which suite their lifestyle, also being referred to as "The Great Resignation". This trend had an impact on the Group as well in terms of hiring specialised resources, which is becoming more difficult, as the competition increases globally.

With most of the Covid regulations being something of the past, international travel is again possible for the business development teams. More frequent in-person meetings are already taking place and they will be attending many more trade shows and exhibitions in the period ahead. An uptick in sales activities and opportunities has been noted towards the end of FY22 and all are looking forward to an increase in customer engagements, thereby living the Group's core value of customer centricity and the strategy of interacting with their clients early on in the project cycle.

Considering all the challenges mentioned above, the Group still had a reasonable year, if it wouldn't have been for the collapse of our US entities. Every effort will be made to turn these entities around. Looking forward, first indications are that Alaris USA, as a division of mWAVE, has a good start to the new financial year 2023.

**ACQUISITIONS**

The acquisition of Kuhne electronic, based in Berg, Bavaria, Germany, is seen as the biggest event for the ALH Group this year. With this transaction, the Group has established a valuable base in Europe, which supports the intent to expand its worldwide footprint, bringing us in closer proximity to our clients.

As part of the strategic technical roadmap outlined for the Group, Alaris has set out to complement the Group with strong RF/Microwave electronics design and RF assembly capabilities. The acquisition of Kuhne electronics is complimentary to Linwave Technology. A share purchase agreement was signed in Munich on Tuesday, 28th of June, with the closing date of the transaction being 30th of June 2022.

There are significant synergies between Linwave and Kuhne including complementary product ranges, supply chain diversification and production capabilities, which provide undoubtedly valuable advantages to the Group and our strategic roadmaps.

We are proud and excited about this transaction because we believe that another vital building block has been added for the strategic future of the Group. Both Linwave and Kuhne add the required RF/Microwave skills and expertise to the Group, which will assist us moving deeper into subsystems and eventually towards antenna systems.

## INNOVATION

Our ability to provide competent technical advice by a highly skilled engineering team and understanding our clients' requirements, has enabled the entities to act as trusted advisors to their customers in the field of antenna systems.

During this year, substantial time and focus was allocated to innovation and new product development based on the strategic product roadmaps that were constructed in the previous year. The Innovation Fund which was established at Group level with the support from the Board, generated significant progress in the design of new products. It provides a sense of pride and excitement to notice what can be achieved by the highly skilled teams in the Group. The development of more complex products places the Group in an ideal position to move up in the value chain. In addition, these activities are core to keep up with the trends, to provide leading edge technology to the Group's customers and to grow the diversification of product types.

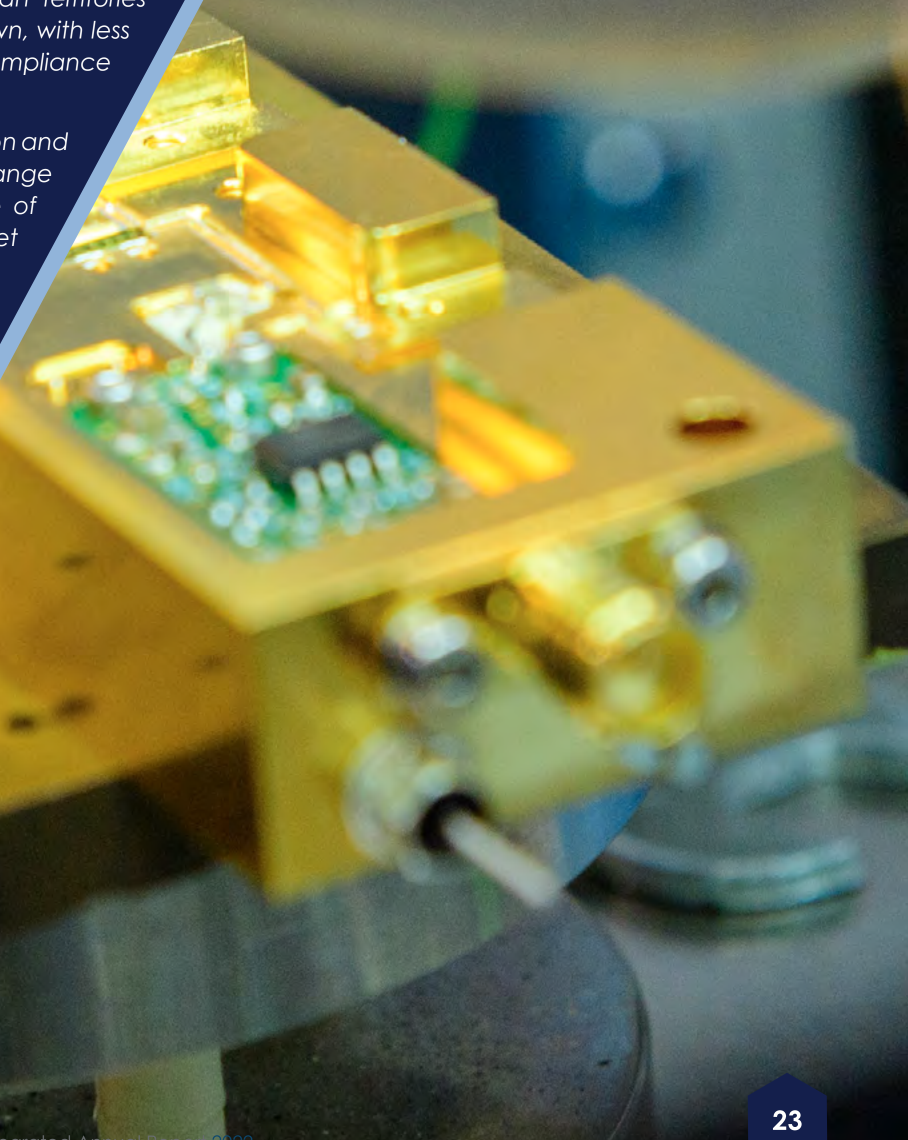
## DELISTING

After a listing period of 14 years on the JSE AltX, ALH delisted on 14 February 2022. The following aspects serve as a reminder of the rationale behind the delisting,

- *There has been limited benefit to Alaris for being listed on the JSE with regards to merger and acquisition activities.*
- *The ability to make acquisitions with equity is prohibitive due to the low valuation multiples Alaris receives as a listed entity on the JSE. We are often confronted with privately held companies in the European and American territories that demand a higher multiple than our own, with less corporate governance and financial compliance than we have.*
- *Alaris will continue its further global expansion and may seek a listing on an international exchange depending on the financial performance of the Company and the prevailing market conditions.*

The Executive Team and the Board remain committed to strict financial compliance and corporate governance will be maintained going forward. All subsidiaries are focused on organisational growth and no major changes are expected in day-to-day operations.

The intent is to relist on an international platform as soon as market conditions are favourable and it is in the best interest of all stakeholders.



## CEO'S REVIEW (CONTINUED)

### FINANCIALS

The ALH Group's revenue increased by 8% from R328.3 million to R353 million. Due to the beforementioned obstacles and challenges, the Group's profit declined by 59% from R46.4 million to R19.2 million. The headline earnings also decreased by 60% from 38.73 cents to 15.49 cents.

Detailed information on the results are provided in this report and by the CFO.

The financial results are a reflection of the challenging year the Group experienced. In the year ahead, substantial effort and time will be directed towards business development activities and growth in order to get the Group on track again.

### THE SUBSIDIARIES IN BRIEF

**Alaris Antennas** provides a diverse capability in antenna and antenna systems, with a strong focus on the defence segment. It is continuing to develop unique, innovative and world-class solutions in its core application areas of Radio Direction Finding (DF), Monitoring and Jamming antenna, and antenna subsystem products and solutions.

The financial results reflect a slight decrease in revenue by 12% from R167.2 million to R147.1 million, and at the same time the profit decreased by about 21% from R36.2 million to R28.7 million. Although the entity experienced a reduction in revenue and profit due to the obstacles experienced, it still remains the most profitable entity in the Group. Profit margins are under pressure, but these will receive focus in the new year.

A significant order received from a European customer provided an upside to a difficult year, characterised by a number of distractions like supply chain challenges, component shortages, resignations and instability of the infrastructure in South Africa.

On the positive side, the highly skilled Research and Development team produced newly developed products as per the planned roadmap and in conjunction with some of the customers, which is testimony to the strong partnerships with key clients.

**COJOT's** new SBA (Switch Beam Antenna Array) product range made good progress during FY 2022 and we are seeing good prospects for this smart antenna technology going forward.

The financial results were more consistent at COJOT, but they also experienced a slight decrease in revenue by 7% from R84.9 million to R78.8 million, and at the same time the profit decreased by 7.5% from R17.3 million to R16 million. It is evident that the company had a repeat outcome of the previous year, but an uptake is seen in the SBA space. We are excited to note this, and trust that this can take off and do extremely well in the new year.

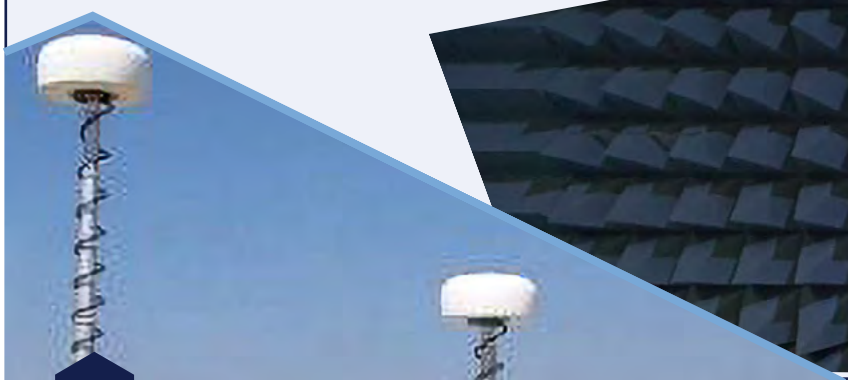
COJOT provides innovative and well-respected antenna solutions to the Counter-IED market. These antennas protect people and material from the devastating effects of improvised explosive devices triggered by radio signals and have worked to save lives in various conflicts over the last few years. COJOT additionally provides a range of antennas for military and specialised communications applications.

**mWAVE LLC** had a disappointing year and the closing of orders remains a challenge. As a major part of the global electronic warfare market is in the USA, every effort needs to be made to capitalise on these opportunities through our presence in this territory.

The financial results reflect a decline in revenue by 37% from R111.9 million to R70.5 million, and a loss of R2.7 million versus a profit of R7 million in the prior year.

Several projects have been moved out to the new financial year due to the realignment of budgets by some customers. Good opportunities are in the pipeline, however timing to close these, is of great essence. The increase in inflation and price increase on raw material had a negative impact on growth.

Profits can be increased by improving margins, increasing volume and focusing on customised product sales. This will receive focus in the coming year.



**Alaris USA LLC** also experienced an unsatisfactory year. The effect which Covid had on the economy, as well as the conflict between Russia and Ukraine, had a detrimental impact on the business with projects moving out.

This entity's competitive advantage lies in its ability to offer a broad range of specialised products through its partnerships, and with the support of the technical teams in Finland and South Africa, its capability to create and develop customised solutions for its customers.

Towards the end of the financial year an uptick in opportunities and sales activities for both Alaris Antennas and COJOT has been experienced. We are therefore hopeful that matters have turned towards the positive.

The management team is optimistic that this entity can bounce back to the 2021 year levels in the period ahead. It is our belief that the results of this current year are mainly due to the aftermath of Covid.

**Linwave Technology** had a phenomenal year and have a very solid open order book for the new year. Their greatest challenge was on execution due to supply chain challenges and the global shortage of components.

Linwave had an excellent growth in revenue, as well as profit levels in comparison to the previous period. The financial results reflect a growth in revenue by 167% from R36.6 million to R97.7 million, and at the same time the profit increased by 66% from R5.9 million to R9.8 million.

A project was launched during the year whereby the subsidiaries assisted one another in the sourcing of components. This made a significant difference in obtaining components and ensuring quality deliveries to our customers.

Based on successes already achieved in the first half of the year, more cross-subsidiary projects were launched and Linwave provided more products to all the other entities which were used in their own products. It is exciting to experience that the objective to bolster the Group's capabilities in RF/Microwave electronics technology, is already bringing value, not only to the Group, but also to our customers.

The Linwave team's extensive expertise and capabilities in this space is contributing to Alaris's ability to effectively extend the sophistication, range and competitiveness of its antenna system offerings.

## STRATEGY

The ALH Group strategy remains one for growth on two fronts – acquisitive and organic.

The recent financial year demonstrated once again the importance of Alaris operating globally given the volatility of economic markets, a disruptive supply chain and the shortage of components. As a client-centric organisation, it is essential to be close to our customers and partners in order to discuss bespoke solutions. Extending our global footprint therefore remains a top priority.

It is important to realise that modern warfare and security is consistently moving away from being human-based towards a machine-based environment. This trend is growing, and it enhances the need for microwave and RF systems to provide high-speed, high data rate secure links to control and operate devices like drones and other remote-controlled vehicles. On the flip side, countermeasures to prevent the use of these platforms are also becoming increasingly intelligent and also rely heavily on RF and microwave technology.

We are excited about the Group's position to address some of these requirements which will also assist us to move up in the value chain and into different markets and applications. The Executive team is excited about opportunities in the pipeline.

### THE YEAR AHEAD

Due to the impact of the volatile global economic market on the Group and all its subsidiaries this year, organic growth will receive priority focus across all levels and entities. A number of key actions have been put in place to encourage these objectives for the period ahead, since sustainable growth remains core to the business plan. Every effort will be coordinated to work towards growth and successful conversion of opportunities. Where a strong open order book exists, plans are in place to execute successfully and deliver orders to the customers in time.

Fostering the capability of RF/ Microwave electronic design and manufacturing will allow for diversification and will further secure the continued and sustainable growth of the subsidiaries in the Group. Linwave has been integrated successfully into operations during this year.

Activities to integrate the recently acquired Kuhne electronic into the Group have commenced and we are enthusiastic about the contribution that can be delivered by this entity. Given the strategy of the Group, we are confident that the highly skilled team and the territory in which it is located, will add tremendous value to all.

The role of the centre becomes increasingly important with the addition of more companies to the Group to ensure alignment and smooth operation. Therefore, it is important that certain functions like finance, marketing, technical innovation and human resources are managed from head office. One of the most important roles is that of strategic coordination and alignment across the subsidiaries, which is done through regular intervention and communication.

The Innovation Fund which was introduced last year, has proven to be successful. A number of projects were launched in line with the strategic technical roadmaps. These projects are done in conjunction with customers, which is a crucial step in the success of the development and launch of a new product. We are excited about the value these projects have added to our customers.

Cross-subsidiary projects have been launched successfully and are adding significant value to our customers, who receive the benefit of having access to a world-class team holding extensive knowledge and expertise in their field of RF and Microwave technology.

Synergies are being fostered and research and development activities are being fostered amongst the subsidiaries concerning product roadmaps and development to achieve our goals towards system developments.

The main focus of the ALH management remains to ensure profitable growth well north of inflation for all companies in the Alaris Holdings Group.

*Image by PRT Meymaneh_cc 2.*

### THANK YOU

A company is as strong as its people. It is therefore that I would like to extend my first thank you to the staff of the entire Group for their dedication, perseverance and commitment in a challenging year. At the end, we can look back and know that we have done what we could to ensure a stable outcome for each subsidiary and for the Alaris Holdings Group.

To all shareholders, I wish to extend a word of appreciation for your trust and commitment to Alaris. Various shareholder engagements have taken place during the year, providing valuable input and support to our strategy.

I would like to extend a heartfelt thank you to the members of the board for your unwavering commitment and a cohesive approach to the Group strategy and regular constructive interactions.

And last but certainly not least, to our customers worldwide - thank you for your confidence in the Alaris Group of companies, our people, our technologies, and our services. We seek to be your competent trusted advisors through our superior product offering.

As the Group CEO and with all information in mind, I remain confident the Alaris Group is destined for significant achievements and we are incredibly excited about the future. As a team, we look forward to the growth and opportunities that lie ahead.

**Jürgen Dresel**
Group CEO

Alaris Holdings Limited

# FINANCIAL DIRECTOR'S REVIEW


## "PERSEVERANCE IS NOT A LONG RACE; IT IS MANY SHORT RACES ONE AFTER THE OTHER." – WALTER ELLIOT

Managing in an ever-evolving business is a daily challenge. The word 'perseverance' is definitely a word which I have found myself becoming more familiar with over the past 3 years of being the Financial Director of Alaris Holdings Limited. With the aftermath of COVID-19, a new war breaking out, the largest inflation rates that the world has seen in a very long time, and the world-wide component shortages, overcoming the challenges we have faced during the past financial year required sure perseverance from all the managers in the Group.

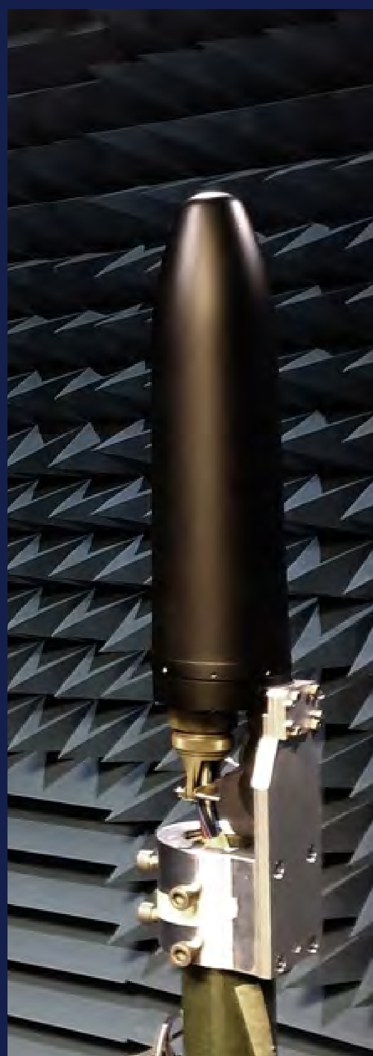
### OUR RESULTS

It has been a very difficult year and the results of Alaris Holdings Group are also mirroring the challenges that were faced during the year.

Revenue increased by 8% from R328.3 million to R353.0 million and PAT decreased by 59% from R46.4 million to R18.8 million. Linwave has been consolidated into the results for a full 12 months compared to 4 months in the prior period. Linwave's increase in sales is the only reason that the Group's revenue increased during the current year.

| R'000 | 2022 | 2021 | Growth |
|---|---|---|---|
| **Revenue** | | | |
| Alaris Antennas (South Africa) | 147 141 | 167 201 | **-12%** |
| COJOT (Finland) | 78 784 | 84 876 | **-7%** |
| mWAVE (USA) | 70 484 | 111 871 | **-37%** |
| Linwave (UK) | 97 678 | 36 611 | **167%** |
| Cross-selling | (41 074) | (72 254) | **-43%** |
| | **353 013** | **328 305** | **8%** |

| R'000 | 2022 | 2021 | Growth |
|---|---|---|---|
| **Profit after tax** | | | |
| Alaris Antennas (South Africa) | 28 669 | 36 200 | **-21%** |
| COJOT (Finland) | 15 958 | 17 252 | **-8%** |
| mWAVE (USA) | (2 747) | 6 984 | **-139%** |
| Linwave | 9 842 | 5 943 | **66%** |
| Corporate and consolidation | (32 924) | (19 969) | **65%** |
| | **18 798** | **46 410** | **-59%** |



The various reasons why the sales increased but the profits declined significantly were:

- Linwave's sales came in at lower margins. Management started an activity-based costing project to improve margins at Linwave.
- The sales in the USA collapsed during the year. Of all the countries in which the Group operates, the USA was affected by far the most by COVID-19. The USA was one of the last countries to progress with decision making and movement in projects, to placing orders. The significant reduction in sales for Alaris USA caused the sales for COJOT and Alaris Antennas to decrease.
- As a result of the downfall in revenue for mWAVE, the company did not make profits during the year, but losses. Management started cutting expenses within the entity when it was realised that the revenue is not at a level it is supposed to be. More strategic actions are discussed and will be implemented to ensure that mWAVE will not be loss making in the next financial year.
- Because of the significant reduction in revenue for the mWAVE segment, mWAVE was impaired during the current year and this impairment of R8.9 million reduced the profits for the Group. Only half of the goodwill was impaired and management is working hard to implement new processes to increase the profitability at mWAVE.
- The technical committee approved the innovation funding for the subsidiaries in the prior year. This is the first year where the innovation funding has been allocated and R3.65 million was distributed and spent on innovation in the current year. We have received positive feedback from customers on most of the projects that were funded during the year. Some initial orders for the products that were newly developed have been received already. At this point in time, I would say that this has been a good investment, as we will see a good return on investment in the 2023 financial year.
- During the year the Alaris Group was delisted from the JSE AltX and legal fees adding up to R4.4 million were incurred during the year to assist with the delisting process. These expenses are non-recurring in nature.
- The purchase of Kuhne electronic was concluded on 30 June 2022 with an effective date of 1 July 2022. All the legal fees for this acquisition were incurred and accrued for in June 2022. Legal fees amounting to R3.0 million were incurred for the acquisition.

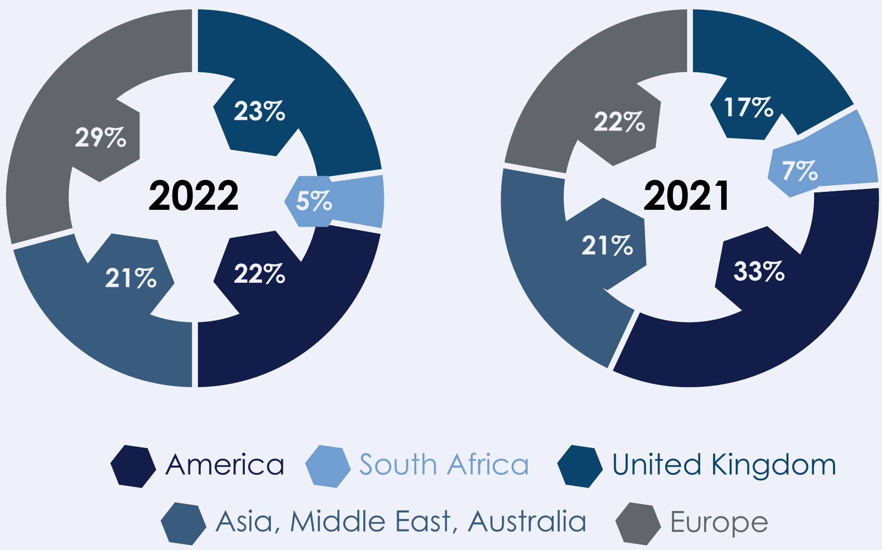
The abnormal items mentioned above were added back to calculate normalised earnings except for the innovation funding. The Group has decided to allocate R5 million for innovation funding for the new financial year. All the subsidiaries have to submit a strategic plan as to what kind of R&D will be done to improve the technology, as well as what the expected returns will be. The Group CTO looks at these proposals in detail and decides on the allocation of funds. The innovation funding will therefore become a normal expense in future, although it is the first year in which Alaris Holdings has invested in this.

| R'000 | 2022 | 2021 | Growth |
|---|---|---|---|
| **Normalised earnings after tax for the period** | | | |
| Alaris Antennas (South Africa) | 28 719 | 37 047 | **-22%** |
| COJOT (Finland) | 17 214 | 17 252 | **0%** |
| mWAVE (USA) | (2 747) | 6 984 | **-139%** |
| Linwave (UK) | 10 803 | 5 943 | **82%** |
| Corporate and consolidation | (18 521) | (16 107) | **15%** |
| | **35 468** | **51 119** | **-31%** |

## REVENUE FOR THE GROUP

The Alaris Group derives 95% of its revenue from outside the borders of South Africa showing a strong global footprint. The revenue split by territory was as follows:

| R'000 | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Americas | **79 199** | **22%** | 107 628 | 33% |
| Asia, Middle East, Australia | **74 631** | **21%** | 69 720 | 21% |
| Europe | **102 278** | **29%** | 71 017 | 22% |
| United Kingdom | **79 608** | **23%** | 56 286 | 17% |
| South Africa | **17 297** | **5%** | 23 654 | 7% |
| **Total** | **353 013** | **100%** | **328 305** | **100%** |




The USA sales contribution decreased by 11% from 33% to 22%. The decrease in sales in the USA from R107.6 million to R79.2 million was the largest contributor to the decrease in profits. This, together with the impairment of mWAVE, hurt the Group during the current financial year.

## LOOKING AHEAD

In the coming year, the Alaris Group will work on improving organic growth at all subsidiaries as our first and main focus. Since Linwave has 90% of their budget in open orders already, the focus at this entity will be on increasing margins to reach an acceptable net profit margin. For all other subsidiaries the main focus will be on the increase in sales to assist with organic growth.

It appears that the US market has revived after COVID-19 and more opportunities are being worked on. The order intake in the first quarter of the new financial year has been much larger compared to last year the same time. By the end of August, Alaris USA should have reached 70% of its budget for the new financial year in closed orders, supporting management's sentiment of the US market.

The Alaris Group will focus on the post-acquisition integration of Kuhne into the Group, maximising the synergies from the acquisition to ensure that there is sufficient collaboration between Kuhne electronics and Linwave.

### A WORD OF THANKS

I would like to thank all the employees for your perseverance during the year. With every challenge that came along, you worked together on a solution and persisted till the end goal was achieved. There were many short races and sometimes those short races all happened on the same day. Yet, you all persevered and you were able to make the company profitable in an extremely difficult year. Thank you for your hard work and dedication.

Thank you to our customers for your continued support. We remain committed to being your trusted advisor and supplying you with the best quality products and services.

Lastly, I would like to thank our loyal shareholders. It was a challenging year with many changes especially for you as shareholder, with the delisting. Thank you for trusting us to manage your investment. We will continue to be perseverant and fight the challenges that come our way to the benefit of all stakeholders.

**Elsie Müller**
Group CFO

Alaris Holdings Limited

# OUR GOVERNANCE TEAM

**Coenraad Petrus Bester ("Coen")**
Age: 66
Independent Non-Executive Director and Chairman
Appointed to the Board on 21 January 2004
PhD (Industrial Engineering) (SU) BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (UNW)
MBA (UP), OPM (Harvard Business School)
PGDip (Futures Studies) (SU)

Coen started his career as lecturer in electronic engineering at the universities of the Nort West and Pretoria, and then joined ARSMCOR as program manager of electronic warfare systems, whereafter he founded a high-tech company in the digital recording space which he managed as CEO for ten years. Following the sale of the company to a listed entity, he started a strategy consultancy in 1999. He acts as a mentor to a number of high-technology companies in the information, communications and electronics markets and serves on the boards of a number of such companies. He also lectures part-time at masters level. He published his first book, *Live and Lead* alerady in 2012.

**Jürgen Dresel**
Age: 55
Chief Executive Officer
Appointed to the Board on 21 February 2000
Dipl. Ing. (TU Munich) MSc Eng (Elec) (Wits)

Jürgen Dresel is the Group CEO of Alaris Holdings Ltd and was appointed to the Board of Directors in February 2000. He completed his IT and Telecommunication studies with a Dipl. Ing degree at the Technical University of Munich, Germany in 1993 and in 2000 he completed an MSc in electrical engineering at the University of the Witwatersrand. Jürgen started his engineering career with work that comprised antenna design and development in the frequency range from 10 kHz up to 6 GHz, antenna placement simulations, and project management. In 2003, Jürgen took over the management of the defence section of Alaris Antennas where he concentrated his efforts on management and sales of large defence-related projects. He was involved in taking the company public in 2008 and became group CEO of Alaris Holdings in 2015. In 2016, 2018 and 2021 respectively, he spearheaded the effort in which Alaris successfully concluded the acquisitions of COJOT, mWAVE Industries and Linwave Technology into the Group of companies, thereby expanding the global footprint of Alaris Holdings.




**Elsie Müller**
Age: 35
Executive Director: Finance
Appointed to the Board on 1 July 2019
CA (SA)

Elsie studied at the University of Pretoria where she obtained her Bachelor's and Honours Degree in BCom (Acc) in 2008 and 2009 respectively. She completed her articles with Grant Thornton and qualified as a Chartered Accountant in January 2013. Elsie started her corporate career as the group financial manager of a local manufacturing concern, with a strong offshore client base, where she obtained valuable experience in the manufacturing and sales exporting environment. She joined Alaris Antennas as Finance Manager in June 2015 and became involved in the Alaris Holdings Group management functions from 2016. These duties included assisting with the post-acquisition integration of COJOT and mWAVE into the Alaris Group. On 1 July 2019 she was appointed as the full time Group Financial Director of the Alaris Group.

**Richard Charles Willis**
Age: 53
Lead Independent Non-Executive Director
Appointed to the Board on 1 February 2015
CA (SA)

Richard qualified as a Chartered Accountant in 1994 after having completed his articles at Deloitte. Since then, Richard has worked in the financial services industry, both locally and internationally, occupying various financial and operating positions. Currently Richard is the Chief Executive Officer at Douglas Investments and Acting Chief Executive Officer at Etion Ltd.

**Carel van der Merwe**
Age: 66
Independent Non-Executive Director
Appointed to the Board on 1 June 2018
B. Eng (Electronics) (Stellenbosch)

Carel started his career as a radio frequency development engineer and gained his first international experience by working in Germany from 1984 to 1986.

In 1996 he was appointed as Managing Director of GEW Technologies who is active in the field of providing radio communication system solutions to international customers. He has held this position until his retirement in April 2018.

**Peter V. Anania**
Age: 66
Independent Non-Executive Director
Appointed to the Board on 1 November 2018
BS in Business Administration University of Maine
MBA University of Southern Maine
Delta Class of the Institute for Civic Leadership

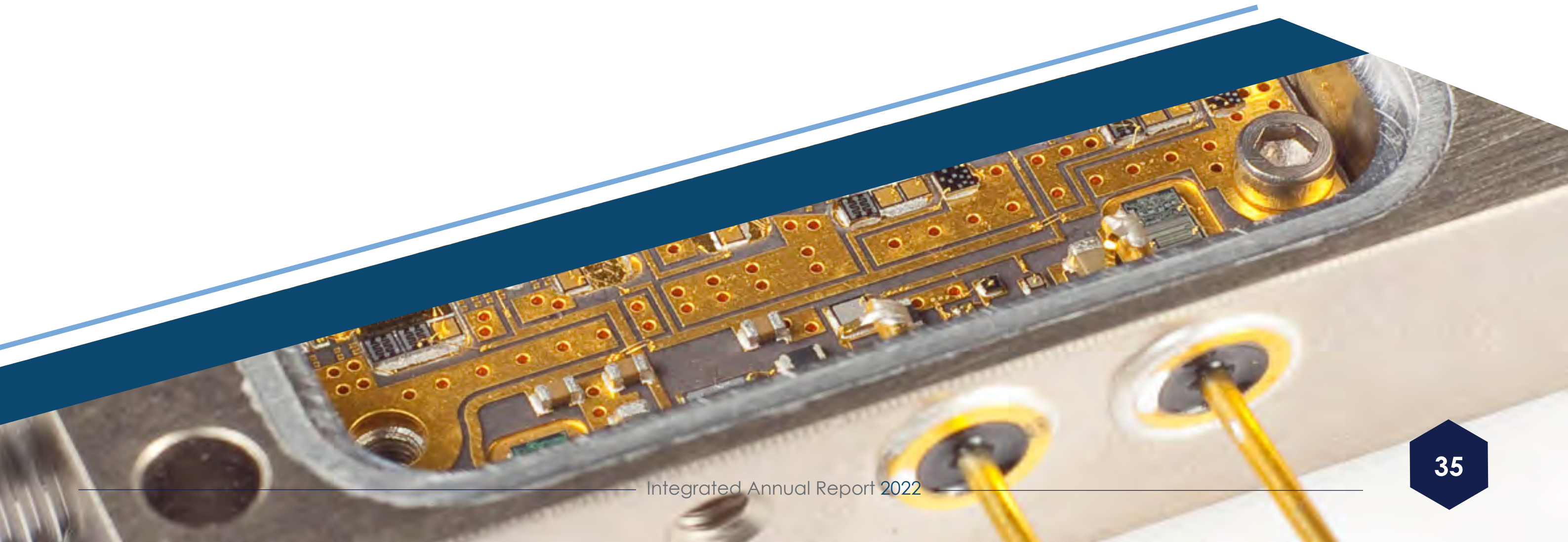
Peter was a commercial lender before founding a Merger and Acquisition firm in 1987, which he sold in 2008. He has been or is currently the CEO/President or founder of over 20 various manufacturing companies many of which are metals manufacturing and/or microwave concerns. He currently serves on the Board of the US Export Council for the Northern New England district. Peter earned a BS Business Administration from the University of Maine with a double major in Marketing and Management and a minor in Finance. He completed an MBA from the University of Southern Maine and completed an intensive course through the Institute of Civic Leadership.

**Gisela Therese Heyman**
Age: 43
Executive Director
Appointed to the Board on 1 June 2015
CA (SA)

Gisela qualified as a Chartered Accountant in 2005 after completing her articles with Deloitte. She started her corporate career as Group accountant with Datacentrix, a complete ICT systems integrator, listed on the JSE. She spent the last three of the seven years with Datacentrix as the Group Financial Manager in charge of the full financial function. Subsequently, she was appointed as Financial Director of G4S Secure Solutions, a multinational UK listed organisation in the security industry. Her responsibility spanned from finance with strict working capital management to IT – and ERP systems, legal, company secretarial, procurement and logistics. She has been involved in foreign and local acquisitions including valuations, contract negotiations and post-acquisition implementation processes. Gisela was appointed as the Managing Director of Alaris Antennas on 1 April 2019. She is also responsible for the Group HR role.

**Chris Neser**
Age: 35
Non-Executive Director
Appointed to the Board on 20 December 2019
CA (SA)

Chris has over seven years' experience in investment advisory and strategic involvement in Operating Entities, Asset Management and Group Restructuring. He has been extensively involved on boards of various investment entities with experience in hedge funds and unit trusts, including the listing of the Pivotal Fund in 2014 and Tadvest Limited in 2016. This includes the restructure and enhancement of balance sheets of companies within the Abcon Group of Companies. Chris completed his studies in accounting at the University of Stellenbosch in 2010 and qualified as a CA(SA) in 2013.



# GOVERNANCE FRAMEWORK

## Corporate Governance Report

### GOVERNANCE FRAMEWORK INTRODUCTION

This report aims to provide Alaris' stakeholders with an understanding of Alaris' governance structures and processes to enable them to evaluate the ability of the Company to create and sustain value.

Alaris remains committed to the highest standards of corporate governance based on the principles of integrity, transparency, and accountability in its dealings with all stakeholders.

The Board is of the opinion that, during 2022, Alaris complied with all applicable rules of the Companies Act. The Company also operated in conformity with its Memorandum of Incorporation (MOI) and constitutional documents.

The Board is elected by shareholders and accepts overall accountability for the Group's performance, and in ensuring that the business is adequately positioned to create sustainable value over the long term for all stakeholders, taking into account the material issues, risks and opportunities of the Group.

Through the application of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Group aims to achieve the following governance outcomes:

- **Ethical culture**
- **Effective control**
- **Good performance**
- **Legitimacy**

### BOARD COMPOSITION

A key aspect of Alaris' governance philosophy is that no one individual has unfettered powers of decision-making. The Board consists of five non-executive directors and three executive directors. Three of the non-executive directors are independent, with the majority of the Board being composed of independent non-executive directors. The Board is satisfied that it has the appropriate mix of knowledge, skills, experience, diversity, and independence to objectively discharge its governance role and responsibilities.

The Board is chaired by Coen Bester, an independent non-executive director. The implementation of the strategy and the ongoing management of the business is delegated to Juergen Dresel, the Chief Executive Officer. The Chairman is principally responsible for the effective operation of the Board. There is a clear division of authority between the various roles within the Company's corporate governance structure. The responsibilities of the Chairman and the Chief Executive Officer are clearly defined and separate. The Chairman of the Board's role is documented in the Board Charter.

There were no changes to the Board during the period under review. Members of the Board during FY2022 were as follows:

| Director | Status | Appointment Date |
|---|---|---|
| **Non-Executive Directors** | | |
| Mr C Bester | Independent Non-Executive Director and Chairman | 21 January 2004 |
| Mr R Willis | Non-Executive Director | 1 February 2015 |
| Mr C van der Merwe | Independent Non-Executive Director | 1 June 2018 |
| Mr P Anania | Independent Non-Executive Director | 1 November 2018 |
| Mr C Neser | Non-Executive Director | 20 December 2019 |
| **Executive Directors** | | |
| Mr J Dresel | Executive Director/Chief Executive Officer | 21 February 2000 |
| Ms G Heyman | Executive Director | 1 June 2015 |
| Ms E Muller | Financial Director/Chief Financial Officer | 1 July 2019 |

The age, tenure, experience, and expertise of board members is set out on pages 32 to 35 of the Integrated Report.

Appointments to the Board are formal and transparent and are a matter for the Board of Directors, assisted by the Nomination Committee. The procedure in this regard is governed by the Nomination Committee's terms of reference. All recommended Director appointments are subject to background and reference checks.

Directors are appointed subject to re-election by the shareholders at the Company's Annual General Meeting and subject to the Companies Act provisions relating to their removal. There is a clear balance of power and division of responsibilities and authority at Board level to ensure that no individual director has unfettered powers of decision-making or influence over the Board.



The Non-executive Directors have no fixed terms of appointment as they are subject to reappointment by shareholders every three years. One third of the non-executive Board members are required to retire by rotation every year and, if eligible, are considered for re-appointment at the Annual General Meeting.

Each director brings to the Board a wide range of expertise, knowledge, qualifications, and experience that allow them to exercise independent judgement in the Board deliberations and decision-making processes. Directors receive regular briefings on changes in risks and laws which impact the Group, as well as changes to the business and operational environments.

The Board has adopted a Diversity Policy, which promotes the broader diversity aspects of amongst others, gender, race, culture, field of knowledge, experience, skills and age. During 2022 financial year the Nomination Committee continued to monitor Alaris' progress and implementation of the Diversity Policy in promoting broader diversity representation in relation to the composition of the Board. The Board is of the view that its current composition, mix of knowledge, skills, experience, diversity, and independence is appropriate in order for it to effectively discharge its governance responsibilities. It has, however, identified diversity of gender and race as an area for improvement and is in the process of implementing its plan to improve gender and race diversity. The Board is working towards listing on the AIM in London and have decided to look at the board composition needed to be listed there. New goals will be identified based on the AIM rules.

## ROLES AND RESPONSIBILITIES

Alaris has a unitary board, which is ultimately responsible for ensuring the Group's overall success. The Board is committed to ensuring Alaris implements the highest standards of corporate governance to enhance its ability to create and protect stakeholder value over time. As the custodian of corporate governance, the Board exercises independent judgement and objectivity in decision-making, considering the Company's best interests and those of its stakeholders. Directors exercise the business judgement rule and act honestly, reasonably and in good faith, to provide constructive and robust challenges to proposals and decisions.

Alaris' Board and sub-committee structure is designed to provide oversight of the Group's most material issues, while empowering management to execute and deliver against the Group's strategy.

The Board is responsible for directing, governing, and effectively controlling the Company. Board members have a fiduciary duty to Alaris and are accountable for the Company's performance. They also owe a duty of care and diligence to the Company and, consequently its stakeholders. The Board Charter affirms the Board's role, powers, and responsibilities and those of its sub-committees. It is based on sound corporate governance principles, international best practice and applicable laws and regulations. The Board annually reviews and approves its charter.

The Board's role and responsibilities mainly include the following:

- Ensuring that the Company's short-, medium- and long-term strategy, as developed by management, is reviewed and approved.
- Providing oversight of performance against targets and objectives.
- Providing effective leadership based on an ethical foundation.
- Overseeing key performance and risk areas.
- Ensuring effective risk management and internal control.
- Overseeing IT governance.
- Overseeing legislative, regulatory and governance compliance.
- Ensuring appropriate remuneration policies and practices.
- Overseeing relationships with stakeholders of the company along sound governance principles.
- Ensuring that the Company is playing its role as responsible corporate citizen.

During the period under review, the Board conducted and annual review of the delegation of authority framework. The framework governs the decision-making authority and defines matters reserved for Board determination, delegated to management, reserved for specific roles in Alaris, and financial decision-making and approval limits. The Board is satisfied that the delegation of authority contributes to role clarity and the effective exercise of responsibilities.

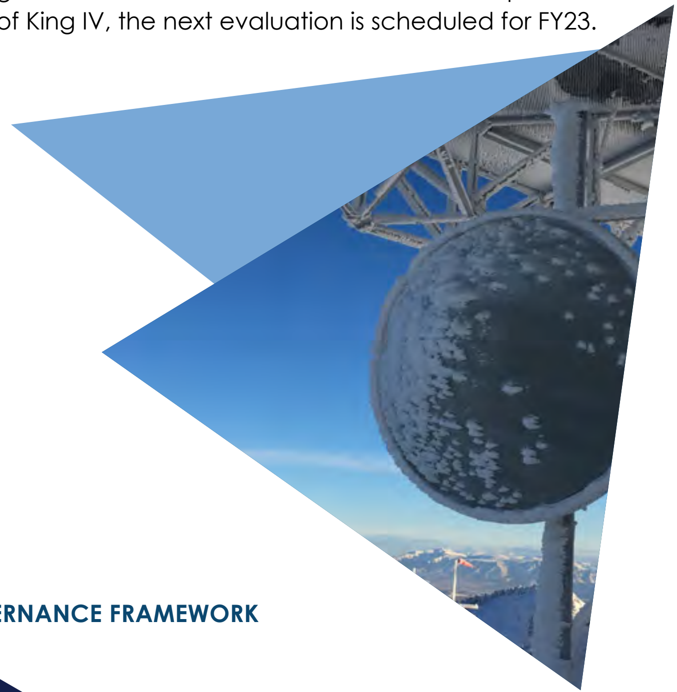
Directors are entitled to seek independent professional advice at the Company's expense, as and when required, in fulfilling their duties. No directors exercised this right during the period under review.

## INDEPENDENCE

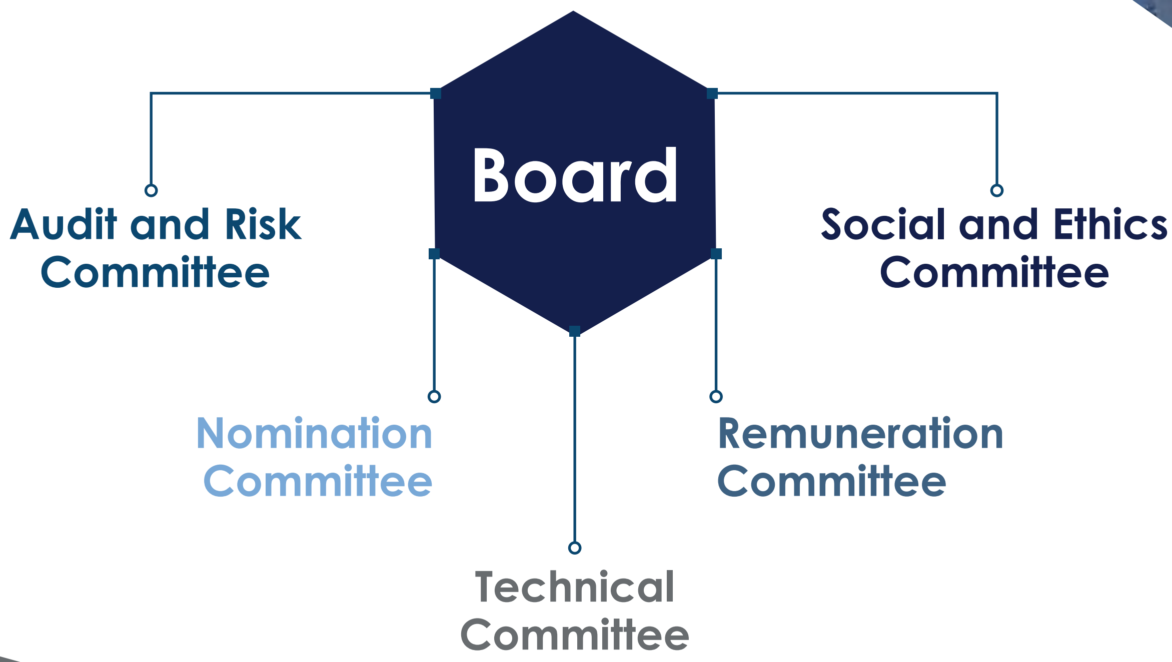
The Independent Non-executive Directors are highly experienced and have the skills, background, and knowledge to fulfil their responsibilities. All directors have a duty to act with independence of mind in the best interests of the Company. The Board believes that the Independent Non-executive Directors are of the appropriate calibre, diversity, and number for their views to carry significant weight in the Board's deliberations and decisions. The classification of Independent Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee. In determining the independence of the Independent Non-executive Directors, and with due regard to the criteria for determining independence as set out in King IV, character and judgement are considered, together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Any term in office by an Independent Non-Executive Director exceeding a period of nine years is subject to a rigorous review by the Nomination Committee and the Board. The Board remained satisfied that Coen Bester, Peter Anania, and Carel van der Merwe are Independent Non-executive Directors.

## BOARD EVALUATION

All directors participate in the biannual evaluation of the Board's performance. The process also includes an assessment of the performance of the Company Secretary and the individual directors. The Board conducted a performance evaluation during 2022 financial year, which evaluation concluded that the Board was satisfied with its overall functioning and governance. In line with the recommended practices of King IV, the next evaluation is scheduled for FY23.



### ALARIS' CORPORATE GOVERNANCE FRAMEWORK



The Board is supported by the Audit and Risk, Remuneration, Social and Ethics and Nomination Committees. Due to the nature of the business, ALH instituted a Technical Committee. The purpose of the committee is to drive the combined technical and innovation strategy of the Group forward, to ensure innovation across the subsidiaries according to technological trends and customer requirements and to foster cross-subsidiary alignment and efficiency.

The Board sub-committees are constituted as recommended by King IV and the Companies Act, as applicable. The Audit and Risk and Social & Ethics committees are chaired by a non-executive director and the Nomination, Remuneration and Technical Committees are chaired by independent non-executive directors. The Board's delegation of authority to these committees contributes to role clarity and the effective exercise of authority and responsibilities within the broader Group. The role and responsibilities of each committee are set out in each of the Committees' terms of reference. These terms of references are reviewed annually to ensure that the committee mandates remain current and effective and that the requirements of King IV are met. Each committee considers its effectiveness by way of a review of its activities against the approved terms of reference in line with their delegated powers and authority. The directors confirm that the committees have functioned in accordance with these terms of reference during the year.

Members of the executive management are invited to attend committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility. Members of the Board are entitled to attend committee meetings as observers, however, these directors are not entitled to participate without the consent of the chairman of the committee; do not have a vote; and are not entitled to fees for such attendance, unless payment of fees is agreed to by the Board and shareholders.

The Board recognises that delegating authority does not reduce the directors' responsibility to discharge their statutory and common-law fiduciary duties. The governance structures are regularly reviewed to ensure that they effectively support the Board in decision-making, establish a corporate culture and are aligned to evolving best practice.

**OUR BOARD SUB-COMMITTEE CONSTITUTION**

| Audit and Risk Committee | Remuneration Committee | Social and Ethics Committee | Nomination Committee | Technical Committee |
|---|---|---|---|---|
| Richard Willis (Chairman) | Carel van der Merwe (Chairman) | Richard Willis (Chairman) | Coen Bester (Chairman) | Carel van der Merwe (Chairman) |
| Carel van der Merwe (member) | Coen Bester (member) | Carel van der Merwe (member) | Richard Willis (member) | Coen Bester (member) |
| Peter Anania (member) | Chris Neser (member) | Ruenelle Ramnath (member) | Chris Neser (member) | Juergen Dresel (member) |
| Chris Neser (invitee) | Juergen Dresel (invitee) | Gisela Heyman (invitee) | Juergen Dresel (invitee) | Elsie Müller (member) |
| E Müller (invitee) | Gisela Heyman (invitee) | | E Müller (invitee) | Gisela Heyman (invitee) |
| | E Müller (invitee) | | | |

## DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board meets at least quarterly with additional meetings convened when necessary. Board and committee meetings during the year are set out below:

| | Board | Audit and Risk Committee | Remuneration Committee | Nomination Committee | Social and Ethics Committee | Technical Committee |
|---|---|---|---|---|---|---|
| CP Bester | 5/5 | - | 2/3 | 2/2 | - | 3/4 |
| RC Willis | 5/5 | 4/4 | - | - | 2/2 | - |
| C Neser | 4/5* | - | 1/3** | 1/2 | - | - |
| C van der Merwe | 5/5 | 4/4 | 3/3 | 2/2 | 2/2 | 4/4 |
| P Anania | 3/5 | 3/4 | - | - | - | - |
| J Dresel | 5/5 | 4/4 (invitee) | 3/3 (invitee) | 2/2 (invitee) | 2/2 (invitee) | 4/4 |
| GT Heyman | 5/5 | - | 3/3 (invitee) | - | 2/2 (invitee) | 4/4 |
| E Müller | 5/5 | 4/4 (invitee) | 3/3 (invitee) | 2/2 (invitee) | - | 3/4 |
| R Ramnath | - | - | - | - | 2/2 | - |
| Designated Advisor | 5/5 | - | - | 2/2 | - | - |
| External Auditors | - | 4/4 | - | - | - | - |
| Company Secretary | 5/5 | 4/4 | 3/3 | 2/2 | 2/2 | 1/4 |

* 16/09/2021 – Recused
** 01/09/2021 - Recused

## NON-EXECUTIVE DIRECTORS AND TERMS OF APPOINTMENT

The non-executive directors are not involved in the day-to-day business of the Company nor are they full-time salaried employees of the Company and/or any of its subsidiaries. All non-executive directors' appointments are formalised through letters of appointment. The non-executive directors enjoy no benefits from the Group for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares.

In terms of paragraph 24.7 of the Company's Memorandum of Incorporation, a third of the non-executive directors are subject to retiring by rotation on an annual basis. This enables shareholders to hold directors accountable and to appoint directors to the Board who shareholders believe will ensure long-term sustainable value creation for all stakeholders.

The directors so to retire at the upcoming Annual General Meeting are Peter Anania and Chris Neser. The Board was satisfied with the recommendation of the Nomination Committee to recommend their re-election after being satisfied with past performance and experience. They have made themselves available for re-election at the Annual General Meeting to be held on Thursday, 1 December 2022. Brief biographies of both are available on page 34 and 35 of this report.

## EXECUTIVE DIRECTORS

The CEO's performance is evaluated annually by the Chairman of the Board. During the FY2022, a 360° approach to the CEO's performance evaluation was adopted.

The executive directors are individually mandated and are held accountable for:

- the implementation of the strategies and key policies determined by the Board;
- managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets;
- prioritising the allocation of capital and other resources; and
- establishing the best management and operating practices.

### CHIEF EXECUTIVE OFFICER AND DELEGATION OF AUTHORITY

The CEO is tasked with the running of the business and the implementation of policies and strategies approved and adopted by the Board.

The Board has delegated certain of its functions to its committees and other functions have been delegated via the CEO to the Group's executive management. In the delegation of responsibilities, the CEO confers authority on management and is accountable for doing so. The board charter distinguishes between those matters that are reserved only for the Board and those that are to be delegated to management via the CEO. The committees' terms of reference set out delegation to the committees.

The Board is satisfied that the delegation of authority framework, which monitors levels of authority within the Group with regards to human resources, capital expenditure, procurement and contracts, contributes to role clarity and the effective exercise of authority and responsibilities.

### ALARIS ETHICAL CODE

The Alaris Group has an established an ethical code, which outlines and reinforces Alaris' set of values and ethical behaviour for every employee. All employees, executive officers, and members of the Board of Directors, agents, consultants, contract labourers or any other persons involved with rendering a service on behalf of the Company are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner, which in all circumstances are above reproach.

The Social and Ethics Committee, mandated by the Board, is accountable for cultivating ethics within the Group. The Company's management is responsible for implementation of the Ethical Code and reporting any material breaches to the Social and Ethics Committee.

### TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited remained the Transfer Secretary of the Company. Shareholders may address shareholding related queries to: PO Box 61051, Marshalltown, 2107.

### ANALYSIS OF SHAREHOLDING

The shareholders analysis report can be found on page 59 of the Integrated Report.

### COMPANY SECRETARY

Fusion Corporate Secretarial Services Proprietary Limited ("Fusion") remained the Company Secretary of the Company during the period under review. The Company Secretary is not a director of Alaris and maintains an arm's length relationship with the Board.

The Company Secretary assists the Board to fulfil its functions and is empowered by the Board to perform its duties. To manage the Board process, the Company Secretary, directly or indirectly amongst others:

- Assists with director orientation, ongoing development and education;
- Makes directors aware of any law or amendments to any law relevant to the Group;
- Provides the Board with guidance on the discharge of director duties, responsibilities, and powers;
- Assists the Chair to co-ordinate and administer the operation of the Board;
- Provides guidance on the Company's compliance with all statutory and regulatory requirements and with the Company's Memorandum of Incorporation;
- Provides the Board with a central source of guidance and assistance; and
- Acts as secretary for all Board committees Directors have unlimited access to the Company Secretary's advice and services. Available channels of communication include personal interaction, electronic communication and Board and committee meetings.

The Board believes that the corporate governance services are effective. Based on the outcome of the Board's annual formal assessment of the Company Secretary, the Board confirms that the Company Secretary has the qualifications, competence, and expertise necessary for the role.

The certificate that the Company Secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 69 of this Integrated Annual Report.

## GROUP EXECUTIVE COMMITTEE

| Members of the Group executive committee | |
|---|---|
| **J Dresel** | Group CEO |
| **ES Müller** | Group CFO |
| **C Vale** | Group CTO |
| **GT Heyman** | Managing Director – Alaris Antennas |
| **S Lentonen** | Managing Director – COJOT |
| **J Detert** | Managing Director – mWAVE |
| **I Duke** | Managing director – Linwave |

The responsibilities of the Group Executive Committee include:

- monitoring and managing risk;
- developing and implementing the Group's strategic plan;
- developing human resources policies and practices;
- developing budgets and monitoring expenditure;
- monitoring operational performance against agreed targets; and
- adhering to financial and capital management policies.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee, a statutory committee in terms of section of section 94 of the Companies Act, operated in terms of its board approved Terms of Reference.

For more details on the Audit and Risk Committee's responsibilities and powers, we refer you to the Audit and Risk Committee's report available on pages 62 to 66 of this report.

# REMUNERATION COMMITTEE

## Remuneration committee REPORT

The Remuneration Committee (the Committee) has pleasure in submitting its report for the year ended 30 June 2022 (FY2022) to shareholders.

### COMMITTEE MANDATE, COMPOSITION AND GOVERNANCE

The Committee operates in terms of its board-approved terms of reference, which is reviewed annually.

- Ensure that Alaris establish and observe remuneration policies and practices that attract and retain individuals able to create enduring and sustainable value
- Assist the Board in discharging its oversight responsibilities relating to all compensation matters, including implementation of all relevant employee compensation policies, proposing measures for the STI and LTI schemes, reviewing all components of remuneration, ensuring compliance with King IVTM and alignment with market best practices

In carrying out its mandate, the Committee has unrestricted access to all the activities, records, property, and employees of the company. In addition, the committee may access external legal or other independent professional advice to execute its responsibilities as detailed in its terms of reference.

The Committee consists of three non-executive directors, two of whom are independent. The members of the Committee as at year-end are:

- Carel van der Merwe (independent non-executive director/ chairman)
- Coen Bester (independent non-executive director/member)
- Chris Neser (non-executive director/member).

The qualifications of members and the details of the Committee meetings attended by each of the members are set out on pages 32 to 35 and 40 of this integrated annual report. In accordance with its terms of reference, the Committee met twice during the period under review.

The chief executive officer, finance director and executive director attend meetings by standing invitation to make proposals and provide such information as the Committee may require. The executives are recused from participating and voting at Committee meetings where their remuneration is discussed. The Chairman of the Committee provides the Board with reports after each meeting of the Committee.

The Committee conducted a self-assessment evaluation during FY2021 to measure its effectiveness and performance during the reporting period. There were no concerns raised regarding the performance or functioning of the Committee. Certain areas for improvement identified as part of the self-evaluation were addressed by the Committee during the period under review. The next self-assessment is scheduled for 2023.

## ROLE AND RESPONSIBILITIES

The primary responsibilities of the Committee include:

- ensuring the remuneration policy is aligned to and promotes the achievement of the Group's strategic objectives and encourages individual performance;
- ensuring the critical elements of the remuneration policy, including annual guaranteed pay, and incentives, are appropriately benchmarked to ensure the Group is competitive in the employment market;
- reviewing and approving the performance evaluation of the chief executive officer against agreed deliverables and key performance indicators ("KPIs");
- reviewing incentive schemes to ensure alignment to shareholder value creation and that the schemes are administered in terms of the rules;
- reviewing the remuneration of non-executive directors and recommending adjustments to the fees at the Annual General Meeting;
- reviewing incentive schemes to ensure alignment to shareholder value creation and that the schemes are administered in terms of the rules; and
- reviewing the remuneration of non-executive directors and recommending adjustments to the fees at the Annual General Meeting.

## ACTIVITIES OF THE COMMITTEE

During the period under review, the Committee oversaw the following actions:

- Reviewed all elements of remuneration in view of the impact of COVID-19 and other macro-economic circumstances.
- Reviewed Group-wide remuneration policies in line with best practice and governance standards, including key management bonuses and incentive schemes.
- Completing an annual review and update to the Committee's terms of reference and workplan.
- Developing and conducting a two-phased approach to the 360° review of the Chief Executive Officer's performance.
- Allocation of share options in terms of the Company's Long-Term Incentive Plan.
- Considered, in conjunction with the Nomination Committee, the Group's succession planning in relation to staff movements across the Group.
- Approving salary increases and adjustments for executive directors, executives, and senior management.
- Monitoring progress on bargaining unit wage negotiations.

The Committee has considered the impact of King IVTM, on the remuneration policy and present this report in three parts:

- Part 1 consists of the background statement, the remuneration philosophy and the context of the decisions and considerations taken during the reporting year which influenced the remuneration outcomes.
- Part 2 contains Alaris' forward-looking remuneration policy.
- Part 3 illustrates the implementation of the remuneration policy over the past financial year.

## PART 1

### REMUNERATION PHILOSOPHY

Alaris' remuneration strategy aims to create sustainable shareholder value by motivating and retaining competent leaders and talent. We aim to attract knowledgeable staff to allow the Group to achieve its strategic goals. It is imperative for the Group to attract top-class talent to grow the intellectual property value of the Group and to develop new ideas. Primary objectives include the need to have credible remuneration policies that enhance key business goals, address needs across the different cultures and drive performance.

The Committee assists the Board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding, and retaining key personnel through competitive remuneration practices, while creating shareholder value. In determining remuneration, the Committee considers the financial performance of the company, operational requirements, and future plans of the company, as well as shareholders' interests.

Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible. Differentials in pay are measured against industry benchmarks on an annual basis, taking job profiling and grading into account.

### VOTING RESULTS AND SHAREHOLDERS' ENGAGEMENT

Shareholder engagement is a crucial part of Alaris' stakeholder engagement. Therefore, the Committee's terms of reference specify the adequately disclosure of information to stakeholders to facilitate constructive engagement with all relevant stakeholders, including shareholders.

The Committee is pleased that, at the 2021 Annual General Meeting, the remuneration policy and implementation report received 100% (2020:99.97%) and 85.94% (2020:75.92%) of total votes in favour from shareholders, respectively.

In February 2022 Alaris Holdings was delisted from the JSE. It was a requirement from the JSE to approve the remuneration policy. This will not be subject for approval in the delisted environment.

## PART 2: Overview of remuneration policy

### NON-EXECUTIVE DIRECTORS

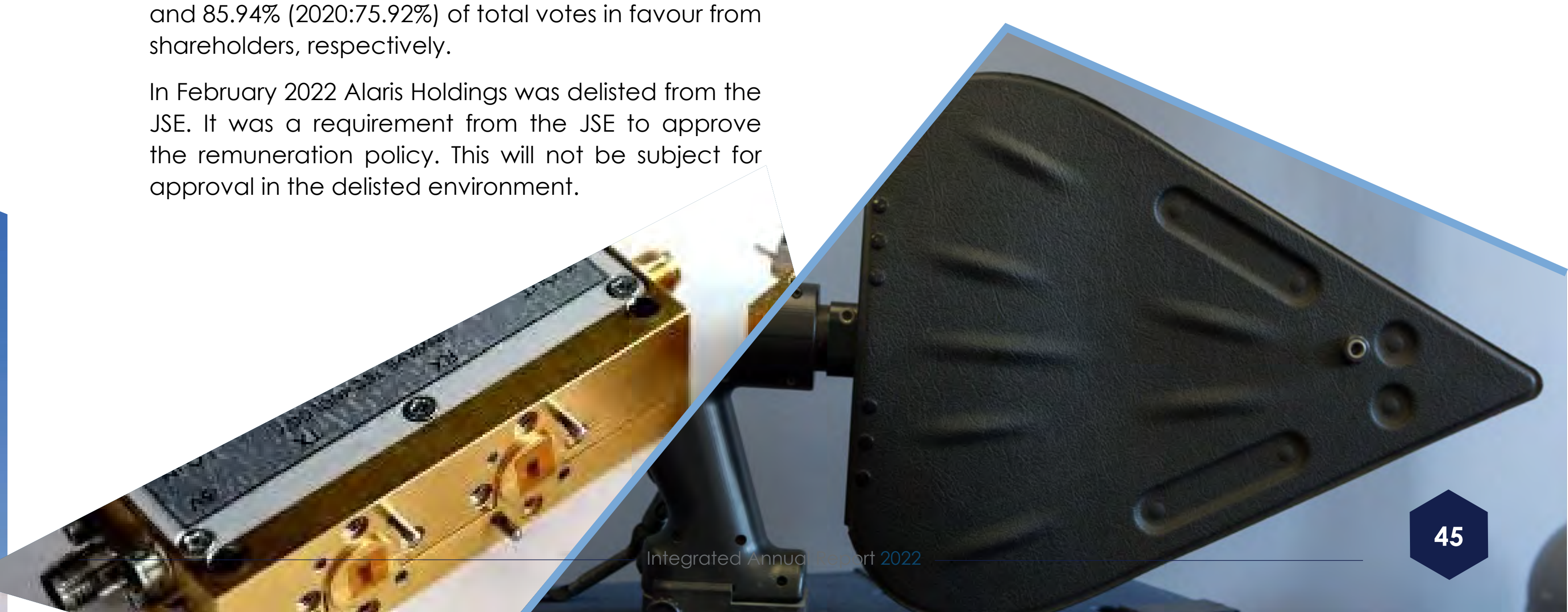
The Board, through the Nomination Committee, proposes the re-election of non-executive directors to shareholders. In terms of the Company's Memorandum of Incorporation, one third of non-executive directors are required to retire by rotation at each Annual General Meeting of the Company.

Non-executive director remuneration is based on a fixed-fee structure not related to meeting attendance. The chairman of the board is paid a retainer and receives no further payment for committee membership. Board members receive a retainer for board membership and for each board committee on which they serve. An hourly rate of R2 500.00 per hour for services of non-executive directors in excess of their attendance at regular Board and Committee meetings, is payable with pre-approval at the Board's discretion.

Non-executive directors do not qualify for any incentives in terms of the STIP and LTIP. Non-executive directors are reimbursed for their direct and/or indirect expenses reasonably and properly incurred in the performance of their duties. Non-executive directors who, in terms of tax requirements, supply a tax invoice with VAT, receive their approved non-executive director fees accordingly.

The non-executive directors' remuneration is reviewed annually and recommended for approval by shareholders. Remuneration is not linked to the Company's share price.

Details of the directors' remuneration are set out in note 27 of the financial statements. The proposed FY2023 non-executive director fees will be tabled for approval by shareholders (in terms of the Companies Act) at the Annual General Meeting to be held on 1 December 2022. Refer to special resolution number 2 in the notice of the Annual General Meeting.



## EXECUTIVE DIRECTORS

In remunerating executives, the Group aims to motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. Remuneration is linked to key performance indicators and a portion of the remuneration is not guarantee.

Alaris structures packages on a total cost-to-company basis. The salary structures of the staff can consist of up to three components:

1. **Monthly, guaranteed, market related basic salaries**

   The Group also has an employee benefit scheme which offers pension fund, death and disability and medical aid benefits. This allows individuals to structure their own pension, medical aid and other benefits.

2. **Short-term (annual) incentive plan (STIP)**

   **BONUS**

   Certain staff qualify for individual and/or team annual performance incentives. The plan seeks to have a set of value drivers which funds a total STIP pool such that it aligns with stakeholder value creation and a set of drivers which distributes the pools such that it aligns with employee engagement and performance.

   **COMMISSION**

   Sales staff are eligible to receive a variable commission portion based on sales invoiced.

3. **Long-term incentive plan (LTIP)**

   Key executives and senior staff members are nominated by the executive management and approved at the discretion of the board to participate in the long-term incentive scheme with the objective to retain such employees and to align with stakeholder value creation.

**The pay mix of the participants is as per the below:**

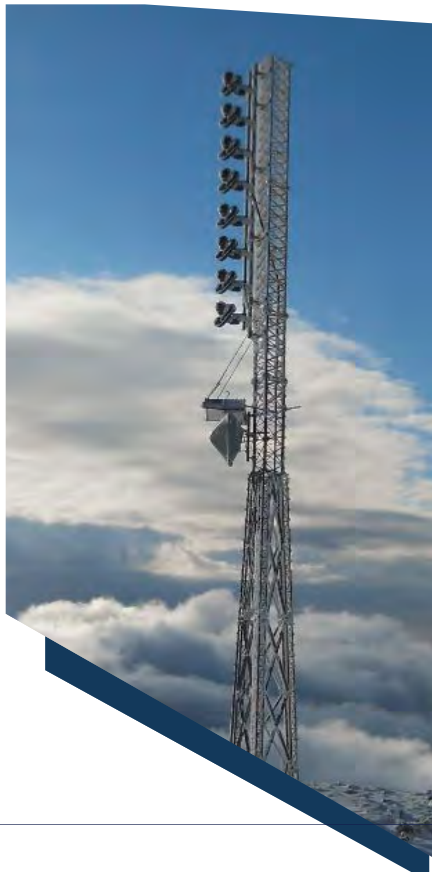
| | On Achieving Target performance | | | Maximum | | |
|---|---|---|---|---|---|---|
| **Roles** | **Salary** | **STIP** | **LTIP [1]** | **Salary** | **STIP[2]** | **LTIP [1]** |
| Group Executive Directors and MD's | 100% | Up to 50% (6 months) | Up to 100% (12 months) | 100% | Up to 100% (12 months) | Up to 100% (12 months) |

1. LTIP is assessed after three years depending on performance vesting criteria.
2. Any STIP payment more than the target STIP amount (i.e., for executives more than 6 months' worth of salary) is deferred by one year, with the only vesting condition being that the person is still employed.

## SHORT-TERM (ANNUAL) INCENTIVE SCHEME (STIP)

The incentive scheme allows for a bonus based on a scale against which growth performance is measured. The target normalised earnings per share for the year and the corresponding scale is considered and approved by the Remco on an annual basis, for each subsidiary and for the Group respectively. A 30% portion of the bonus is based on the key performance indicators of the individuals that are agreed annually by the relevant line managers and assessed at the managers discretion.

An overperformance bonus is applicable if the hurdle rate of growth in normalised earnings per share is exceeded. In such a case an overperformance pool is created in which participants will share a percentage of the overperformance profits. The bonus pool is created from a level below the target for the year to ensure there is a pool available to reward individual performance, even if the business does not grow sufficiently to reach target. However, no executive management shares in the bonus pool unless the business has achieved a certain target threshold amount set yearly by Remco, typically based on at least inflationary growth on the prior year. Management makes a recommendation on how the bonus pool is to be allocated, for final approval by Remco.



## SHARE-BASED LONG-TERM INCENTIVE PLANS (LTIP)

A share incentive scheme for key executives and senior staff members was approved by the board in 2015 to incentivise individuals on a share-based plan. The key executives and senior staff members are those involved in creating shareholder value. The intention was to promote the effective participation in the Group of key employees to retain such employees and to align with stakeholder value creation.

The Group implemented a new share-based incentive scheme owing to the following two reasons:

1. The accounting treatment of equity settled incentive schemes with market conditions, in accordance with IFRS 2, does not always align the actual benefit the employee obtains with the cost incurred by the company. I.e., when the strike price of the option is higher than the market value, the option is under water and has no value and therefore the employee will in all likelihood not exercise the option, however, the company will not show the benefit of not incurring this cost in the profits, since the share-based equity reserve remains in equity and does not recycle into the profits of the company.
2. The objective of retention of key staff was not achieved in the existing scheme. Even though profits materialised year on year for the past three years, the share price did not track such profits, resulting in issued options being under water.

This scheme was settled and unwound as part of the delisting process.

## NEW NIL-COST SHARE-BASED LONG-TERM INCENTIVE PLANS

The new long-term incentive plan, was implemented effective from 1 July 2018, and is based on the following principles:

- Annual LTIP awards will be subject to a combination of performance and time vesting conditions.
- An annual allocation of nil cost options will be made, calculated as a factor of annual salary.
- The options will carry a nil strike price with the number of share options determined based on the 30-day volume weighted share price on the date of issue.
- The full amount of options is allocated on day one, but performance vesting criteria will determine after 3 years how many options actually vest.
- The options will vest after three years, if the participant is still employed and to the extent that the following performance vesting criteria are met:
  - Metric: 3-year cumulative growth in normalised earnings per share from year-end preceding the award to the year-end preceding vesting.
  - The options will vest in full if the normalised earnings per share increase by the target set by the Board.
  - No options will vest if the normalised earnings per share did not increase over the period by at least a cumulative minimum threshold, typically the average South African inflation rate over the period.

Executive management use their discretion to nominate relevant key staff members for consideration. Pre-approval is at the Group CEO's discretion and final approval at the Remuneration committee if within approved maximum thresholds, as defined by the nil-cost share-based long-term incentive plan.

The Board approves the annual allocation of the nil-cost share options, at its discretion, on the recommendation of the Committee and based on the below guidelines:

| **Roles** | **LTIP Fair Value of Award (Max Value) 100% vesting** |
|---|---|
| Group Executive Directors and MD’s | Up to 100% x Salary |

## Part 3: Implementation report

This part of the report provides insight into the implementation of Alaris' remuneration policy during the year ended 30 June 2022.

### DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS

The remuneration of executive directors comprises base salaries, benefits, short-term and long-term incentives, which includes share-based incentives. Executive directors do not receive directors' fees.

Refer to note 27 of the financial statements for the detailed disclosure of remuneration paid to executive directors.

### SHORT-TERM INCENTIVE

As noted in part 2 of this report, the incentive scheme allows for a bonus based on a scale against which growth performance is measured.

The managing directors of each subsidiary is remunerated as follows: 80% of their bonuses is based on the subsidiary's performance and 20% of the bonuses is based on the Group's performance. Therefore, the managing directors' would have received 80% of their bonuses based on the below feedback on the different subsidiaries and 20% of their bonuses based on the feedback of the Group's feedback.

Alaris Antennas did not achieve the normalised earnings growth target approved by the board. Based on the above remuneration policy the entity qualified for a portion of the bonus, based on exceeding the minimum targets set. The bonus pool is created from a level below the target for the year to ensure there is a pool available to reward individual performance, even if the business does not grow sufficiently to reach target. The pool of approximately 11% of the target bonus was allocated to staff in this entity based on individual performance. The executive directors of Alaris Antennas however did not participate in this pool due to not achieving the minimum threshold of growth on the prior year.

COJOT did not achieve the normalised earnings growth target approved by the board. Based on the above remuneration policy the entity qualified for a portion of the bonus, based on exceeding the minimum targets set. The bonus pool is created from a level below the target for the year to ensure there is a pool available to reward individual performance, even if the business does not grow sufficiently to reach target. The pool of approximately 38% of the target bonus was allocated to staff in this entity based on individual performance. The executive directors of COJOT however did not participate in this pool due to not achieving the minimum threshold of growth on the prior year.

mWAVE did not achieve the minimum threshold in line with the Short-Term Incentive Scheme targets set at the beginning of the 2021 financial year. Therefore, no bonuses were payable under the Group Short-Term Incentive Scheme in the current year.

LINWAVE achieved significantly higher normalised earnings growth than the target approved by the board. Based on this, the staff allocated to this entity qualified for an over performance bonus in line with the above remuneration policy. As required per the remuneration policy, the bonus portions relating to the overperformance will be retained by the Company for a period of 12 months and paid out in the month after the next financial year if the relevant employees are still in employ on 30 June 2023.

The Group did not achieve normalised earnings growth as per the target approved by the board and also did not achieve the minimal growth threshold as set by the board. Based on this the staff allocated to this entity did not qualify for a performance bonus in line with the above remuneration policy.

Image by PRT Meymaneh_cc 2.

### LONG-TERM INCENTIVE

During the past financial year certain options vested and were exercised. New share options, with a vesting date of 30 September 2024, were granted as per the remuneration policy to certain employees in February 2022. Refer to note 14 of the consolidated financial statements for detail of the movement in authorised and issued ordinary share capital and refer to note 15 for more detail on the share option scheme.

In line with the scheme rules, the vesting of a number of share options accelerated as part of the delisting process. These options were exercised by the relevant employees during this past financial year at the time that the delisting process was concluded.

Non-executive director actuals (as approved at the previous Annual General Meeting)

For the financial year, non-executive director fees were as follows (including VAT):

| Non-executive | Compensation R'000 | Director's fees in subsidiary R'000 | Director's fees for delisting R'000 | Total R'000 |
|---|---|---|---|---|
| CP Bester | 392 | – | 45 | 437 |
| RC Willis | 235 | – | – | 235 |
| CB Neser | 122 | – | – | 122 |
| CP van der Merwe | 220 | 133 | 45 | 398 |
| P Anania | 311 | – | 38 | 349 |
| | **1 280** | **133** | **128** | **1 541** |

### DIRECTORS' SHAREHOLDING IN THE ORDINARY SHARE CAPITAL OF THE COMPANY

The director's direct and indirect shareholding of the Company control 59.19% (2021: 36.03%) of the voting shares of the Company.

### CHANGES IN DIRECTORS' AND THEIR ASSOCIATES' SHAREHOLDING SUBSEQUENT TO THE REPORTING DATE

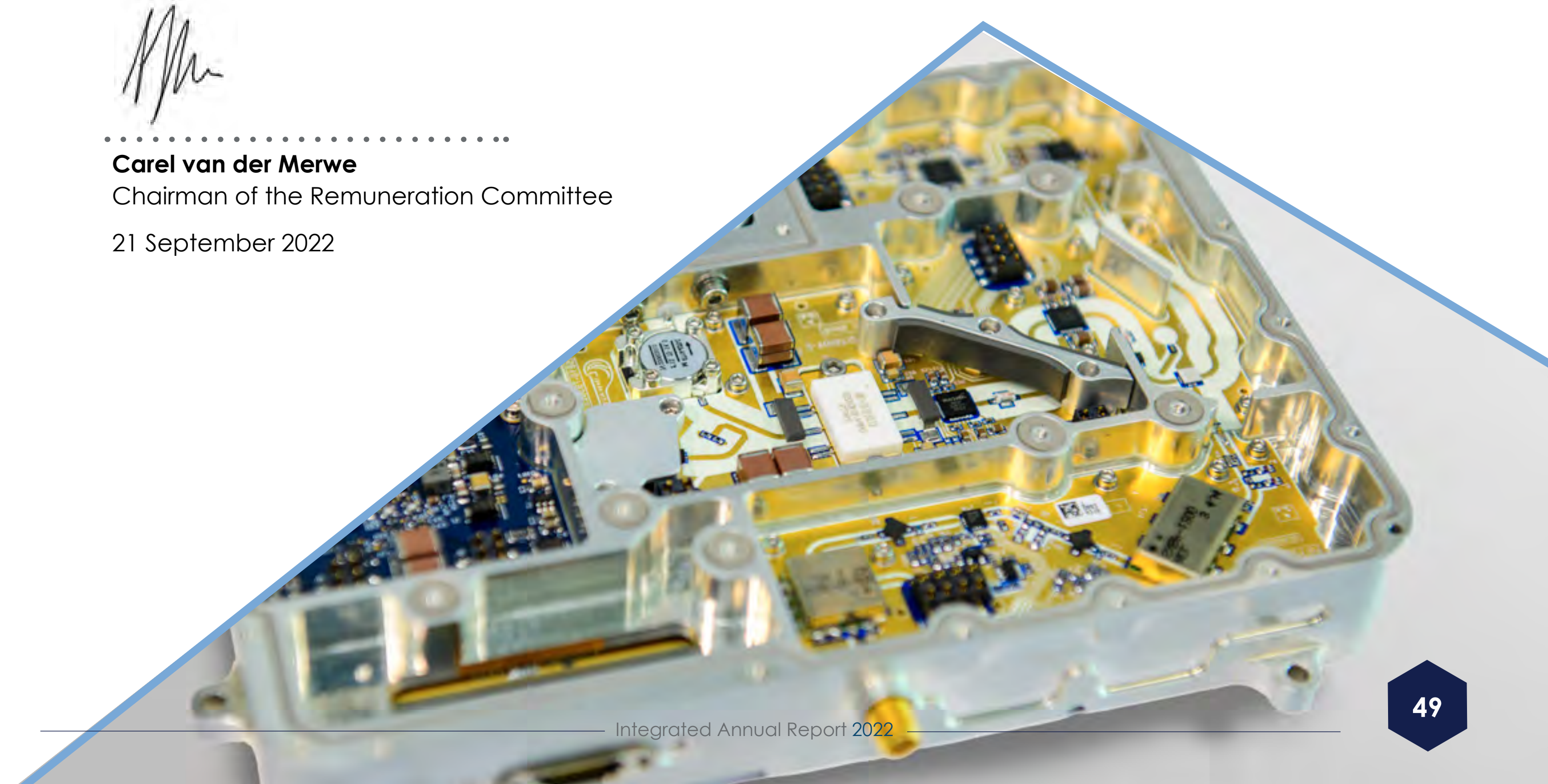
The Committee and the board are not aware of any changes in the directors and their associates' shareholding subsequent to the report date.

### IN CLOSING

I confirm that the Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. As Chairman of this Committee, I will be present at the upcoming Annual General Meeting to answer any questions regarding the activities of the Committee.

**Carel van der Merwe**
Chairman of the Remuneration Committee

21 September 2022



# SOCIAL AND ETHICS COMMITTEE

## SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee ("the Committee") of Alaris Holdings Limited ("Alaris" or "the Company") is a statutory committee which assists the board of directors ("the Board") in monitoring the group's ethics, sustainability, and corporate citizenship.

Alaris values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Company's employees as well its other representatives remain key to maintaining these standards. To this end, and in accordance with section 72(4) of the Companies Act (No. 71 of 2008), as amended ("the Companies Act"), section 43(2) and (5) of the Companies Regulations and the King Report on Corporate Governance 2016 ("King IV"), the Board established the Committee to consider and monitor the ethical conscience of Alaris.

This report is presented in accordance with the requirements of the Companies Act and forms part of the Integrated Annual Report. Any specific questions to the Committee on matters within its mandate, may be sent to the Company Secretary prior to the Annual General Meeting at melinda@fusioncorp.co.za and / or monica@fusioncorp.co.za.

### COMPOSITION AND MEETING PROCEDURES

During the year ended 30 June 2022, the Committee comprised of three members, being Mr R Willis (Non-executive Director), Mr C van der Merwe (Independent Non-executive Director) and Ms R Ramnath (Director: Alaris Antennas (Pty) Ltd).

The Committee receives feedback from management and other committees and reports on any significant matters to the Board in terms of its mandate. The members of the Committee are nominated and appointed by the Board. The remaining Board members are encouraged to attend committee meetings as invitees, as and when deemed necessary. Permanent invitees at the Committee meetings are executive director, Gisela Heyman, and the company secretary, who acts as the secretary of the Committee.

The committee held two meetings during the year under review and attendance at these meetings is shown on page 40.

The effectiveness of the Committee is assessed as part of the biannual Board and committee self-evaluation process. The Committee was satisfied with the outcome of its self-evaluation conducted during FY2022 and the next review is scheduled for FY2023.

### ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's role and responsibilities are governed by formal terms of reference as approved by the Board. The terms of reference are subject to an annual review by the Board. The responsibilities and functions of the Committee, which are aligned with the Committee's statutory functions as set out in the Companies Act, formed the basis of the work plan for 2022.

The Committee's main objectives are to assist the Board in monitoring the Group's performance in respect of responsible corporate citizenship, organisational ethics, sustainability, and sustainable development, as well as compliance and stakeholder relationships. This is done by inter alia monitoring the sustainable development practices of the Group, thereby assisting the Board in achieving its objectives of doing business sustainably and ethically.

The Committee is, amongst others, responsible for:

- Stakeholder relations – ensuring that all communications to stakeholders are transparent and appropriate.
- Labour and employment, including the relevant recommendations of the International Labour Organisation Protocol, the group's employment relationships and its contribution towards the educational development of its employees .
- Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, elimination of corruption, contribution to the development of communities, and recording of sponsorships, donations, and charitable giving.
- Social and economic development, including the principles of the United Nations Global Compact, the recommendations of the Organisation for Economic Co-operation and Development regarding corruption, the Employment Equity Act, No 55 of 1998 and the Broad-Based Black Economic Empowerment Act, No 53 of 2003.
- Subsidiaries' development and implementation of policies, guidelines, and practices congruent with the Group's social and ethics policies.
- Monitoring of any relevant legislation, other legal requirements, or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity, the environment, health and public safety, consumer relationships, as well as labour and employment.

The Committee is satisfied that it has fulfilled all its duties and responsibilities in accordance with its annual plan and its terms of reference, as further detailed below.

### BBBEE AND EMPLOYMENT EQUITY

The Board recognises the critical role it plays in the development and empowerment of historically disadvantaged individuals in South Africa and the long-term positive impact on the South African economy and community by investing in skills development and social initiatives. One of the primary roles of the Committee is to assist the Board in ensuring that it discharges its duties and obligations in respect of the South African businesses' transformation in accordance with approved policy. For Alaris, transformation is beyond the need for B-BBEE but is inclusive of transformation of the organisation's culture, ethics, and values.

Under the Department of Trade and Industry's revised Codes of Good Practice, Alaris previously commenced with a project to re-assess our B-BBEE strategies to achieve B-BBEE compliance. This project remained one of the key focus areas of the Committee during the period under review. In this regard, the Committee conducted an in-depth consideration the Group's B-BBEE strategy in relation to the new Defence Charter and Codes. Detailed consideration was given to each element of B-BBEE to identify the areas and initiatives to improve the Group's overall B-BBEE rating. A B-BBEE verification process was undertaken, in terms whereof Alaris Holdings Limited was classified as being B-BBEE Level 6 compliant for the year ending June 2022.

The Committee reviewed and reported to the Board on the Group's detailed BBBEE strategy, targets, and budget, as well as progress made aligned to the scorecard.

Alaris has been successful in providing equal employment opportunities and in promoting internal employees and is committed to driving employment equity goals and enhancing diversity across the Group. Alaris also supports empowering women in all its business units.

The Company has re-established its Employment Equity Committee, to amongst others, oversee the updating and implementation of the Group's Employment Equity Plan for the entities in the group where applicable. During the period under review, the Committee reviewed and reported to the Board on the group's employment equity performance relative to the group's Employment Equity Plan.

### ALARIS ETHICAL CODE

All employees, executive officers, and members of the Board of Directors, agents, consultants, contract labourers or any other persons involved with rendering a service on behalf of the Company are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner, which in all circumstances are above reproach.

The Company's management is responsible for implementation of the Ethical Code and reporting any material breaches to the Committee.

### WHISTLE-BLOWING AND ANTI-CORRUPTION AND BRIBERY

Alaris promotes a culture of openness and transparency within the Company and as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions that they may become aware of.

In this regard, Alaris provides an internal, anonymous whistle-blowing facility to its employees to report incidences of fraud or unethical behaviour relating to the Group. All reports from this hotline or from other whistle-blowing sources received during the year were logged and, where appropriate, reported to the relevant managers and the Committee.

The Committee is satisfied to report that during the period under review, there were no incidences reported through the whistle-blowing facility which required the attention of the Committee.

All executive directors of the Group and its subsidiaries are required to sign an anti-bribery declaration on an annual basis confirming that they are not aware of any circumstances which the Group participated in that would bring our ethics and values in dispute.

# SOCIO-ECONOMIC DEVELOPMENT: COMMUNITY, SOCIAL AND ENVIRONMENTAL ISSUES

### CORPORATE SOCIAL INVESTMENT

The past year saw the Group involved in several initiatives including a number of donations and contributions, for example a food project in conjunction with Kerk-sonder-Mure in Centurion, bicycles donated to the SOS Children's Villages, a charity organization in Johannesburg, and various donations of funds by Linwave to organisations in the UK.

### HEALTH, SAFETY AND ENVIRONMENT

The Group continues to make progress with persistent focus on its health, safety, and environment activities. Following the implementation of the Environmental Management Plan within Alaris Antennas, compliance with the Reach and RoHS requirements was achieved annually for a couple of years already, including the most recent in FY2022. The Committee continues to monitor the Environmental Management Plan to ensure that compliance with the Reach and RoHS requirements is retained.

The Committee receives regular updates on the group's safety and health initiatives through reports by the health and safety officer and the Health and Safety Committee. There were no occupational injuries or deaths reported during the period under review. The Committee will continue monitoring the Group's compliance to the Occupational Health and Safety Act ("OHSA").

### STAKEHOLDER RELATIONS

The Group remains committed to transparent and fair business practices in all its dealings with stakeholders, shareholders, and related business partners.

The Group communicates with shareholders, investors, analysts and regulators on a constant basis and public presentations are held when needed. Alaris believes that such communication is essential and endeavours to keep an open-door policy with relevant stakeholders.

### COVID-19 GLOBAL PANDEMIC

One of the main activities of the committee in the financial year was overseeing Alaris' response to Covid-19, particularly as it applied to the safety and wellbeing of the group's employees. The measures and protocols implemented in line with the group's Covid-19 Policy, were over and above the strict pre-existing health and safety measures that are in place at all operations, in line with the group's commitment to providing a safe and healthy working environment for all employees and service providers.

In the wake of the third wave of the pandemic, general screening of employees was increased to twice daily.

The Committee remained satisfied with the protocols and measures implemented to ensure the wellbeing of its employees and providing a safe working environment.

### KEY FOCUS AREAS FOR THE YEAR AHEAD

**Improve the group's BBBEE rating from level 6 by addressing the various pillars in line with our approved strategy.**

**Improve awareness among employees with regards to the Protection of Personal Information Act ("POPIA").**

**Focus on training opportunities and bursaries for employees.**

### CONCLUSION

Alaris remains committed to identifying additional strategies to create value and contribute positively to the communities within which it operates. The Committee is satisfied to report that during FY2021, there have been no instances of material non-compliance with legislation or non-adherence to codes of best practice that fall within the Committee's mandate.

As chairman of this Committee, I will be present at the annual general meeting to answer any questions regarding the statutory obligations of the Committee.

Signed on behalf of the Social and Ethics Committee by:

**Richard Willis**
*Chairman: Social and Ethics Committee*

21 September 2022

# ETHICS AND VALUES

All employees of the Company are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner, which in all circumstances are above reproach. All executive directors of the Group and its subsidiaries are required to sign an anti-bribery declaration on an annual basis confirming that they are not aware of any circumstances which the Group participated in that would bring our ethics and values in dispute.

### EMPLOYEES

Alaris' employment policies allow for individuals, including individuals from historically disadvantaged backgrounds, to apply for bursaries. Employees are encouraged to improve their personal qualifications and several previously disadvantaged employees are currently on study courses financed by Alaris. We also promote a healthy, secure, participative social and working environment for our staff and business associates. associates. Feedback after the completion of an employee survey was positive overall and the bottom responses on the survey assisted to identify areas that required improvement.

### RISK MANAGEMENT REPORT

Our ability to deliver on Alaris' business strategy depends on us being able to take calculated risks in a manner that does not jeopardise the interests of our stakeholders. Alaris has established a culture of managing existing, emerging or unpredictable risks. Various embedded processes and structures are in place to address our risk management needs. We have adopted an enterprise-wide approach to risk management, with every identified material risk included in a structured and systematic process of risk management.

The Board is responsible for the governance of risk by ensuring that an appropriate system and process of risk management is implemented and maintained. The Board has appointed and is assisted by the Audit & Risk Committee, which operates in terms of a formal charter. Its duties and activities include considering the risk management policy and plan, reviewing the effectiveness of the risk management activities, identifying the key risks facing the Group and ensuring appropriate responses to address these key risks.

- Events that may lead to risks materialising are identified within the generic risk framework.
- Events are then assessed to quantify probability and potential financial impact on the business if they materialise.
- Preventative actions (probability) and contingent actions (impact) are identified to mitigate these, as well as critical action plans (to be managed at executive committee level).
- The overall assessment of risk is compared against the level of risk deemed acceptable by the Group.

The executive committee reports to the Audit and Risk Committee on overall risk processes, identified events and mitigation action plans. The Audit and Risk Committee, in turn, presents to the Board an overview of these potential risks, processes and critical actions.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


# SUSTAINABILITY

# SOCIAL RESPONSIBILITY

***"Creating a strong business and building a better world are not conflicting goals - they are both essential ingredients for long-term success"*** *- Bill Ford*

The Group believes that each citizen has a responsibility towards society and the environment. The Group therefore encourages employee participation through involvement by either giving in time or by donating towards social development issues. This past year, a number of activities took place and are mentioned below.

### FOOD DRIVE FOR CHRISTMAS (GOOD FOOD) PROJECT

In South Africa, people are all looking forward to winding down a little bit towards the end of the year and over the festive season, when the summer holidays are setting in. However, the impact of Covid is still being felt by so many families due to people having lost their jobs, resulting in many people still living in dire need of food during these times.

Not only is this impacting people far away, but also in and around our Alaris community. It was therefore decided to do a collection of non-perishable foods to benefit families in its community.

The company once again joined hands with the same organisation it teamed up with in May last year, namely Kerk-sonder-Mure in Centurion, South Africa. This entity is running with the project, and verifies the need before distribution to ensure that the goods are provided to those that need them most. For December 2021, a "Do Good Food Bucket" project was launched and their goal was to fill 1000 buckets with specific items. Five local schools and a few community projects were identified as beneficiaries.

The management team at Alaris agreed to match the staff's contribution and the value of the financial contribution will match the value of the donations received from the staff on a rand-to-rand basis.

The response by the Alaris Antennas employees to the call for support of the "Food drive for Christmas" project was excellent. The company was able to fill thirty buckets (total value of the contribution was R10 500) and the delivery of the donation took place in time to ensure that a couple more families received some support during the holidays.

### SOS CHILDREN'S HOME IN ENNERDALE, JOHANNESBURG

On Wednesday, 9 February, the Alaris Antennas team included a "team build with purpose" as part of their annual Kick-off function.

Employees were divided into ten teams and each team had to build a bicycle from parts available and as per instructions provided. Whilst there was purpose in this exercise, all had tremendous fun till the end. Ten bicycle were built successfully. These bikes were checked by an expert to ensure everything is in order and safe.

The bicycles were destined for SOS Children's Home Ennerdale in the South of Johannesburg and an official handover to the children was done by a couple of Alaris representatives.

The Alaris team was taken for a tour of the facilities and met some of the children prior to school going children were returning from school. The facilities are remarkably despite limited financial means, and every effort is made to give the children a loving and stable home whilst in the care of the wonderful social workers and caretakers.

## SOCIAL RESPONSIBILITY (CONTINUED)

**LINWAVE**

Over the past couple of years, Linwave has developed a number of employees through a government-funded apprenticeship scheme as part of its drive to develop the next generation of technicians and engineers. For the last 4 years, these apprenticeships have been undertaken in conjunction with the local Lincoln Technical College, who help to recruit, train and undertake the administrative responsibilities for these young employees on behalf of Linwave. This process has been very successful, and Linwave has benefitted from an injection of fresh talent to fill a number of its technical positions as it continues to grow. As a result, it was decided that it would be appropriate to give something back to the apprenticeship scheme to encourage another generation of budding engineers in pursuit of a career in the industry.

The Linwave team has also been involved in a number of projects to raise funding in support of various organisations in their community. These include: The Pelican Trust, St Barnabas Hospice, Shine Trading and Young Lives vs Cancer.

During the year, the employees also held a raffle for the Lincoln Foodbank, a charity that has been set up to help people in need in the community with food and other provisions. The raffle managed to raise £309, which is a fantastic effort a small entity.

**POLITICAL DONATIONS AND AFFILIATIONS**

As a proudly South African entity, Alaris supports the democratic system in South Africa and does not donate or contribute to individual political parties.

# ASSURANCE

## INTRODUCTION

In respect of the level of assurance on information included in the integrated annual report and annual financial statements as set out below, the Audit and Risk committee ensures that a combined assurance model is applied to and provides a co-ordinated approach to all assurance activities. The level of assurance obtained in the integrated annual report was approved by the Audit and Risk Committee and the Audit and Risk Committee will continue to evaluate the level of assurance obtained taking into account the factors and risks identified that may impact on the integrity of the integrated annual report and regulatory requirements.

## FINANCIAL INFORMATION

Our consolidated financial statements were audited by our external auditor, KPMG Inc.

### Non-financial information: Sustainability

No assurance was obtained on our sustainability measures. The Audit and Risk Committee reviewed the disclosure of sustainability issues that may be commented on in the integrated annual report to ensure that it is reliable and does not conflict with the financial information and concluded that no additional external assurance is required on material sustainability issues.

### Non-financial information: B-BBEE

Alaris Holdings and its South African subsidiaries ("Alaris") support the promotion and implementation of a scorecard approach for achieving the objectives of B-BBEE. B-BBEE ideals also form an integral part of our employee recruitment and supplier selection processes. We strive to create an inclusive and diverse employee culture that celebrates our unique differences and achieves gender balance, supported by our zero-tolerance approach to bias, harassment, discrimination and abuse. To promote gender equality in the workplace, we prioritise equal pay, support work-life balance, enable access for women to managerial positions and strive for gender balance across all levels and areas of the business – particularly in technical roles. However, female representation remains a challenge for our business and the broader defence sector.

The company firmly believes that investments in skills development and social initiatives will have a long-term positive impact on the South African economy and community. The employees of Alaris have also embarked on various social initiatives which aided the following beneficiaries: SOS Children's Home, Kerk-sonder Mure.

We recognise that we have strong "local roots" in South Africa - our heritage is firmly rooted in South Africa, even though our international businesses remain a material contributor to the Group. Alaris is mindful of our obligation and responsibility to improve our B-BBEE status and support the need for transformation in South Africa in order to overcome the consequences of the previously disadvantaged.

We at Alaris believe that transformation is not a future event but rather a present-day activity. Alaris has embarked on a transformation process over the past four years and have made some progress in certain aspects of the scorecard. Under the Department of Trade and Industry's revised Codes of Good Practice, the company has commenced with a project to re-assess our B-BBEE strategies to reach compliant status. For us, transformation extends beyond B-BBEE to include the transformation of culture, ethics, and values within the organisation.

Alaris has been successful in providing equal employment opportunities and in promoting internal employees and is committed to driving employment equity goals and enhancing diversity across the Group. Alaris subscribes to the Employment Equity Act to ensure ongoing compliance and proactive implementation of regulations and plans. Open dialogue is encouraged between employees and management through our information sessions and committees.

Alaris (South African segment) has an employment equity plan in place, which is monitored by the Employment Equity committee. The committee strives to meet on a quarterly basis to review the reports submitted and an evaluation is done to check if the subsidiary is on target to meet its goals. Identifying, attracting, and retaining qualified candidates to support our employment equity targets remain a challenge due to scarce skills in the engineering field. Annual reports are submitted in accordance with the Employment Equity Act.

Alaris is committed to promoting employees within the Group. Employees are the foundation of the Group's success, and the Group has a bursary program in place that encourages growth and further education. The employees in the Group are actively involved with the University of Cape Town (UCT) Get Smarter program, University of Wits, University of Stellenbosch and various other tertiary institutions.

Alaris complies with the Skills Development Act, whereby skills development plans ensure that both the strategic needs of the business and the personal development needs of all employees are incorporated, and that implementation is planned and budgeted for during the year.

Alaris further subscribes to affirmative action measures to address any employment matters experienced by historically disadvantaged groups and individuals. The training and development of employees within subsidiary companies is an important strategic objective of the Group. Our skills development programmes, internal and external training aim to develop the required skills to support our employment equity plans.

## EMPOWERING WOMEN

Alaris inspires and supports empowering women in all its business units. In order to retain women with career advancement opportunities, we continue the promotion and development of women, and this continues to gain momentum in the Group.

# SHAREHOLDER ANALYSIS

## SHAREHOLDER SPREAD

| Directors and associates | | | | 2022 Number of shares | 2022 % | 2021 Number of shares | 2021 % |
|---|---|---|---|---|---|---|---|
| Tadvest Limited | * | Associated Holding (CB Neser) | Indirect | 56 748 859 | 44.58 | 35 487 361 | 27.88 |
| Conexus Investment Fund | * | Associated Holding (R Willis) | Indirect | 7 091 960 | 5.57 | - | - |
| J Dresel | ** | Executive Director | Direct | 10 162 267 | 7.98 | 9 934 132 | 7.80 |
| CP Bester | ** | Non-Executive Director | Direct | 100 000 | 0.08 | 100 000 | 0.08 |
| The Willis Family Trust | * | Non-Executive Director (R Willis) | Indirect | 50 000 | 0.04 | 50 000 | 0.04 |
| GT Heyman | ** | Executive Director | Direct | 987 767 | 0.78 | 241 438 | 0.19 |
| ES Muller | ** | Executive Director | Direct | 203 280 | 0.16 | 55 000 | 0.04 |
| | | | | **75 344 133** | **59.19** | **45 000 128** | **36.03** |

* Non-Beneficial

** Beneficial

| Beneficial shareholders holding 5% or more | | | 2022 Number of shares | 2022 % | 2021 Number of shares | 2021 % |
|---|---|---|---|---|---|---|
| Tadvest Limited | * | Associated Holding (CB Neser) | 56 748 859 | 44.58 | 35 487 361 | 27.88 |
| Andries Petrus Cronje Fourie Trust | * | APC Fourie | 14 204 879 | 11.16 | 18 204 879 | 14.30 |
| THE MAS TRUST | * | JSV Joubert | 12 000 000 | 9.43 | 12 000 000 | 9.43 |
| J Dresel | ** | Executive Director | 10 162 267 | 7.98 | 9 934 132 | 7.80 |
| Dr DC Nitch | ** | Founder Investor | 9 628 796 | 7.56 | 9 628 796 | 7.56 |
| Conexus Investment Fund | * | Associated Holding (R Willis) | 7 091 960 | 5.57 | - | - |
| | | | 109 836 761 | 86.28 | **85 255 168** | **66.97** |

* Non-Beneficial

** Beneficial

## DIRECTORS' INTERESTS IN SECURITIES

- No securities have been furnished by Alaris or its subsidiaries for the benefit of any director (other than above) or any other associate of any director.
- Share options have been allocated to certain directors of the Company under the rules of the share incentive scheme.
- Certain options were exercised by the below directors during the financial year. The Shares were transferred out of treasury shares held by the Share Trust to the individuals below. The remaining outstanding options as at 30 June 2022 are reflected below:

| | | Number of options in issue from September 2021 (Strike price nil subject to performance) | Total number of options still in issue | Options exercised and converted to shares during the year |
|---|---|---|---|---|
| J Dresel | Executive Director – Group CEO | 1 055 700 | 1 055 700 | 3 492 500 |
| GT Heyman | Executive Director – Alaris Antennas | 692 800 | 692 800 | 2 515 900 |
| E Müller | Executive Director – Group CFO | 584 500 | 584 500 | 808 800 |
| S Lentonen | Executive Director – COJOT | 640 200 | 640 200 | 2 191 200 |
| I Duke | Executive Director – Linwave | 212 800 | 212 800 | - |
| J Detert | Executive Director – mWAVE | - | - | 1 223 500 |

- Refer to note 15 - Share based payments of the financial statements, for details of the scheme.
- No changes have occurred in the directors' interests between 30 June 2022 and the date of approval of this integrated annual report.

# Annual Financial Statements



* These comprise of the consolidated financial statements

# GENERAL INFORMATION

## COUNTRY OF INCORPORATION AND DOMICILE

South Africa

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The Group is engaged in the manufacturing and selling of specialised broadband antennas as well as other related radio frequency products.

## DIRECTORS

CP Bester*@ (Chairperson)
J Dresel # (CEO)
ES Müller (Group Financial Director and CFO)
CB Neser@
RC Willis@
C van der Merwe*@
GT Heyman
P Anania@

*Independent
@ Non-executive
#German

## REGISTERED OFFICE

1 Travertine Avenue
N1 Business Park
Centurion
0157

## POSTAL ADDRESS

Private Bag X4
The Reeds
Pretoria
0061

## BANKERS

Standard Bank
Nordea Bank Abp
Danske Bank
Androscoggin Bank
Bank of America
Natwest Bank

**Auditor**

KPMG Inc.

## COMPANY SECRETARY

Fusion Corporate Secretarial Services

## COMPANY REGISTRATION NUMBER

1997/011142/06

## LEVEL OF ASSURANCE

These consolidated financial statements have been audited in compliance with Section 30 of the Companies Act 71 of 2008.

## PREPARER

The consolidated annual financial statements were prepared under the supervision of ES Müller, Group Financial Director and CFO, CA(SA).

## PUBLISHED

21 September 2022

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the Committee) has pleasure in submitting its report for the year ended 30 June 2022 (FY2022) to shareholders as required in terms of section 94(7)(f) of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the King Code of Governance for South Africa, 2016 (King IV).

## COMMITTEE COMPOSITION, MEETINGS AND ASSESSMENT

The Committee operates within a Board-approved mandate and terms of reference. In line with the Companies Act, the members of the Committee were appointed at the Company's 2021 annual general meeting. The Committee does not assume management functions, which remain the responsibility of the Chief Executive Officer, the Finance Director, and other members of management.

As at the date of this report, the Committee comprises the following members, who have the necessary, adequate skills and experience to fulfil the duties and responsibilities of the Committee:

- R Willis (Non-executive Director) (Chairman)
- P Anania (Independent Non-executive Director) (Member)
- C van der Merwe (Independent Non-executive Director) (Member)

Brief profiles of the Committee members, including their qualifications can be found on page 32 and 35 of this integrated report.

The reappointment of all members of the Committee will be tabled to shareholders for approval at the Company's next annual general meeting to be held on Thursday, 1 December 2022.

During the year under review, four meetings were held. Members' attendance at these scheduled meetings can be found on page 40 of this integrated report. The Chief Financial Officer, representatives of the external auditors and company secretary, attended the Committee meetings by invitation. During the period under review, the Committee met with the external auditors, without management being present and the Committee is happy to confirm that there were no matters highlighted by the external auditors that required the Committee's attention.

The Chairman of the Committee provides the Board with a report of the Committee's activities after each Committee meeting, which includes recommendations on approvals of matters within the Committee's mandate.

In line with King IV, the Board and its committees should be assessed once every two years and this was performed during the 2021 financial year. The next assessment is scheduled for the 2023 financial year.

## THE ROLE AND RESPONSIBILITIES OF THE COMMITTEE

In addition to its statutory responsibilities, the Committee's main objective is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and effectiveness of accounting policies, internal controls and financial and corporate reporting processes.

The Committee's key responsibilities include:

- reviewing and recommending the Group's consolidated interim results, integrated report and financial statements to the Board for approval;
- monitoring compliance with statutory requirements;
- reporting to the Board on the quality and acceptability of the Group's accounting policies and practices, including, without limitation, critical accounting policies and practices;
- providing oversight of the integrated reporting process;
- Considering the appointment and/or termination of the external auditors, including their audit fee, independence and objectivity and determining the nature and extent of any non-audit services;
- receiving and dealing appropriately with any complaints, internally and externally, relating either to the accounting practices or to the content or auditing of all entities within the Group's financial statements or related matters;
- reviewing and monitoring the management and reporting of tax-related matters;
- monitoring the risk management function and processes and assessing the Group's most significant risks; and
- monitoring the technology and information governance framework and associated risks.

## ACTIVITIES OF THE COMMITTEE

The Committee is satisfied that it has performed the statutory requirements for an audit committee as set out in the Companies Act, as well as the functions set out in its terms of reference and that it has therefore complied with its legal, regulatory, and other responsibilities.

The Committee's activities, in support of the Board, for the period under review are summarised as follows:

- Considered the draft interim and annual financial reports prepared by executive management and recommended the adoption of these reports to the Board.
- Overseeing the implementation of the recommended remedial actions following a GAP analysis of the Group's IT systems, networks, and IT governance procedures.
- Monitoring the effectiveness of the Group's cyber security risk management.

## EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

During the period under review, the Committee assessed the suitability of the external auditor and satisfied itself that the recommended re-appointment of the external auditor has been made in accordance with the recommendations of King IV and specifically relating to the independence of the auditors. The Committee satisfied itself that the Group's external auditor remained independent. The requisite assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate its claim to independence. The Committee, in consultation with executive management, agreed to the engagement letter terms, audit plan including the materiality levels proposed and budgeted audit fees for the year under review.

There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services. Non-Audit Services classification, as set out in the Group's Non-Audit Services Policy, are considered to be pre-approved by the Committee to a level of 25% of the approved statutory audit fee for that financial year. The non-audit related services provided by the KPMG Tax division during the period under review related to the Research and Development Section 11D application to the Department of Trade and Industry for tax incentives for research and development, in terms of a three-year contract, as approved by the Committee.

The Committee considered the tenure of KPMG Incorporated and has nominated, for re-election at the upcoming annual general meeting of shareholders, KPMG Incorporated to continue in office in accordance with section 94(7) of the Companies Act. Mr TG Cheadle has been recommended to continue as the designated individual auditor for the Group for the financial year ended 30 June 2023. The Committee has requested and has been provided with all decision letters/explanations issued by the Independent Regulatory Board for Auditors (IRBA) or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by KPMG Incorporated.

The Committee has the following responsibilities for external audit:

Recommends the appointment of external auditor and oversees the external audit process and in this regard the Committee must:

- nominate the external auditor for appointment by the shareholders;
- approve the annual audit fee and terms of engagement of the external auditor;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
- ensure that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor; and
- review the quality and effectiveness of the external audit process and performance against their audit plan.

# AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

### INTERNAL FINANCIAL CONTROL

The Committee considered the reports of management and external audit in arriving at its conclusion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. No material breakdown in controls were identified during the year.

### GOING CONCERN

The Committee critically reviewed the documents prepared by management in which they assessed the going-concern status of the Company. Specific consideration was given to the impact of the COVID-19 pandemic and liquidity. Management has concluded that the Company is a going concern. The Committee concurred with management's assessment and recommended acceptance of this conclusion to the Board.

### GOVERNANCE OF RISK, INFORMATION AND TECHNOLOGY

The Board considers risk management to be a key process in the responsible pursuit of strategic objectives and in the effective management of related material issues. The Committee is responsible for overseeing the governance of risk and IT Governance across the Group. The Committee was satisfied with the effectiveness of the risk management process by management.

During the period under review, the Committee continued to monitor the implementation of the Company's risk policy and plan, as approved by the Board, as well as new risks which developed. In addition, the Committee reviewed reports on the risk management process and assessed the Company's exposure to various risks. At year-end, the Board was satisfied with the status of the effectiveness of risk governance in the Company and the adequacy of mitigation plans for materials risks. The key focus areas, risk appetite and further details of the Group's principal risks are reported in the risk management report included in the Group's integrated report on page 19.

Outsourcing of the IT function was completed and management and the Committee agreed that they were satisfied with the services provided by the provider. A Navision upgrade of the Enterprise Management System was due and would be implemented by 1 October 2022.

An IT Audit and Risk Dashboard and IT Security Plan was drafted and IT service provider reported on the items every 6 (six) months. The reports were found to be comprehensive.

The Committee monitored the effectiveness of the disaster recovery plans during the period under review and was satisfied that same is adequate and effective. Draft disaster recovery plans were presented by subsidiaries. Although the documents were work in progress, the Committee was satisfied that the plans as presented dealt with all the necessary aspects required.

### FINANCE FUNCTION: EXPERTISE AND EXPERIENCE OF THE FINANCE DIRECTOR

The Committee has considered and is satisfied with the appropriateness of the expertise and experience of the Group Financial Officer and Finance Director, Elsie Müller.

The Committee further considered the overall expertise, skills and experience and adequacy of resources in the finance function, as well as the experience of the senior members of management within the function and concluded that the finance function is resourced with appropriately skilled and technically competent individuals, and that it is effective.

The Committee is satisfied that the internal financial controls and procedures of the Company are operating effectively. The Committee confirms that operating effectiveness was considered by all group companies and the committee had access to all information and reports to ensure its responsibility to adequately determine the operating effectiveness of group financial reporting control and procedures was executed.

# AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

## INTERNAL CONTROLS

Internal controls comprise systematic measures, policies, procedures, and business rules adopted by management to provide reasonable assurance that assets are safeguarded; error is prevented and detected, and accounting records are accurate and complete.

To meet the Company's responsibility to provide reliable financial information, the company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that those transactions are properly authorised and recorded.

While the Board is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The Committee has oversight of the Company's financial statements and reporting processes, including the system of internal financial control.

No material matter has come to the attention of the Committee or the Board that has caused the directors to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Committee will continue to assess the Company's internal controls and implement any necessary measures to strengthen the internal controls within the Company.

## INTERNAL AUDIT

The internal audit function is an integral part of the corporate governance regime. The primary goal of internal audit is to evaluate the Company's risk management, internal control, and corporate governance processes, and to ensure that they are adequate and functioning correctly.

The position of the Committee is that the internal audit function continues to be performed by the Group finance department. The Board also considers internal controls. While considering the information and explanations provided by management, as well as discussions held with the external auditors on audit results, the Committee is of the opinion that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

The Committee is of the opinion that the size of the Group currently does not justify the appointment of an internal audit function. The Committee will continue to review the necessity of an internal audit function on an annual basis and take the necessary action should the need arise.

# AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

### STATUTORY REPORTING

The Committee has overseen the integrated reporting process, reviewed the integrated report and being satisfied in all material respects that the integrated report and the consolidated annual financial statements for the year ended 30 June 2022 comply with IFRS, the requirements of the Companies Act as well as the SAICA Financial Reporting Standards Council, has recommended the 2022 integrated report and consolidated financial statements for approval by the Board on 15 September 2022.

The Committee evaluated and reviewed the accounting practices and the internal financial controls of the Company. The Committee stays abreast of current and emerging trends in accounting standards.

The Committee did not receive any concerns or complaints, within or outside the Company, relating to the accounting practices of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company, or any related matter.

The annual financial statements will be open for discussion at the forthcoming Annual General Meeting. The Chairman of the Committee, and in his absence, the other members of the Committee, will attend the Annual General Meeting to answer questions falling within the Committee's mandate.

### COMPLIANCE

The Committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The Committee is satisfied that there has been no material non-compliance with laws and regulations during the period under review.

### IMPACT OF COVID-19

The Committee considered the impact of COVID-19 on the Group's operations and assessed the relevant business and financial risks. The Committee is satisfied with the measures and protocols implemented by management to reduce and mitigate the Company's risks and exposure to the effect and impact of COVID-19.

### CONCLUSION

The Committee is satisfied that it conducted its affairs in compliance with and discharged its responsibilities in terms of its Terms of Reference for the year ended 30 June 2022.

**R Willis**
*Chairman of the Audit and Risk Committee*

21 September 2022

# DIRECTORS' REPORT

The directors submit their report on the consolidated annual financial statements of Alaris Holdings Limited and its subsidiaries for the year ended 30 June 2022.

## 1. INCORPORATION

The Company was incorporated on 11 July 1997 and obtained its certificate to commence business on the same day.

## 2. NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The Group designs and manufactures specialised antennas and other related radio frequency (RF) products.

## 3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated annual financial statements have been prepared in accordance with 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, the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year except where new Standards were adopted.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated financial statements. The operating results and state of affairs of the Group are fully set out and, in our opinion, do not require any further comment.

## 4. SHARE CAPITAL

| | 2022 R'000 | 2021 R'000 | 2022 Number of shares | 2021 |
|---|---|---|---|---|
| Issued shares - ordinary shares issued | 6 | 6 | 127 298 219 | 127 298 219 |

Refer to note 14 of the consolidated financial statements for detail of the movement in authorised and issued ordinary share capital.

## 5. DIVIDENDS

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may decide not to declare dividends.

The Group's dividend policy is to declare a dividend equal to 20% - 50% of free cash flow less discretionary capital spend. Discretionary capital spend includes cash earmarked for acquisitions (where is it probable that the closing will occur within 6 months as well as share buy-backs and innovation project funding.

The growth strategy approved by the Board centres around acquisitions and or mergers. The Board has resolved not to declare a dividend for the financial year ended 30 June 2022 (2021: R0).

## 6. DIRECTORATE

The directors of the Company during the year and in office at the date of this report are as follows:

| Directors | Office | Designation |
|---|---|---|
| CP Bester | Chairperson | Independent non-executive |
| RC Willis | Non-independent | Non-executive |
| C van der Merwe | Independent | Non-executive |
| CB Neser | Non-independent | Non-executive |
| P Anania | Independent | Non-executive |
| J Dresel (German) | Group CEO | Executive |
| ES Müller | Group Financial Director and CFO | Executive |
| GT Heyman | | Executive |

# DIRECTORS' REPORT (CONTINUED)

## 7. INTERESTS IN SUBSIDIARIES AND TRUSTS

| | 2022 | 2021 |
|---|---|---|
| **Name of subsidiary/trust** | % | % |
| Alaris Holdings Limited Share Incentive Trust | 100 | 100 |
| Alaris Antennas Proprietary Limited | 100 | 100 |
| Alaris Investment Holdings UK Limited* | 100 | 100 |
| COJOT Oy* | 100 | 100 |
| mWAVE Industries LLC* | 100 | 100 |
| Linwave Technology Limited* | 100 | 100 |
| Alaris US Inc. (dormant)* | 100 | 100 |

* Foreign subsidiary

## 8. BORROWING POWERS

In terms of the Memorandum of Incorporation of the Company, the borrowing powers of the Company are unlimited and the directors may exercise all powers to borrow money as they consider appropriate. However, all borrowings by the Group are subject to Board approval as required by the Board delegation of authority.

## 9. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2022 the Company concluded the acquisition of 100% of the shareholding in Kuhne electronic GmbH ("Kuhne") through its wholly owned subsidiary COJOT OY ("COJOT").

The purchase consideration for the acquisition is EUR 1.6 million for the company and EUR 1.1 million for the building in which Kuhne is trading. EUR 1.6 million was paid in cash on 30 June 2022 with the final conditions precedent being concluded at close of business on 30 June 2022. The EUR1.1 million for the building is only payable when the building transfer is registered. To the extent that the actual amount of net working capital exceeds the estimated amount of net working capital COJOT 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 COJOT an amount in aggregate equal to the shortfall, such amount to be transferred within 10 days after agreement of the final amount payable. The cash paid for the acquisition is financed through excess cash available in the group. The building will be financed through excess cash and a loan of EUR 500 000 from financial institutions.

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

## 10. GOING CONCERN

The Group has generated a net profit for the year ended June 2022 of R19 million and as at 30 June 2022, the Group has a cash and cash equivalents of R36 million. The current assets exceeded current liabilities by R164 million.

The consolidated financial statements for the year ended 30 June 2022 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 11. AUDITORS

KPMG Inc. continued in office as auditors of the Group for 2022 in accordance with Section 90 of the Companies Act of South Africa.

# DIRECTORS' REPORT (CONTINUED)

### 12. COMPANY SECRETARY

The secretary of the Company is Fusion Corporate Secretarial Services.

Postal address: PO Box 68528, Highveld, 0169

Business address: Suite E014, Midlands Office Park East, Mount Quray Street, Midlands Estate, Midstream 1692

The Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and such returns are true, correct and up to date. Based on the outcome of the Board's annual formal assessment of the Company Secretary, the Board confirms that the Company Secretary has the qualifications, competence, and expertise necessary for the role.

### 13. DIRECTOR'S RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 72 to 121, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements of Alaris Holdings Limited for the year ended 30 June 2022 were approved by the Board on 15 September 2022 and signed by:

**J Dresel**
*Chief Executive Officer*

**ES Müller**
*Group CFO and Financial Director*

# CERTIFICATE BY COMPANY SECRETARY

In our capacity as Company Secretary, we hereby confirm, in terms of Section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended ("the Act"), that for the year ended 30 June 2022, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a company in terms of the Companies Act and that all such returns are true, correct and up to date.

**Fusion Corporate Secretarial Services**
*Company secretary*

21 September 2022

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of Alaris Holdings Limited

Report on the audit of the consolidated financial statements

## OPINION

We have audited the consolidated financial statements of Alaris Holdings Limited (the Group) set out on pages 72 to 121, which comprise the consolidated statement of financial position at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and accounting policies and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alaris Holdings Limited at 30 June 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Alaris Holdings Limited Integrated Report 2022" and in the document titled "Annual Financial Statements", which includes the Audit and Risk Committee Report, the Directors' Report, the Audit and Risk Committee's Report and the Certificate by Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**KPMG Inc.**
Registered Auditor

Per T Cheadle
Chartered Accountant (SA)
Registered Auditor
Director
21 September 2022

KPMG Crescent

85 Empire Road
Parktown
Johannesburg
2193

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

| R'000 | Note | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Plant and equipment | 4 | 14 170 | 12 047 |
| Right-of-use-asset | 5 | 18 230 | 22 098 |
| Goodwill | 6 | 52 864 | 61 986 |
| Intangible assets | 7 | 20 056 | 25 787 |
| Deferred tax assets | 8 | 20 781 | 19 316 |
| | | **126 101** | **141 234** |
| **Current Assets** | | | |
| Inventories | 10 | 69 849 | 40 681 |
| Trade and other receivables | 11 | 113 633 | 74 693 |
| Sundry debtors | 12 | 27 144 | - |
| Tax receivable | | 5 682 | 2 004 |
| Cash and cash equivalents | 13 | 41 728 | 93 177 |
| | | **258 036** | **210 555** |
| **Total Assets** | | **384 137** | **351 789** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 14 | 6 | 6 |
| Share premium | 14 | 227 962 | 209 286 |
| Share-based payment reserve | 15 | (5 176) | 26 073 |
| Foreign currency translation reserve | | 2 071 | (955) |
| Accumulated profit | | 45 813 | 27 015 |
| **Total equity** | | **270 676** | **261 425** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Loans and borrowings | 16 | 2 115 | 1 117 |
| Lease liabilities | 17 | 13 387 | 17 313 |
| Deferred tax liabilities | 8 | 3 991 | 3 575 |
| | | **19 493** | **22 005** |
| **Current Liabilities** | | | |
| Loans and borrowings | 16 | 1 117 | 802 |
| Lease liabilities | 17 | 5 910 | 5 609 |
| Trade and other payables | 18 | 80 585 | 61 902 |
| Bank Overdraft | 13 | 5 894 | - |
| Tax payable | | 462 | 46 |
| | | **93 968** | **68 359** |
| **Total Liabilities** | | **113 461** | **90 364** |
| **Total Equity and Liabilities** | | **384 137** | **351 789** |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

| R'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 20 | 353 013 | 328 305 |
| Cost of sales | | (133 365) | (110 106) |
| **Gross profit** | | **219 648** | **218 199** |
| Other income | 21 | 3 320 | 6 921 |
| Operating expenses | | (200 647) | (167 622) |
| **Trading operating profit** | 22 | **22 321** | **57 498** |
| Finance income | 23 | 439 | 1 133 |
| Finance costs | 24 | (898) | (760) |
| **Profit before taxation** | | **21 862** | **57 871** |
| Taxation | 25 | (3 064) | (11 461) |
| **Profit for the year** | | **18 798** | **46 410** |
| **Other comprehensive income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| **Foreign currency translation reserve** | | **3 026** | **(18 854)** |
| Gross amount | | 3 887 | (22 369) |
| Taxation | | (861) | 3 515 |
| **Total comprehensive income** | | **21 824** | **27 556** |
| Weighted average number of ordinary shares in issue | | 124 067 215 | 119 829 488 |
| Weighted average number of diluted ordinary shares in issue | | 124 419 800 | 121 319 257 |
| Basic earnings per ordinary share (cents) | 26 | 15.15 | 38.73 |
| Diluted basic earnings per ordinary share (cents) | 26 | 15.11 | 38.25 |
| Headline earnings per ordinary share (cents) | 26 | 22.36 | 38.78 |
| Diluted headline earnings per ordinary share (cents) | 26 | 22.29 | 38.31 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

| R'000 | Note | Share capital | Share premium | Share-based payment reserve | Foreign currency translation reserve | Accumulated (loss)/profit | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2020** | | **6** | **205 250** | **17 350** | **17 899** | **(19 395)** | **221 110** |
| Total comprehensive income for the year: | | - | - | - | **(18 854)** | **46 410** | **27 556** |
| – Profit for the year | | - | - | - | - | 46 410 | 46 410 |
| – Foreign currency translation reserve | | - | - | - | (18 854) | - | (18 854) |
| Share-based payment – option charge | 15 | - | - | 9 229 | - | - | 9 229 |
| Linwave acquisition settled in shares | | * | 3 080 | - | - | - | 3 080 |
| Share-options exercised on net basis | 15 | - | - | (506) | - | - | (506) |
| Movement in treasury shares | | * | 956 | - | - | - | 956 |
| **Balance at 30 June 2021** | | **6** | **209 286** | **26 073** | **(955)** | **27 015** | **261 425** |
| Total comprehensive income for the year: | | - | - | - | **3 026** | **18 798** | **21 824** |
| – Profit for the year | | - | - | - | - | 18 798 | 18 798 |
| – Foreign currency translation reserve | | - | - | - | 3 026 | - | 3 026 |
| Share-based payment – option charge | 15 | - | - | 1 468 | - | - | 1 468 |
| Share-options exercised on net basis | 15 | - | - | (32 717) | - | - | (32 717) |
| Movement in treasury shares | | * | 18 676 | - | - | - | 18 676 |
| **Balance at 30 June 2022** | | **6** | **227 962** | **(5 176)** | **2 071** | **45 813** | **270 676** |

* Nominal amount – amount smaller than R1 000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

| R'000 | Note | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 28 | 1 081 | 69 266 |
| Finance income | 23 | 439 | 1 133 |
| Finance cost | 24 | (190) | (169) |
| Tax paid | 29 | (5 982) | (18 475) |
| **Net cash flow from operating activities** | | **(4 652)** | **51 755** |
| **Cash flows from investing activities** | | | |
| Additions to plant and equipment | 4 | (6 362) | (4 457) |
| Additions to intangible assets | 7 | (778) | (1 101) |
| Prepayment for acquisition for subsidiary | 12 | (27 144) | - |
| Acquisition of a subsidiary | 30 | - | (56 611) |
| **Net cash flow used in investing activities** | | **(34 284)** | **(62 169)** |
| **Cash flows from financing activities** | | | |
| Increase/(decrease) in loans and borrowings | | 1 312 | (495) |
| Net (decrease)/increase in treasury shares – Share Incentive Scheme | | (14 042) | 451 |
| Payment of lease liabilities | | (5 626) | (6 932) |
| **Net cash flow used in financing activities** | | **(18 356)** | **(6 976)** |
| Net decrease in cash and cash equivalents for the year | | (57 292) | (17 390) |
| Cash and cash equivalents at beginning of the year | | 93 177 | 110 268 |
| Effect of exchange rate movement on cash balances | | (51) | 299 |
| **Total cash and cash equivalents at end of the year** | 13 | **35 834** | **93 177** |

# ACCOUNTING POLICIES

## 1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with 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, the requirements of the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below.

The financial statements of the Company are presented separately from the consolidated financial statements and have been approved at the same date as the consolidated financial statements by the directors. The separate company financial statements are available on request at the registered office of the Company.

These accounting policies are consistent with the previous period, except for new standards and interpretations, effective and adopted in the current year as presented in note 2.1.

The consolidated financial statements were authorised for issue by the Board on 15 September 2022.

**Reporting entity**

Alaris Holdings Limited ("the Company") is a company domiciled in South Africa. The address of the Company's registered office is 1 Travertine Avenue, N1 Business Park, Centurion, 0157. The consolidated financial statements for the year ended 30 June 2021 comprise the Company and all its subsidiaries (together referred to as "the Group" and individually as "Group entities").

All information has been presented in South African Rand which is the Group's presentation and functional currency. Amounts have been rounded to the nearest R1 000.

### 1.1. Significant judgements and sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

The accounting policies which have been identified as including assumptions and estimation uncertainties that may have an impact on the future results are as follows:

**Fair value estimation**

The gross carrying value of trade receivables less impairment allowance and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**Critical judgements in applying accounting policies**

The estimates and assumptions made by management in applying accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

**Impairment of non-financial assets**

An asset is impaired when its carrying amount exceeds its recoverable amount. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually while other assets are tested if there is an indication that they may be impaired. The assessment of recoverable amounts involves assumptions and estimates relating to the calculation of value-in-use, which is based on cash flow projections, variations in the amount and timing of these cash flows and the discount rate used to determine the present value of those future cash flows.

These are assessed for each cash-generating unit to which goodwill is attributed or for the cash-generating unit or asset where indicators of impairment have been assessed. See note 6 for significant assumptions on value-in-use for goodwill.

### 1.1. Significant judgements and sources of estimation uncertainty (Continued)

**Revenue recognition on contracts with customers**

The percentage of completion method is used for revenue from newly developed products and **products designed and developed specifically for customers**. Judgement is used in determining the inputs used for determining the amount of revenue recognised which is calculated by dividing actual completion costs incurred (based on estimates of material costs, labour costs, subcontractor performance, and other factors) to date by the total completion costs anticipated. Determining the costs and percentage of completion requires assumptions and estimates to determine the percentage of completion as well as the total cost of the project.

**Taxation**

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

**Valuation and useful lives of separately identifiable intangible assets**

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their value can be reliably estimated.

In order to determine the fair value of the separately identifiable intangible assets on a business combination as well as their useful lives, management uses its best knowledge to make estimates when utilising the Group's valuation methodologies. The valuation methodologies require input based on assumptions about the future and use discounted cash flows and free cash flow forecasts. See note 7.

### 1.2. Basis of consolidation

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets acquired, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes.

Goodwill is not amortised but is assessed for impairment on an annual basis.

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

## 1.2. Basis of consolidation (Continued)

**Business combinations**

**Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are consolidated until the date that control over the subsidiary ceases.

On acquisition of an entity which is controlled by the Group, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

**Foreign operations**

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

**Net investment in foreign subsidiaries**

Loans receivable from a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future form part of the Company's net investment in that foreign subsidiary.

## 1.3. Plant and equipment

**Cost of plant and equipment**

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add or replace a part of it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the entity.

Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Day-to-day expenses incurred on plant and equipment are expensed directly in profit or loss for the period.

# ACCOUNTING POLICIES (CONTINUED)

**1.3. Plant and equipment (Continued)**

**Depreciation of plant and equipment**

Items of plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

These following useful lives have been applied in the current and prior periods.

| Item | Average useful life |
|---|---|
| Plant and machinery | 5 years |
| Furniture and fixtures | 10 years |
| Motor vehicles | 4 years |
| Office equipment | 5 years |
| IT equipment | 5 years |
| Computer software | 5 years |
| Leasehold improvements | 5 years |
| Production tooling | 5 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. In the case where the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation for each period is recognised in profit or loss.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over the estimated useful lives using a method that reflects the pattern in which the asset's future economic benefit is expected to be consumed by the Group. Depreciation ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised.

**Derecognition of plant and equipment**

Derecognition occurs when an item of plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5 Non-current assets held for sale and discontinued operations are met, then those specific assets will be presented separately in the statement of financial position. The assets are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such asset's ceases.

### 1.4. Intangible assets

An intangible asset is recognised when all of the following are met:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are measured at cost less accumulated amortization or impairment.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when all the following are met:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits from more than one customer;
- no customisation fee was received for developing a new product based on another product in the Group;
- there are technical, financial and other resources available in order to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

The intangible assets consist of the customer relationships, patents and development expenditure incurred for models, designs and prototypes that are considered to possess the ability to ensure a future economic benefit, on a long-term basis in the future. This development expenditure could be measured reliably.

Development costs, mainly consisting of staff remuneration, are capitalised as incurred. Amortisation of intangible assets commences once the project is finished and the product has shipped to the customer.

The amortisation period and the amortisation method for an intangible asset is reviewed at each reporting date.

Amortisation is recognised in profit or loss on a straight-line basis for both the current and comparative year, as follows:

| Item | Average useful life |
|---|---|
| Models, designs and prototypes | 5 years |
| Customer relationships – COJOT | 7 years |
| Customer relationships – MWAVE | 5 years |
| Customer relationships – Linwave | 7 years |

The amortisation charge is included under operating expenses in the statement of profit or loss and other comprehensive income.

### 1.5. Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets which are debt instruments are measured at amortised cost.

Financial liabilities are measured at amortised cost.

Note 32 Risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

#### 1.5.1. Trade and other receivables

**Classification**

Trade and other receivables, excluding, VAT, deposits and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

**Recognition and measurement**

Trade and other receivables are recognised when the Group sells a product or service to a customer. They are measured, at initial recognition, at fair value plus transaction costs, if any and are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative interest using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in trading operating profit (note 22).

Details of foreign currency risk exposure and the management thereof are provided in note 32.

**Application of the effective interest method**

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 23).

**Impairment**

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, deposits and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group applies the simplified approach and measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

### 1.5.1. Trade and other receivables (Continued)

**Measurement and recognition of expected losses**

The Group uses the simplified approach of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on at least 24 full months and 12 months for newly acquired companies of historic credit loss experience, adjusted for factors that are specific to the debtors, the payment method for the customer and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money. If the customer pays via a letter of credit, the percentage used will be reduced as the certainty will be higher to receive the money from the bank.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as an expected credit loss (note 22).

**Write off policy**

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Credit risk**

Details of credit risk are included in the trade and other receivables note (note 11) and the risk management note (note 32).

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either settle them on a net basis or to realise the assets and settle the liability simultaneously.

### 1.5.2. Loans and borrowings

**Classification**

Loans and borrowings (note 16) are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

Loans and borrowings are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 24).

Loans and borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

### 1.5.3. Trade and other payables

**Classification**

Trade and other payables (note 18), excluding VAT, payroll accruals, lease liability, deferred revenue, product warranty provision and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

Trade and other payables are recognised when the Group purchases a product or service.

At initial recognition trade and other payables are recorded at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables do not contain a significant financing portion.

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in trading operating profit (note 22).

Details of foreign currency risk exposure and the management thereof are provided in note 32.

### 1.5.4. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are measured at amortised cost which approximates their fair value.

**Bank overdrafts**

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Derecognition**

**Financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**Reclassification**

**Financial assets**

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

**Financial liabilities**

Financial liabilities are not reclassified.

### 1.6. Sundry debtors

Sundry debtors consist of a prepayment made for an investment in a subsidiary where the Group has not taken effective control as at financial year end.

The sundry debtor will be reclassified to a subsidiary on the date when the Group takes over control of the entity.

When material, sundry debtors will be disclosed on the face of the Statement of Financial Position as a separate line item.

For more information on the sundry debtor, refer to Note 12.

### 1.7. Tax

**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax assets and liabilities**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Dividend withholding tax**

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared.

The Group withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises, from a transaction or event, which is recognised in the same or a different period, in other comprehensive income or equity.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.8. Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

**Group company as lessee**

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative standalone prices of the lease components and the aggregate standalone price of the non-lease components (where non lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 17 Lease Liabilities.

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in substance fixed payments, less any lease incentives; and
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 24).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- there has been a change in the assessment of whether the Group will exercise an extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

### 1.8. Leases (Continued)

**Right of use assets**

Right of use assets are presented as a separate line item on the Statement of Financial Position.

Right of use assets comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

For right of use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of plant and equipment. Refer to the accounting policy for plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right of use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.9. Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned by using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula and for some subsidiaries first-in-first-out formula. The same cost formula is used for all inventories having a similar nature and use to the Group.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**Work in progress**

Work in progress consists of unfinished goods measured at the lower of cost and net realisable value. Once goods are completed, they are transferred to finished goods.

### 1.9. Inventories (Continued)

**Bonded inventory**

Bonded inventory consists of raw materials that the Group purchases and charges to a customer upfront. The customer would prepay for the inventory but would not yet own the inventory. The transfer of inventory will only happen once the raw materials have been used to build the final finished goods and the revenue has been recognised.

**Obsolete inventory provision**

The allowance for obsolescence represents the inventory that has not been sold or used in manufacturing within the past 24-36 months also considering quantities on hand compared to average usage. The movement in this allowance is based on the sale, usage or lack thereof in case of an increase of items in the manufacturing process.

### 1.10. Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use is estimated taking into account future cash flows and discounting it using an appropriate weighted average cost of capital.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is recognised as an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation and amortisation is recognised immediately in profit or loss.

Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment annually. An impairment loss in respect of goodwill is not reversed.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or accumulated amortisation is recognised immediately in profit or loss.

### 1.11. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

If the Group reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received is recognised directly in equity.

Shares in the Company held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

### 1.12. Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity – in the share-based payment reserve – is recognised if the goods or services were received in an equity-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Non-market related vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

In circumstances where the Group is involved in a share-based payment transaction among Group entities, the following is applied in the entity's financial statements:

- Where the Company is the recipient of the goods or services, the transaction is measured as an equity settled share-based payment transaction only if the awards are granted in its own equity instruments or if the entity has little or no obligation to settle the transaction.
- Where the Company settles the share-based payment transaction and another entity in the Company receives the goods or services, the entity recognises the transaction as an equity-settled share-based payment transaction only if it is settled in the entity's own equity instruments.

Currently the Group only has equity settled share-based payment transactions.

### 1.13. Employee benefits

**Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### 1.14. Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

**Product warranties**

The Group warrants certain repairs on its products for a 12 month period. These warranties are provided for when the initial project is completed. Warranty repairs during the warranty period are monitored and written back against the provision when incurred.

### 1.15. Revenue from contracts with customers

Revenue for the Group is recognised using the 5-step process:

- identifying the contract with a customer;
- identifying the performance obligations
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when/as performance obligation(s) are satisfied.

The Group's revenue is derived from two income streams:

- Products that are fully configured where an order is received from the customer; and
- Products that are newly developed

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

**Fully configured products**

For sales of fully configured products, the product is manufactured and then shipped to the customer. The point of recognition of revenue is dependent on the sales contract terms and when control of the goods is transferred. A receivable is recognised by the Group when the goods are delivered and control transfers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with either prepayment terms or a credit term of 30-60 days. The amount recognised in revenue excludes trade discounts, volume rebates and value added tax.

### 1.15. Revenue from contracts with customers (Continued)

**Newly developed products and products designed and developed specifically for customers**

For newly developed products a sales contract exists where performance obligations are clearly defined. The revenue is recognised either at a point in time as per the performance obligations in the contract, as these are all short-term in nature or are recognized based on the percentage of completion to date. The percentage of completion is determined using the inputs method by dividing actual completion costs incurred (based on estimates of material costs, labour costs, subcontractor performance, and other factors) to date by the total completion costs anticipated. When a loss from a contract is anticipated, a provision for the entire loss that is anticipated is made in the period in which this first becomes evident, as assessed by the Company's management. The Company recognizes revenue from newly developed products over time, since the Company's performance does not create an asset with alternative use to the Company and the Company has an enforceable right to payment for performance completed up to that date. The payment terms for these projects are based on milestones specified in the contract, which are determined in relation to the rate of progress.

A receivable is recognised by the Group once the performance obligation per the contract is met as that will represent the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with either prepayment terms or a credit term of 30 – 60 days.

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price (excluding trade discounts, volume rebates and value added tax), allocated to that specific performance obligation.

In certain instances, customers are sold extended warranties. This is seen as a separate performance obligation. These amounts are recognised as deferred revenue since the Group has not rendered the service relating to these warranties. Deferred revenue will be released to revenue at the earliest date of when the services are rendered relating to the warranty or the date of expiry of the warranty.

### 1.16. Other income

Other income is recognised for amounts received or receivable outside the normal course of business when the following conditions have been satisfied:

- the amount of other income can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

Other income includes profit on foreign exchange, profit on sale of assets, forgiveness of loans, COVID relief and sundry income. Refer to note 21 for more details.

### 1.17. Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

### 1.18. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise of interest expense on bank overdraft, unwinding of the discount on provisions and impairment losses recognised on financial assets. Finance costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

### 1.19. Trading operating profit or loss

Trading operating profit or loss comprises sale of goods, rendering of services and directly attributable costs, but excludes finance income, fair value adjustments, impairment of goodwill and finance costs.

### 1.20. Translation of foreign currencies

**Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

The Group policy to manage foreign exchange risk is to net off foreign debtors and bank balances against foreign creditors, and the remaining exposure is hedged via currency futures or options, with a maximum of R3 million of the total exposure left unhedged.

For revenue received in advance, the exchange rate to be used is the exchange rate on the date the foreign currency is received into the Group's bank account.

**Foreign operations**

The financial statements of foreign operations in the Group are translated into South African Rand as follows:

- assets, including goodwill, and liabilities at the rates of exchange ruling at the reporting date;
- income, expenditure and cash flow items at the weighted average rate of exchange during the accounting period; and
- equity at historical rates.

Differences arising on translation are recognised in other comprehensive income and are presented in the foreign currency translation reserve in reserves.

# ACCOUNTING POLICIES (CONTINUED)

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1. Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation | Effective date Periods beginning on or after | Expected impact |
|---|---|---|
| IAS 37 amendment - Onerous Contracts: Cost of Fulfilling a Contract | 01 January 2021 | The impact of the standard is not material. |
| IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments - Annual Improvements to IFRS Standards (2018 - 2020) | 01 January 2022 | The impact of the standard is not material. |
| IAS 16 amendment - Property, Plant and Equipment: Proceeds before Intended Use | 01 January 2022 | The impact of the standard is not material. |
| IFRS 3 amendment - Reference to the Conceptual Framework | 01 January 2022 | The impact of the standard is not material. |

### 2.2. Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2020 or later periods. Only standards that are relevant to the Group have been listed below:

| Standard/Interpretation | Effective date Periods beginning on or after | Expected impact |
|---|---|---|
| IAS 37 amendment - Onerous Contracts: Cost of Fulfilling a Contract | 1 January 2022 | The impact of the standard is not expected to have a material impact on the financial statements |
| IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments – Annual Improvements to IFRS Standards (2018 – 2020) | 1 January 2022 | The impact of the standard is not expected to have a material impact on the financial statements |
| IAS 16 amendment - Property, Plant and Equipment: Proceeds before Intended Use | 1 January 2022 | The impact of the standard is not expected to have a material impact on the financial statements |
| IAS 1 amendment - Classification of liabilities as current or non-current | 1 January 2023 | The impact of the standard is not expected to have a material impact on the financial statements |
| IAS 8 amendment - Definition of Accounting Estimates | 1 January 2023 | The impact of the standard is not expected to have a material impact on the financial statements |
| IAS 1 and IFRS Practice Statement 2 amendment - Disclosure Initiative: Accounting Policies | 1 January 2022 | The impact of the standard is not expected to have a material impact on the financial statements |
| IAS 12 amendment - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 | The impact of the standard is not expected to have a material impact on the financial statements |

## 3. OPERATING SEGMENTS

The Group has 5 (2021: five) reportable segments, as described below, which are the Group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the Group's chief operating decision maker (CODM). The CODM at the reporting date is the Executive Committee. The responsibility of the Executive Committee is to assess performance and to make resource allocation decisions related to the individual operations of the Group. The segment financial information provided to and used by the CODM forms the basis of the segment information disclosure in these financial statements.

The operating segments comprise:

- Alaris Antennas: located in Centurion, Pretoria where it designs, manufactures and sells specialised broadband antennas as well as other related radio frequency products.
- COJOT: located in Espoo, Finland where it develops innovative broadband antennas to improve connectivity, coverage and competitiveness of radio equipment which is deployed to save lives and protect property.
- mWAVE: located in Windham, Maine in the United States and is a leading global provider of innovative custom and commercial microwave antenna solutions. As of 1 June 2019, the new Alaris USA has been 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.
- Linwave: located in Lincoln in the United Kingdom, is a leading supplier of novel, custom RF & Microwave products across multiple markets from defence, avionics, marine and wireless, to industrial and healthcare. Linwave was acquired on 26 February 2021.
- Corporate and consolidation: located in Centurion, is a cost centre where costs relating to shared services and fees associated with being a listed company are included. Net funding costs are also included here.

The Group operates internationally, across all continents. Refer to note 11 for disclosure on major customers.

Performance is measured based on earnings before interest, taxation, depreciation and amortisation, as well as profit/(loss) for the year as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the industry.

| R'000 | June 2022 | June 2021 |
|---|---|---|
| **Segmental revenue** | | |
| Alaris Antennas | 147 141 | 167 201 |
| COJOT | 78 784 | 84 876 |
| mWAVE | 70 484 | 111 871 |
| Linwave | 97 678 | 36 611 |
| Inter-segmental | (41 074) | (72 254) |
| | **353 013** | **328 305** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | | |
| Alaris Antennas | 40 569 | 52 844 |
| COJOT | 21 710 | 23 318 |
| mWAVE | (2 590) | 9 380 |
| Linwave | 9 434 | 6 864 |
| Corporate and consolidation | (21 120) | (21 427) |
| | **48 003** | **70 979** |

## 3. OPERATING SEGMENTS (CONTINUED)

| R'000 | June 2022 | June 2021 |
|---|---|---|
| **Profit for the period** | | |
| Alaris Antennas | 28 669 | 36 200 |
| COJOT | 15 958 | 17 252 |
| mWAVE | (2 747) | 6 984 |
| Linwave | 9 842 | 5 943 |
| Corporate and consolidation | (32 924) | (19 969) |
| | **18 798** | **46 410** |
| **Normalised earnings after tax for the period** | | |
| Alaris Antennas | 28 669 | 37 047 |
| COJOT | 17 647 | 17 252 |
| mWAVE | (2 747) | 6 984 |
| Linwave | 9 859 | 5 943 |
| Corporate and consolidation | (18 215) | (16 107) |
| | **35 213** | **51 119** |

**Segment Assets and Liabilities**

| Segment Assets | June 2022 | June 2021 |
|---|---|---|
| Alaris Antennas | 100 249 | 109 030 |
| COJOT | 54 694 | 45 995 |
| mWAVE | 50 934 | 56 399 |
| Linwave | 96 466 | 66 911 |
| Corporate & consolidation | 81 794 | 73 454 |
| Group | **384 137** | **351 789** |
| **Segment Liabilities** | | |
| Alaris Antennas | (31 468) | (41 581) |
| COJOT | (17 577) | (17 493) |
| mWAVE | (6 976) | (3 450) |
| Linwave | (50 003) | (24 013) |
| Corporate & consolidation | (7 437) | (3 827) |
| Group | **(113 461)** | **(90 364)** |

**Geographical information**

Alaris Antennas operates its manufacturing, research & development and sales offices from South Africa. COJOT has its operations in Europe. mWAVE operates from the United States of America. Linwave operates from the United Kingdom. The Corporate & Consolidation segment is based in South Africa.

The geographic information analyses the Group's revenue by region of operating activity. In presenting the geographic information, segment revenue is based on the geographic location of the customers.

| R'000 | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Total** | **353 013** | **100%** | **328 305** | **100%** |
| Americas | 79 199 | 22% | 107 628 | 33% |
| Asia, Middle East, Australia | 74 631 | 21% | 69 720 | 21% |
| Europe | 102 278 | 29% | 71 017 | 22% |
| United Kingdom | 79 608 | 23% | 56 286 | 17% |
| South Africa | 17 297 | 5% | 23 654 | 7% |

## 3. OPERATING SEGMENTS (CONTINUED)

### Normalised earnings per share

Normalised earnings is calculated by adjusting profit for the legal and consulting fees for acquisitions and is for information purposes only.

Normalised earnings per share is calculated by dividing normalised earnings by the weighted average number of ordinary shares in issue.

| R'000 | 2022 | 2021 |
|---|---|---|
| *Profit from operations for the year* | *18 798* | *46 410* |
| *Legal and consulting costs for acquisitions* | *3 084* | *4 709* |
| *Impairment of mWAVE* | *8 938* | - |
| *Cost to delist from the JSE* | *4 393* | - |
| ***Normalised earnings*** | ***35 213*** | ***51 119*** |
| ***Weighted average number of ordinary shares in issue*** | ***124 067 215*** | ***119 829 488*** |
| ***Normalised earnings per ordinary share (cents)*** | ***28.38*** | ***42.66*** |

## 4. PLANT AND EQUIPMENT

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **R'000** | **Cost** | **Accumulated depreciation** | **Carrying value** | **Cost** | **Accumulated depreciation** | **Carrying value** |
| Plant and machinery | 26 895 | (20 377) | 6 518 | 28 076 | (22 768) | 5 308 |
| Furniture and fixtures | 1 500 | (596) | 904 | 967 | (661) | 306 |
| Motor vehicles | 542 | (506) | 36 | 534 | (489) | 45 |
| Office equipment | 161 | (99) | 62 | 156 | (87) | 69 |
| IT Equipment | 9 206 | (6 205) | 3 001 | 7 996 | (5 956) | 2 040 |
| Computer software | 7 598 | (6 063) | 1 535 | 9 283 | (7 629) | 1 654 |
| Leasehold improvements | 4 892 | (3 227) | 1 665 | 4 572 | (3 103) | 1 469 |
| Production tooling | 1 320 | (928) | 392 | 2 175 | (1 556) | 619 |
| Capital - Work in progress | 57 | - | 57 | 537 | - | 537 |
| | **52 171** | **(38 001)** | **14 170** | **54 296** | **(42 249)** | **12 047** |

### Reconciliation of Plant and Equipment – 2022

| R'000 | Opening balance | Reclass-ification | Disposals | Additions | Depre-ciation | FCTR | Closing balance |
|---|---|---|---|---|---|---|---|
| Plant and machinery | 5 308 | - | - | 3 136 | (2 141) | 215 | 6 518 |
| Furniture and fixtures | 306 | - | - | 721 | (123) | - | 904 |
| Motor vehicles | 45 | - | - | - | (14) | 5 | 36 |
| Office equipment | 69 | - | - | 18 | (25) | - | 62 |
| IT Equipment | 2 040 | - | - | 1 710 | (752) | 3 | 3 001 |
| Computer software | 1 654 | 581 | - | - | (769) | 69 | 1 535 |
| Leasehold improvements | 1 469 | 19 | - | 641 | (605) | 141 | 1 665 |
| Production tooling | 619 | - | (1) | 17 | (243) | - | 392 |
| Capital - Work in progress | 537 | (600) | – | 119 | (1) | 2 | 57 |
| | **12 047** | **-** | **(1)** | **6 362** | **(4 673)** | **435** | **14 170** |

## 4. PLANT AND EQUIPMENT (CONTINUED)

**Reconciliation of Plant and Equipment – 2021**

| R'000 | Opening balance | Acquisition | Disposals | Additions | Depre-ciation | FCTR | Closing balance |
|---|---|---|---|---|---|---|---|
| Plant and machinery | 2 823 | 2 155 | - | 1 701 | (1 116) | (255) | 5 308 |
| Furniture and fixtures | 349 | 64 | - | - | (76) | (31) | 306 |
| Motor vehicles | 49 | - | - | 57 | (62) | 1 | 45 |
| Office equipment | 93 | - | - | 8 | (30) | (2) | 69 |
| IT Equipment | 1 302 | 268 | (7) | 1 141 | (612) | (52) | 2 040 |
| Computer software | 2 072 | - | - | 564 | (775) | (207) | 1 654 |
| Leasehold improvements | 1 852 | 35 | - | 297 | (422) | (293) | 1 469 |
| Production tooling | 836 | - | (23) | 153 | (279) | (68) | 619 |
| Capital - Work in progress | - | - | - | 537 | - | - | 537 |
| | **9 376** | **2 522** | **(30)** | **4 458** | **(3 372)** | **(907)** | **12 047** |

**Pledged as security**

Plant and equipment with a carrying value of R3.6 million (2021: R2.2 million) was ceded as security, refer note 16.

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Plant and machinery | 3 371 | 1 947 |
| Motor vehicles | 187 | 234 |
| | **3 558** | **2 181** |

## 5. RIGHT-OF-USE ASSETS

The company leases several assets, including buildings, plant, IT equipment and motor vehicles. The average lease term is 5 years (2021: 5 years).

The Group continuously assess available evidence to determine whether a re-assessment of the lease term & lease payments is required. 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 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 statement of profit and loss.

**2022**

| R'000 | Balance at 1 July 2021 | Additions | Depreciation | FCTR | Closing balance |
|---|---|---|---|---|---|
| Property | 21 231 | 1 140 | (5 206) | 558 | 17 723 |
| Motor vehicles | 867 | - | (367) | 7 | 507 |
| | **22 098** | **1 140** | **(5 573)** | **565** | **18 230** |

**2021**

| R'000 | Balance at 1 July 2020 | Acquisition | Additions | Depreciation | FCTR | Closing balance |
|---|---|---|---|---|---|---|
| Property | 13 250 | 12 296 | 1 914 | (4 403) | (1 827) | 21 230 |
| Motor vehicles | - | 1 032 | - | (121) | (43) | 868 |
| | **13 250** | **13 328** | **1 914** | **(4 524)** | **(1 870)** | **22 098** |

## 6. GOODWILL

| R'000 | 2022 Carrying value – opening balance | 2022 Impairment | 2022 FCTR | 2022 Carrying value – closing balance | 2021 Carrying value – opening balance | 2021 Acquisition | 2021 FCTR | 2021 Carrying value – closing balance |
|---|---|---|---|---|---|---|---|---|
| Radiant Antennas | 2 207 | - | - | 2 207 | 2 207 | - | - | 2 207 |
| COJOT | 25 920 | - | (80) | 25 840 | 29 620 | - | (3 700) | 25 920 |
| mWAVE | 16 155 | (8 938) | (50) | 7 167 | 18 462 | - | (2 307) | 16 155 |
| Linwave | 17 704 | - | (54) | 17 650 | - | 18 760 | (1 056) | 17 704 |
| | **61 986** | **(8 938)** | **(184)** | **52 864** | **50 289** | **18 760** | **(7 063)** | **61 986** |

**Goodwill related to Radiant Antennas Proprietary Limited**

The Group entered into a Sale of Business Agreement, dated 10 July 2012, with Radiant Antennas Proprietary Limited ("Radiant") to acquire the business of Radiant as a going concern in order to expand business opportunities.

The Group acquired all assets of Radiant which include trade receivables, plant and equipment (excluding one motor vehicle), inventory, any prepayments and Radiant's right, title and interest in and to contracts, and assumed all liabilities of Radiant, excluding any shareholder loan accounts.

The Radiant business acquisition was incorporated into Alaris Antennas effective 1 July 2012, however is still measured as a separate cash generating unit.

Goodwill to the value of R2 207 122 was recognised from the Radiant transaction. The recoverable amount was determined as the value-in-use of the cash generating unit estimated on the net present value of the future cash flows, expected to be derived from the unit, using a pre-tax discount rate of 22.49% (2021: 20.73%) and terminal growth rate of 1% (2021: 1%). The key assumptions are obtained from the budget for 2023 and business plans for the years thereafter. Management's forecast typically covers a five-year period and thereafter a reasonable growth rate is applied based on current market conditions. The recoverable amount was greater than the carrying value and hence no impairment was recognised.

**Goodwill related to COJOT Oy**

The Group entered into a purchase of share agreement, effective 1 May 2016 where 100% of the shareholding was purchased from private owners.

Goodwill to the value of R24.8 million (EUR 1.5 million) was recognised from the transaction. The recoverable amount was determined as the value-in-use of the cash generating unit estimated on the net present value of the future cash flows, expected to be derived from the unit, using a pre-tax discount rate of 14.74% (2021: 10.70%) and a terminal growth rate of 2% (2021:1.9%). The key assumptions are obtained from the budget for 2023 and business plans for the years thereafter. Management's forecast typically covers a five-year period and thereafter a reasonable growth rate is applied based on current market conditions. The recoverable amount was greater than the carrying value and hence no impairment was recognised.

Possible changes in the assumptions used to calculate the value-in-use for all goodwill balances are not likely to cause the recoverable amount to fall below the carrying value of the cash generating units.

## 6. GOODWILL (CONTINUED)

**Goodwill related to mWAVE LLC**

The Group entered into a purchase of share agreement, effective 1 October 2018 where 100% of the shareholding was purchased from private owners.

Goodwill to the value of R15.6 million (EUR 0.9 million) was recognised from the transaction. The recoverable amount was determined as the value in use of the cash generating unit estimated on the net present value of the future cash flows, expected to be derived from the unit, using a pre-tax discount rate of 15.81% (2021: 10.46%) and a terminal growth rate of 3% (2021: 2%). The key assumptions are obtained from the budget for 2023 and business plans for the years thereafter. Management's forecast typically covers a five-year period and thereafter a reasonable growth rate is applied based on current market conditions.

Impairment indicators were identified in the current year due to poor trading conditions. As a result an impairment test was performed and the carrying amount was calculated as being higher than the recoverable amount. This resulted in an impairment of R8.9 million (EUR 0.5 million).

**Goodwill related to Linwave Technology Limited**

The acquisition of Linwave was concluded February 2021.

Goodwill to the value of R18.8 million (EUR 1 million) was recognised from the transaction. The recoverable amount was determined as the value in use of Linwave Technology Limited estimated on the net present value of the future cash flows, expected to be derived from the company, using a pre-tax discount rate of 14.76% (2021:14.64%) and a terminal growth rate of 2%. The key assumptions are obtained from the budget for 2022 and business plans for the years thereafter. Management's forecast typically covers a five-year period and thereafter a reasonable growth rate is applied based on current market conditions. The recoverable amount was greater than the carrying value and hence no impairment was recognised.

## 7. INTANGIBLE ASSETS

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| R'000 | Cost | Accumulated amortisation and impairment | FCTR | Carrying value | Cost | Accumulated amortisation and impairment | FCTR | Carrying value |
| Model, designs and prototypes | 16 388 | (12 469) | – | 3 919 | 15 609 | (10 945) | - | 4 664 |
| Customer relationships – COJOT | 7 027 | (6 227) | 73 | 873 | 7 027 | (5 169) | 67 | 1 925 |
| Customer relationships – Linwave | 17 559 | (3 238) | (949) | 13 372 | 17 559 | (852) | (925) | 15 782 |
| Customer relationships – mWAVE | 7 326 | (5 795) | 361 | 1 892 | 7 326 | (4 265) | 355 | 3 416 |
| | **48 300** | **(27 729)** | **(515)** | **20 056** | **47 521** | **(21 231)** | **(503)** | **25 787** |

**Reconciliation of intangible assets – 2022**

| R'000 | Opening balance | Additions | Amortisation and impairment | FCTR | Closing balance |
|---|---|---|---|---|---|
| Model, designs and prototypes | 4 664 | 778 | (1 523) | – | 3 919 |
| Customer relationships – COJOT | 1 925 | – | (1 058) | 6 | 873 |
| Customer relationships – Linwave | 15 782 | – | (2 385) | (25) | 13 372 |
| Customer relationships – mWAVE | 3 416 | – | (1 530) | 6 | 1 892 |
| | **25 787** | **778** | **(6 496)** | **(13)** | **20 056** |

## 7. INTANGIBLE ASSETS (CONTINUED)

**Reconciliation of intangible assets – 2021**

| R'000 | Opening balance | Additions | Acquisition of business | Amortisation and impairment | FCTR | Closing balance |
|---|---|---|---|---|---|---|
| Model, designs and prototypes | 5 521 | 1 101 | – | (1 958) | – | 4 664 |
| Customer relationships – COJOT | 3 400 | – | – | (1 134) | (341) | 1 925 |
| Customer relationships – Linwave | – | – | 17 559 | (852) | (925) | 15 782 |
| Customer relationships – mWAVE | 5 638 | – | – | (1 640) | (582) | 3 416 |
| | **14 559** | **1 101** | **17 559** | **(5 584)** | **(1 848)** | **25 787** |

**Internally generated intangible assets with finite useful lives**

The intangible assets consist of the development expenditure for models, designs and prototypes incurred that are considered to possess the ability to ensure a future economic benefit, on a long-term basis. The expenditure could be measured reliably. The useful life is five years with no residual value. The amortisation charge of R1.5 million (2021: R2.0 million) is included under operating expenses in the statement of profit or loss.

Total aggregate research and development cost incurred was R48.3 million (2021: R23.8 million).

**Customer relationships**

Fair value of the customer database was calculated by assessing the consistency of the customers in terms of their existence and value over the last three years prior to the acquisition of the related company. Based on this information an attrition percentage was applied to the expected revenues of the Company to determine what value of the future anticipated revenues is estimated to be received from the existing customer database. The lifetime of the COJOT and Linwave customer database was estimated to be 7 years and 5 years for the mWAVE customer database.

The amortisation charge of R5.0 million (2021: R3.6 million) is included under operating expenses in the statement of profit or loss. Based on the valuation, amortisation of the customer relationships' intangible asset of COJOT will be R1.1 million per year for the remaining period, R2.4 million per year for Linwave for the remaining period and R1.5 million per year for mWAVE for the remaining period.

## 8. DEFERRED TAX

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Deferred tax liabilities | (3 991) | (3 575) |
| Deferred tax assets | 20 781 | 19 316 |
| **Total net deferred tax assets** | **16 790** | **15 741** |
| **Reconciliation of total net deferred tax assets/(liabilities)** | | |
| At beginning of year | 15 741 | 7 508 |
| Change in tax rate | 1 442 | - |
| Acquisition of Linwave | - | 1 366 |
| Increase/(decrease) in tax loss available for set off against future taxable income | 1 467 | (66) |
| Originating/(reversing) temporary difference on plant and equipment | 186 | (63) |
| Originating/(reversing) temporary difference on right-of-use assets | (283) | 79 |
| Originating temporary difference on intangible assets | 461 | 212 |
| Reversing temporary differences on share-based payments | (2 945) | |
| Originating temporary differences on deferred revenue, income received in advance, prepaid expenses | (400) | 4 965 |
| Prior year under provision | 1 054 | |
| Temporary differences on unrealised foreign exchange loss/(profit) | 67 | 1 740 |
| **Closing balance** | **16 790** | **15 741** |
| Beginning of year | 15 741 | 7 508 |
| Acquisition of Linwave | - | 1 366 |
| Change in tax rate | 1 442 | - |
| Prior year under provision | 1 054 | 2 |
| Foreign currency translation reserve | 67 | 1 740 |
| Charged through profit or loss | (1 514) | 5 125 |
| **Closing balance** | **16 790** | **15 741** |
| Net deferred tax balances consist of the following: | | |
| Plant and equipment | (1 821) | (1 679) |
| Intangible assets | 3 392 | 1 704 |
| Right-of-use asset and lease liability | (81) | 211 |
| Deferred revenue, income received in advance, prepaid expenses and share-based payment | 7 283 | 10 552 |
| Tax losses available for set off against future taxable income | 8 781 | 4 818 |
| Unrealised foreign exchange profit | (764) | 135 |
| | **16 790** | **15 741** |
| Unrecognised deferred tax balances | | |
| Estimated tax losses available to set off against future taxable income | (440) | 1 071 |
| Unrecognised estimated tax losses | **(440)** | **1 071** |

## 9. FINANCIAL ASSETS BY CATEGORY

**The accounting policies for financial instruments have been applied to the line items below:**

| R'000<br>2022 | Amortised cost | Total |
|---|---|---|
| Trade receivables | 105 322 | 105 322 |
| Cash and cash equivalents | 41 728 | 41 728 |
| | **147 050** | **147 050** |

| R'000<br>2021 | Amortised cost | Total |
|---|---|---|
| Trade receivables | 69 723 | 69 723 |
| Cash and cash equivalents | 93 177 | 93 177 |
| | **162 900** | **162 900** |

The fair value of the financial assets is equal to their carrying values at year end due to their short-term nature.

## 10. INVENTORIES

| | 2022<br>R'000 | 2021<br>R'000 |
|---|---|---|
| Raw materials and components | 41 757 | 20 845 |
| Work in progress | 6 658 | 7 688 |
| Bonded inventory | 8 505 | 3 712 |
| Finished goods | 18 802 | 13 117 |
| | **75 722** | **45 362** |
| Allowance for obsolescence | (5 873) | (4 681) |
| | **69 849** | **40 681** |
| **Allowance for obsolescence** | | |
| Opening balance | 4 681 | 3 652 |
| Acquisition of subsidiary | - | 620 |
| Allowance (decrease)/increase | 1 192 | 409 |
| **Closing balance** | **5 873** | **4 681** |

The allowance for obsolescence represents the inventory that has not been sold or used in manufacturing within the past 24-36 months also considering quantities on hand compared to average usage. The movement in this allowance is based on the sale, usage or lack thereof in case of an increase of items in the manufacturing process. An amount of R1 265 142 (2021: R757 014) was written-off and has been included in cost of sales.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Financial instruments at amortised cost** | | |
| Trade receivables | 103 694 | 69 871 |
| Contract asset * | 4 401 | - |
| Expected credit loss | (3 497) | (185) |
| Trade receivables at amortised cost | **104 598** | **69 686** |
| Other debtors | 724 | 37 |
| | **105 322** | **69 723** |
| **Non-financial instruments** | | |
| Prepayments | 3 725 | 3 643 |
| VAT | 4 383 | 1 099 |
| Deposits | 203 | 228 |
| | **8 311** | **4 970** |
| **Total trade and other receivables** | **113 633** | **74 693** |

* Contract asset - Goods were completed and ready for collection on 30 June 2022 but were only collected on 1 July 2022.

**Trade receivables ageing analysis**

| **R'000 2022** | Gross amount | Expected credit loss | Net amount |
|---|---|---|---|
| Current | 93 037 | (425) | 92 612 |
| 1 month past due | 8 486 | (86) | 8 400 |
| 2 months past due | 257 | (3) | 254 |
| 3 months and more past due | 6 315 | (2 983) | 3 332 |
| | **108 095** | **(3 497)** | **104 598** |

| | Historic loss ratio | Forward-looking adjustment | Adjusted historic loss ratio |
|---|---|---|---|
| Current | 0.46% | - | 0.46% |
| 1 month past due | 1.01% | - | 1.01% |
| 2 months past due | 1.17% | - | 1.17% |
| 3 months and more past due | 47.24% | - | 47.24% |
| | | | **49.88%** |

| **R'000 2021** | Gross amount | Expected credit loss | Net amount |
|---|---|---|---|
| Current | 48 906 | (18) | 48 888 |
| 1 month past due | 10 524 | (20) | 10 504 |
| 2 months past due | 4 958 | (89) | 4 869 |
| 3 months and more past due | 5 483 | (58) | 5 425 |
| | **69 871** | **(185)** | **69 686** |

| | Historic loss ratio | Forward looking adjustment | Adjusted historic loss ratio |
|---|---|---|---|
| Current | 0.04% | - | 0.04% |
| 1 month past due | 0.19% | - | 0.19% |
| 2 months past due | 1.80% | - | 1.80% |
| 3 months and more past due | 1.06% | - | 1.06% |
| | **3.09%** | **-** | **3.09%** |

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The maximum exposure to credit risk of trade receivables (net of expected credit losses) based on geographical area:

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Europe | 47 170 | 12 328 |
| Asia | 6 927 | 12 329 |
| USA | 13 578 | 18 455 |
| Middle East | 7 212 | 2 010 |
| Australia | 19 | 909 |
| South Africa | 3 157 | 9 653 |
| United Kingdom | 23 340 | 12 146 |
| Canada | 3 195 | 1 856 |
| | **104 598** | **69 686** |

Sales transactions with multinational customers with revenue of more than 10% of the Group's revenue:

| | 2022 R'000 | 2022 % of Group revenue | 2021 R'000 | 2021 % of Group revenue |
|---|---|---|---|---|
| Customer A (Alaris Antennas) | 37 355 | 11% | - | 0% |

Trade receivables comprise a widespread continuing customer base. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 95% (2021: 93%) of the Group's revenue is attributable to sales transactions with international customers. The Group generally deals with corporates who have a sound credit rating. Credit risk is controlled by credit limits being set by experienced personnel. Where credit history has not been established with the customer, upfront payment or Letters of Credit (LC's) are required. Listing of overdue customer balances are reviewed monthly. It is the policy of the Group to allow for 30-60 day payment terms.

**Fair value of trade receivables**

The fair value of trade approximates the carrying value due to the short-term nature.

**Reconciliation of provision for impairment of trade receivables:**

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Opening balance | **185** | **191** |
| Expected credit loss charged through profit and loss | 3 312 | (6) |
| Closing balance | **3 497** | **185** |

The Group makes use of the simplified approach of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on 24 full months and 12 months for newly acquired companies of historic credit loss experience, adjusted for factors that are specific to the debtors, the payment method for the customer and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade receivables mentioned above and cash and cash equivalents mentioned below.

## 12. SUNDRY DEBTORS

On 1 July 2022 the Company concluded the acquisition of 100% of the shareholding in Kuhne electronic GmbH through its wholly owned subsidiary COJOT OY.

The purchase consideration for the acquisition is EUR 1.6 million for the company which was paid in cash on 30 June 2022 with the final conditions precedent being effective at close of business on 30 June 2022. This is classified as a sundry debtor at year end as Kuhne electronic is not under control of the Group as at 30 June 2022.

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Prepayment for acquisition in subsidiary | 27 144 | - |

## 13. CASH AND CASH EQUIVALENTS

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Cash and cash equivalents consist of: | | |
| Cash on hand | 11 | 11 |
| Bank balances | 35 935 | 68 802 |
| Bank overdraft | (5 894) | - |
| Short-term deposits | 5 782 | 24 364 |
| | **35 834** | **93 177** |

The Standard Bank of South Africa holds collateral of suretyship limited to R15 million between Alaris Holdings Limited and Alaris Antennas Proprietary Limited.

The US subsidiary has a $500 000 line of credit with the bank. Borrowings bear interest at prime plus 1% with a 4% floor rate, are secured by all business assets and are guaranteed by the member. The line is subject to annual review and renewal on 11 December 2022. There were no borrowings outstanding on the line at year end.

Linwave has a £75 000 overdraft facility with the bank. The overdraft bears an interest rate of 2.5% per year over the Bank's base rate. Where base rate is below zero, it will be deemed to be zero. The overdraft was not utilised during the current financial year.

The carrying value of cash and cash equivalents balance approximates the fair value due to the short-term nature.

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Current assets | 41 728 | 93 177 |
| Current liabilities | (5 894) | - |
| | **35 834** | **93 177** |

## 14. SHARE CAPITAL

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Authorised share capital | | |
| 2 000 000 000 Ordinary shares of R0.00005 each | 100 | 100 |

1 872 701 781 (2021: 1 872 701 781) unissued ordinary shares are under the control of the directors. This authority remains in force until the next annual general meeting. The issued share capital is fully settled. A total of 1.3 million (2021: 0.61 million) shares were repurchased at an average price of R4.19 (2021: R2.28) and held as treasury shares in the subsidiaries. During the year the Company delisted from the JSE AltX and as a delisting condition share options vested on a weighted basis. The subsidiaries had to purchase shares at that stage to give to the employees.

| **Issued share capital** | Number of shares 2022 | Number of shares 2021 | Share capital 2022 R'000 | Share capital 2021 R'000 | Share premium 2022 R'000 | Share premium 2021 R'000 |
|---|---|---|---|---|---|---|
| Opening balance | 127 298 219 | 125 475 074 | 6 | 6 | 221 497 | 218 417 |
| Acquisition of company | - | 1 823 145 | * | * | - | 3 080 |
| Share options exercised during the year | - | - | * | * | - | - |
| | 127 298 219 | 127 298 219 | 6 | 6 | 221 497 | 221 497 |
| Treasury shares | (352 585) | (5 467 262) | * | * | 6 465 | (12 211) |
| | **126 945 634** | **121 830 957** | **6** | **6** | **227 962** | **209 286** |

* Nominal amount – amount smaller than R1 000.

## 15. SHARE-BASED PAYMENTS

Equity settled share-based payments.

| Share Options Group 2022 | Number '000 | Weighted exercise price | Total IFRS charge R'000 |
|---|---|---|---|
| Outstanding at the beginning of the year | 17 835 | 0.24 | 35 768 |
| Options granted during the year | 5 089 | – | 21 068 |
| Options vested during the year | (9 618) | 0.50 | (19 144) |
| Options adjusted to fair value based vesting conditions being met | (8 217) | – | (16 624) |
| **Total options at the end of the year** | **5 089** | **–** | **21 068** |

| Share Options Group 2021 | Number '000 | Weighted exercise price | Total IFRS charge R'000 |
|---|---|---|---|
| Outstanding at the beginning of the year | 13 636 | 0.72 | 24 707 |
| Options granted during the year | 7 944 | – | 16 523 |
| Options exercised during the year | (2 693) | 2.06 | (2 673) |
| Options adjusted to fair value based vesting conditions not being met | (1 052) | – | (2 789) |
| **Total options at the end of the year** | **17 835** | **0.24** | **35 768** |

| Outstanding options | Exercise date within one year | Exercise date from two to five years | Total |
|---|---|---|---|
| Options with exercise price of R0 Tranche September 2022 | - | 5 089 | 5 089 |
| | **-** | **5 089** | **5 089** |

**Information on options granted**

Fair value was determined by using the Black - Scholes model. The following inputs were used:

| | Tranche October 2020 | Tranche September 2022 |
|---|---|---|
| Exercise price | R0.00 | R0.00 |
| Spot price | R2.08 | R4.14 |
| Risk free rates used | | |
| Period 3 | 6.73% | 6.25% |
| Dividend yield | 0% | 0% |
| Number of options allocated | | 5 089 |

Share options were granted to certain employees that entitled them with the option to purchase Alaris Holdings Limited shares at the exercise price per the scheme. During the current year the Company was delisted from the JSE AltX and the share vesting accelerated on a weighted basis. The rest of the shares could still vest for the 2020 tranche but at year end it was unlikely that they would vest.

During the year new options were issued to employees. The options life is 30 months and will vest in one tranche in September 2024 if the performance vesting criteria are met. The employees have 90 days after each trance vests to exercise their options.

The volatility was obtained by calculating the change in share price based on a 30-day volume weighted average price.

A total expense of R1 468 000 (2021: R9 229 000) related to equity-settled share-based payments transactions was recognised in profit or loss.

## 16. LOANS AND BORROWINGS

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Instalment sales liability** | | |
| Standard Bank of South Africa Limited | - | 53 |
| Instalment sale agreement for motor vehicles secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0.5% and is repayable in 60 instalments of R6 832 per month. The net carrying value of the assets pledged as security R0 (2021: 0). | | |
| Standard Bank of South Africa Limited | 1 042 | 585 |
| Instalment sale agreement for Plant & Machinery secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0.5% and is repayable in 60 instalments of R54 053 per month. The net carrying value of the assets pledged as security R1 345 499 (2021: R884 652). | | |
| Androscoggin Bank | 141 | 211 |
| Instalment sale agreement for Motor vehicles secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime plus 1% in the USA and is repayable in 48 instalments of R8 038 per month. The net carrying value of the asset is R233 687 | | |
| Androscoggin Bank | 978 | 1 070 |
| Instalment sale agreement for Plant & Machinery secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime plus 1% in the USA and is repayable in 60 instalments of R22 305 per month. The net carrying value of the asset is R1 062 732 | | |
| Natwest Bank | 1 071 | - |
| Instalment sale agreement for Plant & Machinery secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime plus 7.43% in the UK and is repayable in 36 instalments of R34 163 per month. The net carrying value of the asset is R1081 278 | | |
| | **3 232** | **1 919** |
| Minimum instalment sales payments due | | |
| – within one year | 1 314 | 897 |
| – in second to fifth year inclusive | 2 287 | 1 223 |
| | **3 601** | **2 120** |
| Less: Future finance charges | (369) | (201) |
| Present value of minimum instalment sales payments | **3 232** | **1 919** |
| Present value of minimum instalment sales payments due: | | |
| – within one year | 1 117 | 802 |
| – in second to fifth year inclusive | 2 115 | 1 117 |
| | **3 232** | **1 919** |

## 17. LEASE LIABILITIES

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Non-current liabilities** | | |
| At amortised cost | 13 387 | 17 313 |
| **Current liabilities** | | |
| At amortised cost | 5 910 | 5 609 |
| Minimum lease payments due: | | |
| – within one year | 6 535 | 6 123 |
| – in the second to fifth year inclusive | 10 159 | 13 528 |
| – after five years | 4 500 | 5 936 |
| | **21 194** | **25 587** |
| Less future finance charges | (1 897) | (2 665) |
| | **19 297** | **22 922** |
| Present value of minimum lease payments due: | | |
| – within one year | 5 910 | 5 609 |
| – in the second to fifth year inclusive | 9 099 | 12 515 |
| – after five years | 4 288 | 4 798 |
| | **19 297** | **22 922** |

## 18. TRADE AND OTHER PAYABLES

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Financial liabilities** | | |
| Trade payables | 35 649 | 15 675 |
| Other accrued expenses | 9 602 | 6 446 |
| | **45 251** | **22 121** |
| **Non-financial liabilities** | | |
| Payroll accruals | 15 362 | 24 028 |
| VAT payable | - | 1 526 |
| Deferred revenue | 9 379 | 11 859 |
| Product warranty provision | 388 | 393 |
| Income received in advance | 10 205 | 1 975 |
| | **35 334** | **39 781** |
| **Total trade and other payables** | **80 585** | **61 902** |

**Fair value of trade and other payables**

The fair value of trade payables approximates its carrying value, due to the short-term nature.

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Product warranty provision** | | |
| Opening balance | 393 | 428 |
| Provisions raised during the year | 388 | 424 |
| Utilised during the year | (392) | (404) |
| FCTR | (1) | (55) |
| **Closing balance** | **388** | **393** |

## 19. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

| 2022<br>R'000 | Amortised cost | Leases | Total |
|---|---|---|---|
| Trade and other payables | 45 251 | - | 45 251 |
| Loans and borrowings | - | 3 232 | 3 232 |
| Lease liabilities | - | 19 297 | 19 297 |
| Bank overdraft | 5 894 | - | 5 894 |
| | **51 145** | **22 529** | **73 674** |

| 2021<br>R'000 | Amortised cost | Leases | Total |
|---|---|---|---|
| Trade and other payables | 22 121 | - | 22 121 |
| Loans and borrowings | - | 1 919 | 1 919 |
| Lease liabilities | - | 22 922 | 22 922 |
| | **22 121** | **24 841** | **46 962** |

The fair value of the financial liabilities approximates their carrying values at year end.

## 20. REVENUE

| | 2022<br>R'000 | 2021<br>R'000 |
|---|---|---|
| Fully configured products * | 311 021 | 277 889 |
| Newly developed products ** | 41 992 | 50 416 |
| | **353 013** | **328 305** |

The geographical split of revenue is disclosed in note 3 in segmental reporting. No information is provided about remaining performance obligations at 30 June 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

* R2.6 million (2021: 0 million) of the revenue consists of revenue over time whereas the rest of the revenue consists of revenue at a point in time.

** R42.0 million (2021: 50.4 million) of the revenue consists of revenue over time whereas the rest of the revenue consists of revenue at a point in time.

## 21. OTHER INCOME

**Other income consists of the following:**

| | 2022<br>R'000 | 2021<br>R'000 |
|---|---|---|
| Profits of foreign exchange | 1 629 | 1 095 |
| Loan forgiveness of Paycheck Protection program* | - | 4 070 |
| COVID-19 relief* | - | 1 396 |
| RDEC tax receivable** | 1 140 | - |
| Other sundry income | 551 | 360 |
| | **3 320** | **6 921** |

* In November 2020, mWAVE obtained approval from the U.S. small business Administration (SBA) for the forgiveness of the PPP Loan and this forgiveness was recognised in other income for the year ended June 2021.

** During the prior year COJOT received COVID-19 relief from the Finnish Government.

*** During the year Linwave obtained a research and development expenditure credit ("RDEC"). Some of the research and development costs were claimed under the SME tax scheme included as a credit in income taxes and some expenses were claimed under the RDEC scheme which needs to be included as other income.

## 22. TRADING OPERATING PROFIT

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Trading operating profit for the year is stated after accounting for the following: | | |
| Amortisation of intangible assets | 6 496 | 5 584 |
| Depreciation on plant and equipment | 4 673 | 3 372 |
| Depreciation on right-of-use assets | 5 573 | 4 524 |
| Employee costs | 151 403 | 131 491 |
| Share-based payment expense | 1 468 | 9 229 |
| Foreign exchange losses | 236 | 2 182 |
| Foreign exchange gains* | (1 629) | (1 095) |
| Consultants | 6 659 | 6 813 |
| (Loss)/Profit on sale of assets | - | 29 |
| Professional and advisory services | 8 866 | 5 786 |
| Expected credit loss | 3 312 | (6) |

* Foreign exchange gains were included in other income (note 21).

## 23. FINANCE INCOME

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Interest income on cash and cash equivalents | 439 | 1 133 |
| | **439** | **1 133** |

## 24. FINANCE COSTS

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Interest expenses on financial liabilities at amortised cost | 190 | 169 |
| Interest on lease liabilities | 862 | 815 |
| | **1 052** | **984** |
| Less: Interest on lease liabilities included in cost of sales | (154) | (224) |
| | **898** | **760** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

## 25. TAXATION

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Current tax** | **4 046** | **16 588** |
| Current year | 4 246 | 16 741 |
| Prior year adjustment | (200) | (153) |
| **Deferred tax** | **(982)** | **(5 127)** |
| Current year | 1 514 | (5 125) |
| Change in tax rate | (1 442) | - |
| Prior year adjustment | (1 054) | (2) |
| | **3 064** | **11 461** |

| **Reconciliation of the tax expense** | 2022 R'000 | 2021 R'000 | 2022 % | 2021 % |
|---|---|---|---|---|
| Profit before taxation | 21 862 | 57 871 | | |
| Tax at the applicable tax rate of 27%, 45%, 28.05%,20% and 25% (2021: 28%,45%, 28.05%, 20% and 19%) | 10 590 | 14 904 | 48.4 | 25.8 |
| **Tax effect of adjustments on taxable income** | | | | |
| *Non-deductible expenses* | | | | |
| – Legal and consulting fees | 1 537 | 41 | 7.0 | 0.1 |
| – Non-deductible due to apportionment | 489 | 507 | 2.2 | 0.9 |
| – Other non-deductible expenses | 593 | 467 | 2.7 | 0.7 |
| *Non-taxable income* | | | | |
| - PPP loan forgiveness | - | (1 142) | - | (2.0) |
| - Tax losses utilised | 449 | (109) | 2.1 | (0.2) |
| Prior year adjustment | (1 975) | (155) | (9.0) | (0.3) |
| Change in tax rate | (1 442) | - | (6.6) | - |
| Share-based payment – permanent in nature | (1 138) | - | (5.2) | - |
| Deferred tax asset not recognised – AIH UK | (440) | 1 077 | (2.0) | 1.9 |
| Additional research and development tax deduction | (5 599) | (4 129) | (25.6) | (7.1) |
| | **3 064** | **9 794** | **14.0** | **19.8** |

## 26. EARNINGS PER SHARE

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Issued ordinary shares at closing per share register | 127 298 219 | 127 298 219 |
| Less: Treasury shares (closing balance) | (352 585) | (5 467 262) |
| **Net number of shares issued outside the Group** | **126 945 634** | **121 830 957** |
| Issued ordinary shares at closing per share register | 127 298 219 | 127 298 219 |
| Less: Treasury shares (weighted) | (3 231 004) | (6 249 971) |
| Shares issued to Linwave sellers (weighted) | - | (1 218 760) |
| **Basic weighted average number of shares** | **124 067 215** | **119 829 488** |
| Share options – free shares based on strike price of options | - | 881 825 |
| Nil cost treasury shares purchased in the market | 352 585 | 607 944 |
| **Diluted weighted average number of shares** | **124 419 800** | **121 319 257** |

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Profit for the year | 18 798 | 46 410 |
| **Basic earnings** | **18 798** | **46 410** |
| Losses on disposal of assets | - | 29 |
| Impairment of subsidiary | 8 938 | - |
| **Headline earnings** | **27 736** | **46 439** |
| **Diluted earnings** | **18 798** | **46 410** |
| **Diluted Headline earnings** | **27 736** | **46 439** |
| Basic earnings per ordinary share (cents) | 15.15 | 38.73 |
| Diluted basic earnings per ordinary share (cents) | 15.11 | 38.25 |
| Headline earnings per ordinary share (cents) | 22.36 | 38.78 |
| Diluted headline earnings per ordinary share (cents) | 22.29 | 38.31 |

## 27. DIRECTORS' EMOLUMENTS

| 2022 Executive | Emoluments R'000 | Other benefits* R'000 | Total short-term remuneration R'000 | Value of share options exercised R'000 | Total remuneration R'000 | Number of outstanding share options not vested '000 |
|---|---|---|---|---|---|---|
| J Dresel | 3 612 | 77 | **3 689** | 9 168 | **12 857** | 1 056 |
| GT Heyman | 2 371 | 83 | **2 454** | 7 092 | **9 546** | 693 |
| ES Müller | 2 000 | 62 | **2 062** | 1 132 | **3 194** | 585 |
| | **7 983** | **222** | **8 205** | **17 392** | **25 597** | **2 334** |

* Other benefits include a defined contribution expense of R13 200 and R8 500 and R6 900 for J Dresel, GT Heyman and ES Müller respectively.

| Non-executive | Compensation R'000 | Director's fees in subsidiary R'000 | Director's fees for delisting R'000 | Total R'000 |
|---|---|---|---|---|
| CP Bester | 392 | – | 45 | 437 |
| RC Willis | 235 | – | – | 235 |
| CB Neser | 122 | – | – | 122 |
| CP van der Merwe | 220 | 133 | 45 | 398 |
| P Anania | 311 | – | 38 | 349 |
| | **1 280** | **133** | **128** | **1 541** |

| 2021 Executive | Emoluments R'000 | Bonus earned up to 30 June – payable sub-sequent to year-end R'000 | Other benefits* R'000 | Total short-term remuneration R'000 | Value of share options exercised R'000 | Total remuneration R'000 | Number of outstanding share options not vested '000 |
|---|---|---|---|---|---|---|---|
| J Dresel | 3 376 | 1 824 | 69 | 5 269 | 1 260 | 6 529 | 4 409 |
| GT Heyman | 2 216 | 1 128 | 71 | 3 415 | 454 | 3 869 | 3 425 |
| ES Müller | 1 650 | 891 | 51 | 2 592 | – | 2 592 | 809 |
| | **7 242** | **3 843** | **191** | **11 276** | **1 714** | **12 990** | **8 643** |

* Other benefits include a defined contribution expense of R10 800 and R7 100 and R4 000 for J Dresel, GT Heyman and ES Müller respectively.

| Non-executive | Compensation R'000 | Director's fees in subsidiary R'000 | Total R'000 |
|---|---|---|---|
| CP Bester | 374 | - | 374 |
| RC Willis | 225 | - | 225 |
| CB Neser | 210 | - | 210 |
| CP van der Merwe | 116 | 127 | 243 |
| P Anania | 320 | - | 320 |
| | **1 245** | **127** | **1 372** |

## 27. DIRECTORS' EMOLUMENTS (CONTINUED)

**Prescribed officers**

| 2022 Executive | Emoluments R'000 | Bonus earned up to 30 June – payable subsequent to year-end R'000 | Other benefits R'000 | Total short-term remuneration R'000 | Value of share options exercised R'000 | Total remuneration R'000 | Number of outstanding share options not vested '000 |
|---|---|---|---|---|---|---|---|
| S Lentonen | 2 239 | - | 149 | 2 389 | 6 024 | 8 413 | 640 |
| I Duke | 1 449 | 580 | 536 | 2 565 | - | 2 565 | 213 |
| C Vale | 2 033 | - | 35 | 2 068 | 4 024 | 6 092 | 594 |
| J Detert | 2 001 | - | 211 | 2 212 | 1 714 | 3 926 | - |
| | **7 722** | **580** | **787** | **9 089** | **11 762** | **20 851** | **1 447** |

| 2021 Executive | Emoluments R'000 | Bonus earned up to 30 June – payable subsequent to year-end R'000 | Other benefits R'000 | Total short-term remuneration R'000 | Value of share options exercised R'000 | Total remuneration R'000 | Number of outstanding share options not vested '000 |
|---|---|---|---|---|---|---|---|
| S Lentonen | 2 228 | 851 | 162 | 3 241 | 172 | 3 413 | 2 946 |
| I Duke (Appointed 1 March 2021) | 467 | – | 121 | 588 | – | 588 | – |
| C Vale (Appointed as PO 1 July 2020) | 1 900 | 1 026 | 10 | 2 936 | 553 | 3 489 | 2 042 |
| J Heys (Appointed 1 July 2020) | 1 236 | 111 | 8 | 1 355 | – | 1 355 | – |
| J Detert | 2 243 | 250 | 71 | 2 564 | – | 2 564 | 1 224 |
| | **8 074** | **2 238** | **372** | **10 684** | **725** | **11 409** | **6 212** |

The Group does not provide non-cash benefits to directors and executive officers and does not contribute to post-employment defined benefits on their behalf.

The director's direct and indirect shareholding of the Company control 59.19% (2021: 36.03%) of the voting shares of the Company.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

### 28. CASH GENERATED FROM OPERATIONS

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| **Profit for the year** | 18 798 | 46 410 |
| Adjustments for: | | |
| Tax expense | 3 064 | 11 461 |
| Unrealised (profit)/loss on foreign exchange | 53 | (298) |
| Depreciation and amortisation | 16 742 | 13 481 |
| Finance income | (439) | (1 133) |
| Finance costs | 1 052 | 984 |
| Share-based payment expense | 1 468 | 9 229 |
| RDEC tax receivable included in other income | (1 140) | - |
| Profit on sale of assets | - | 29 |
| Foreign currency translation reserve | 1 970 | (8 972) |
| Forgiveness of PPP Loan | - | (3 775) |
| Impairment of subsidiary | 8 938 | - |
| **Changes in working capital:** | | |
| Decrease/(increase) in inventories | (29 168) | 7 168 |
| (Increase)/decrease in trade and other receivables | (38 940) | (16 180) |
| Increase/(decrease) in trade and other payables | 18 683 | 10 862 |
| | **1 081** | **69 266** |

### 29. TAX PAID

| | 2022 R'000 | 2021 R'000 |
|---|---|---|
| Balance at beginning of the year | 1 958 | 5 |
| Current tax for the year recognised in profit or loss | (4 246) | (16 741) |
| Overprovision of prior year tax | 200 | 153 |
| RDEC tax receivable inlcuded in other income | 1 140 | - |
| Exchange rate movements | 186 | 66 |
| Balance at end of the year | (5 220) | (1 958) |
| | **(5 982)** | **(18 475)** |

### 30. BUSINESS COMBINATION

During the prior year the Group concluded an agreement to acquire 100% of the issued share capital of Linwave Technology Limited ("the Acquisition"). All conditions precedent to the Acquisition as per the agreement were fulfilled and the results of Linwave were included in the Group results from 27 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.

### 30. BUSINESS COMBINATION (CONTINUED)

| **Identifiable assets and liabilities acquired consist of:** | **Acquisition date fair value R'000** |
|---|---|
| Plant and equipment | 2 522 |
| Intangible assets | 17 559 |
| Right-of-use-asset | 13 328 |
| Inventories | 17 168 |
| Trade and other receivables | 17 824 |
| Cash and cash equivalents | 11 990 |
| Right of use liability - IFRS 16 | (13 328) |
| Deferred tax | 1 366 |
| Trade and other payables | (15 508) |
| **Total identifiable net assets** | **52 921** |
| Goodwill | 18 760 |
| **Total purchase consideration** | **71 681** |
| Less: Consideration in shares (1.8 million shares) | (3 080) |
| Less: Cash acquired | (11 990) |
| **Net cash outflow** | **56 611** |

The fair value of the 1 823 145 shares issued as part of the consideration paid for the Linwave sellers was based on the 90-day VWAP before closing.

| **Impact of Linwave acquisition on revenue and profit for the year (Excluding the amortisation of customer relationships):** | **Revenue** | **Profit after tax** |
|---|---|---|
| Reported per statement of profit and loss | 328 305 | 46 410 |
| Less: Linwave performance subsequent to acquisition | (36 611) | (5 943) |
| | 291 694 | 40 467 |
| Estimated impact of business combination (if acquired 1 July 2020) | 104 143 | 16 887 |
| **Estimated impact of the business combination for the year (1 July 2020 to 30 June 2021)** | **395 837** | **57 354** |

## 31. RELATED PARTIES

**Relationships**

| | |
|---|---|
| Subsidiaries | Alaris Antennas Proprietary Limited - 100% (2021: 100%)<br>COJOT Oy – 100% (2021: 100%) *<br>mWAVE Industries LLC – 100% (2021: 100%) *<br>Alaris Investment Holdings UK Limited – 100% (2021: 100%) *<br>Linwave Technology Limited – 100% (2021: 100%)*<br>Alaris US Incorporated (dormant) – 100% (2021: 100%) * |
| Trusts under entity's control | Alaris Holdings Limited Share Incentive Trust |
| Shareholder with significant influence | Tadvest Limited<br>Conexus Investment Fund |
| Members of key management | CP Bester<br>J Dresel<br>GT Heyman<br>P Anania<br>RC Willis<br>C van der Merwe<br>ES Müller<br>CB Neser<br>S Lentonen<br>J Detert<br>I Duke<br>C Vale |

* Foreign subsidiaries

Key management personnel are those having authority and responsibility for planning and controlling the activities of the Group, directly or indirectly, including any director of the Group. The directors of the Group have been identified as key management personnel of the Group.

## 32. RISK MANAGEMENT

**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the loans disclosed in notes 16 and 17, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement of changes in equity.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as loans (current and non-current) less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Currently the Group is negatively geared since the Group does not have large long-term liabilities.

**Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group applies an enterprise wide risk management framework to assess and report on risks including financial risks.

## 32. RISK MANAGEMENT (CONTINUED)

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored on a regular basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their fair values due to their short-term nature.

| **At 30 June 2022** | **Less than 1 year R'000** | **Between 2 and 5 years R'000** | **After 5 years R'000** |
|---|---|---|---|
| Loans and borrowings | 1 117 | 2 115 | - |
| Lease liabilities | 5 910 | 9 099 | 4 288 |
| Trade and other payables | 45 251 | - | - |
| Bank overdraft | 5 894 | - | - |
| **At 30 June 2021** | | | |
| Loans and borrowings | 802 | 1 117 | - |
| Lease liabilities | 5 609 | 12 515 | 4 798 |
| Trade and other payables | 22 121 | - | - |

### Credit risk

Credit risk arises from cash deposits, cash equivalents, derivative financial instruments and trade receivables. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with the limits set by the Board. The utilisation of credit limits is regularly monitored.

Financial assets which expose the Group to credit risk at the reporting date were as follows:

| | **2022 R'000** | **2021 R'000** |
|---|---|---|
| **Financial instruments** | | |
| Cash and cash equivalents | 41 728 | 93 177 |
| Trade receivables | 105 322 | 69 723 |
| | **147 050** | **162 900** |

## 32. RISK MANAGEMENT (CONTINUED)

### Interest rate risk

The Group's exposure to interest rate risk mainly arises from financial liabilities / assets. Financial liabilities and assets consist of floating rate and non-interest bearing components. The table below analyses the breakdown of financial instruments by type of interest rate:

| Financial assets | 2022 Floating R'000 | 2021 Floating R'000 |
|---|---|---|
| Cash and cash equivalents | 35 834 | 93 177 |
| **Financial liabilities** | | |
| Loans and borrowings | (3 232) | (1 919) |
| Lease liabilities | (19 297) | (22 922) |
| | **13 305** | **68 336** |

### Sensitivity analysis

A hypothetical increase/(decrease) in interest rates by 50 basis points, with all other variables remaining constant, would increase/(decrease) profits after tax and retained earnings by R64 482 (2021: R255 238). A hypothetical increase/(decrease) in interest rates by 100 basis points, with all other variables remaining constant, would increase/(decrease) profits after tax by R128 963 (2021: R510 476). The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of the changing of their cash flows and therefore in terms of the impact on net expenses.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | 50 basis point increase R'000 | 100 basis point increase R'000 | 50 basis point increase R'000 | 100 basis point increase R'000 |
| Cash and cash equivalents | 151 | 303 | 351 | 701 |
| Loans and borrowings | (12) | (24) | (7) | (14) |
| Lease liabilities | (75) | (150) | (89) | (177) |
| | **64** | **129** | **255** | **510** |

### Foreign exchange risk

The Group's statement of financial position consists of foreign monetary assets and liabilities at any given time which exposes the Group to foreign exchange risk. The Board has established a policy for the Group to manage their foreign exchange risk against their functional currency. The Group is required to economically hedge their net foreign exchange risk exposure, if greater than R3 million, with financial institutions where necessary. Net foreign exchange exposure is defined as foreign monetary assets less foreign monetary liabilities. The Group uses forward exchange contracts and derivatives to hedge net exposure within the limit approved by the Board.

The Group evaluates the net foreign exposure on a monthly basis and either increases or decreases the hedge as appropriate. Under specific circumstances the Group may have net foreign exposure of greater than R3 million. This typically arises when the Group is holding foreign cash which has been earmarked for a foreign acquisition. The Group measures currency futures at fair value using inputs as described in level 1 of the fair value hierarchy.

## 32. RISK MANAGEMENT (CONTINUED)

### Sensitivity analysis

At 30 June 2022, if the currency had weakened/strengthened by 10% against the US dollar, with all other variables held constant, the impact on profit after tax and retained earnings for the year would have been R2 367 666 (2021: R3 339 443) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and foreign exchange losses or gains on translation of US dollar denominated trade payables.

At 30 June 2022, if the currency had weakened/strengthened by 10% against the Euro, with all other variables held constant, the impact on profit after tax and retained earnings for the year would have been R5 190 498 (2021: R3 595 809) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

At 30 June 2022, if the currency had weakened/strengthened by 10% against the GBP, with all other variables held constant, profit after tax and retained earnings for the year would have been R376 426 (2021: R1 800 544) higher/lower, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

### Foreign currency exposure at the end of the year

The Group reviews its net foreign currency exposure, including commitments on an ongoing basis.

| | 2022 *FC'000 | 2022 R'000 | 2021 *FC'000 | 2021 R'000 |
|---|---|---|---|---|
| Trade receivables – USD | $1 311 | 21 313 | 1 718 | 24 585 |
| Trade receivables – EUR | € 3 459 | 58 681 | 1 401 | 23 849 |
| Trade receivables – GBP | £615 | 24 827 | £615 | 12 174 |
| Cash and cash equivalents – USD | $809 | 13 145 | $1 690 | 24 185 |
| Cash and cash equivalents – EUR | € 1 237 | 20 991 | 1 936 | 32 952 |
| Cash and cash equivalents – GBP | £810 | 3 487 | £810 | 16 033 |
| Trade payables – USD | ($617) | (1 574) | ($617) | (2 388) |
| Trade payables – EUR | (€403) | (7 582) | (€403) | (6 859) |
| Trade payables – GBP | (£162) | (23 085) | (£162) | (3 199) |

Exchange rates used for conversion of foreign items were:

| Closing exchange rate used for conversion of foreign items were: | 2022 | 2021 |
|---|---|---|
| USD | 16.25 | 14.31 |
| EUR | 16.97 | 17.02 |
| GBP | 19.74 | 19.79 |
| **Average exchange rates used during the year** | | |
| USD | 15.21 | 15.23 |
| EUR | 17.15 | 18.38 |
| GBP | 20.24 | 20.02 |

***** Foreign currency ("FC")

## 33. GOING CONCERN

The Group has generated a net profit for the year ended June 2022 of R19 million and as at 30 June 2022, the Group has a cash and cash equivalents of R36 million. The current assets exceeded current liabilities by R163 million.

The consolidated financial statements for the year ended 30 June 2022 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 34. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2022 the Company concluded the acquisition of 100% of the shareholding in Kuhne electronic GmbH ("Kuhne") through its wholly owned subsidiary COJOT OY ("COJOT").

The purchase consideration for the acquisition is EUR 1.6 million for the company and EUR 1.1 million for the building in which Kuhne is trading. EUR 1.6 million was paid in cash on 30 June 2022 with the final conditions precedent being concluded at close of business on 30 June 2022. The EUR1.1 million for the building is only payable when the building transfer is registered. To the extent that the actual amount of net working capital exceeds the estimated amount of net working capital COJOT 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 COJOT an amount in aggregate equal to the shortfall, such amount to be transferred within 10 days after agreement of the final amount payable. The cash paid for the acquisition is financed through excess cash available in the group. The building will be financed through excess cash and a loan of EUR 500 000 from financial institutions.

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


# Shareholders Information

# NOTICE OF ANNUAL GENERAL MEETING

**Alaris Holdings Limited**
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
("Alaris" or "the Company" or "the Group")

**Notice is hereby given that an Annual General Meeting ("AGM") of shareholders of the Company will be held on 1 December 2022 at 12:00 at the registered office of the Company at 1 Travertine, N1 Business Park, Old Johannesburg Road, Centurion, 0157. Shareholders will be notified of any changes in the venue should it be required for reasons outside our control.**

**Purpose**

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

If you are in doubt as to what action to take in regard to this notice, please consult your banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out in the conclusion of this notice.

**Agenda**

- Presentation of the audited annual financial statements of the Company, including the reports of the Directors and the Audit and Risk Committee for the year ended 30 June 2022. These annual financial statements, including the unmodified audit opinion, are available on Alaris' website at wwww.alarisholdings.com, or may be requested and obtained in person, at no charge, at the registered office of Alaris during office hours. The Integrated Annual Report, of which this notice forms part, contains the summarised Group financial statements and the aforementioned Directors' reports.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary and special resolutions.

Shareholders are requested to note the following dates:

- Record date to receive notice of the Annual General Meeting is 23 September 2022
- Last date to trade to be eligible to vote is 22 November 2022
- Record date to be eligible to vote is 25 November 2022
- Last date for lodging forms of proxy is 29 November 2022

Annual General Meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate at the Annual General Meeting. Suitable forms of identification include valid identity documents, driver's licences, and passports.

**Report of the Social and Ethics Committee**

The Company's Social and Ethics report included on page 50 of the integrated annual report will serve as the Social and Ethics Committee's report to the Company's shareholders at the Annual General Meeting on the matters within its mandate. Any specific questions to the Committee may be sent to the Company Secretary prior to the Annual General Meeting.

**Note:**

For any of the ordinary resolutions numbers 1 to 8(inclusive) are to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. The voting percentages required to pass the remaining resolutions are set out below such respective resolutions.

1. **RETIREMENT AND RE-ELECTION OF DIRECTORS**

1.1 **Ordinary resolution number 1: Re-election of Director who retires by rotation – Mr Chris Neser**

**Resolved** that shareholders re-elect, by way of a separate vote, Mr Chris Neser as a Non-Executive Director, who retires by rotation in terms of section 24.7 of the Company's MOI, and who has offered himself for re-election.

A brief curriculum vitae of the Director offering himself for re-election is contained on page 35 of the integrated annual report.

**1.2.Ordinary resolution number 2: Re-election of Director who retires by rotation – Mr Peter Anania**

**Resolved** that shareholders re-elect, by way of a separate vote, Mr. Peter Anania as a Non-Executive Director, who retires by rotation in terms of section 24.7 of the Company's MOI, and who has offered himself for re-election.

A brief curriculum vitae of the Director offering himself for re-election is contained on page 34 of the integrated annual report.

**Reason for and effect of ordinary resolution numbers 1 and 2**

The reason for ordinary resolution numbers 1 and 2 (inclusive) is that the MOI of the Company, and, to the extent applicable, the Companies Act, require that a component of the Non-executive Directors rotates at every Annual General Meeting of the Company and being eligible, may offer themselves for re-election as Directors.

2. **ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF EXTERNAL AUDITORS AND DESIGNATED AUDIT PARTNER**

**Resolved** that KPMG Incorporated, be and is hereby re-appointed as the Independent External Auditor of the Company and Mr TG Cheadle as the individual designated Auditor of the Company, for the ensuing year on the recommendation of the Audit and Risk Committee of the Company, and that shareholders authorise the Board to determine the remuneration of the Auditors.

**Reason for and effect of ordinary resolution number 3**

The reason for ordinary resolution number 3 is that the Company, being a public company, must have its financial results audited and such, the Auditor must be appointed or reappointed each year at the Annual General Meeting of the Company as required by the Companies Act.

3. **RE-APPOINTMENT OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY**

*Note: For the avoidance of doubt, all references to the Audit and Risk Committee of the Company is a reference to the audit committee as contemplated in the Companies Act.*

3.1. **Ordinary resolution number 4**

**Resolved** that Mr. Peter Anania, being eligible, be and is re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until conclusion of the next Annual General Meeting of the Company.

3.2 **Ordinary resolution number 5**

**Resolved** that, subject to the passing of ordinary resolution number 1, Mr Carel van der Merwe, being eligible, be and is re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until conclusion of the next Annual General Meeting of the Company.

3.3 **Ordinary resolution number 6**

**Resolved** that Mr Richard Willis, being eligible, be and is re-appointed as a member and Chairperson of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the conclusion of the next Annual General Meeting of the Company.

**Reason for and effect of ordinary resolution numbers 4 to 6**

The reason for ordinary resolution numbers 4 to 6 (inclusive) is that the Company, being a public company, must appoint an Audit Committee and the Companies Act requires that Independent Non-Executive Directors of the Company be appointed or re-appointed, as members of such Audit Committee, as the case may be, at each Annual General Meeting. Brief curriculum vitae of the director(s) up for re-election to the Audit and Risk Committee appear on pages 62 to 66 of the integrated annual report.

## 4. ORDINARY RESOLUTION NUMBER 7: AUTHORITY TO SIGN ALL REQUIRED DOCUMENTS

**Resolved** that, subject to the passing of the ordinary and special resolutions at the Annual General Meeting, any Director of the Company or the Company Secretary shall be and is hereby authorised to sign all documentation and perform all acts which may be required to give effect to such ordinary and special resolutions.

**Reason for and effect of ordinary resolution number 7**

The resolution grants authority to any Director or the Company Secretary to carry out, execute all documentation and do all such things as he may in his discretion consider necessary or appropriate in connection with and to implement and give effect to the ordinary resolutions above and special resolutions below.

## 5. SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO ACQUIRE (REPURCHASE) SHARES

**Resolved** that the Company and/or any subsidiary be and is hereby authorised by way of a specific approval as contemplated in section 48, read with section 46 of the Companies Act, to acquire from time to time issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, but subject to the MOI of the Company and the provisions of the Companies Act provided that:

(a) this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 1, whichever period is shorter;

(b) the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the beginning of the financial year;

(c) the Company has been given authority by its MOI;

(d) at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;

(e) the aggregate of such acquisitions by subsidiaries of Alaris may not result in such subsidiaries holding more than 10% of Alaris' issued share capital;

(f) a resolution has been passed by the Board of Directors confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity tests and that, since the tests were done, there have been no material changes to the financial position of the Company and the Group; and

Although no such repurchases are currently being contemplated, the Directors undertake that they will not effect a general repurchase of shares as contemplated above unless the following can be met for a period of 12 months after the date of this notice:

- the Company and the Group would in the ordinary course of their business be able to pay debts;
- the consolidated assets of the Company and the Group would exceed the consolidated liabilities of the Company and the Group respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the accounting policies used in the financial statements;
- the issued capital and reserves of the Company and the Group would be adequate for the purposes of the Company's and the Group's business;
- the Company's and the Group's working capital would be sufficient for ordinary business purposes; and
- a resolution by the Board of Directors will have been passed that authorised the repurchase, that Alaris and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group.

**Litigation statement**

The directors, whose names appear on pages 32 to 35 of the integrated annual report of which the Notice of Annual General Meeting forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on Alaris' financial position.

**Directors' responsibility statement**

The Directors, whose names appear on pages 32 to 35 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law.

**Material changes**

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the Audit and Risk Committee report and up to the date of the Notice of Annual General Meeting.

The Directors have no specific intention, at present, for the Company or its subsidiaries to acquire any of the Company's shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the Company and its shareholders.

The Directors are of the opinion that it would be in the best interest of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire the shares issued by the Company should the market conditions, tax dispensation and price justify such an action.

**Adequacy of working capital**

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

• the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;

• the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;

• the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and

• the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

**Reason for and effect of special resolution number 1**

The reason and effect of special resolution number 1 is to grant the Company general approval to acquire its own issued shares on such terms, conditions and in such amounts determined from time to time by the Directors of the Company by the limitations set out above.

- The Directors of the Company have no specific intention to effect the provisions of special resolution number 1 but will, however, continually review this position having regard to prevailing circumstances.
- The intention of the Company and/or its subsidiaries is to utilise the general authority to repurchase if at some future date the cash resources of the Company are in excess of its requirements.
- The method by which the Company and any of its subsidiaries intends to repurchase its ordinary shares and the date on which such repurchase will take place, have not yet been determined.

*The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.*

## 6. SPECIAL RESOLUTION NUMBER 2: REMUNERATION OF NON-EXECUTIVE DIRECTORS

**Resolved**, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its Non-Executive Directors for their services as Directors on the basis set out below (exclusive of value-added tax), provided that this authority will be valid until the next AGM of the Company.

| Type of fee (per annum) | Approved fee for the year ended 30 June 2023 | Approved fee for the year ended 30 June 2022 |
|---|---|---|
| **Board** | | |
| Chairperson* | R359 928 | R341 164 |
| Member | R91 547 | R86 774 |
| International member | €10 811 | €10 537 |
| **Audit Committee** | | |
| Chairperson | R110 055 | R104 318 |
| Member | R66 819 | R63 336 |
| International member | €7 909 | €7 708 |
| **Remuneration Committee** | | |
| Chairperson | R50 861 | R48 209 |
| Member | R25 038 | R23 733 |
| International member | €2 901 | €2 827 |
| **Nomination Committee** | | |
| Chairperson** | - | - |
| Member | R11 665 | R11 056 |
| **Social and Ethics Committee** | | |
| Chairperson | R34 994 | R33 169 |
| Member | R23 329 | R22 113 |
| **Hourly remuneration** | R2 500 per hour | R2 500 per hour |

for services of non-executive directors' in excess of their attendance at regular Board and Committee meetings, payable with pre-approval at the Board's discretion. The independent non-executive director *** will be remunerated by the hour should his services be used.

*The Chairperson of the Board does not receive additional remuneration if he/she is a member of, or chair of, any subcommittee of the Board.

** The Chairperson of the board and the nomination committee is always the same person; therefore, the Chair of the Nomination Committee will not receive additional remuneration.

**Reason for and effect of special resolution number 2**

The reason for and effect of special resolution number 2 is for the Company to obtain the approval of shareholders, by way of a special resolution, for the payment of remuneration to its Non-executive Directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 2 is that the Company will be able to pay its Non-executive Directors for the services they render to the Company as Directors without requiring further shareholder approval until the next Annual General Meeting of the Company.

*The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.*

## 7. SPECIAL RESOLUTION NUMBER 3: GENERAL APPROVAL TO PROVIDE FINANCIAL ASSISTANCE FOR SUBSCRIPTION OR PURCHASE OF ORDINARY SHARES IN RELATED OR INTERRELATED ENTITIES IN TERMS OF SECTION 44 OF THE COMPANIES ACT

**Resolved** that, in terms of and subject to the provisions of section 44 of the Companies Act, the shareholders of the Company hereby approve, as a general approval, the giving by the Company of financial assistance, by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or any affiliate, or for the purchase of any ordinary shares of the Company or its affiliates (including, without limitation, the giving of a guarantee to any subscriber, holder or purchaser of preference shares in any affiliate, as security for such affiliate's obligations under such preference shares), as set out in section 44 of the Companies Act, which approval shall be valid for a period of 2 (two) years from the date that this special resolution is passed.

The shareholders of the Company hereby resolve that the Board may, subject to compliance with the requirements of the MOI and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide financial assistance as contemplated in section 44 of the Companies Act, on such terms and conditions and for such amounts as the Board may determine.

It is hereby noted that the Company may from time to time provide financial assistance in terms of section 44 of the Companies Act, by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company (as contemplated in the Companies Act, including, without limitation, any present or future subsidiaries of the Company, its holding company and subsidiaries of its holding company and/or any other company or corporation that is or becomes related or interrelated to the Company) (collectively for purposes of this resolution, the "affiliates"), or for the purchase of any ordinary shares of the Company or its affiliates, on such specific terms as may be authorised by the Board.

It is further noted that the Board of Directors of the Company shall not authorise any financial assistance contemplated in such special resolution unless the Board:

(a) is satisfied that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity tests contemplated in section 4 of the Companies Act (read with section 44(3)(b)(i));

(b) is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company (section 44(3)(b)(ii)); and

(c) is satisfied that any applicable conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied (section 44(4)).

In compliance with the requirements of the Companies Act the Board is seeking a general authority from shareholders to cause the Company to provide financial assistance for subscription and purchase of ordinary shares as set out in section 44 of the Companies Act.

**Reason for and effect of special resolution number 3**

The reason for and effect of special resolution number 3 is to grant the Board a general authority in terms of the Act to cause the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or any affiliate, or for the purchase of any ordinary shares of the Company or its affiliates, as set out in section 44 of the Act in such amounts and on such terms and conditions as may be determined by the Board. The passing of special resolution number 3 will have the effect that the Board will have the flexibility, subject to the requirements of the MOI and the Companies Act, to provide financial assistance as set out in section 44 of the Companies Act should it be in the interests of the Company to do so.

This general authority shall be valid for a period of 2 (two) years from the date of approval of this special resolution unless such general authority is varied or revoked by special resolution of shareholders prior to the expiry of such 2- (two) year period.

*The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the votes exercised on the resolution.*

8. **SPECIAL RESOLUTION NUMBER 4: DIRECT OR INDIRECT FINANCIAL ASSISTANCE ("FINANCIAL ASSISTANCE" WILL HEREIN HAVE THE MEANING ATTRIBUTED TO IT IN SECTION 45(1) OF THE COMPANIES ACT) TO ANY COMPANY RELATED OR INTERRELATED TO THE COMPANY OR TO ANY JURISTIC PERSON WHO IS A MEMBER OF OR RELATED TO ANY SUCH COMPANIES**

**Resolved** that, as a general approval, the Company may, in terms of section 45(3)(a)(ii) of the Companies Act and subject to compliance with the remainder of section 45 of the Companies Act, provide any direct or indirect financial assistance that the Board of Directors of the Company may deem fit to any related or interrelated company or to any juristic person who is a member of or related to any such companies ("related" and "interrelated" will herein have the meaning so attributed in section 2 of the Companies Act) (on the terms and conditions, to the recipient(s), in the form, nature and extent, and for the amounts that the Board of Directors of the Company may determine from time to time).

**Reason for and effect of special resolution number 4**

The reason for and effect of special resolution number 4, if adopted, will be to confer authority on the Board of Directors of the Company to authorise financial assistance to companies related or interrelated to the Company, or to any juristic person who is a member of or related to any such companies generally as the Board of Directors of the Company may deem fit, on the terms and conditions, and for the amounts that the Board of Directors may determine from time to time, for a period of two years after this Annual General Meeting of the Company.

The granting of the general authority would obviate the need to refer to each instance of provision of financial assistance in the circumstances contemplated in this special resolution for ordinary shareholder approval.

This general authority would assist the Company with, inter alia, making intercompany loans to subsidiaries of the Company, or interrelated companies, as well as granting letters of support and guarantees in appropriate circumstances.

This would avoid undue delays and attendant adverse financial impact on subsidiaries, or interrelated companies, as it would facilitate the expeditious conclusion of negotiations.

In the event that this special resolution is adopted by the ordinary shareholders of the Company, thereby conferring general authority on the Board of Directors of the Company to authorise financial assistance to companies related or interrelated to the Company or to any juristic person who is a member of or related to any such companies, then the Board of Directors of the Company shall not authorise any financial assistance contemplated in such special resolution unless the Board:

(a) is satisfied that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test contemplated in section 4 of the Companies Act (section 45(3)(b)(i));

(b) is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company (section 45(3)(b)(ii)); and

(c) has ensured that any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied (section 45(4)).

*The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the votes exercised on the resolution.*

9. **Special resolution number 5: Replacement of the Company's Memorandum of Incorporation**

**Resolved** that the Company's existing Memorandum of Incorporation be replaced with a new Memorandum of Incorporation as attached to the notice as Annexure A, with effect from the date of filing of this special resolution 5 with the Companies and Intellectual Properties Commission.

**Reason for and effect of special resolution 5** The reason for shareholder and effect of special resolution 5 is to obtain the approval of shareholders to amend the Alaris MOI so as to ensure that the Memorandum Of Incorporation is compliant with the requirements of a public company, following the delisting from the JSE Limited and with the addition of an odd-lot repurchase.

**10. VOTING INSTRUCTIONS**

To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders with or without advance notice to the Company.

**Voting instructions**

In terms of the Companies Act, any member entitled to attend and vote at the above Annual General Meeting may appoint one or more persons as proxy, to attend, speak and vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be deposited at the office of the Transfer Secretaries not later than 48 hours before the time fixed for the Annual General Meeting (excluding Saturdays, Sundays and gazetted South African public holidays).

It is recommended that forms of proxy be forwarded to reach the Company's Transfer Secretaries at the address given below by no later than 12:00 on 29 November 2022. Any form of proxy not delivered to the Transfer Secretaries by this time may be handed to the Chairperson of the AGM at any time prior to the commencement of the AGM.

**Electronic participation**

Shareholders or their proxies may participate in the AGM by way of telephone conference call ("teleconference facility"). Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:

- complete the form of proxy and return it to the transfer secretary in accordance with paragraph 13 above; or
- contact their CSDP or broker in accordance with paragraph 13 above.

Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must notify the Company by emailing the Company Secretary (by email at melinda@fusioncorp.co.za) by no later than 12:00, 29 November 2022. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the teleconference facility.

The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.

The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.

The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

By order of the Board

**Melinda Gous**
*Fusion Corporate Secretarial Services Proprietary Limited*
*Company Secretary*
21 September 2022

**Transfer Secretaries**
Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)

# FORM OF PROXY

**FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD AT 12:00 AT THE REGISTERED OFFICE OF THE COMPANY AT 1 TRAVERTINE, N1 BUSINESS PARK, OLD JOHANNESBURG ROAD, CENTURION, 0157, ON THURSDAY, 1 DECEMBER 2022 – FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALISED ORDINARY SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY**

I/We (please print)

Of (address)

E-mail: Tel: Cell:

Being the registered holder(s) of ordinary shares in the capital of the Company, do hereby appoint:

1 or failing him/her,

2 or failing him/her,

the Chairman of the Annual General Meeting, as my/our proxy to act on my/our behalf at the Annual General Meeting of the Company, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

| | | Number of ordinary shares | | |
|---|---|---|---|---|
| | | **For** | **Against** | **Abstain** |
| 1.1 | Ordinary resolution number 1: Re-election of Director who retires by rotation – Mr Chris Neser | | | |
| 1.2 | Ordinary resolution number 2: Re-election of Director who retires by rotation – Mr Peter Anania | | | |
| 2 | Ordinary resolution number 3: Re-appointment of External Auditors and Designated Audit Partner | | | |
| 3.1 | Ordinary resolution number 4: Re-election of Audit and Risk Committee member – Mr Peter Anania | | | |
| 3.2 | Ordinary resolution number 5: Re-election of Audit and Risk Committee member – Mr Carel van der Merwe | | | |
| 3.3 | Ordinary resolution number 6: Re-election of Audit and Risk Committee member and Chairperson – Mr Richard Willis | | | |
| 4. | Ordinary resolution number 7: Authority to sign all required documentation | | | |
| 5. | Special resolution number 1: General authority to acquire (repurchase) shares | | | |
| 6. | Special resolution number 2: Remuneration of Non-executive Directors | | | |
| 7. | Special resolution number 3: General approval to provide financial assistance for subscription or purchase of ordinary shares in related or interrelated entities in terms of section 44 of the Companies Act | | | |
| 8. | Special resolution number 4: Direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) to any company related or interrelated to the Company or to any juristic person who is a member of or related to any such companies | | | |
| 9. | Special resolution number 5: Amendment to the Memorandum of Incorporation | | | |

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given the proxy will be entitled to vote or abstain as he or she deems fit.

Signed at on 2022.

Signature

Assisted by me (where applicable)

**Please read the summary and notes on the reverse hereof.**

# SUMMARY AND NOTES TO THE FORM OF PROXY

**Summary of rights contained in section 58 of the Companies Act**

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has:
    - iv directed such company to do so, in writing; and
    - v paid any reasonable fee charged by such a company for doing so.

# NOTES TO FORM OF PROXY

1. An ordinary shareholder holding shares, may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this role will be exercised by the Chairman of the Annual General Meeting. A proxy need not be a shareholder of the Company.
2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him or her bears to the aggregate amount of the nominal value of all the shares issued by the Company. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he or she deems fit in respect of the entire number of the shareholder's votes exercisable thereat. An ordinary shareholder or his or her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the ordinary shareholder.
3. If any ordinary shareholder does not indicate on this instrument that his or her proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he or she thinks fit.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or waived by the Chairman of the Annual General Meeting.
6. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed

and/or received other than in compliance with these notes.

7. A proxy may not delegate his or her authority to act on behalf of the shareholder, to another person.

8. It is recommended that forms of proxy be lodged with or mailed to Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited. Proxy forms to be received by them no later than 29 November 2022, at 12:00 provided that any form of proxy not delivered to the Meeting Scrutineers by this time may be handed to the Chairman of the Annual General Meeting prior to the commencement of the Annual General Meeting, at any time before the appointed proxy exercises any shareholder's rights at the Annual General Meeting.

| Hand deliveries to: | Postal deliveries to: |
|---|---|
| Computershare Investor Services Proprietary Limited<br>Rosebank Towers<br>15 Biermann Avenue<br>Rosebank<br>2196 | Computershare Investor Services Proprietary Limited<br>Private Bag X9000<br>Saxonwold<br>2132 |
| An email can be sent to: proxy@computershare.co.za | |

9. Should a shareholder lodge this form of proxy with the Transfer Secretaries less than 48 hours before the Annual General Meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the Annual General Meeting before the appointed proxy exercises any of such shareholder's rights at the Annual General Meeting.

**ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.**

**Dear Alaris Holdings Limited Shareholder**

**Notice of publication of annual financial statements for the financial year ended 30 June 2021**

Alaris Holdings Limited hereby gives notice in terms of section 31(1) of the Companies Act, 2008 (Act 71 of 2008), as amended, to all its shareholders of the publication of the annual financial statements of the Company for the financial year end 30 June 2021.

A copy of the annual financial statements of the company may be obtained by a shareholder, without charge:

1. By downloading a copy of the annual financial statements from the company's website: www.alarisholdings.com, or
2. By requesting a copy of the annual financial statements from Alaris by means of either:
   (a) Email: Investor@alaris.co.za
   (b) Post to Private Bag X4, The Reeds, Pretoria, 0061; or
   (c) By requesting post-delivery as per the records on file with your current brokers.

(Please note that the 2022 integrated annual report will only be available in electronic format unless a specific hard copy is requested.)

Yours faithfully

................

**J Dresel**

# ELECTRONIC COMMUNICATION ELECTION FORM

**Alaris Holdings Limited**
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
("Alaris" or "the Company" or "the Group")

To:
The Directors
Alaris Holdings Limited

I/We, ______________________________ the undersigned (please print)

of ______________________________ (address)

being the registered holder(s) of ordinary shares in the capital of the Company,

with account number ______________________________

do hereby elect to receive any documents or notices from Alaris by **electronic post or notification**, to the extent that the Company is permitted to so distribute any notices, documents, records or statements in terms of the Companies Act, No. 71 of 2008, as amended, and any and every other statute, ordinance, regulation or rule in force from time to time, concerning companies and affecting Alaris.

I/We hereby furnish the following e-mail address or mobile number for such electronic communication:

E-mail address ______________________________

Mobile number ______________________________

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by me/us and received by the Company.

Signed at ______________________________

Date ______________________________

Signature ______________________________

Assisted by me (where applicable) ______________________________

**Please complete, detach and return this election form to:**

- **the Company Secretary:** **Fusion Corporate Secretarial Services at** melinda@fusioncorp.co.za

**or**

- **the Transfer Secretaries:** **Fax Number: 011 688 5248**

**E-mail: ecomms@Computershare.co.za**

**Rosebank Towers,**
**15 Biermann Ave,**
**Rosebank, 2196,**
**South Africa**

**Private Bag X9000, Saxonwold, 2132**

# 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 until 14 February 2022**

PSG Capital
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 Abp

Danske Bank

Androscoggin Bank

Bank of America

Natwest Bank

**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 LCC**

- **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

**Linwave Technology Limited**

Registration Number 04478971

Managing Director: Ian Duke@
Other directors: Vice Admiral Robert George Cooling@,
Jürgen Dresel #, Chris Carr@

Marlin Building, 4 Sadler Rd,
Lincoln LN6 3RS,
United Kingdom

Tel +44 (0) 1522 681811

@ British
# German
^ South African
* American
° Finnish

**Business address and registered office**

1 Travertine Avenue,
N1 Business Park,
Old Johannesburg Road,
Centurion, 0157

(Private Bag X4, The Reeds,
Pretoria, 0061)

Tel +27 (0)11 034 5300