INTEGRATED ANNUAL REPORT 2021

ALARIS
HOLDINGS

About This Report

Alaris Holdings Limited's ("Alaris" or "the Group") 2021 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 2021. 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"), the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") 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

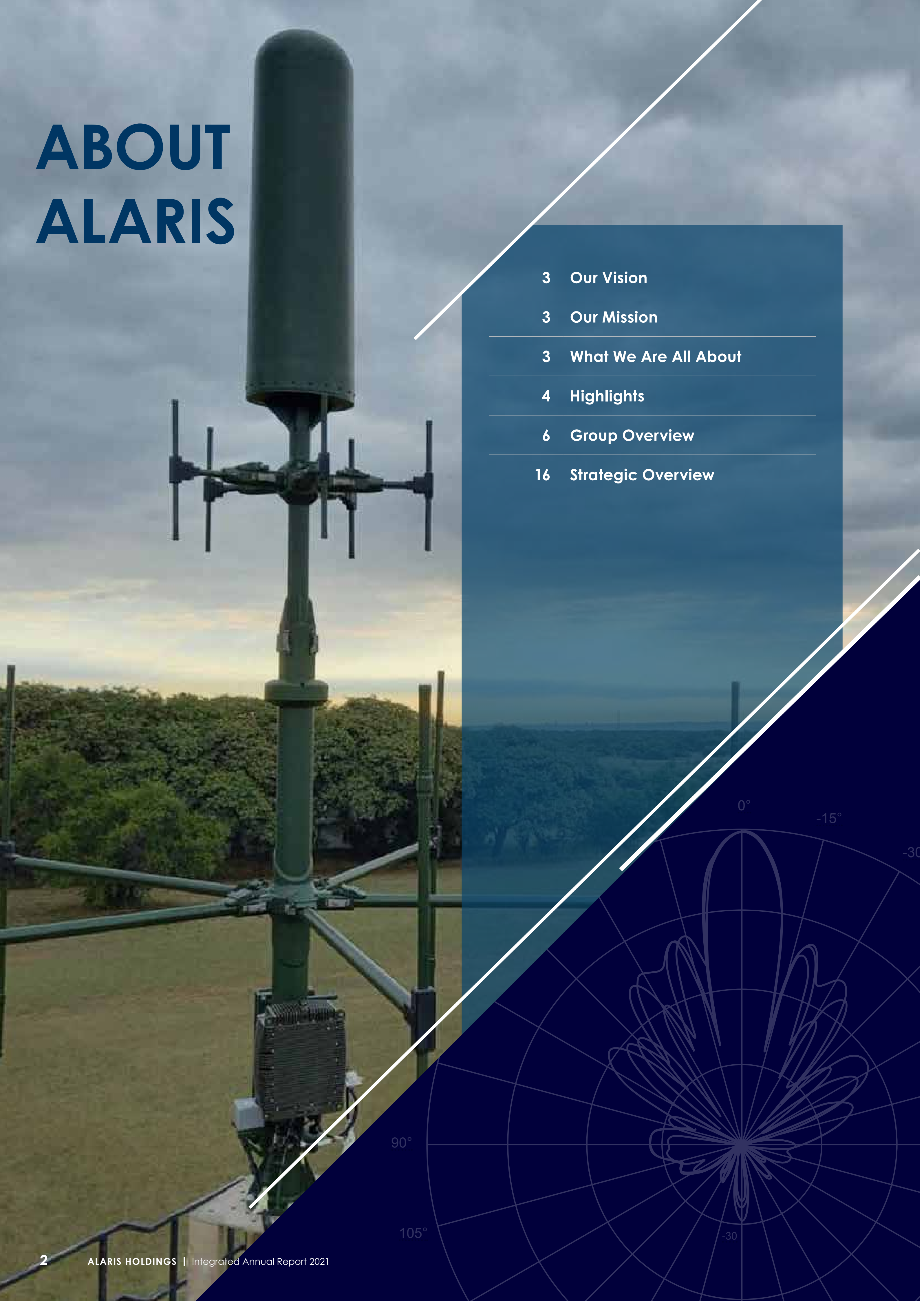
The board of directors of Alaris Holdings Limited ("the Board") acknowledges responsibility for the integrity of the integrated annual report. The directors have applied their minds to the report and believe that it covers material issues and fairly presents the consolidated performance of the Group.

The Board approved the release of the 2021 integrated annual report.

An electronic version of this integrated annual report is available on the Alaris website:

www.alarisholdings.com

Table of Contents



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.

ALARIS VALUES

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.

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 governmental institutes. Listed on the JSE ALTX since July 2008, 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. Founded in 1997 and headquartered in Centurion, South Africa, Alaris Antennas 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, COJOT serves military and public safety markets globally. With more than 30 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, mWAVE is a leading global provider of advanced custom and commercial microwave antenna solutions. The company was established in 2004 and designs and manufactures standard and custom microwave antenna products for commercial and government applications.

Alaris USA. Trading as a division of mWAVE Industries and based in Windham, Maine, Alaris USA sells and supports specialised antennas and other RF related products designed by COJOT and Alaris Antennas 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 markets. Like COJOT and Alaris Antennas, Alaris USA's clients are system integrators, frequency spectrum regulators, government end users, and law enforcement.

Linwave Technology. Founded in 2003 and based in Lincoln, UK, Linwave Technology 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 environment applications at frequencies up to 100GHz. Solutions range from die level semi-conductor components assembled 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.

Highlights

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

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

- COJOT acquisition was consolidated into the Group from May 2016.
- mWAVE acquisition was consolidated into the Group on 1 October 2018.
- Alaris USA LLC doing business as mWAVE came into effect on 1 June 2019.
- COVID-19 pandemic influencing the world economics.
- Linwave acquisition was finalised 26 February 2021.
- Operations as reported in the financial statements should be used as the baseline for the future.

	June 2021	June 2020	June 2019	June 2018	June 2017
Revenue (R'000)	328 305	242 753	245 184	187 075	228 658
Operating EBITDA (R'000)	70 979	50 551	61 156	47 895	42 154
Trading Operating Profit/Loss (R'000)	57 498	39 535	54 125	42 722	36 070
Profit/Loss after tax (R'000)	46 410	30 985	41 081	32 919	31 822
Total Assets (R'000)	**261 425**	**283 388**	**218 395**	**155 626**	**155 752**
Cash holdings (R'000)	93 177	110 268	41 836	51 679	65 083
HEPS (cents)	38.78	25.89	34.29	28.35	14.61
EPS (cents)	38.73	25.88	34.29	28.35	20.66
NAV per share (cents)	214.58	185.27	137.87	100.18	67.03
Tangible NAV per share (cents)	142.54	130.93	89.48	66.28	34.92
Actual number of shares in issue (less treasury shares)	121 830 957	119 346 231	120 073 330	116 116 771	116 116 771
Number of employees at year-end	174	130	138	119	116

Current Financial Year Highlights

Revenue increased by

35% ↑

R242.8 million to
R328.3 million

Profit after tax increased by

50% ↑

from R31.0 million
to R46.4 million

Headline earning per share increased by

50% ↑

from 25.89 cents
to 38.78 cents

Strong cash position of

R93.2 million

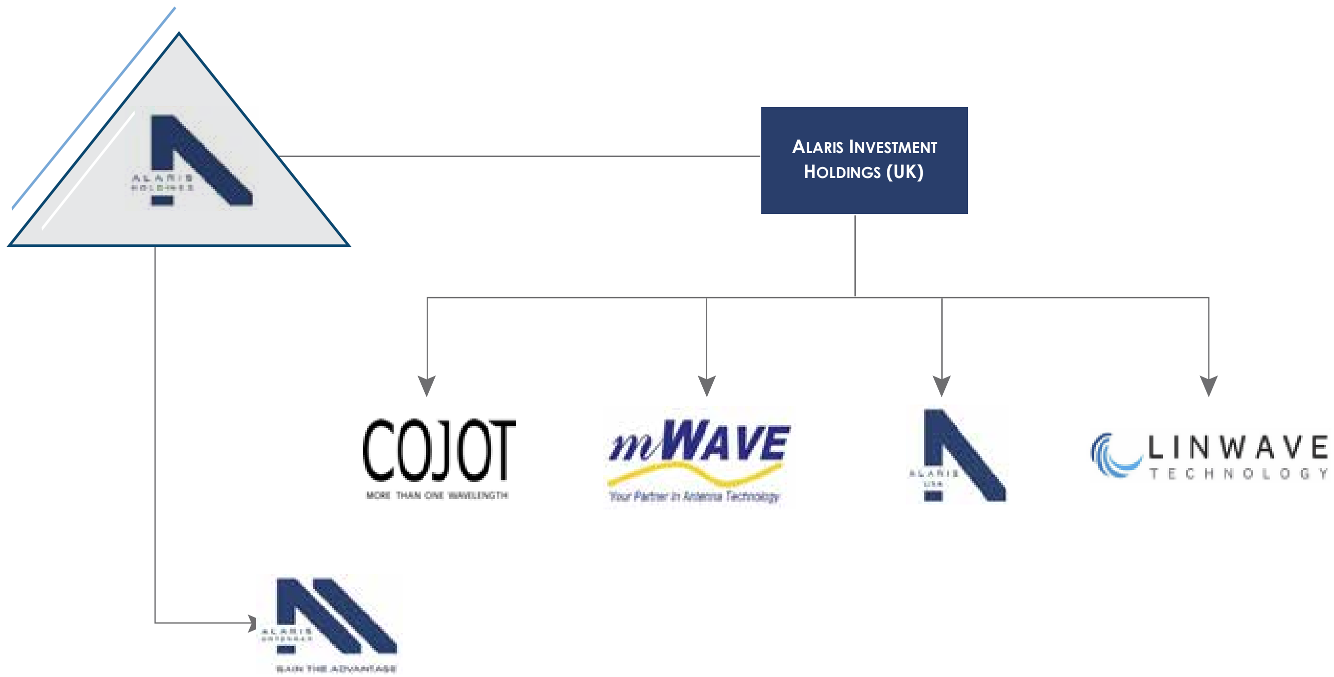
as at
30 June 2021

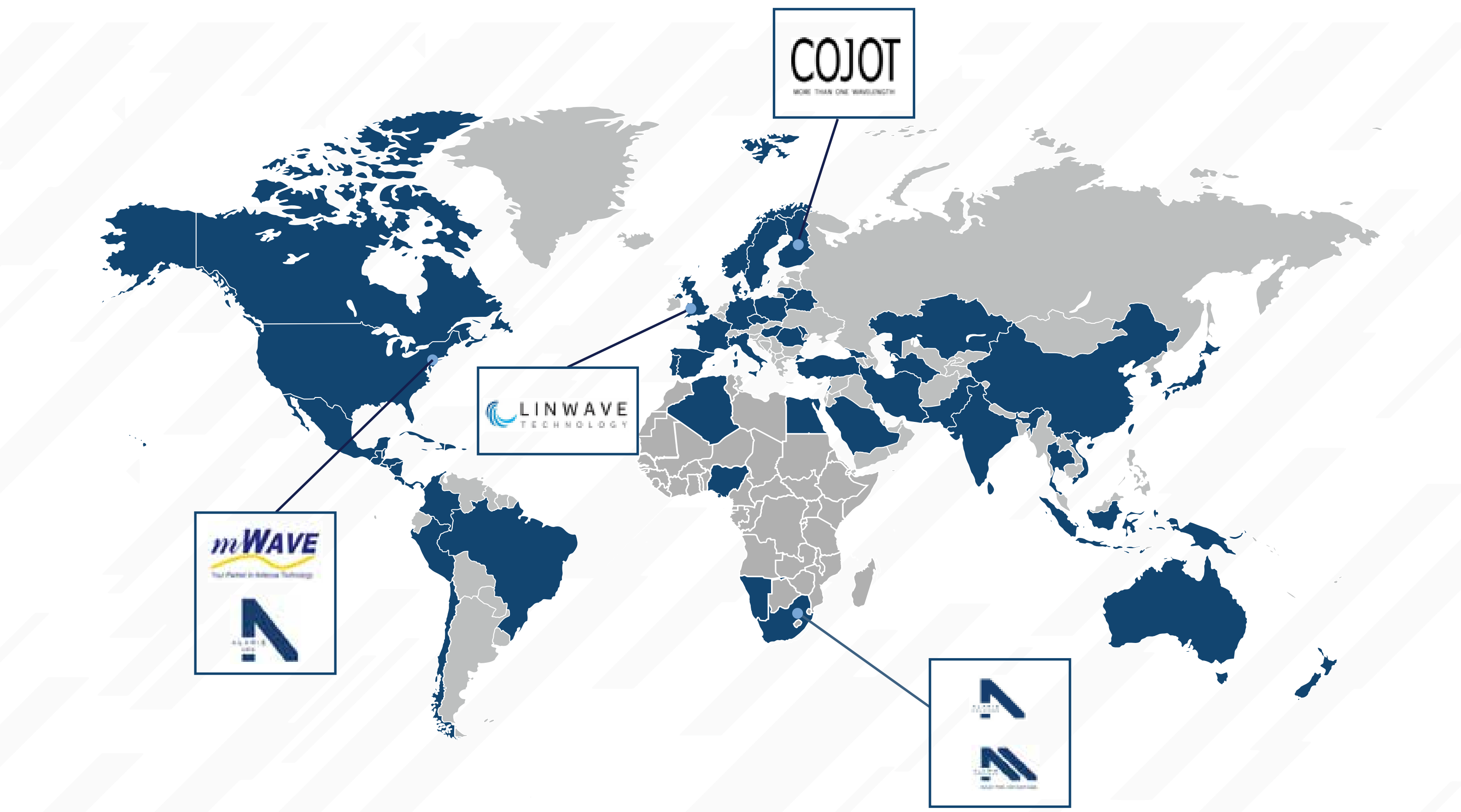
CONSOLIDATED VALUE-ADDED STATEMENT

R'000	June 2021	June 2020	June 2019	June 2018	June 2017
Revenue	328 305	242 753	245 184	187 075	228 658
Net cost of raw materials, goods and services	(110 106)	(79 876)	(77 871)	(53 589)	(90 853)
Wealth created by trading operations	218 199	162 877	167 313	133 486	137 805
Other income	6 921	1 689	1 111	738	295
Finance income	1 133	1 802	430	380	1 320
Total value created	**226 253**	**166 368**	**168 854**	**134 604**	**139 420**
Distributed as follows					
Employees					
Salaries and other employee benefits	131 491	108 858	95 295	76 502	65 140
Providers of capital					
Finance cost	760	558	174	392	4 940
Providers of services					
General operating expenses	23 728	5 157	11 975	9 827	30 806
Government					
Income taxes	11 461	9 794	13 300	9 791	9 822
Retained for growth	58 813	42 001	48 110	38 092	28 712
Amortisation of intangible assets	5 584	4 886	4 280	2 731	3 081
Depreciation on property, plant and equipment	3 372	3 216	2 749	2 442	3 003
Depreciation on right-of-use asset	3 447	2 914	–	–	–
Net profit after dividend	46 410	30 985	41 081	32 919	22 628
	226 253	**166 368**	**168 854**	**134 604**	**139 420**

Group Overview

Group organogram and map





Group Overview (continued)

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 DF antenna systems supplier • 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 • Wide product offering and solutions tailored to clients' needs
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
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 and for production verification • Offers third party testing for clients
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
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 (continued)

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
- 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 OKRs.

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 and mWAVE manufacture at their premises in Gauteng, South Africa and Windham, USA respectively. Alaris USA sources its products through the subsidiaries.

OUR DNA – What we do and business processes

Companies and Brands	Alaris Holdings, Alaris UK and Alaris Antennas – Corporate division
Markets	Global Technology Investment Holding
Major Regions	RSA, UK
Products and Services	Providing support and services to the subsidiaries through the role of the centre functions relating to technical skills, financial matters, marketing and human resources. Regulatory fees, non-executive fees and head office structure cost, net foreign exchange gains/losses, legal and consulting fees for acquisitions
Business Model	Manage cost against value added services
Increase in Product Portfolio	Identification of new markets, cross-selling opportunities and acquisitions
Opportunities	Acquiring new intellectual capital through strategic business activities

Group Overview (continued)

Overview of the year

The **Alaris Holdings Group** had an outstanding financial year despite the ongoing worldwide challenges created by the consequences of the COVID-19 pandemic. The results of the combined operations provided a substantial increase in revenue and profit after tax *versus* the comparative period, ensuring that the Group recorded its best year in history.

Revenue increased by 35% from R242.8 million to R328.3 million and profit after tax ("PAT") increased by 50% from R31.0 million to R46.4 million. Headline earnings per share also increased by 50% from 25.89 cents to 38.78 cents.

The Group's cash position at 30 June 2021 was R92.2 million, with about 45% of the funds located in South Africa. Surplus cash will continue to support the Group's intention to expand its global footprint through suitable acquisitions.

It is clear that the Group's strategy of expansion of territories and markets has allowed for an enhanced product and service offering based on an extended knowledge spectrum across its subsidiaries. The Group's customers have benefited from access to highly skilled engineers across the globe, with its four companies uniquely positioned to serve as trusted advisors in providing customers with technologically advanced and highly customised solutions.

On 26 February 2021, the acquisition of Linwave Technology Limited was concluded with the signing of a share purchase agreement to acquire 100% of the issued share capital. The management team is highly satisfied with the manner in which the acquisition was concluded and the integration of the company during the past months.

The Linwave product offering and team's extensive expertise and capabilities in the RF/Microwave electronics space perfectly complement the Group the nature of the products developed by the Group has seen a shift towards added complexity and the integration of electronics.

Sustainable organic growth will remain a strategic priority for the Group, with operational activities continuously being aligned as the Group expands. The projected benefits based on synergies amongst the product offerings of the entities in the Group have proved to be successful, and have led to enhanced growth in diverse markets. Joint development projects across the subsidiaries have also increased during this period, adding value to the Group's customers.

During the past year, substantial time and effort has been put into product roadmaps and innovation. In order to stay relevant, align to trends and move up the value chain, it was imperative to obtain RF electronics capabilities within the Group. This has allowed for the development of more complex products within the existing subsidiaries, the diversification of product types, and the entering of new markets. Collaboration amongst subsidiaries has already resulted in the integration of Linwave electronics in one of the Alaris Antennas products.

It is evident from the period reported on that cross-selling opportunities have been managed effectively, increasing the value of the respective subsidiaries and resulting in a stronger combined force. The processes which were put in place to further capitalise on synergies between subsidiaries are functioning well.

On the back of excellent financial results and the Linwave acquisition, the Group saw a significant rerating of the ALH share price. This led to a positive response in the market and resulted in growth for the various stakeholders.

Although the year ended on a significant high note, a number of lows were also experienced during the past financial year. For more than 18 months, unprecedented circumstances created by the COVID-19 pandemic continued and severely affected the way in which the entities in the Group had to do business. These months of adverse circumstances not only took their toll on the well-being of staff, but also created component shortages, supply chain challenges and inflation in pricing of raw materials.

However, with the ability to put robust plans in place to mitigate operational risks, a committed workforce and a strong order book, all entities were able to rise to the occasion. The executive team is exceptionally proud of the way in which all the companies in the Group weathered adversity and unprecedented market challenges with dedication, resilience and fortitude.

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 intends to grow the more complex nature of its products by progressively integrating the recently acquired competency in RF/Microwave electronics components into its designs, thereby providing state of the art technology and a competitive edge to its customers. The sophistication, range and competitiveness of the Group's antenna systems offerings is continuously expanding.

Group Overview (continued)

In the period ahead, the subsidiaries will continue to further develop their core capabilities in antennas and antenna systems, whilst adding significant value to their product offerings based on collaboration and joint projects across the companies. The synergies amongst the subsidiaries in the Group, will be enhanced to drive combined competitive growth, as the combined force of the four entities can achieve more than the standalone enterprises.

Organic growth is a key target for all subsidiaries, each one receiving a specific target for year-on-year profit growth. Emphasis is placed on innovation and increased product complexity (antenna systems), but with a focus on building subsidiaries' specific core competencies and tactically opening new application areas and segments.

Several risk-mitigating measures and new mechanisms to enable sales and business development were put in place over the past few months. While these forms of engagement proved to be successful in the past year, it does not match direct and personal interaction with a customer. Alaris Holdings is a customer-intimate organisation, and it is expected that the restrictions, which are still in place worldwide, will continue to hinder the way business is done until they are lifted. Hope for change remains, as there is a worldwide movement towards establishing new rules for engagements, which should lead to in-person meeting of customers, physical attendance at trade shows and the opening up of unrestricted business travel.

Every effort will remain in place to ensure that the Group's customers have unaffected access to their trusted advisors, to bespoke solutions and to a diverse product offering. The design and development of new products based on the uniquely combined skill sets of the four companies will continue to provide competitive features and enable increased performance for end users. All entities in the Group relentlessly strive to provide their customers with a technological edge through constant product innovation and excellent service.

Management is enthusiastic about the future, as the Group will be boosted through the increase in the advanced technological designs and complexity of the products, significant presence in expanded territories, the diversification of product offerings and additional market segments. This combination should result in an ongoing strong financial performance.

The teams in the various entities will progressively engage in business opportunities which will strengthen the Group's foothold in strong and strategic territories and markets. All companies will continue to focus on innovation and research, providing capabilities to further enhance their product offerings in new market segments and applications.

In principle, the Group's strategy of international expansion remains. By increasing its presence in strong markets and diversifying into different territories, the management team remains focused to ensure ongoing profitable organic and acquisitive growth for the Alaris Holdings Group and all its stakeholders.

Group Overview (continued)

Alaris Antennas (Pty) Ltd

Location

1 Travertine Ave
N1 Business Park
Centurion
0157
South Africa

Our DNA – What we do and business processes

Companies and Brands	Alaris Antennas – *gain the advantage*
Markets	Defence system integrators, homeland security, spectrum monitoring, test and measurement equipment
Major regions	Europe, USA, Middle East and Asia ("MEA"), and RSA
Products and services	Wideband direction finding, RF / microwave electronics, counter-RCIED, monitoring, jamming, counter-drone, communication, antenna systems, test- and measurement services
Business model	Design, development, manufacture and sales of specialised antenna solutions for clients, either from existing designs or by customisation, high value with low volume
Increase in product portfolio	New products developed in the DF, LPDA and OMNI product categories. In addition, a new PANL and ELINT products have been developed.
Opportunities	Antenna system solutions with a stronger focus on RF/ Microwave electronics and high frequency products. Expand on existing key application areas with new products and new production processes. Tapping into new market segments with access to a large sales and R&D resource pool across the subsidiaries

Overview of the year

Financial year 2021 has been a momentous year in various ways for **Alaris Antennas.** The company achieved record-breaking financial results amidst the second year of the COVID-19 pandemic, and the increasingly challenging market conditions in South Africa. During the first half of the year, Alaris Antennas announced strong results and positive growth in all areas of the business, and the outlook for the full year was positive.

Total revenue increased by 33% from R126 million to R167.2 million and PAT increased by 56% from R23.1 million to R36.2 million compared to the previous period. The above sales value includes cross-selling between subsidiaries.

The exceptional financial results for the full year were achieved by building on the foundation of a strong order book and balance sheet in the first half, with higher volume orders enabling healthy margins. Repeat opportunities for newly developed products were additionally secured and successfully executed. The year brought its fair share of challenges, but with the dedication of a performance driven, resilient team of people and robust risk-mitigation plans, the set targets were achieved.

The Group's culture of collaboration between subsidiaries is showing results, with more solutions and a wider variety of products with cutting-edge technology being offered to customers. It has also supported the extension of the Alaris footprint into new markets and territories, contributing to the organic growth of the company. The revenue is spread across a wider range of customers and is an indication that our customers' businesses are growing as well.

Although travel remained restricted during this past year, the team continued to live their strategy of interacting with clients early in the project cycle through regular engagements and workshops. The ability to provide competent technical advice by a highly skilled engineering team and understanding our clients' requirements, has enabled the company to act as a trusted advisor in the field of antenna systems.

Covid-19 had a bigger impact on the business during the past six months compared to last year, with a number of staff members falling ill. The Company is grateful that these employees have recovered well. Minor challenges were experienced from a supply chain perspective as some of the suppliers had to temporarily close down or had to work with skeleton staff due to the COVID-19 impact. Through effective management and continuous risk assessment, some of the risks could be mitigated in advance. Alternative arrangements were made and the impact on the company's customers was minimal.

Finally, establishing further sales representatives in key territories has enabled Alaris to successfully unlock new opportunities and expand the international reach of the company. This supports the company's strategy of being closer in proximity to its customers.

The Alaris Antennas team is grateful for a tremendous year.

Group Overview (continued)

COJOT OY

Location:

Päivänkakkarantie 10
02270 Espoo
Finland

Our DNA – What we do and business processes

Companies and brands	COJOT
Markets	Defence system integrators, homeland security and spectrum monitoring
Major regions	Europe, MEA and USA
Products and services	Wideband antennas with improved connectivity, coverage and competitive performance, for the RCIED, C-UAV and communications market
Business model	Design, development and sales of antenna products by taking cognisance of customers' needs and adjusting product features accordingly. The manufacture of products is outsourced through partnering with contract manufacturers and a professional service provider network, higher volume with lower price
Increase in product portfolio	Developed 23 new products during FY21
Opportunities	Access to a larger sales and R&D resource pool across Alaris and COJOT should improve growth opportunities
	Drive growth in various territories including the USA, MEA and Europe.
	Smart antenna technology indicates good opportunity for sales

Overview of the year

COJOT experienced a strong financial year with revenue increasing by 12% from R76.1 million to R84.9 million, and an 8% increase in PAT from R16.0 million to R17.3 million *versus* the comparative period. The Covid-19 pandemic impacted the decision-making process with various customers, resulting in a few projects being delayed. The worldwide shortage of components and inflation in the price of raw materials had a further effect on COJOT's results.

Years of design, development and manufacturing expertise have enabled the company to offer reliable and durable antenna equipment to some of the most demanding environments in the world. Like Alaris Antennas, the company has a strong client-centric approach, resulting in close relationships with its customers. The company makes use of a direct sales team and selected channel partners to build its order book.

The company has a team of highly skilled engineers with many years of experience in the design and development of innovative wideband antennas that improve the connectivity, coverage and competitiveness of radio equipment deployed to protect property and save lives. The company has established various partnerships with key contract manufacturers, providing efficiency, scalability and seamless quality to its client base.

Several switched beam antenna (SBA) sales projects were successfully finalised during the year and the outlook for growth in this field remains encouraging. The Group's engineers are well-positioned to drive this trend. The use of SBA can enhance the usability, performance and spectrum management of complex communication networks in various ways by combining the advantages of higher gain directional antennas with mobility and directional selectivity. Improved signal levels support higher data rates and longer communication ranges whilst interference, both intentional and non-intentional, is minimised. Communication between the nodes is also more secure, with a reduced spectral signature. SBA antennas can also be used in Counter-UAV (unmanned aerial vehicle) for RF detection, locating, tracking and possibly disabling UAV systems with jamming.

Over the past couple of years from the date of the acquisition in 2016, COJOT has established itself as a valuable asset within the Group. The MIDAS range and product line of smart antennas are set to provide a unique competitive edge to its customers and contribute to the organic growth of the Group.

Group Overview (continued)

mWAVE Industries LLC

mWAVE

Location:

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

Our DNA – What we do and business processes

Companies and brands	mWAVE with brands: mWAVE Antennas™, Gabriel Antennas™ and Mark Antennas™.
Markets	Defense and space, government, utilities, railroads, broadcast, high-speed trading, communications and scientific.
Major regions	North America and Europe.
Products and services	Design, test, manufacture antennas and feeds from 100 MHz – 110 GHz including horn and reflector antennas utilising prime focus, backfire and Cassegrain feed systems.
Business model	Be the trusted partner for clients for custom and commercial design and manufacturing of antenna products and systems.
Increase in product portfolio	Perforated parabolic antennas, hybrid feed systems, active pointing and positioning, and large-aperture feed systems for earth stations.
Opportunities	Development of high-performance multi-band custom feeds and active antenna pointing and positioning systems. Antenna design and manufacture for small and large aperture earth stations. Geographic sales expansion utilising Alaris Holdings Sales Organization worldwide. Leveraging the quality and reputation of the Mark and Gabriel product lines to help clients with replacement parts and antennas that they can depend on.

Overview of the year

mWAVE achieved an outstanding financial year with an increase in revenue of 62% from R68.9 million to R111.9 million and an increase in PAT of 144% from R2.9 million to R7.0 million *versus* the comparative period. The financial performance of Alaris USA was integrated into mWAVE Industries' results, as reporting is done on one entity. Forgiveness of the PPP (Paycheck Protection Program) loan assisted in mWAVE's profits. The PPP was established as part of the *Coronavirus Aid, Relief and Economic Security Act*, providing loans to qualifying businesses in the USA.

As a major part of the global electronic warfare market is in the USA, mWAVE is perfectly poised for organic growth. Its product lines complement those of the Group's other subsidiaries, providing a further positive outlook for future growth. mWAVE's manufacturing facility is already being utilised to provide service and manufacturing of some subsidiary products to satisfy US requirements for local manufacture, and opportunity exists to further grow this function.

Profits can be increased by improving margins, increasing volume and focusing on customised product sales. The sales team has managed to unlock several such opportunities with current and new customers.

Operational and marketing activities to align the company with the Group's strategic objectives will continue to be a key focus for mWAVE in the year to come, as will full implementation of Salesforce.com for customer relationship management, with a focus on lead generation and management. mWAVE is also expanding its direct sales force as well as adding more independent sales representatives for better market coverage and penetration. The company will further concentrate on getting out in front of clients via tradeshows and direct visits as pandemic conditions and / clients allow. Like other subsidiaries within the Alaris Group, mWAVE will continue to be a trusted partner in antenna technology by taking the time to understand clients' needs and provide innovative and high-value solutions.

Group Overview (continued)

Alaris USA LLC

Location:

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

Our DNA – What we do and business processes

Companies and brands	Alaris USA
Markets	Defence system integrators, homeland security, spectrum monitoring, government end users
Major regions	North America
Products and services	Extended product and service offering of Alaris Antennas and COJOT products and services as well as Linwave products
Business model	Wide product offering with flexibility to customer needs. Provide customer solutions through partnership with COJOT, Linwave and Alaris Antennas. Being based in the USA, allows our US customers to do business with a US entity while offering support from within a similar time zone.
Increase in product portfolio	Product offering available as from 1 July 2020
Opportunities	US-based entity allows for closer interactions with US integrators and end customers. Entry into new market segments, and addition of agents and system houses. Major part of global electronic warfare market is located in USA. Manufacture antennas in the US to qualify for "Made in the USA" requirements.

Overview of the year

The growth of the **Alaris USA** division of mWAVE, will play a key role in increasing the exposure of Alaris Antennas, COJOT and now also Linwave products into the North American region, building relationships with new and existing customers. The efforts of Alaris USA will be assisting in the promotion of the Alaris Group initiative of cooperative cross-selling, enabling an ever-expanding product offering to customers.

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

Products are designed and manufactured by three other subsidiaries of the Group, namely Alaris Antennas in South Africa, COJOT in Finland and Linwave in the UK. Its close relationship with the technical teams in all three locations has allowed for several new opportunities to be created, and the company is entering into new market segments. Further opportunities for growth exist in the addition of sales representative agents and new system houses as clients, and expanding business in large contractors and to end customers.

It is expected that opportunities will be developed where the requirement from US customers will be for products to be made in the USA. Alaris USA may include the development of its own design and manufacturing capacity to be able to service this need, taking advantage of the existing capabilities of mWAVE and bolstering these as required.

Group Overview (continued)

Linwave Technology Ltd

Location:

Marlin Building
4 Sadler Rd
Lincoln LN6 3RS
United Kingdom

Our DNA – What we do and business processes

Companies and brands	Linwave Technology – custom Microwave Modules for harsh environments
Markets	Defence system integrators, homeland security, healthcare, transport, marine, industrial, avionics and aspirations for Low-Earth-Orbit
Major Regions	UK, Europe, USA
Products and services	Design and manufacture of specialist microwave diode assemblies, packaged hybrids, sources, power amplifiers and transceivers
Business model	Design, development, manufacture, and sales of customised bespoke solutions for clients, tailored to their exact needs. Frequency applications up to 100GHz and from die level semi-conductor components to full sub systems
Increase in product portfolio	Drive more of Linwave's own IP and develop product solutions for multiple markets and customers. Extend reach to export markets
Opportunities	Widen market presence. Tapping into new market segments with access to a larger internal sales and support group through other subsidiaries. R&D activities to add active technology skills to the antenna offering

Overview of the year

Linwave Technology's business landscape experienced significant change during the past financial year when it became part of Alaris Holdings Ltd at the end of February. One of the key achievements was the successful completion of a due diligence and sale integration with the Alaris Group within a four-month period during the peak of the COVID-19 pandemic. Linwave contributed to the Group's financial performance for four months since the acquisition, achieving a revenue of R36.6 million and a PAT of R5.9 million for the period from 1 March to 30 June.

The company was well underway with a government funded improvement programme led by the national Aerospace, Defence and Space industry body (ADS), when the sale of the business to Alaris Holdings went through. Since this point, it has become apparent that there are a significant number of synergies between Linwave's work in this area, and the work currently being undertaken in the wider Alaris business. The ADS programme combined the outputs from an independent audit against nationally recognised world-class performance metrics, key customer feedback and the leadership team's views, recommending a series of development charters around key aspects of the business. These charters were focused on improving business competitiveness and growth potential, and were supported by approved training, coaching and mentorship.

Linwave has applied for additional funded support from the above mentioned programme to assist with operational improvements identified by Head Office, including the transition from SAP to Navision, and a project around Activity Based Costing. If the application goes through as planned, the company will be able to fund some of the work outlined in these areas without impacting the bottom line of the business. Linwave is one of only sixty UK companies selected for funding under this program over a three-year period.

Various significant achievements were attained by the Linwave personnel during and following the sale of the business to Alaris. Some of the highlights include:

- headline sales growth of over 30%;
- successful completion of an inaugural internal group development project by delivering a Switch Amplifier Module for the DF-antenna line of Alaris Antennas;
- winning a first US-based contract, supporting an "in-flight entertainment" delivery via satellite;
- delivering a prototype transceiver for 5G-data delivery for commercial and secure communications markets; and
- absorbing impacts and training for the additional processes needed for exporting to Europe after Brexit.

Following the purchase of Linwave by Alaris Holdings, the workforce has remained motivated and committed, achieving record levels of turnover and profitability. The Linwave management team is proud of the way personnel responded to challenges during the time of high infection rates in the UK and during the acquisition, achieving maximum operational efficiency through dedication and high-level attendance.

Strategic Overview

Understanding our stakeholders' interests

Stakeholder	Requirements	Engagement	Challenges	Status
Investors and shareholders	Generate sustainable returns for investors and shareholders	Investor relations and communication	Continuously delivering profitable growth in challenging circumstances worldwide	Consistent growth in earnings and increase in global footprint which should enable future growth opportunities
		Financial results reporting and discussions		Increase communication and stakeholder engagements
		Annual General Meeting		
		Individual engagements with a renewed focus		
		Clear growth and innovation strategy		
Clients	Our clients expect a speedy response to requests by offering technical expertise of innovative antenna system solutions and system components, giving them the competitive edge	Client centricity – to understand client requirements by regular engagement with the client and offering applicable technical solutions that address the needs of the customer through product design/solution development. This assists the Group in developing an innovative technology and product roadmap	Providing innovative antenna systems and cutting-edge technology solutions at a market related price and within reasonable time frames at the desired quality	Focused sales strategy with more frequent travel to improve proximity to clients globally
				Successful integration of Alaris USA to be closer to US customers
			Continue to increase market share in the USA, UK and Europe	Proven sales growth in the USA. Increase in market share through the presence of mWAVE and Alaris USA. Expansion in the UK and Europe through Linwave
Partners	The agents promoting our products require innovative solutions and technical support	High level communications and active day-to-day support. Access to a wide range of technologically advanced products	Ensuring that our partners remain the leaders in the marketplace and expanding our global footprint	The Group has shown a steady increase in agents and partners who actively promote the products of the various entities in the Group
				Partner channel to be increased in the US and Europe
Employees	Ensuring personal growth	Continuous engagement at all levels and increased leadership interaction	Retaining and recruiting key talent and scarcity of engineering skills	Actions addressing areas of concern identified from staff surveys
	Inspiring and innovative platform for individuals to grow	Schedule training programmes and social interaction		Scheduled internal and external training programmes including management and product training across the global teams
		Mentoring programmes		
	Being the employer of choice in our industry	Offer employee benefits, job security, incentive programme and internal career advancement		Closer co-operation between the entities with possible global career opportunities

Strategic Overview (continued)

Stakeholder	Requirements	Engagement	Challenges	Status
Industry players	Being the RF / Microwave technology solutions provider of choice	Attending worldwide trade shows, offering effective and innovative antenna and RF/ microwave components to sub- and niche systems	Ensuring that we are the leaders in the market	Attending worldwide trade shows and adding innovative products to the Group's portfolio
				During the pandemic, various online shows and webinars have been attended
Suppliers	Ensuring submission of accurate orders and timely payments	Experienced and specialised staff visiting supplier premises and engaging in discussions when new materials are required. Building a trusted relationship	Ensuring that suppliers deliver quality products at reasonable prices timeously. During the FY, COVID related circumstances had a challenging impact on the supply chain	Quality team performs supplier audits to ensure quality products are delivered on time. Expand supplier database to create redundancy in options to procure. Closer relationships formed with suppliers. Business sustainability model being introduced
Community	Uplifting the community with social development programmes	Staying abreast of community concerns and providing a platform for education	Ensuring that the community experiences our company as a responsible citizen, adding value to the community and environment	Several projects and initiatives were successfully completed.
				For detailed information, refer to the sustainability report on pages 52 to 55
Government and regulators	Complying with regulations	Meeting with relevant officials and regulators on a frequent basis and actively staying involved in discussions regarding changes in regulations. Engage with entities to assist in shaping regulations	Ensuring compliance as well as keeping abreast of developments	In addition to the Board taking accountability for compliance, the Group is audited on a regular basis by independent third parties to ensure the required levels of compliance are maintained

Strategic Overview (continued)

Alaris Holdings SWOT

The following strengths and opportunities will give us an advantage over our competitors and will give us the opportunity to grow:

STRENGTH	WEAKNESS	OPPORTUNITY	THREAT
Need to capitalise on	Need to shore up	Need to invest in	Need to identify
JSE AltX listed since 2008 resulting in a steadily maturing organisation benefiting stakeholders	Interaction with stakeholders to be increased	Territorial growth with focus on USA (largest market) through mWAVE and Alaris USA, as well as Europe via the presence of COJOT and Linwave	Illiquid share
Profitability of Alaris Holdings Limited and cash is generated within the Group	No gearing on balance sheet	Improved client-centricity and proximity through additional acquisitions	Economically unstable environment e.g. supply chain, currency fluctuations, downgrades in credit ratings and infrastructure breakdown in SA
Own IP	Small market cap and low multiples	Strong balance sheet to enable future growth	Company valuation reduction could impact on acquisition deal structures
In-house specialised technical expertise allowing for product customisation and innovation	Antennas focused, need for more diversification	Untapped market segments where existing expertise can be leveraged	Antennas and RF technology converging
International clients, territorial diversification and increased international footprint		Move from antenna components to antenna systems to increase barrier to entry to competitors	Skills shortage in the engineering field
Focus on strong client relationships and outward looking awareness		Stronger focus on RF / Microwave electronics and integration thereof in products across all subsidiaries	Counterfeit components
Dominance in niche markets		Cross-selling and joint development projects across subsidiaries	Change in political alliances and reversal of globalisation

Strategic Overview (continued)

STRENGTH	WEAKNESS	OPPORTUNITY	THREAT
Need to capitalise on	Need to shore up	Need to invest in	Need to identify
Diverse product types servicing global RF system integrators		Advantage of increased product portfolio across the Group, including new technologies	Disruptive technologies that could make our products obsolete (AESA)
Blue-print knowledge of running global subsidiaries in the RF / Microwave technology space		Communications market offers good opportunities	Insourcing by system houses
More than 90% of the Group's revenue is generated outside of South Africa. Even of the 10% which is generated locally, a large percentage is destined for export		Improved access to international supply chain and outsourcing partners	Worldwide component shortage increased by the pandemic
RF/microwave electronics capability integrated in the Group with the acquisition of Linwave		Coordination through the role of the centre to unlock synergies through: orchestrating technical group activities, roadmap control, cross-selling, financial control, marketing efforts, joint projects, drive operational efficiencies	
		Improved stakeholder engagements to drive multiples up	
		Small player in a large market	

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 and 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 ongoing 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.

Moderating Our Behaviour (continued)

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 and 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 ongoing 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.

Risk	Context	Mitigating actions
Limited acquisitive growth	Reduced share price impacts company valuation and possible deal structures for acquisition. Lower share price due to illiquid shares on the Alt-X impacts the market cap of Alaris Holdings and results in higher transaction fees for acquisitions due to circular requirement on Cat 1 being reached sooner	• Increase exposure in market through investor relations and press releases • Maintain focus on financial fundamentals (increase profits and EPS)
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 • 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 • Maintain/increase export revenue • Consider foreign outsource options - selected five products to be outsourced by Dec 2020 as risk mitigation • Investigate feasible B-BBEE options
COVID-19 regulations and impact of the pandemic	COVID-19 regulations have a limiting impact to reach our customers world-wide for face-to-face interactions	• Online webinars were arranged with customers to engage strategically • Shows have been attended virtually • With the global footprint of the Group, face-to-face meetings are starting to take place again
	Worldwide shortage of components and inflation of raw material due to the ongoing pandemic	• Robust operational plans in place to mitigate risks caused by the impact of the shortages
Lumpy nature of business	Lumpy nature of underlying business threatens consistent growth on increased base.	• Actively drive and monitor rolling order forecast • Add more companies into the structure to diversify risk and add higher volume • Increase business development capability/ capacity • 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 2021

"In spite of a huge literature – some of it serious, much of it at the level of airport paperbacks – and courses in colleges and universities worldwide, the role of the manager and the nature of the process of managing remain problematic, whether we are concerned with trying to manage global, institutional, or personal affairs."

– Peter Checkland

Charmain's Report 2021

In their recent book, *Thinking the Future*, authors Clem Sunter and Mitch Ilbury, argue that striving to achieve a high level of accuracy in the realisation of a chosen future, as proof of our effective thinking ability, could lead to at least three problems. First, due to complexity and uncertainty, we may fall into the trap of trying to estimate the future more precisely than the uncertainty of evolving situations allows. Second, we may fool ourselves into betting on one, or a few, "clear" answers. And third, we may become fixated on the outcomes of our predictions, instead of the processes underpinning them.

They propose that we should rather strive to understand the *pattern of forces* propelling the present into the future, and that such understanding is developed by posing questions that could help us to detect changes in the game in which we are participating. It is often not that hard to identify the major forces at play. Forces like the future impact of COVID-19, the reality of climate change, and the rapid realisation of the digital revolution are shaping business narratives globally. The challenge is that nobody has clarity on how such forces may interact and evolve. However, we can "safely" claim that the future will be (more) uncertain and that our agility and ability to adapt will be vital if we are to survive and thrive.

At Alaris we believe that a firm's agility evolves from a culture that supports and nourishes change by involving employees in assessing the future as it unfolds, and empowering them to act with commitment to seize opportunity. Our culture thus remains the foundation of our existence - our north star that ensures that our organisational GPS is calibrated and healthy.

Owning its own intellectual property is another key component of an agile company. Being a technology player, attracting, nourishing and retaining talent is always top of our mind. We are therefore grateful that we were able to navigate another year under the threat of COVID-19 whilst maintaining and enhancing our technological capabilities. In this regard, the creation of a central Technology Office that will plan and coordinate technology developments group-wide under the guidance of the Technology Committee is a bold step forward, and reinforces our commitment to developing our own intellectual property.

The game we participate in is our strategic choice. We play in markets in need of Radio Frequency (RF) antenna systems and components. Our territory is global. We are therefore continually expanding our footprint to remain close to our customers. This approach enhances our agility by adding diverse employees to our team and by diversifying geographically. This year, we added Linwave Technology in the UK to our portfolio. Linwave is a prestigious player in the microwave electronics market and its capability not only compliments and extends the Group's offerings in our chosen market space, but will be pivotal in expanding our presence in Europe.

The excellent set of results presented in this report confirms not only that our game plan is effective, but that we are executing it effectively. Above all, it confirms that we are providing products and solutions that our customers value. However, we have a concern that the appreciation of our performance is not fully reflected in our share price

on the AltX, and thus we are not realising the shareholder value that we believe we create. Since acquisitive growth is part of our strategy, a depressed share price limits our growth ambition. Hence, this is one of the questions we will be addressing in the year that lies ahead as we "think the future".

The Alaris Holdings board, with its open and intense debate, is a source of wisdom and leadership, productively supported by the boards of our subsidiaries. I would like to thank all executives and co-directors for their commitment and diligent efforts in this regard. And of course, a grateful salute to our hard-working and engaged employees who make this journey possible.

I proudly invite you to read our story as captured in this year's report.

Coen Bester
Chairman
Alaris Holdings Limited

CEO's Review

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

– Socrates

Let us start with the bottom line. The Alaris Group had a very exciting and record-breaking financial year 2021 despite a lot of headwind and unfavorable market conditions. The Alaris team is exceptionally proud of this achievement

The pandemic has lasted significantly longer than experts predicted when it began at the end of 2019 / beginning of 2020. Restrictions on customer visits and travel have been challenging given the ALH Group's customer-centric approach, although our staff, customers and suppliers have managed to adapt to this new normal surprisingly well.

Additional obstacles presented themselves in the form of electronic component shortages and significant reordering of the retention and hiring of talent.

The acquisition of Linwave was the biggest event for the ALH Group this year. We are proud and excited about this transaction because we believe we have added a vital building block for the strategic future of the Group. Linwave brings into the Group the RF/Microwave skill and expertise we set out to look for. It will aid in the Group moving deeper into subsystems and eventually into niche systems

Alaris USA did very well during FY 2021, achieving excellent sales and unlocking opportunities for the product ranges of Alaris Antennas and COJOT in the USA territory.

COJOT's new SBA (Switch Beam Antenna Array) product range also made good progress during FY 2021 and we are seeing good prospects for this smart antenna technology going forward.

Gross margins at mWAVE improved significantly during FY 2021. This was by design and we wish to maintain these margins going forward.

Alaris Antennas achieved a record financial year, which came on the back of a strong order book and balance sheet in the first half. Operationally strong risk mitigation processes were put in place to weather challenges created by the pandemic and worldwide component shortages.

Our Group CTO, Chris Vale, has started to structure the product road maps within the Group. I will be showing some of these results below.

Finally, our Group GMO is focusing on the Group's website and lead generation.

CEO's Review (continued)

Financials

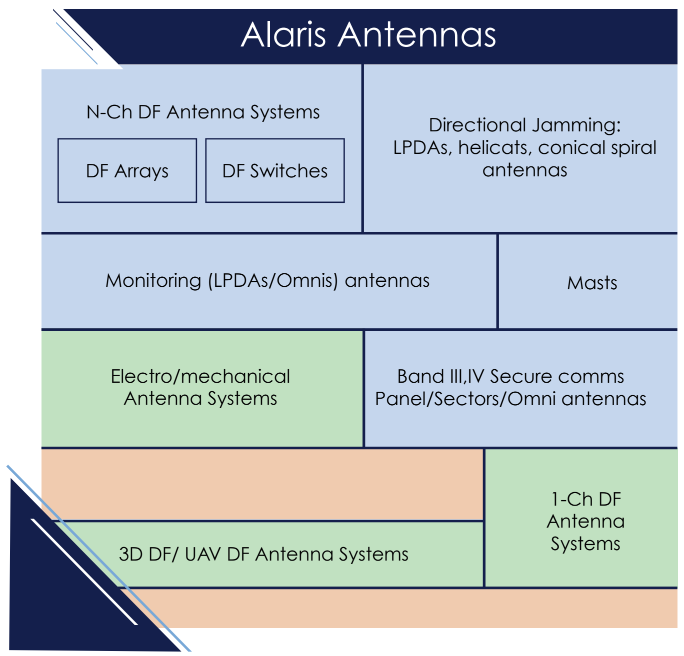
The ALH Group's revenue increased by 35% from R242.8 to R328.3 million. The Group's profit grew by nearly 50% from R31 million to R46.4 million. The headline earnings per share increased by almost 50% from 25.89 cents to 38.78 cents. The strong financial performance was aided by a strong financial year delivered by Alaris Antennas, which in turn was supported by a strong run from Alaris USA. The Linwave acquisition also contributed significantly.

It is very pleasing to observe and report that all companies in the Group grew revenues and profit compared to the previous period. About 10% of the Group's revenue is generated by sales to South African customers, of which about 75% is destined for export as well. This means that 97.5% of the Group's revenue is generated from outside of South Africa.

Alaris Antennas had a record-breaking financial year in terms of both revenue and profits in 2021. Revenue grew by 33% from R126 million to R167 million and PAT increased by 57% from R23 million to R36 million. This is an outstanding achievement, particularly given the obstacles the company has to deal with compared to the other jurisdictions the Group operates in. A big thank you goes to the management team and all the staff of Alaris Antennas for their perseverance and for making growth possible in such an adverse environment.

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 product building blocks, courtesy of the group CTO, can be found below



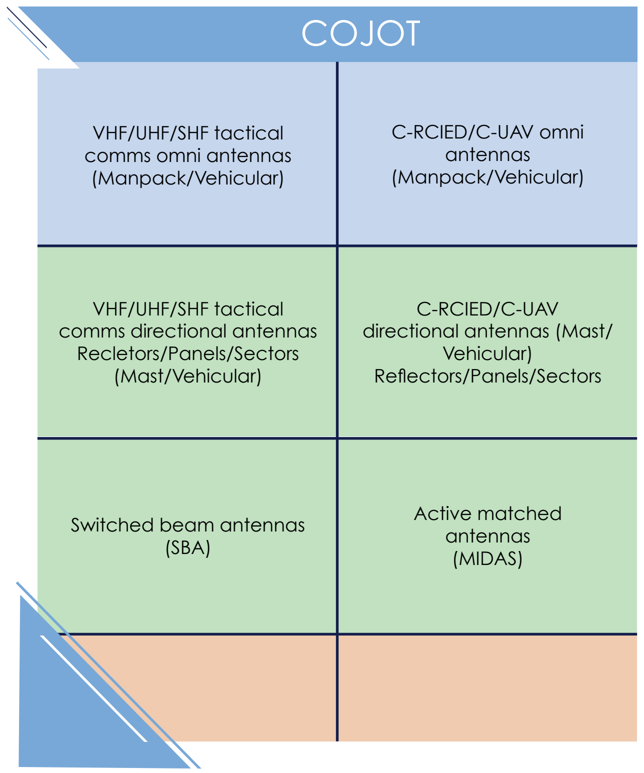
COJOT managed to grow its revenues by 11% from R76 million to R85 million and achieved an increase of 8% in PAT from R16 million to R17 million. COJOT's new SBA (Switch Beam Antenna Array) product range made good progress during FY 2021 and we are seeing good prospects for this smart antenna technology going forward.

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.

In recent years, COJOT has expanded its technological offerings in the direction of 'smart antennas'. The 'MIDAS' electronically tuned antenna range provides a unique, differentiated solution for efficient, compact antennas used in military and specialised communications applications. More recently, Steerable Beam Antennas (SBAs) developed by COJOT are being recognised as key assets in achieving secure high data-rate communications in tactical UHF and SHF communications platforms.

COJOT expanded its office and laboratory space during the first half of the financial year, providing an environment for improved quality testing systems on their own premises, and will be developing further innovative products in the smart antenna range.

The product building blocks for COJOT are shown below.



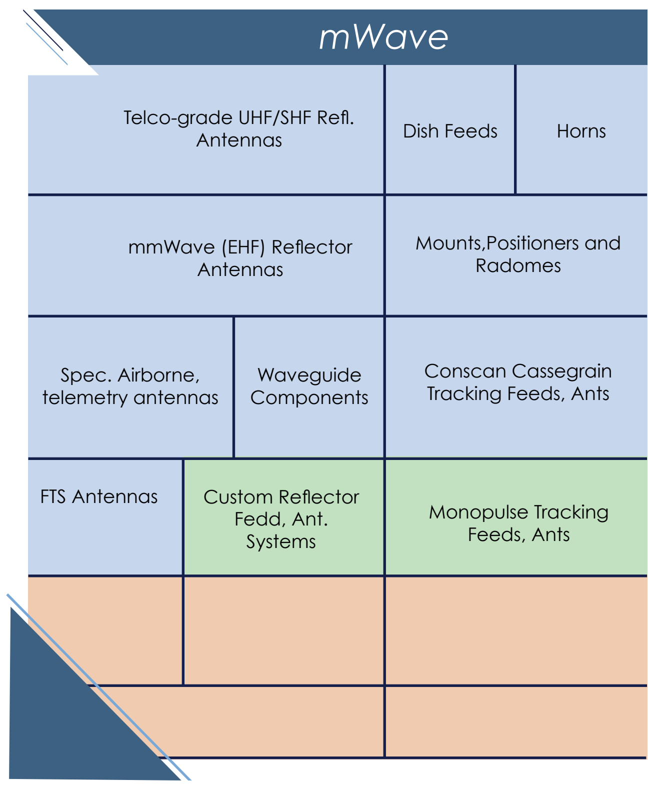
CEO's Review (continued)

mWAVE LLC had an excellent financial year with an increase in revenue of 62.4% from R69 million to R112 million, and an increase in PAT of 144% from R3 million to R7 million *versus* the comparative period. The financial performance of Alaris USA was integrated into mWAVE Industries' results, as reporting is done on one entity. Forgiveness of the PPP (Paycheck Protection Programme) loan assisted in mWAVE's profits.

The USA remains a focus for territorial expansion as a major part of the global electronic warfare market is in the USA. mWAVE is perfectly positioned to support the other subsidiaries in this respect and is strategically placed for organic growth. Profits can be increased by improving margins, increasing volume and focusing on customised product sales. This will receive focus in the coming year.

mWAVE's core expertise lies in the domain of reflector antennas. These are typically antennas that make use of parabolic 'dishes'. In this space, mWAVE provides world-class product solutions for both commercial and defence and specialised markets. The commercial product range has an exceptional reputation for quality and performance amongst its customers, and answers the need for telco-grade equipment providing superior performance for high-speed data links from a few GHz to beyond 100 GHz. mWAVE also provides custom and highly advanced reflector antenna solutions for very specialised applications in defence, industry and pure research. mWAVE is looking to expand its focus into antennas specifically designed for harsh environments as well as reflector antennas capable of adjusting their beams electronically to maximise link performance.

The product building blocks for mWAVE are shown below.



Alaris USA LLC has done very well during the past financial year by achieving their set budget. Alaris USA'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.

We are excited about the unlocking of significant opportunities in the USA for Alaris Antennas and COJOT going forward. The growth of Alaris USA, as a division of mWAVE, will play a key role in increasing exposure of the various subsidiaries.

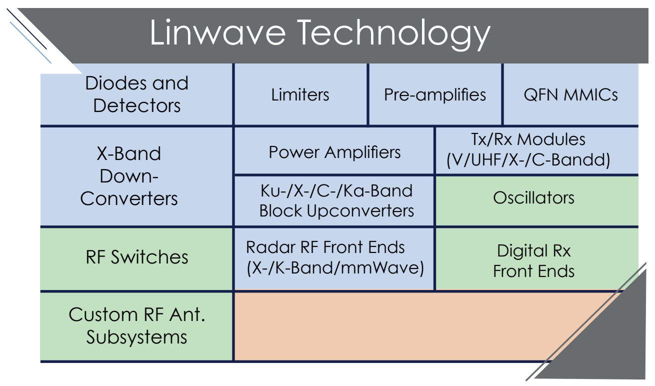
Linwave Technology contributed a revenue of R36.6 million and a PAT of R5.9 million in the period after the acquisition, during the four months between 1 March 2021 and 30 June 2021.

In order to achieve a long-term strategic objective to bolster the Group's capabilities in RF/Microwave electronics technology, the executive team set out to find a company that would match the criteria and with Linwave, the ALH Group managed to bring such a company into the fold.

The nature of the products being developed by the Group has seen a shift towards added complexity and the integration of RF electronics. The Linwave team's extensive expertise and capabilities in this space, will ensure that Alaris effectively extends the sophistication, range and competitiveness of its antenna system offerings.

Linwave provides a diverse range of RF electronics products that complement the antenna offerings of the rest of the Group very well. Linwave's RF converters and transceivers primarily serve the aviation industry, enabling in-flight connectivity for travellers. Solid state power amplifiers and low noise amplifiers feature in both transmit/receive modules used in radar systems as well as microwave power generation equipment used in the healthcare sector. Specialised low phase noise oscillators and timing modules are similarly deployed. Linwave also offers component-level products such as diodes, limiters and QFN packaged integrated circuits that are essential to a diverse range of customer RF electronics assemblies. Linwave is advancing its capability in several areas, including timing and oscillator technologies that could be utilised in future quantum computing applications, as well as in digital RF front end modules that will answer the needs of future advanced defence surveillance and spectrum dominance systems.

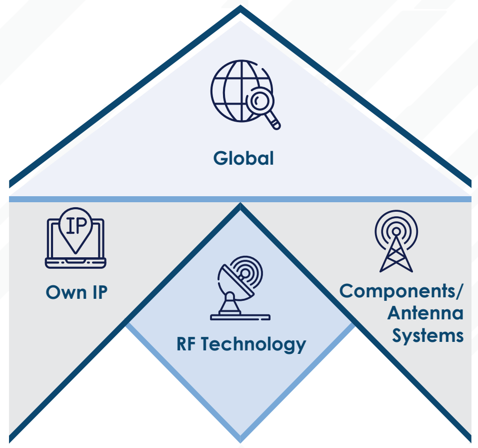
The product building blocks for Linwave are shown below.



CEO's Review (continued)

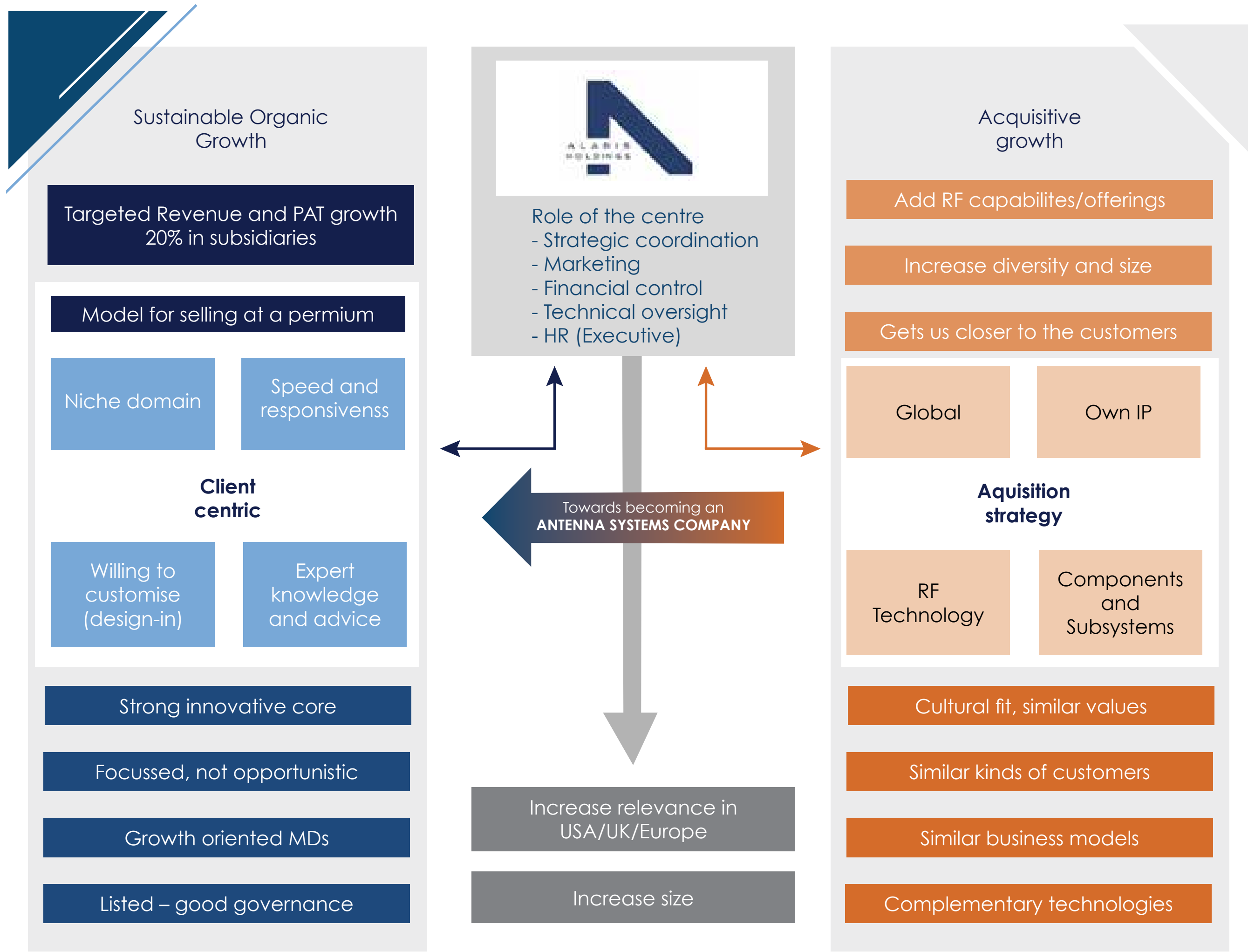
Strategy

The ALH Group strategy remains focused on four pillars:.



As mentioned above, the acquisition and integration of Linwave allowed for the expansion of the Group's RF technology and delivered on our goal of adding a strong RF/Microwave electronic technology capability into the Group.

The image below provides a graphic description of the ALH Group strategy.



CEO's Review (continued)

The FY21 financial results demonstrate the importance of Alaris operating globally – given the COVID-19 pandemic, these exceptional results would not have been possible otherwise. 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.

The products of the Alaris Group's subsidiaries have developed over the years from a components-based offering to more complete antenna systems solutions. We wish to extend this into innovative niche RF systems, a development area being addressed.

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

The Group moving forward

With the Group growing and increasing the number of its subsidiaries, the role of the centre is required to coordinate efforts like finance, marketing, technical innovation and human resources. One of the most important roles is that of strategic coordination and alignment across the subsidiaries.

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. The company's excess cash is earmarked for this requirement as further growth is pivotal to us.

Once again during the past year, the economic landscape was influenced by the pandemic. In addition to a worldwide shortage of components, inflation in the price of raw materials has been seen in all countries the Group operates in. In such times of uncertainty, it is important that a strong cash balance is maintained.

An uptake in cross-subsidiary projects has been observed and based on the results, this strategy is proving to be successful. The technical coordination and strategic guidance is managed from the centre. Chris Vale, Group CTO, will therefore continue to foster synergies and coordinate research and development activities amongst the subsidiaries concerning the product roadmap and technology requirements, and support the execution of high-profile product and system developments.

In order to fulfil and accelerate delivery of our envisaged Group product roadmap, it is likely that additional RF/Microwave electronics capacity needs to be added in addition to what is available already. The TechCom has set aside funds to be deployed in the current financial year to stimulate R&D projects in the subsidiaries in order to accelerate progress on our technology roadmap towards RF/Microwave antenna systems of higher complexity.

It is interesting to note that the private equity investor can obtain significant and sustainable value from the aerospace and defence sector at present. This sector was previously underutilised and we are currently in a period that is perhaps one of the best times to leverage the strengths this sector has to offer. This has been outlined in a report published by KPMG with the title "The private equity opportunity in aerospace and defense". According to this research, there are four main drivers behind this opportunity, namely the COVID-19 pandemic, increased geopolitical instability, the expansion of defence capabilities away from the traditional hardware towards the new technologies and increases onshoring of manufacturing and supply capability. Alaris Holdings has witnessed an upside in the mentioned market.

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

Thank you

This year, I would like to extend my first thank you to the staff of the entire Group for their dedication and commitment to ensuring a significant year for every subsidiary and therefore also for the Alaris Holdings Group.

A special mention of appreciation goes to Ian Duke and Chris Carr for their very constructive approach during the Linwave Technology transaction in completing the deal in a record time of three months.

To the Alaris Antennas Managing Director, Gisela Heyman, I give a special salute for a record year in challenging circumstances. Thank you to you and your management team for the dedication and leadership you provided during the past year.

Great progress has been made with the creation of product and technology roadmaps for each of the subsidiaries. A special thanks goes to Chris Vale for his leadership in this space and for providing guidance with joint projects and innovation.

Alaris USA has seen significant growth this year and delivered on a big budget – for this my sincere thanks goes to Ralph Prigge.

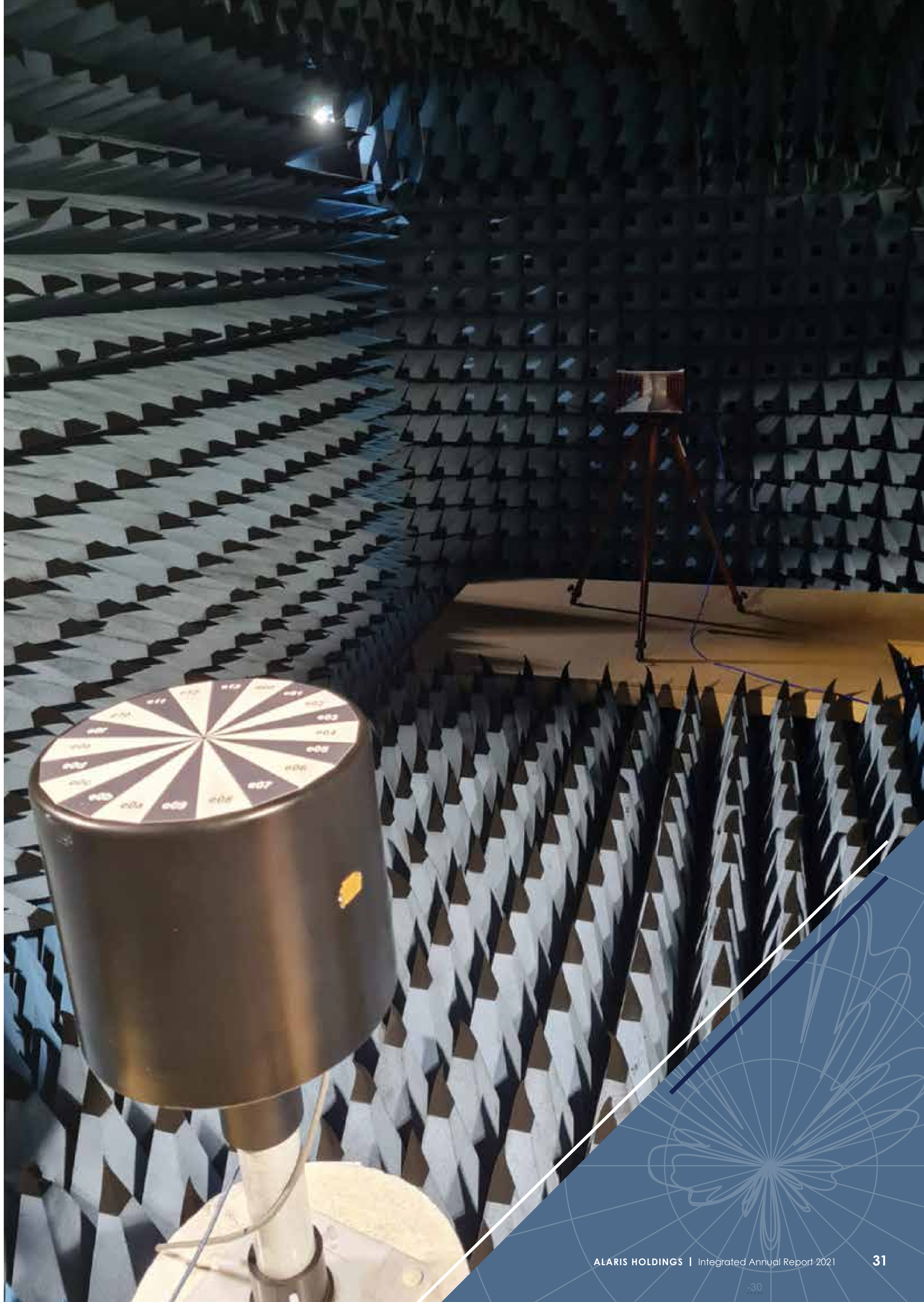
To all shareholders, I wish to extend a word of appreciation for your trust and commitment to Alaris. Various shareholder engagements have taken place during the year, providing valuable input and support to our strategy.

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 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 remain your trusted advisors through our superior product offering.

It remains my firm belief that the Alaris Group is destined for great things 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

The 2021 financial year has been a year of ups and downs. A year where we had to get used to the "new normal". A year where words such as 'self-isolation', 'hand-sanitiser' and 'lock-down' and phrases such as 'can you hear me', 'you're on mute' and 'sorry for the noise in the background' were used more than ever. In the midst of this pandemic, the employees in the Alaris Group stood together, worked hard and embraced the change. They have shown how resilient they are and what can be achieved when change is embraced and not fought against. The results of the Alaris Group reflect what teamwork can achieve and how 'thinking out of the box' can produce meaningful output.

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

– Andrew Carnegie

Acquisition of Linwave Technology Limited

During this financial year, the Alaris Group concluded an agreement to acquire 100% of the issued share capital of Linwave Technology Limited ("Linwave"). 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 defense, avionics, marine and wireless, to industrial and healthcare. 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 the Group's 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. Since the acquisition date, Linwave has already collaborated with Alaris Antennas to integrate the RF electronics at Linwave into one of the products at Alaris Antennas.

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.

Financial Director's Review (continued)

The identifiable assets and liabilities acquired from Linwave consist of:

R'000	Acquisition date fair value
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 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 to fund the acquisition	**56 611**

Our results

I am very pleased to report that the Alaris Holdings Group has had its best year in its history, with a revenue of R328.3 million and a profit after tax ("PAT") of R46.4 million.

Revenue increased by 35% from R242.8 million to R328.3 million and PAT increased by 50% from R31.0 million to R46.4 million. Linwave contributed R36.6 million in revenue and R5.9 million to profit after tax for the last quarter since it was consolidated into the Group. Headline earnings per share increased by 50% from 25.89 cents to 38.78 cents.

The cross-selling between the Alaris Group subsidiaries have increased significantly during the current financial year from R28.3 million to R72.3 million. This highlights the synergies within the Group.

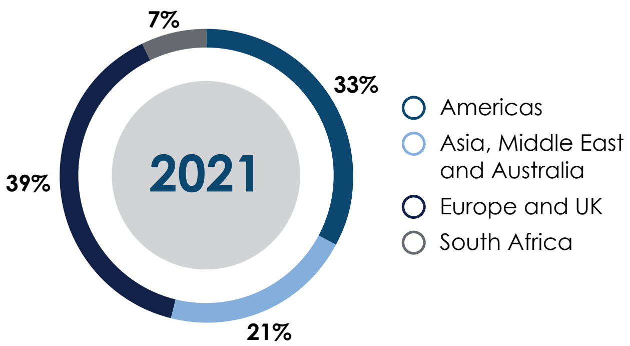
R'000	2021	2020	Growth
Revenue			
Alaris Antennas (South Africa)	167 201	125 997	33%
COJOT (Finland)	84 876	76 079	12%
mWAVE (USA)	111 871)	68 944	62%
Linwave (UK)	36 611	0	0
Cross-selling	(72 254)	(28 267)	156%
	328 305	**242 753**	**35%**

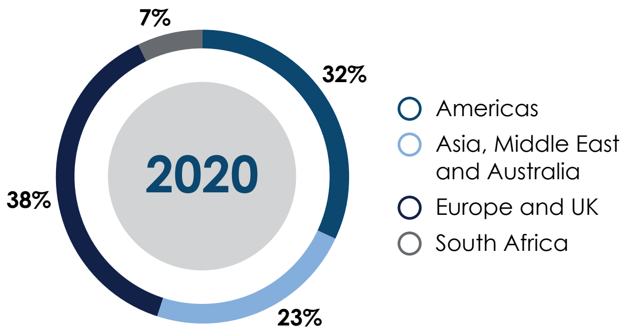
R'000	2021	2020	Growth
Profit after tax			
Alaris Antennas (South Africa)	36 200	23 142	56%
COJOT (Finland)	17 252	16 011	8%
mWAVE (USA)	6 984	2 864	144%
Linwave (UK)	5 943	0	0
Corporate and consolidation (South Africa)	(19 969)	(11 032)	81%
	46 410	**41 081**	**50%**

The Alaris Group derives 93% of its revenue from outside the borders of South Africa showing a strong global footprint.

Financial Director's Review (continued)

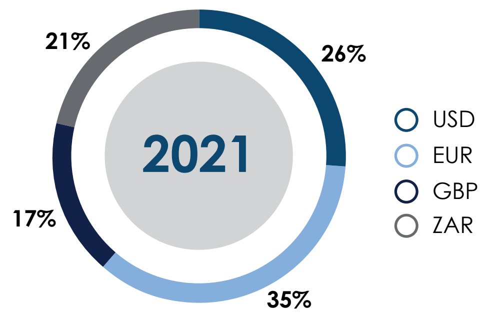
The revenue split by territory was as follows:

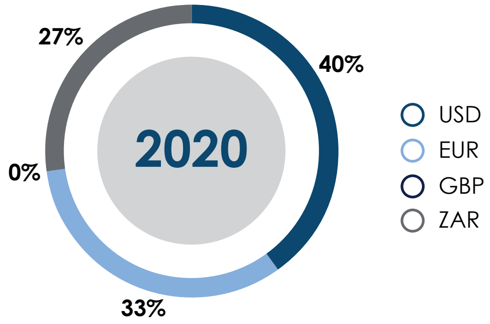




The Group was in a strong position at the start of the year with cash on hand in excess of R110 million. This assisted the Group in acquiring Linwave using existing cash and not taking out debt. The acquisition was mostly cash funded with 4% of the acquisition price being settled in Alaris shares issued to the selling shareholders who are also key employees of Linwave. At the end of the year, the Group still has strong cash on hand in excess of R93 million.

The cash at year-end was split as follows:





As can be seen, we have reduced our exposure to the volatile Rand with 79% of the cash on hand being held in foreign hard currency. 45% of the cash is located in South Africa where we hedge against the USD, EUR and GBP. The cash is earmarked for future acquisitions in line with Alaris's growth strategy. Due to the large portion of foreign currency held, any potential negative impact as a result of the weakening of the Rand is limited.

Looking ahead

In the coming year, the Alaris Group will focus on the post-acquisition integration of Linwave into the Group, maximising the synergies from the acquisition to ensure that there is sufficient collaboration between the different subsidiaries to advance the Group's shift towards new and more advanced antenna system solutions.

The strategy for international expansion and organic growth for the current subsidiaries will remain a high priority for the Group going forward.

A word of thanks

A sincere thank you to all the employees and various management teams throughout the Group for your hard work this year and for the way you adapted and rose to the challenges brought forth by the pandemic. Without your dedication, we would not have been able to achieve these excellent results.

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 but successful year and we hope to continue delivering satisfactory results for you into the future.

Elsie Müller
Group CFO
Alaris Holdings Limited

Corporate Governance

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 2021, Alaris complied with all applicable rules including the JSE Listings Requirements and 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
- Good performance
- Effective control
- Legitimacy.

The Board confirms that the Group has in all material aspects applied King IV™. A report on the Group's application of the principles is presented on the website: www.alarisholdings.com.

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. Four 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 FY2021 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	Lead Independent 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 46 and 47 of the Integrated Report.

Corporate Governance (continued)

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 appointed Richard Willis as the lead independent non-executive director in line with the recommended practices of King IV™. The Board Charter documents the role and responsibilities of the lead independent non-executive director in relation to those of the Chairman of the Board.

In line with the JSE Listings Requirements, 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 2021 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.

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; and
- 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.

Corporate Governance (continued)

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™ and the JSE Listings Requirements, 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, Richard Willis 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 2021 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 FY22

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™, the Companies Act and the JSE Listings Requirements, as applicable. All 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.

Corporate Governance (continued)

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)
Elsie Müller (invitee)	Gisela Heyman (invitee)		Elsie Müller (invitee)	Gisela Heyman (invitee)
	Elsie 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	–	2/2	2/2		3/4
RC Willis	5/5	4/4	-	2/2	2/2	–
C Neser	4/4	1/3 (invitee)	2/2	2/2	–	–
C van der Merwe	5/5	4/4	2/2	–	2/2	4/4
P Anania	4/5	4/4	–	–	–	
J Dresel	5/5	1/1 (invitee)	2/2 (invitee)	2/2 (invitee)	2/2	4/4
GT Heyman	5/5	–	2/2 (invitee)	–	2/2 (invitee)	4/4
E Müller	4/5	4/4 (invitee)	2/2 (invitee)	2/2 (invitee)	–	4/4
R Ramnath	–	–	–	–	2/2	–
Designated Advisor	5/5	–	–	–	–	–
External Auditors	–	4/4	–	–	–	–
Company Secretary	5/5	4/4	2/2	2/2	2/2	–

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 to account 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 Coen Bester and Carel van der Merwe. 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, 2 December 2021. Brief biographies of both are available on pages 46 and 47 of this report.

Executive Directors

The CEO's performance is evaluated annually by the Chairman of the Board. During the period under review, 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.

Designated advisors

PSG Capital Proprietary Limited remained the Designated Advisors of the Company for the period under review.

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.

Dealing in securities and insider trading

Alaris has a policy on dealing in securities and insider trading and enforces closed periods as per legislation and regulations. During these times, directors, officers and designated people are precluded from dealing in Alaris securities. Closed periods extend from the end of Alaris' financial half-year and year-end until publication of the relevant results. All dealings in shares of Alaris by directors are reported on the JSE Stock Exchange News Service ("SENS") within 72 hours of the trade.

The Chairman of the Board is required to authorise such dealings in securities, prior to trades being executed. An independent non-executive director is required to authorise the Chairman of the Board's dealings in securities, prior to trades being executed.

Directors' interest in securities is available on page 59 of the Integrated Report.

Analysis of shareholding

The shareholders analysis report can be found on page 58 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
- 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 68 of this Integrated Annual Report.

Group Executive Committee

Members of the Group Executive Committee

J Dresel	Group CEO
ES Müller	Group CFO
CA Vale	Group CTO from 1 July 2020
J Heyes	Group Marketing Officer – appointed 1 July 2020
GT Heyman	Managing Director – Alaris Antennas
S Lentonen	Managing Director – COJOT
J Detert	Managing Director – mWAVE – appointed 1 June 2020
I Duke	Managing Director – Linwave – appointed 1 March 2021

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 65 of this report.

Remuneration Committee

The Remuneration Committee (the Committee) has pleasure in submitting its report for the year ended 30 June 2021 (FY2021) 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 Short-Term Incentive (STI) and Long-Term Incentive (LTI) schemes, reviewing all components of remuneration, ensuring compliance with King IV™ 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 46, 47 and 38 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 in her capacity as HR 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.

During the period under review, the Committee conducted a self-assessment evaluation 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 will be addressed by the Committee during the next reporting period.

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; 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.
- 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.
- Drafting the remuneration report for presentation at the Annual General Meeting for purposes of passing non-binding advisory votes on the Remuneration Policy and Implementation report.
- 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 IV™, as well as the Listings Requirements of the JSE Limited, 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 2020 Annual General Meeting, the remuneration policy and implementation report received 99.97% (2019:99.97%) and 75.92% (2019:100%) of total votes in favour from shareholders, respectively

The Remuneration Policy and Remuneration Implementation Report will again be tabled separately for non-binding advisory votes by shareholders at the 2021 Annual General Meeting. In the event that 25% or more of the voting rights exercised, vote against either the remuneration policy or the implementation report, the Committee will ensure that:

- the result is communicated in a SENS announcement and due shareholder engagement processes take place. The Committee welcomes feedback from shareholders and will use various methods of shareholder engagement to best accommodate the various shareholders and ensure proper and meaningful engagement. These methods may include written correspondence and individual meetings with large shareholders. Any engagement will be led by the Committee chairman; and
- in the following year's remuneration report, details on the engagement and steps taken to address legitimate and reasonable objections and concerns will be provided.

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 R2500.00 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. In addition, the Lead Independent Non-executive Director, Mr R Willis, will be remunerated by the hour should his services be used.

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 26 of the financial statements. The proposed FY2022 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 2 December 2021. Refer to special resolution number 1 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 guaranteed.

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 MDs	100%	50% (6 months)	100% (12 months)	100%	100% (12 months)	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 six 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.

Existing share option scheme, in run-off

This scheme required participants to pay a certain strike price determined at a point in time and the number of options allocated was based on a multiple factor of the salary and the 30-day VWAP at that time of issue.

The vesting conditions depended on the staff member still being in employ (non-market condition) and the option would, by its nature, only be exercised if the options are in the money (market condition).

The options already issued under this existing option scheme will run its course with the last options vesting in November 2022.

No further top-ups are done under the current scheme. This scheme will terminate in November 2022.

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 three 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: three-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:

	LTIP Fair Value of Award (Max Value)
Roles	**100% vesting**
Group Executive Directors and MDs	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 2021.

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 26 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 achieved normalised earnings growth a little higher 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 portion 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 2021.

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 minim 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 70% of the target bonus was allocated to staff in this entity based on individual performance.

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. Incentives of R475 836 were paid to certain senior management, as agreed contractually during the acquisition, as part of the incentives in the employment contract. The managing director also received his portion bonus portion based on Group financials.

The Group achieved normalised earnings growth higher 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 portion 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 the 30 June 2021.

Long-term incentive

During the past financial year certain options vested and were exercised. New share options, with a vesting date of 30 September 2023, were granted as per the remuneration policy to certain employees in October 2020. Refer to note 13 of the consolidated financial statements for detail of the movement in authorised and issued ordinary share capital and refer to note 14 for more detail on the share option scheme.

The board approved an extension to the exercise period of Tranche 2 (September 2016), which lapsed in October 2020, by 12 months due to the share price of the holding company being affected by the COVID-19 pandemic. All the options have been exercised during the period.
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 Directors	2021 R'000	2020 R'000
C Bester	374	355
C van der Merwe	210	199
C Neser (Appointed 20 Dec 2019)	116	55
A Mellet – Resigned 20 December 2019	0	123
P Anania	320	136
R Willis	225	213
Total	**1 245**	**1 081**

Directors' shareholding in the ordinary share capital of the Company

The directors' direct and indirect shareholding of the Company control 36.03% as at 25 June 2021 (2020: 35.71%) of the voting shares of the Company being 45 867 931 shares.

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

30 September 2021

Our governance team

Coenraad Bester (“Coen”)

Age: 65
Independent Non-executive Director and Chairman
Appointed to the Board on 21 January 2004
BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (Potch) MBA (UP), OPM (Harvard Business School) PGDip (Futures Studies)

Coen initially lectured in the faculty of Electronic Engineering at Potchefstroom University. From there he went on to become the founder and CEO of two companies. Following the sale of the second company to a listed entity, he founded a management consultancy in 1999. Amongst his responsibilities, 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. Coen earned an Electronic Engineering Degree from the University of Pretoria and an Honours Degree in Electronic Engineering at the University of Potchefstroom. He completed an MBA at Pretoria University and an OPM course at Harvard Business School. He recently completed a postgraduate diploma in Futures Studies at the University of Stellenbosch.

Jürgen Dresel

Age: 54
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.

Gisela Therese Heyman

Age: 42
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.

Richard Charles Willis

Age: 52
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 occupied various positions, both locally and internationally, including chief operating officer of Standard Private Bank and Melville Douglas and financial director of Virgin Money South Africa. Currently Richard is chief operating officer at Clive Douglas Investments Proprietary Limited.

Carel van der Merwe

Age: 65
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 Vincent Anania

Age: 65
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.

Elsie Müller

Age: 34
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.

Chris Neser

Age: 34
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.

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 andrea@fusioncorp.co.za.

Composition and meeting procedures

During the year ended 30 June 2021, the Committee comprised of three members, being Mr R Willis (Independent 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 38.

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 the period under review.

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 2021.

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.

B-BBEE 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 commenced with a project to re-assess our B-BBEE strategy to achieve B-BBEE compliance. This project remained one of the key focus areas of the Committee during the period under review,

with the main focus on obtaining a compliant rating for the operating subsidiary Alaris Antennas. The verification process for the rating is underway and should be concluded by the end of September 2021. Alaris Holdings Limited is an investment holding and remains classified as non-compliant for the year ending June 2021.

The Committee reviewed and reported to the Board on the Group's detailed B-BBEE 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 to CHOC Childhood Cancer Foundation ("CHOC") to amongst others, their "Flip Flop Day" and "Send a child home for Christmas Project". In addition, a donation was made to Stop Rhino Poaching.

During March 2021, the Chairman of the Committee together with the Chief Executive Officer, Mr J Dresel, participated in a cycle challenge to raise funds for an organisation called Absolute Motion Cycling Academy ("AMCA"). The entire team performed extremely well, and a significant amount was raised for AMCA. Alaris' contribution to this project enabled three young cyclists to reach their dreams.

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 during FY2019. The Committee continue to monitor the Environmental Management Plan to ensure 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 well-being 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.

Social and Ethics Committee (continued)

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

Key focus areas for the year ahead

- Continue monitoring the developments around COVID-19 and ensure that the group's current measures and protocols remain adequate and relevant
- Improve the group's BBBEE status from non-compliant to compliant
- Improve awareness among employees with regards to the Protection of Personal Information Act ("POPIA")

Conclusion

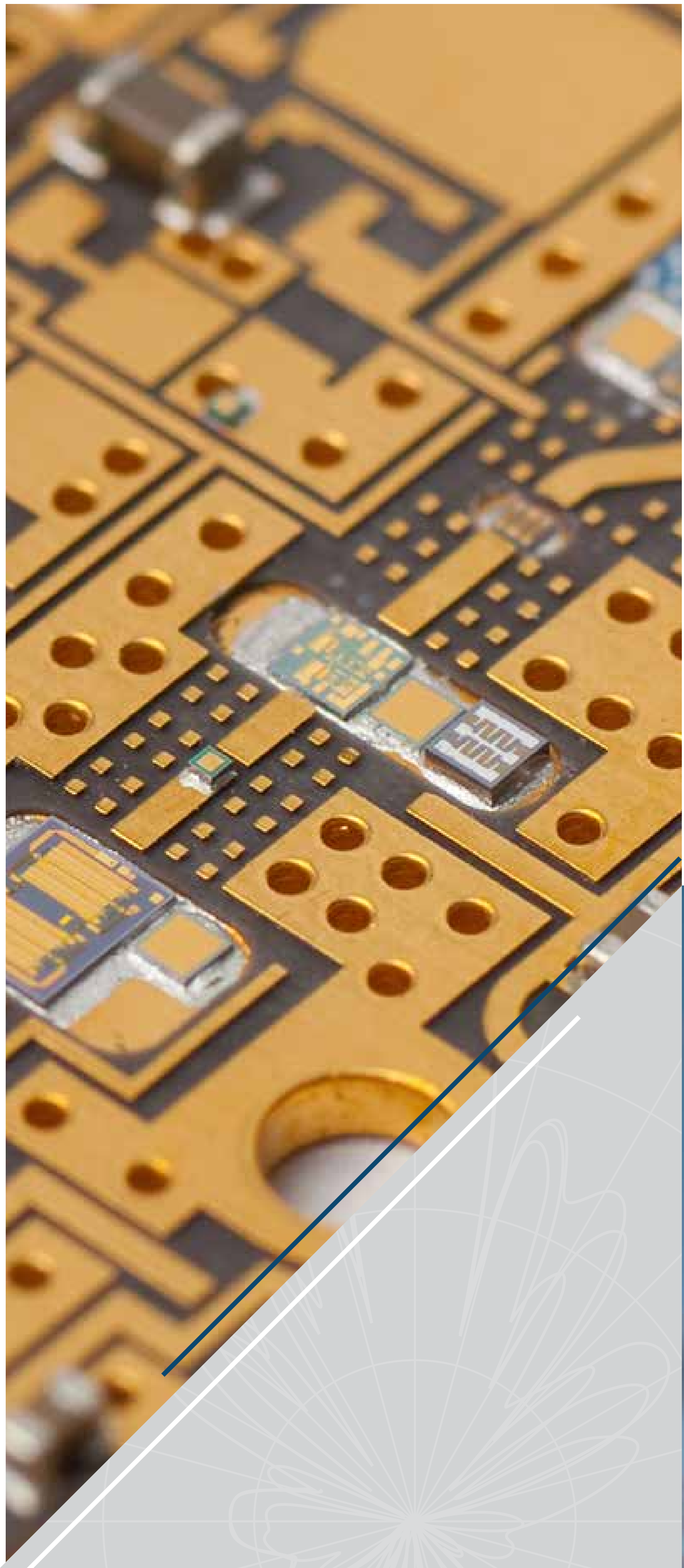
Alaris remains committed to identifying additional strategies to create value and contribute positively to the communities within which it operates. The Committee is satisfied to report that during FY2021, there have been no instances of material non-compliance with legislation or non-adherence to codes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

30 September 2021



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.

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 and 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

"It is every man's obligation to put back into the world at least the equivalent of what he takes out of it." – ***Albert Einstein***

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.

Mandela Day 2020 – SPCA

Due to the COVID-19 lockdown regulations of social distancing, the Alaris team was not able to do an activity together for 67 minutes, however, still wanted to make a difference on Mandela Day this year.

The desperate situation of animals in need touched the staff's hears, and it was decided to reach out to the Midrand SPCA, not far from the Alaris Antennas office in Centurion, to make a difference in the lives of our furry friends. Unfortunately, not only humans have been impacted by the COVID-19 situation, but the animal shelters as well, since a lot of funding has been cut. As a result of people losing their jobs during lockdown, the SPCA had to take in even more abandoned animals than they would under normal circumstances. The SPCA is completely dependent on the generosity of corporate companies and members of the public to ensure that their much-needed services can continue.

A collection of dog and cat food, as well as blankets was done and donated to the SPCA, who was very grateful as it alleviated some of the stress, they have to find sufficient food for the animals. The team at this organisation is doing an awesome job of looking after the animals in their care and for the staff it was a privilege to be able to assist.

Alaris Antennas staff members sponsored this initiative. They brought food for dogs and cats, blankets and even toys.

CHOC Childhood Cancer Foundation

So many activities have been impacted during 2020 by the COVID-19 regulations, and it was no other way at Alaris when the Women's Day event had to be cancelled this year. However, since budget was allocated and the staff at Alaris are in a favourable position to still earn a salary, it was thought well to pay a good deed forward and allocate a donation towards a beneficiary in great need.

CHOC Childhood Cancer Foundation is in dire need for support to cover essential services during these critical times. The economic situation in which they find themselves, is due to a large percentage of individuals who are currently unemployed or temporarily without an income, a reality that many of the families are facing. Without any form of income these families are unable to transport their children to and from the hospital for treatments and are unable to provide the necessary nutritional requirements the child needs to stay healthy. The Coronavirus has greatly increased the needs of many of these families and they have seen a significant increase in the demand for some of these essential services, especially food parcels and transport funds.

In order to assist CHOC to ensure that the children are safe, are able to attend treatment and that the parents and caregivers are relieved of the financial stress of having to provide food, protection and support to their sick child, it was decided to provide CHOC with a donation to the value of R5 000.

Rhino project

The Alaris Antennas staff, with the contribution from Bob Cooling (UK) and Jim Detert (mWAVE), were able to collect **R5 864** in total, which will contribute to another panel being purchased.

Alaris Antennas made a decision to contribute R20 000 to the project. Therefore, in total, **R25 864** will be paid over to the project for purchasing panels.

Social Responsibility (continued)

CHOC – Flip flop day

Alaris Antennas participated in the South African initiative called Flip Flop Day, with all proceeds going to CHOC (awareness and support programme for children living with cancer).

– Donation made of R1 000

Donation to absolute motion cycling academy

From 26 to 28 March 2021, Juergen Dresel and Richard Willis (one of our board members) participated in a cycle challenge to raise funds for an organisation called Absolute Motion Cycling Academy. This challenge took place in the area of Underberg, South Africa, and although the Drakensberg environment is one of the most picturesque settings in the country, it also provides for a very challenging route if you are cycling.

The whole team did extremely well and a significant amount was raised for AMCA. Alaris contributed to this project with a donation of R19 000, enabling three young cyclists to reach their dreams.

The following information is a summary on Absolute Motion Cycling Academy, taken from their brochure:

Absolute Motion is situated in the village of Hilton in the KZN Midlands with a national and international reach. It is an established, multifaceted coaching business and has been coaching some of the best cyclist across South Africa since 2000. During this time, they have assisted many young men and women who did not have the financial means to pursue their dreams. They eventually decided that the time has come to formalise what they have been doing for more than 20 years in order to assist more amazing young people to achieve their dreams. This is done through the concept of "the bike can change lives".

It is for this reason that the Absolute Motion Cycling Academy (AMCA) was founded. The need has been established as follows:

"Talented, privileged and non-privileged athletes find themselves with questions and no answers when they finish school. The AMCA's goal is to help bridge the gap from talented junior to pro-level elite."

AMCA's view is that in order to become better at anything in life, it takes commitment, discipline and balance. It is their goal to get involved in many levels of an athlete's life to help them catapult their lives forward. The AMCA will cater for athletes who have the financial means to contribute to their journey and those who don't across all races and genders.

Winter warmer project

During the very cold weeks in June, the Alaris Antennas staff opened their hearts and wallets to raise money and buy blankets during the Winter Warmer project.

A total number of 103 blankets were collected and donated to the Louis Botha Children's Home.

Social Responsibility (continued)

These homes have been selected for the dire need they experience, especially now during the COVID-19 pandemic, as well as the proven safe and nurturing environment they provide to children between the ages of 3 and 18.

COVID-19 regulations had a significant impact on fundraising campaigns which could not be run by the entities as they would do under normal circumstances. This had a significant financial impact on the children's homes and caused some serious constraints. It was therefore considered to donate certain amounts of cash to both Lambano Sanctuary and Louis Botha Children's Home during this year.

Environmental Clean-up

The mWAVE staff took part in the first annual mWAVE 2021 Community Service Project. This year's service project was to clean up a section of the Sebago-to-the-Sea Trail (close to Windham, in Maine, USA) which is out the back door of the

mWAVE facilities. The old un-used rail bed was acquired by the State of Maine as a recreational trail and is managed by the Sebago-to-the-Sea Coalition. The entire trail system runs 28 miles (45 km) from Sebago Lake in Windham to Casco Bay in South Portland. mWAVE tackled a little over 3 miles (4.8 km) of the trail system.

Linwave

Over the past five 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 three 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 benefited 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 cancer awareness and an Alzheimer centre. One of the staff members was also involved in a shave for cancer awareness campaign.

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 AND SHAREHOLDER ANALYSIS

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.

We firmly believe that investments in skills development and social initiatives will have a long-term positive impact on the South African economy and community. Despite lockdown restrictions our social initiatives were largely able to continue functioning successfully. We have also embarked on various social initiatives which aided the following beneficiaries: Louis Botha Children's Home, Stop Rhino Poaching, Opus Profectus, CHOC and Aryan Children's Home.

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 three years but has made slow progress in certain aspects of the scorecard primarily due to the uncertainty around the new Defence Charter. Under the Department of Trade and Industry's revised Codes of Good Practice, we have 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 programme 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 programme, University of Wits, 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	2021 Number of shareholders	%	2021 Number of shares	%
1 – 1 000 shares	2 267	75.09	334 262	0.26
1 001 – 10 000 shares	427	14.14	1 782 583	1.40
10 001 – 50 000 shares	218	7.22	5 386 809	4.23
50 001 – 100 000 shares	51	1.69	3 680 026	2.89
100 001 – 1 000 000 shares	45	1.49	14 603 290	11.47
1 000 001 shares and over	11	0.36	101 511 249	79.74
Totals	**3 019**	**100.00**	**127 298 219**	**100.00**
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	7	0.23	45 867 931	36.03
Share trust	1	0.03	2 276 018	1.79
Alaris Antennas (Pty) Ltd	1	0.03	2 210 917	1.74
COJOT OY	1	0.03	940 327	0.74
mWAVE Industries LLC	1	0.03	40 000	0.03
Public shareholders	3 008	99.64	75 963 026	59.67
Totals	**3 019**	**100.00**	**127 298 219**	**100.00**

Directors and associates			2021	%	2020	%
Tadvest Limited	* Associated Holding (CB Neser)	Indirect	35 487 361	27.88	30 815 237	24.56
J Dresel	** Executive Director	Direct	9 934 132	7.80	8 962 812	7.14
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	241 438	0.19	154 863	0.12
Maine-Anjou LLC (P Anania)	** Non-executive Director	Indirect	–	–	4 672 124	3.72
ES Muller	** Executive Director	Direct	55 000	0.04	55 000	0.04
			45 867 931	**36.03**	**45 000 128**	**35.86**

** Non-beneficial*

*** Beneficial*

Beneficial shareholders holding 5% or more		2021	%	2020	%
JP Morgan Chase Bank Case Nominees	* Associated Holding (TADVEST)	35 487 361	27.88	30 815 237	24.56
Andries Petrus Cronje Fourie Trust	* APC Fourie	18 204 879	14.30	18 204 879	14.51
THE MAS TRUST	* JSV Joubert	12 000 000	9.43	12 000 000	9.56
Dr DC Nitch	** Founder investor	9 628 796	7.56	9 628 796	7.67
J Dresel	** Executive Director	9 934 132	7.80	8 962 812	7.14
		85 255 168	**66.97**	**79 611 724**	**63.45**

** Non-Beneficial*

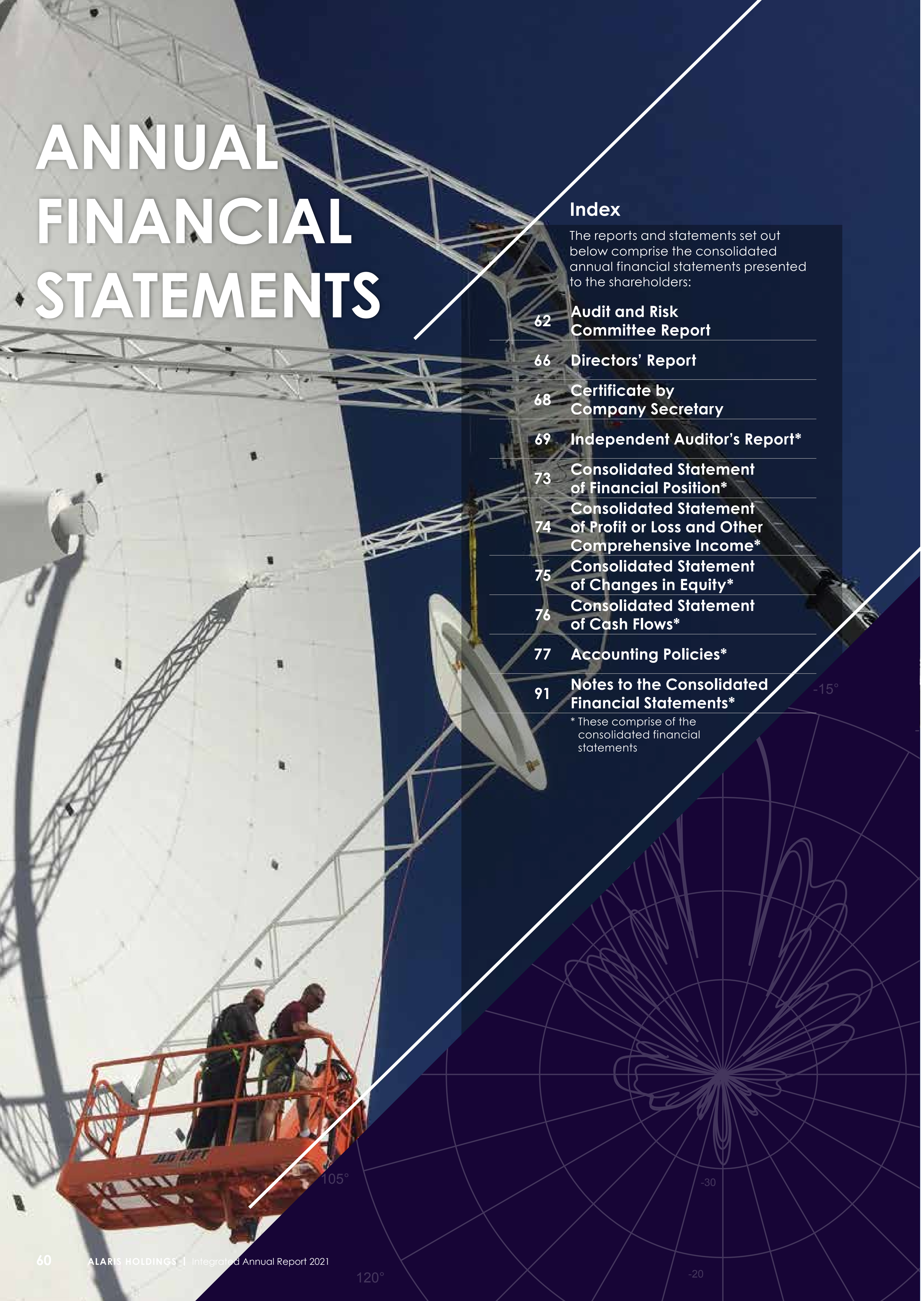
*** Beneficial*

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 2021 are reflected below:

		Old scheme			New scheme			
		Number of options still in issue from Sep 2016 (Strike price R2.30)	Number of options still in issue from Nov 2017 (Strike price R1.90)	Number of options still in issue from March 2019 (Strike price nil subject to performance)	Number of options still in issue from October 2019 (Strike price nil subject to performance)	Number of options still in issue from October 2020 (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	–	285 000	773 640	1 695 100	1 654 900	4 408 640	1 092 500
GT Heyman	Executive Director – Alaris Antennas	125 000	635 000	466 270	1 112 400	1 086 000	3 424 670	567 500
S Lentonen	Executive Director – COJOT	150 000	220 000	495 040	975 400	1 105 800	2 946 240	260 000
E Müller	Executive Director – Group CFO	–	–	–	–	808 800	808 800	–
J Detert	Executive Director – mWAVE	–	–	–	–	1 223 500	1 223 500	–

- Refer to note 14 – Share-based payments of the financial statements, for details of the scheme.
- No changes have occurred in the directors' interests between 30 June 2021 and the date of approval of this integrated annual report.



ANNUAL FINANCIAL STATEMENTS

Index

The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

* 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
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 2021

Audit and Risk Committee Report

The Audit and Risk Committee (the Committee) has pleasure in submitting its report for the year ended 30 June 2021 (FY2021) 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) and the Johannesburg Stock Exchange (JSE) Listings Requirements.

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 2020 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 (Independent 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 pages 46 and 47 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, 2 December 2021.

During the year under review, four meetings were held. Members' attendance at these scheduled meetings can be found on page 38 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 2022 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 and the JSE Listings 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.

Audit and Risk Committee Report (continued)

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; and
- JSE Listings Requirements regarding CEO and CFO Controls Certification.

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 provisions of paragraph section 22.15(h) of the JSE Listings Requirements and that all requisite information in this regard has been received to enable it to arrive at this consensus. 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 2022. 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.

Key audit matters

The Committee has applied its mind to the key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. These items, which required significant judgment, were:

- revenue recognition;
- impairment assessment of goodwill, intangible assets and investments; and
- IFRS 3 Business combination – the acquisition of Linwave.

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.

Audit and Risk Committee Report (continued)

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 22.

During the period under review, management agreed to outsourcing the IT function in view of the increased IT Risk due to the imminent immigration of the Group's IT manager. The Committee monitored the handover process to the outsourced function to ensure that same was effective.

A vulnerability assessment on IT security had been conducted as part of a GAP analysis of the Group's IT systems. Although some improvements could be made, no large threats were identified. The Committee monitored the effectiveness of the disaster recovery plans during the period under review and was satisfied that same is adequate and effective.

Finance function: Expertise and experience of the finance director

As required in terms of paragraph 3.84(h) of the JSE Listings Requirements, 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.

Proactive monitoring

The Committee confirms that it has considered the 2019 JSE Report on JSE Proactive Monitoring, including annexure 3 thereto, issued on 18 February 2020, as well as the Reporting back on proactive monitoring of financial statements issued by the JSE Limited during February 2021. Where necessary, the Committee has taken appropriate action to respond to the findings in the JSE report whilst preparing the annual financial statements for the year ended 30 June 2021.

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.

Audit and Risk Committee Report (continued)

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.

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 2021 comply with IFRS, the requirements of the Companies Act as well as the SAICA Financial Reporting Standards Council, has recommended the 2021 integrated report and consolidated financial statements for approval by the Board on 16 September 2021.

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 2021.

R Willis
Chairman of the Audit and Risk Committee

21 September 2021

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 2021.

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 and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"). 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

	2021	2020	2021	2020
	R'000	R'000	Number of shares	
Issued shares – ordinary shares issued	**6**	6	**127 298 219**	125 475 074

Refer to note 13 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 40% – 50% of free cash flow less discretionary capital spend. Free cash flow will be adjusted for the expected COVID-19 effect on the Group. Discretionary capital spend includes cash earmarked for acquisitions (where is it probable that the closing will occur within three months as well as share buy-backs and innovation project funding.

The growth strategy approved by the Board centres around acquisitions and or mergers. A number of targets have and are being explored but closing takes time. The nature of the sellers of these targets are typically individual founders of the respective businesses making the selling process drawn out and, in some cases, complicated. The Board believes that it would be more appropriate for the Group to conserve cash to ensure that the Group is best placed to implement its acquisitive growth strategy. Therefore, the Board has resolved not to declare a dividend for the financial year ended 30 June 2021 (2020: 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	Changes
CP Bester	Chairperson	Independent non-executive	
RC Willis	Independent	Non-executive	
C van der Merwe	Independent	Non-executive	
CB Neser	Non-independent	Non-executive	Appointed 20 December 2019
P Anania	Independent	Non-executive	
J Dresel (German)	Group CEO	Executive	
ES Müller	Group Financial Director and CFO	Executive	
GT Heyman		Executive	

7. Interests in subsidiaries and trusts

	2021	2020
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**	–
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
The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern
The Group has generated a profit for the year ended June 2021 of R46 million and as at 30 June 2021, the Group has a cash and cash equivalents of R93 million. The current assets exceeded current liabilities by R142 million.

The consolidated financial statements for the year ended 30 June 2021 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. The Group has a strong footprint with 93% of its revenue being derived outside of South Africa. Due to its widespread customer base and most of its clients being regarded as essential service providers coupled with contingency plans implemented by management, the company has not been impacted significantly by COVID-19 or the national demonstrations in South Africa.

11. Auditors
KPMG Inc. continued in office as auditors of the Group for 2021 in accordance with section 90 of the Companies Act of South Africa.

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.

Directors' Report (continued)

13. Director's responsibility statement

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

- the annual financial statements set out on pages 73 to 117, 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 2021 were approved by the Board on 16 September 2021 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 2021, 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 2021

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 73 to 117, which comprise the consolidated statement of financial position at 30 June 2021, 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 2021, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Intangible assets and goodwill arising from the acquisition of Linwave

Refer to accounting policy 1.1 and 1.2 and Notes 6, 7 and 29 to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
During the year, the Group concluded an agreement to acquire 100% of the share capital of Linwave Technology Limited (Linwave) with effect from 27 February 2021. A purchase price allocation (PPA) was performed in accordance with IFRS 3 Business Combinations (IFRS 3) by the directors. The PPA resulted in the Group recognising and measuring significant intangible assets.Included in the intangible assets acquired are assets with finite useful lives. The determination of the useful lives of the intangible assets required significant judgement by the Directors. Goodwill of R18.76 million was recognised as a result of the acquisition along with intangible assets of R17.56 million. The audit of intangible assets as a result of the Linwave acquisition is considered a key audit matter due to the audit effort required in assessing the judgements applied by management.	We assessed that the effective date of the acquisition was in compliance with IFRS 3 per inspection of the salient terms and conditions of the purchase agreement. We, in conjunction with our internal corporate finance specialists performed an independent assessment of the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date specifically relating to the valuation and identification of intangible assets and the resultant goodwill to be recognised. This independent assessment was evaluated against the directors' assessment by performing the following procedures: • We assessed whether the identifiable assets acquired and liabilities assumed were appropriately valued, in all material respects. • We assessed that the valuation techniques used are consistent with industry norms. • We assessed the reasonableness of the assumptions used in determining the useful lives of the intangible assets determined by the directors. • We assessed whether the value of the goodwill and intangible assets recognised as a result of the PPA allocation are appropriate. We evaluated the adequacy of the disclosures made by the directors in accordance with the requirements of IFRS 3.

Impairment assessment of goodwill	
Refer to accounting policy 1.1 and 1.9 and Note 6 to the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
As required by IAS 36 – *Impairment of Assets (IAS 36)*, the directors conduct annual impairment assessments to test the recoverability of the carrying amount of goodwill. Impairment assessments of goodwill are performed using a discounted cash flow model. As disclosed in note 6, there are a number of key judgements made in determining the inputs into the discounted cash flow model which included: • five-year forecast profits; • the discount rates applied to the projected future cash flows; and • terminal growth rates. Given the significance of goodwill to the consolidated financial statements and the judgements involved in determining the key assumptions used in the discounted cash flow model, this was considered to be a key audit matter.	We focused our testing on the directors' annual assessment of the impairment of goodwill and the key assumptions applied. In addressing the key audit matter, as part of our audit procedures we: • Critically evaluated whether the discounted cash flow model used by the directors to calculate the value in use of each cash-generating unit complies with the requirements of IAS 36. • Challenged the assumptions used by the directors in their value in use calculations by: – assessing the reasonableness of assumptions relating to profit growth in relation to our knowledge of the group and the industries in which it operates; – assessing the reasonableness of the terminal growth rates in relation to external market data; and – assessing the reasonableness of the discount rates applied by independently calculating the rates and comparing the rates to those used by management. • Evaluated the future projected cash flows for each cash-generating unit to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash-generating unit. • Compared the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to test the accuracy of the directors' projections. • Performed sensitivity analyses on key assumptions to assess the impact on the value-in-use calculations; and • Evaluated the adequacy of the disclosures made by the directors in the consolidated financial statements in accordance with IAS 36.

Revenue recognition	
Refer to accounting policy 1.13 and Note 19 to the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
The Group's timing of revenue recognition based on when control is transferred is dependent on the contract's international commercial terms for fully configured products and on the specified performance obligations identified in the contracts for newly developed products. The significant lead time involved in delivering projects to customers can result in delays in fulfilling orders and consequently create challenges in determining when control was transferred in respect of a product or service and the point in time in which the performance obligation was met. Given the significant effort required in assessing the appropriate timing of revenue recognition around the year end, the recognition of revenue at year end was considered a key audit matter.	We followed a combined controls and substantive approach. In addressing the key audit matter, as part of our audit procedures we: • Understood the revenue recognition process in respect of these delayed sales transactions to ensure revenue recognised in compliance with IFRS 15 – Revenue from Contracts with Customers, both from a timing of revenue recognition and the measurement thereof. • Assessed the adequacy of the design and implementation of identified controls over the revenue process. For a sample of revenue transactions, we: – Assessed whether sales transactions were supported by the relevant delivery documentation to ensure performance obligations are met and control is transferred to customers, prior to the sale being recognised; and – Performed extended procedures over sales transactions occurring around financial year end by agreeing transactions to proof of delivery and inspecting any significant credit notes used subsequent to the reporting date to assess whether revenue has been recognised in the correct accounting period.

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 2021" and in the document titled "Alaris Holdings Limited Consolidated Annual Financial Statements for the year ended 30 June 2021", which includes the Audit and Risk Committee Report, the Directors' Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the Integrated Report, which is expected to be made available to us after that date. 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.

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.

Independent Auditor's Report (continued)

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Alaris Holdings Limited for 15 years.

KPMG Inc.
Registered Auditor

Per T Cheadle
Chartered Accountant (SA)
Registered Auditor
Director

21 September 2021

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

Consolidated Statement of Financial Position

at 30 June 2021

R'000	Note	2021	2020
Assets			
Non-current assets			
Plant and equipment	4	12 047	9 376
Right-of-use assets	5	22 098	13 250
Goodwill	6	61 986	50 289
Intangible assets	7	25 787	14 559
Deferred tax assets	8	19 316	12 850
		141 234	**100 324**
Current assets			
Inventories	10	40 681	30 681
Trade and other receivables	11	74 693	40 689
Tax receivable		2 004	1 426
Cash and cash equivalents	12	93 177	110 268
		210 555	**183 064**
Total assets		**351 789**	**283 388**
Equity and liabilities			
Equity			
Equity attributable to owners of the Company			
Share capital	13	6	6
Share premium	13	209 286	205 250
Share-based payment reserve	14	26 073	17 350
Foreign currency translation reserve		(955)	17 899
Accumulated profit/(loss)		27 015	(19 395)
Total equity		**261 425**	**221 110**
Liabilities			
Non-current liabilities			
Loans and borrowings	15	1 117	3 456
Lease liabilities	16	17 313	10 066
Deferred tax liabilities	8	3 575	5 342
		22 005	**18 864**
Current liabilities			
Loans and borrowings	15	802	2 732
Lease liabilities	16	5 609	3 730
Trade and other payables	17	61 902	35 531
Tax payable		46	1 421
		68 359	**43 414**
Total liabilities		**90 364**	**62 278**
Total equity and liabilities		**351 789**	**283 388**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

R'000	Note	2021	2020
Revenue	19	328 305	242 753
Cost of sales		(110 106)	(79 876)
Gross profit		**218 199**	**162 877**
Other income	20	6 921	1 689
Operating expenses		(167 622)	(125 031)
Trading operating profit	21	**57 498**	**39 535**
Finance income	22	1 133	1 802
Finance costs	23	(760)	(558)
Profit before taxation		**57 871**	**40 779**
Taxation	24	(11 461)	(9794)
Profit for the year		**46 410**	**30 985**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		**(18 854)**	**20 020**
Gross amount		(22 369)	23 738
Taxation		3 515	(3 718)
Total comprehensive income		**27 556**	**51 005**
Weighted average number of ordinary shares in issue		119 829 488	119 734 262
Weighted average number of diluted ordinary shares in issue		121 319 257	122 618 380
Basic earnings per ordinary share (cents)	25	38.73	25.88
Diluted basic earnings per ordinary share (cents)	25	38.25	25.27
Headline earnings per ordinary share (cents)	25	38.78	25.89
Diluted headline earnings per ordinary share (cents)	25	38.31	25.28

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

R'000	Note	Share capital and preference shares	Share premium	Share-based payment reserve	Accumu-lated profit/ (loss)	Foreign currency translation reserve	Total equity
Balance at 30 June 2019		**6**	**207 283**	**9 941**	**(49 927)**	**(2 121)**	**165 182**
Adjustment from the adoption of IFRS 16		–	–	–	(453)	–	(453)
Adjusted balance at 30 June 2019		**6**	**207 283**	**9 941**	**(50 380)**	**(2 121)**	**164 729**
Total comprehensive income for the year:		–	–	–	30 985	20 020	51 005
– Profit for the year		–	–	–	30 985	–	30 985
– Foreign currency translation reserve		–	–	–	–	20 020	20 020
Share-based payment – option charge	14	–	–	7 498	–	–	7 498
Share-options exercised on net basis	14	–	(169)	(89)	–	–	(258)
Movement in treasury shares		*	(1 864)	–	–	–	(1 864)
Balance at 30 June 2020		**6**	**205 250**	**17 350**	**(19 395)**	**17 899**	**221 110**
Total comprehensive income for the year:		–	–	–	46 410	(18 854)	27 556
– Profit for the year		–	–	–	46 410	–	46 410
– Foreign currency translation reserve		–	–	–	–	(18 854)	(18 854)
Share-based payment – option charge	14	–	–	9 229	–	–	9 229
Linwave acquisition settled in shares		*	3 080	–	–	–	3 080
Share-options exercised on net basis	14	–	–	(506)	–	–	(506)
Movement in treasury shares		*	956	–	–	–	956
Balance at 30 June 2021		**6**	**209 286**	**26 073**	**27 015**	**(955)**	**261 425**

* *Nominal amount – amount smaller than R1 000.*

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

R'000	Note	2021	2020
Cash flows from operating activities			
Cash generated from operations	27	69 266	90 000
Finance income	22	1 133	1 802
Finance cost	23	(169)	(200)
Tax paid	28	(18 475)	(16 637)
Net cash flow from operating activities		**51 755**	**74 965**
Cash flows from investing activities			
Additions to plant and equipment	4	(4 457)	(4 423)
Additions to intangible assets	7	(1 101)	(1 770)
Acquisition of a subsidiary	29	(56 611)	–
Net cash flow used in investing activities		**(62 169)**	**(6 193)**
Cash flows from financing activities			
(Decrease)/increase in loans and borrowings		(495)	4 334
Net increase/(decrease) in treasury shares – Share Incentive Scheme		451	(2 122)
Payment of lease liabilities		(6 932)	(2 657)
Net cash flow used in financing activities		**(6 976)**	**(445)**
Net (decrease)/increase in cash and cash equivalents for the year		(17 390)	68 327
Cash and cash equivalents at beginning of the year		110 268	41 836
Effect of exchange rate movement on cash balances		299	105
Total cash and cash equivalents at end of the year	12	**93 177**	**110 268**

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 and the Listings Requirements of the JSE Limited. 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 16 September 2020.

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.

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.

Accounting Policies (continued)

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 and note 29.

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.

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.

Accounting Policies (continued)

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.

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 assets 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 amortisation 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 31 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).

Accounting Policies (continued)

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 21).

Details of foreign currency risk exposure and the management thereof are provided in note 31.

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 22).

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.

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 21).

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 31).

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 15) 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 23).

Loans and borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

1.5.3 Trade and other payables

Classification

Trade and other payables (note 17), 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 31 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 21).

Details of foreign currency risk exposure and the management thereof are provided in note 31.

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.

Accounting Policies (continued)

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 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.

1.7 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 determines 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 judgements 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 leases 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 stand-alone prices of the lease components and the aggregate stand-alone 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 16 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 23).

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.

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.

1.8 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.

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.

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.

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.

1.9 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.

1.10 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.

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 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.

1.11 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.

1.12 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.

1.13 Revenue from contracts with customers

Revenue for the Group is recognised using the five-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.

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, known as the International Commercial Terms (Incoterms®). The Incoterm® determines when the control of goods will transfer. A receivable is recognised by the Group when the goods are delivered under the Incoterms® 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 to 60 days. The amount recognised in revenue excludes trade discounts, volume rebates and value added tax.

Newly developed products

For newly developed products a sales contract exists where performance obligations are clearly defined. The revenue is recognised at a point in time as per the performance obligations in the contract, as these are all short-term in nature. 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 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.

1.14 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-19 relief and sundry income. Refer to note 20 for more details.

1.15 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.

1.16 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.

1.17 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.

Accounting Policies (continued)

1.18 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.

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
IFRS 9, IAS 39 and IFRS 7: Amendments to interest rate benchmark reform	1 January 2020	The impact of the standard is not material.
Conceptual Framework amendments: Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	The impact of the standard is not material.
IAS 1 and 8: Amendments to the definition of Material	1 January 2020	The impact of the standard is not material.
IFRS 3 amendment: Definition of a Business	1 January 2020	The impact of the standard is not material.
Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the standard is not material.

Accounting Policies (continued)

Standard/Interpretation	Effective date Periods beginning on or after	Expected impact
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the standard is not material.
Definition of a business - Amendments to IFRS 3	1 January 2020	The impact of the standard is not material.
Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the standard is not material.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	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 2021 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	01 January 2021	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)	01 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	01 January 2022	The impact of the standard is not expected to have a material impact on the financial statements
IFRS 3 amendment - Reference to the Conceptual Framework	01 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	01 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	01 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	01 January 2023	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	01 January 2023	The standard is only expected to have an impact on the disclosure of deferred tax relating to right of use assets and lease liabilities where the deferred tax asset/(liability) will be shown separately.

Notes to Consolidated Financial Statements for the year ended 30 June 2021

3. Operating segments

The Group has five (2020: four) 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 2021	June 2020
Segmental revenue		
Alaris Antennas	167 201	125 997
COJOT	84 876	76 079
mWAVE	111 871	68 944
Linwave	36 611	–
Inter-segmental	(72 254)	(28 267)
	328 305	**242 753**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		
Alaris Antennas	52 844	35 471
COJOT	23 318	21 276
mWAVE	9 380	5 565
Linwave	6 864	–
Corporate and consolidation	(21 427)	(11 762)
	70 979	**50 550**
Profit for the period		
Alaris Antennas	36 200	23 142
COJOT	17 252	16 011
mWAVE	6 984	2 864
Linwave	5 943	–
Corporate and consolidation	(19 969)	(11 032)
	46 410	**30 985**

3. Operating segments (continued)

R'000	June 2021	June 2020
Normalised earnings after tax for the period		
Alaris Antennas	37 047	23 145
COJOT	17 252	16 011
mWAVE	6 984	2 864
Linwave	5 943	–
Corporate and consolidation	(16 107)	(10 995)
	51 119	**31 026**

Segment assets and liabilities

Segment assets	June 2021	June 2020
Alaris Antennas	109 030	102 215
COJOT	45 995	42 301
mWAVE	56 399	46 955
Linwave	66 911	–
Corporate and consolidation	73 454	91 917
Group	**351 789**	**283 388**
Segment liabilities		
Alaris Antennas	(41 581)	(31 061)
COJOT	(17 493)	(11 932)
mWAVE	(3 450)	(13 760)
Linwave	(24 013)	–
Corporate & consolidation	(3 827)	(5 525)
Group	**(90 364)**	**(62 278)**

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	2021 Amount	2021 %	2020 Amount	2020 %
REVENUE				
Total	**328 305**	**100%**	**242 753**	**100%**
Asia	9 698	3%	2 732	1%
Australia	15 775	5%	6 060	2%
Canada	10 613	3%	1 665	1%
East Asia	70	0%	19 474	8%
Europe	71 017	22%	70 197	28%
Middle East	44 177	13%	28 569	12%
North America	97 015	30%	69 641	29%
South America	–	0%	6 917	3%
United Kingdom	56 286	17%	21 593	9%
South Africa	23 654	7%	15 905	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	2021	2020
Profit from operations for the year	46 410	30 985
Legal and consulting costs for acquisitions	4 709	40
Normalised earnings	**51 119**	**31 025**
Weighted average number of ordinary shares in issue	**119 829 488**	**119 734 262**
Normalised earnings per ordinary share (cents)	**42.66**	**25.91**

4. Plant and equipment

	2021			2020		
R'000	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	28 076	(22 768)	5 308	22 353	(19 530)	2 823
Furniture and fixtures	967	(661)	306	755	(406)	349
Motor vehicles	534	(489)	45	477	(428)	49
Office equipment	156	(87)	69	157	(64)	93
IT Equipment	7 996	(5 956)	2 040	3 114	(1 812)	1 302
Computer software	9 283	(7 629)	1 654	9 552	(7 480)	2 072
Leasehold improvements	4 572	(3 103)	1 469	4 905	(3 053)	1 852
Production tooling	2 175	(1 556)	619	2 188	(1 352)	836
Capital - Work in progress	537	–	537	–	–	–
	54 296	**(42 249)**	**12 047**	**43 501**	**(34 125)**	**9 376**

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	–	(22)	152	(279)	(68)	619
Capital - Work in progress	–	–	–	537	–	–	537
	9 376	**2 522**	**(29)**	**4 457**	**(3 372)**	**(907)**	**12 047**

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

4. Plant and equipment (continued)

Reconciliation of Plant and Equipment – 2020 R'000	Opening balance	Reclass-ification	Disposals	Additions	FCTR	Depre-ciation	Closing balance
Plant and machinery	3 385	–	–	594	162	(1 318)	2 823
Furniture and fixtures	214	(92)	–	272	1	(46)	349
Motor vehicles	132	–	–	–	–	(83)	49
Office equipment	46	–	–	59	5	(17)	93
IT Equipment	890	92	(14)	707	60	(433)	1 302
Computer software	1 846	–	–	274	683	(731)	2 072
Leasehold improvements	156	–	–	2 074	(20)	(358)	1 852
Production tooling	573	–	–	443	50	(230)	836
	7 242	**–**	**(14)**	**4 423**	**941**	**(3 216)**	**9 376**

Pledged as security

Plant and equipment with a carrying value of R2.2 million (2020: R1.1 million) was ceded as security, refer note 15.

	2021 R'000	2020 R'000
Plant and machinery	1 947	1 044
Motor vehicles	234	47
	2 181	**1 091**

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 (2020: 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.

2021

	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**

2020

	Balance at 1 July 2019	Additions	Depreciation	FCTR	Closing balance
Property	**6 206**	**9 167**	**(2 914)**	**791**	**13 250**

6. Goodwill

R'000	2021 Carrying value – opening balance	2021 Acquisition	2021 FCTR	2021 Carrying value – closing balance	2020 Carrying value – opening balance	2020 FCTR	2020 Carrying value – closing balance
Radiant Antennas	2 207	–	–	2 207	2 207	–	2 207
COJOT	29 620	–	(3 700)	25 920	24 535	5 085	29 620
mWAVE	18 462	–	(2 307)	16 155	15 292	3 170	18 462
Linwave	–	18 760	(1 056)	17 704	–	–	–
	50 289	**18 760**	**(7 063)**	**61 986**	**42 034**	**8 255**	**50 289**

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 20.73% (2020: 20.16%) and terminal growth rate of 1% (2020: 1%). The key assumptions are obtained from the budget for 2021 and business plans for the years thereafter as well as taking the expected effect of COVID-19 into account. 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 COJOT Oy 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 10.70% (2020: 14.73%) and a terminal growth rate of 1.9% (2020:5%). The key assumptions are obtained from the budget for 2020 and business plans for the years thereafter as well as taking the expected effect of COVID-19 into account. 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.

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 mWAVE LLC 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 10.46% (2020: 14.45%) and a terminal growth rate of 2% (2020: 2%). The key assumptions are obtained from the budget for 2021 and business plans for the years thereafter taking the expected effect of COVID-19 into account. 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.

6. Goodwill (continued)

Goodwill related to Linwave Technology Limited

The Group entered into a purchase of share agreement, effective 26 February 2021 where 100% of the shareholding was purchased from private owners.

Goodwill arising from the acquisition has been recognised as follows:	2021 R'000
Identifiable net assets as at 26 February 2021	38 698
Intangible assets (customer relationships)	17 559
Deferred tax thereon	(3 336)
Goodwill	18 760
Total purchase consideration	**71 681**

The acquisition of Linwave was finalised in this financial year. 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 14.64% and a terminal growth rate of 2%. The key assumptions are obtained from the budget for 2021 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

	2021				2020			
R'000	Cost	Accumulated amortisation and impairment	FCTR	Carrying value	Cost	Accumulated amortisation and impairment	FCTR	Carrying value
Model, designs and prototypes	15 609	(10 945)	–	4 664	14 509	(8 988)	–	5 521
Customer relationships – COJOT	7 027	(5 169)	67	1 925	7 027	(4 035)	408	3 400
Customer relationships – Linwave	17 559	(852)	(925)	15 782	–	–	–	–
Customer relationships – mWAVE	7 326	(4 265)	355	3 416	7 326	(2 625)	937	5 638
	47 521	**(21 231)**	**(503)**	**25 787**	**28 862**	**(15 648)**	**1 345**	**14 559**

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**

Reconciliation of intangible assets – 2020

R'000	Opening balance	Additions	Amortisation	FCTR	Closing balance
Model, designs and prototypes	6 027	1 770	(2 277)	1	5 521
Customer relationships – COJOT	3 811	–	(1 067)	656	3 400
Customer relationships – MWAVE	6 107	–	(1 542)	1 073	5 638
	15 945	**1 770**	**(4 886)**	**1 730**	**14 559**

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 R2.0 million (2020: R2.3 million) is included under operating expenses in the statement of profit or loss.

* During the year, the useful life of all the intangibles were assessed and two intangible assets were identified where no future economic benefits are expected to flow to the entity and therefore have a value in use of nil. These assets with a carrying value of R33 000 were impaired in full.

Total aggregate research and development cost incurred was R23.8 million (2020: R12.5 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 R3.6 million (2020: R2.6 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, R2.6 million per year for Linwave for the remaining period and R1.6 million per year for mWAVE for the remaining period.

8. Deferred tax

	2021 R'000	2020 R'000
Deferred tax liabilities	(3 575)	(5 342)
Deferred tax assets	19 316	12 850
Total net deferred tax assets	**15 741**	**7 508**
Reconciliation of total net deferred tax assets/(liabilities)		
At beginning of year	7 508	8 754
Opening balance adjustment for IFRS 16	–	175
Acquisition of Linwave	1 366	–
Decrease in tax loss available for set off against future taxable income	(66)	(16)
Reversing temporary difference on plant and equipment	(63)	(375)
Raising/ (reversing) temporary difference on right-of-use assets	79	(188)
Originating temporary difference on intangible assets	212	81
Originating temporary differences on deferred revenue, bonus accrual, income received in advance, prepaid expenses and share-based payment	4 965	996
Temporary differences on unrealised foreign exchange loss/(profit)	1 740	(1 919)
Closing balance	**15 741**	**7 508**
Beginning of year	7 508	8 754
Acquisition of Linwave	1 366	–
Opening balance adjustment for IFRS 16	–	175
Prior year under provision	2	–
Foreign currency translation reserve	1 740	(1 919)
Charged through profit or loss	5 125	498
Closing balance	**15 741**	**7 508**
Net deferred tax balances consist of the following:		
Plant and equipment	(1 679)	(1 157)
Intangible assets	1 704	5 790
Right-of-use asset and lease liability	211	149
Deferred revenue, income received in advance, prepaid expenses and share-based payment	10 552	5 699
Tax losses available for set off against future taxable income	4 818	–
Unrealised foreign exchange profit	135	(2 973)
	15 741	**7 508**
Unrecognised deferred tax balances		
Estimated tax losses available to set off against future taxable income	1 071	414
Unrecognised estimated tax losses	**1 071**	**414**

9. Financial assets by category

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

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

R'000 2020	Amortised cost	Total
Trade receivables	35 514	35 514
Cash and cash equivalents	110 268	110 268
	145 782	**145 782**

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

10. Inventories

	2021 R'000	2020 R'000
Raw materials and components	20 845	10 667
Work in progress	7 688	9 862
Bonded inventory	3 712	–
Finished goods	13 117	13 804
	45 362	**34 333**
Allowance for obsolescence	(4 681)	(3 652)
	40 681	**30 681**
Allowance for obsolescence		
Opening balance	3 652	4 369
Acquisition of subsidiary	620	–
Allowance (decrease)/increase	409	(717)
Closing balance	**4 681**	**3 652**

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 R757 014 (2020: R1 344 141) was written-off and has been included in cost of sales.

11. Trade and other receivables

	2021 R'000	2020 R'000
Financial instruments at amortised cost		
Trade receivables	69 871	35 705
Expected credit loss	(185)	(191)
Other debtors	37	–
	69 723	**35 514**
Non-financial instruments		
Prepayments	3 643	1 648
VAT	1 099	3 307
Deposits	228	220
	4 970	**5 175**
Total trade and other receivables	**74 693**	**40 689**

Trade receivables ageing analysis

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%**

R'000 2020	Gross amount	Expected credit loss	Net amount
Current	28 664	(137)	28 527
1 month past due	1 768	(21)	1 747
2 months past due	4 779	(30)	4 749
3 months and more past due	494	(3)	491
	35 705	**(191)**	**35 514**

11. Trade and other receivables (continued)

	Historic loss ratio	Forward-looking adjustment	Adjusted historic loss ratio
Current	0.48%	–	0.48%
1 month past due	1.19%	–	1.19%
2 months past due	0.63%	–	0.63%
3 months and more past due	0.61%	–	0.61%
	0.53%	**–**	**0.53%**

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

	2021 R'000	2020 R'000
Europe	12 328	11 036
Asia	12 329	–
USA	18 455	15 546
Middle East	2 010	2 586
Australia	909	–
South Africa	9 653	2 296
United Kingdom	12 146	3 705
Canada	1 856	345
	69 686	**35 514**

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

	2021 R'000	2021 % of Group revenue	2020 R'000	2020 % of Group revenue
Customer A (Alaris Antennas)	–	–	36 170	15%

In the current year there were no sales transactions with customers larger than 10% of the Group's revenue. 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 93% (2020: 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 receivables approximates the carrying value due to the short-term nature.

Reconciliation of provision for impairment of trade receivables:

	2021 R'000	2020 R'000
Opening balance	191	373
Expected credit loss charged through profit and loss	(6)	(182)
Closing balance	**185**	**191**

11. Trade and other receivables (continued)

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. Cash and cash equivalents

	2021 R'000	2020 R'000
Cash and cash equivalents consist of:		
Cash on hand	11	26
Bank balances	68 802	86 007
Short-term deposits	24 364	24 235
	93 177	**110 268**

The Standard Bank of South Africa holds collateral of suretyship limited to R16.1 million between Alaris Holdings Limited and Alaris Antennas Proprietary Limited.

The US subsidiary has a $435 000 line of credit with the bank. Borrowings bear interest at prime plus 1%, are secured by all business assets and are guaranteed by the member. The line is subject to annual review and renewal on 1 November 2021. There were no borrowings outstanding on the line at year end.

Linwave has a £150 000 overdraft facility with the bank. The overdraft bears an interest rate of 3% 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.

13. Share capital

	2021 R'000	2020 R'000
Authorised share capital		
2 000 000 000 Ordinary shares of R0.00005 each	100	100

1 872 701 781 (2020: 1 874 524 926) 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 0.61 million (2020: 0.83 million) shares were repurchased at an average price of R2.28 (2020: R2.04) and held as treasury shares in the subsidiaries.

Issued share capital	Number of shares 2021	Number of shares 2020	Share capital 2021 R'000	Share capital 2020 R'000	Share premium 2021 R'000	Share premium 2020 R'000
Opening balance	125 475 074	125 475 074	6	6	218 417	218 586
Acquisition of company	1 823 145	–	*	–	3 080	–
Share options exercised during the year	–	–	*	*	–	(169)
	127 298 219	125 475 074	6	6	221 497	218 417
Treasury shares	(5 467 262)	(6 128 843)	*	*	(12 211)	(13 167)
	121 830 957	**119 346 231**	**6**	**6**	**209 286**	**205 250**

* *Nominal amount – amount smaller than R1 000.*

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

14. Share-based payments

Equity settled share-based payments.

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**

Share Options Group 2020	Number '000	Weighted exercise price	Total IFRS charge R'000
Outstanding at the beginning of the year	9 603	1.28	16 301
Options granted during the year	5 276	–	10 129
Options expired during the year	(325)	2.30	(148)
Options exercised during the year	(918)	1.90	(1 575)
Total options at the end of the year	**13 636**	**0.72**	**24 707**

Outstanding options	Exercise date within one year	Exercise date from two to five years	Total
Options with exercise price of R2.30 – Tranche September 2016	325	–	325
Options with exercise price of R1.90 – Tranche November 2017	918	917	1 835
Options with exercise price of R0 Tranche March 2019	2 455	–	2 455
Options with exercise price of R0 Tranche October 2019	–	5 276	5 276
Options with exercise price of R0 Tranche October 2020	–	7 944	7 944
	3 698	**14 137**	**17 835**

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

14. Share-based payments (continued)

Information on options granted

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

	Tranche September 2016	Tranche November 2017	Tranche March 2019	Tranche October 2019	Tranche October 2020
Exercise price	R2.30	R1.90	R0.00	R0.00	**R0.00**
Spot price	R2.35	R2.14	R2.65	R1.92	**R2.08**
Risk free rates used					
Period 1	7.35%	7.40%	–	–	**–**
Period 2	7.42%	7.58%	–	–	**–**
Period 3	7.50%	7.73%	6.98%	6.73%	**6.73%**
Period 4	7.61%	7.88%	–	–	**–**
Dividend yield	0%	0%	0%	0%	**0%**
Number of options allocated	325	1 835	2 455	5 276	**7 944**

On 13 September 2016, 22 November 2017, 31 March 2019, October 2019 and October 2020, share options were granted to certain employees that entitled them to an option to purchase Alaris Holdings Limited shares at the exercise price indicated above. For the 2016 and 2017 tranches, the employees have 30 days after each tranche vests to exercise their options, otherwise the options expire. For the subsequent tranches, the employees have 90 days after each tranche vests to exercise their options.

The option life for tranche 1 – 2 is 5 years and it will vest in four equal tranches from year 2 onwards. During the year new options were issued to employees. The options life is 36 months and will vest in one tranche if the performance vesting criteria are met.

The volatility was obtained by calculating the change in share price based on a 90-day volume weighted average price.

A total expense of R9 229 000 (2020: R7 498 000) related to equity-settled share-based payments transactions was recognised in profit or loss.

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

15. Loans and borrowings

	2021 R'000	2020 R'000
Instalment sales liability		
Standard Bank of South Africa Limited	53	141
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 (2020: R47 368).		
Standard Bank of South Africa Limited	585	1 119
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 R50 001 per month. The net carrying value of the assets pledged as security R884 652 (2020: R676 304).		
Androscoggin Bank	–	4 571
In April 2020, mWAVE received a loan under the Pay-cheque Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans are forgiveable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities during the forgiveable period at mWAVE's election beginning on the date of receipt of the PPP loan and ending no later than 24 weeks from the loan disbursement date. In November 2020, mWAVE obtained approval from the U.S. Small Business Administration (SBA) and the related debt forgiveness of the PPP Loan was recognised in other income for the year ended June 2021.		
Androscoggin Bank		
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 48 instalments of R8 038 per month. The net carrying value of the asset is R233 687	211	357
Androscoggin Bank		
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	1 070	–
	1 919	**6 188**
Minimum instalment sales payments due		
– within one year	897	2 824
– in second to fifth year inclusive	1 223	3 503
	2 120	**6 327**
Less: Future finance charges	(201)	(139)
Present value of minimum instalment sales payments	**1 919**	**6 188**
Present value of minimum instalment sales payments due:		
– within one year	802	2 732
– in second to fifth year inclusive	1 117	3 456
	1 919	**6 188**

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

16. Lease liabilities

The Group adopted IFRS 16 for the first time in the prior financial period.

	2021 R'000	2020 R'000
Non-current liabilities		
At amortised cost	17 313	10 066
Current liabilities		
At amortised cost	5 609	3 730
Minimum lease payments due:		
– within one year	6 123	4 382
– in the second to fifth year inclusive	13 528	10 081
– after five years	5 936	873
	25 587	**15 336**
Less future finance charges	(2 665)	(1 540)
	22 922	**13 796**
Present value of minimum lease payments due:		
– within one year	5 609	3 730
– in the second to fifth year inclusive	12 515	9 212
– after five years	4 798	854
	22 922	**13 796**

17. Trade and other payables

	2021 R'000	2020 R'000
Financial liabilities		
Trade payables	15 675	7 808
Other accrued expenses	6 446	5 698
	22 121	**13 506**
Non-financial liabilities		
Payroll accruals	24 028	12 100
VAT payable	1 526	–
Operating lease liability	–	–
Deferred revenue	11 859	7 636
Product warranty provision	393	428
Income received in advance	1 975	1 861
	39 781	**22 025**
Total trade and other payables	**61 902**	**35 531**

Fair value of trade and other payables

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

	2021 R'000	2020 R'000
Product warranty provision		
Opening balance	428	425
Provisions raised during the year	424	380
Utilised during the year	(404)	(457)
FCTR	(55)	80
Closing balance	**393**	**428**

The Group's obligation relating to this warranty expires in the next 12 months.

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

18. Financial liabilities by category

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

2021 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**

2020 R'000	Amortised cost	Leases	Total
Trade and other payables	13 506	–	13 506
Loans and borrowings	–	6 188	6 188
Lease liabilities	–	13 796	13 796
	13 506	**19 984**	**33 490**

The fair value of the financial liabilities approximates their carrying values at year-end.

19. Revenue

	2021 R'000	2020 R'000
Fully configured products	277 889	205 710
Newly developed products	50 416	37 043
	328 305	**242 753**

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 or 30 June 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

20. Other income

	2021 R'000	2020 R'000
Foreign exchange gains	1 095	1 250
Loan forgiveness of Paycheck Protection program (PPP) *	4 070	–
COVID-19 relief **	1 396	–
Other sundry income	360	439
	6 921	**1 689**

* 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 year COJOT received COVID-19 relief from the Finnish Government.

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

21. Trading operating profit

	2021 R'000	2020 R'000
Trading operating profit for the year is stated after accounting for the following:		
Amortisation of intangible assets	5 584	4 886
Depreciation on plant and equipment	3 372	3 216
Depreciation on right-of-use assets	4 524	2 914
Employee costs	131 491	95 537
Share-based payment expense	9 229	7 498
Foreign exchange losses	2 182	–
Foreign exchange gains*	(1 095)	(1 250)
Consultants	6 813	5 823
(Loss)/Profit on sale of assets	29	14
Professional and advisory services	5 786	2 447
Expected credit loss	(6)	(182)

* *Foreign exchange gains were included in other income (note 20).*

22. Finance income

	2021 R'000	2020 R'000
Interest income on cash and cash equivalents	1 133	1 802
	1 133	**1 802**

23. Finance costs

	2021 R'000	2020 R'000
Interest expenses on financial liabilities at amortised cost	169	200
Interest on lease liabilities	815	454
	984	**654**
Less: Interest on lease liabilities included in cost of sales	(224)	(96)
	760	**558**

24. Taxation

	2021 R'000	2020 R'000
Current tax	**16 588**	**10 292**
Current year	16 741	10 607
Prior year overprovision	(153)	(315)
Deferred tax	**(5 127)**	**(498)**
Current year	(5 125)	(498)
Prior year overprovision	(2)	–
	11 461	**9 794**

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

24. Taxation (continued)

Reconciliation of the tax expense	2021 R'000	2020 R'000	2021 %	2020 %
Profit before taxation	57 871	40 779		
Tax at the applicable tax rate of 28%, 45%, 28.05%,19% and 20% (2020: 28%,45%, 28.05% and 20%)	14 904	10 031	25.8	24.6
Tax effect of adjustments on taxable income				
Non-deductible expenses				
– Legal and consulting fees	41	–	0.1	–
– Non-deductible due to apportionment	507	403	0.9	1.0
– Other non-deductible expenses	467	55	0.7	0.1
Non-taxable income				
– PPP loan forgiveness	(1 142)	–	(2.0)	–
– Tax losses utilised	(109)	–	(0.2)	–
Prior year overprovision	(155)	(315)	(0.3)	(0.8)
Share-based payment – lapsed options	–	496	–	1.2
Deferred tax asset not recognised – AIH UK	1 077	326	1.9	0.8
Additional research and development tax deduction	(4 129)	(1 202)	(7.1)	(2.9)
	11 461	**9 794**	**19.8**	**24**

25. Earnings per share

	2021 R'000	2020 R'000
Issued ordinary shares at closing per share register	127 298 219	125 475 074
Less: Treasury shares (closing balance)	(5 467 262)	(6 128 843)
Net number of shares issued outside the Group	**121 830 957**	**119 346 231**
Issued ordinary shares at closing per share register	127 298 219	125 475 074
Less: Treasury shares (weighted)	(6 249 971)	(5 740 812)
Shares issued to Linwave sellers (weighted)	(1 218 760)	–
Basic weighted average number of shares	**119 829 488**	**119 734 262**
Share options – free shares based on strike price of options	881 825	300 817
Nil cost treasury shares purchased in the market	607 944	2 583 300
Diluted weighted average number of shares	**121 319 257**	**122 618 380**

	2021 R'000	2020 R'000
Profit for the year	46 410	30 985
Basic earnings	**46 410**	**30 985**
Losses on disposal of assets and impairments	62	14
Headline earnings	**46 472**	**30 999**
Diluted earnings	**46 410**	**30 985**
Diluted Headline earnings	**46 472**	**30 999**
Basic earnings per ordinary share (cents)	38.73	25.88
Diluted basic earnings per ordinary share (cents)	38.25	25.27
Headline earnings per ordinary share (cents)	38.78	25.89
Diluted headline earnings per ordinary share (cents)	38.31	25.28

26. Directors' emoluments

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 remun-eration R'000	Value of share options exercised R'000	Total remun-eration 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	Compen-sation R'000	Director's fees in subsidiary R'000	Total R'000
CP Bester	374	–	374
RC Willis	225	–	225
CB Neser	116	–	116
CP van der Merwe	210	127	337
P Anania	320	–	320
	1 245	**127**	**1 372**

2020 Executive	Emoluments R'000	Other benefits* R'000	Total short-term remun-eration R'000	Value of share options exercised R'000	Total remun-eration R'000	Number of outstanding share options not vested '000
J Dresel	3 200	75	3 275	64	3 339	4 178
GT Heyman	2 100	63	2 163	105	2 268	3 106
ES Müller	1 350	49	1 399	–	1 399	–
	6 650	**187**	**6 837**	**169**	**7 006**	**7 284**

* *Other benefits include a defined contribution expense of R11 700 and R7 800 and R4 000 for J Dresel, GT Heyman and ES Müller respectively.*

Non-executive	Comp-ensation R'000	Mentoring services for subsidiaries R'000	Total R'000
CP Bester	355	85	440
RC Willis	213	–	213
A Mellet – Resigned 20 December 2019	63	–	63
CB Neser – Appointed 20 December 2019	55	–	55
CP van der Merwe	199	–	199
P Anania	136	–	136
	1 021	**85**	**1 106**

26. Directors' emoluments (continued)

Prescribed officers

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 remun-eration R'000	Value of share options exercised R'000	Total remun-eration 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)	584	–	202	786	–	786	–
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
	8 191	**2 238**	**453**	**10 882**	**725**	**11 607**	**6 212**

2020 Executive	Emoluments R'000	Bonus earned up to 30 June – payable subsequent to year-end R'000	Other benefits R'000	Total short-term remun-eration R'000	Value of share options exercised R'000	Total remun-eration R'000	Number of out-standing share options not vested '000
S Lentonen	2 071	–	10	2 081	17	2 098	2 313
P Farnum	1 618	288	119	2 025	–	2 025	–
J Detert (appointed 1 June 2020)	135	–	12	147	–	147	–
	3 824	**288**	**141**	**4 253**	**17**	**4 270**	**2 313**

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 36.03% (2020: 35.71%) of the voting shares of the Company.

27. Cash generated from operations

	2021 R'000	2020 R'000
Profit for the year	46 410	30 985
Adjustments for:		
Tax expense	11 461	9 794
Unrealised (profit)/loss on foreign exchange	(298)	(105)
Depreciation and amortisation	13 481	11 016
Finance income	(1 133)	(1 802)
Finance costs	984	654
Share-based payment expense	9 229	7 498
Loss on sale of assets	29	14
Foreign currency translation reserve	(8 972)	11 387
Forgiveness of PPP loan	(3 775)	–
Changes in working capital:		
Decrease/(increase) in inventories	7 168	(11 601)
(Increase)/decrease in trade and other receivables	(16 180)	40 246
Increase/(decrease)in trade and other payables	10 862	(8 086)
	69 266	**90 000**

28. Tax paid

	2021 R'000	2020 R'000
Balance at beginning of the year	5	(5 173)
Current tax for the year recognised in profit or loss	(16 741)	(10 607)
Overprovision of prior year tax	153	315
Exchange rate movements	66	(1 167)
Balance at end of the year	(1 958)	(5)
	(18 475)	**(16 637)**

29. Business combination

During the 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.

Notes to Consolidated Financial Statements
for the year ended 30 June 2021 (continued)

29. Business combination (continued)

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.

Identifiable assets and liabilities acquired consist of:	**Acquisition date fair value**
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**

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

30. Related parties

Relationships

Subsidiaries	Alaris Antennas Proprietary Limited – 100% (2020: 100%)	
	COJOT Oy – 100% (2020: 100%)*	
	mWAVE Industries LLC – 100% (2020: 100%)*	
	Alaris Investment Holdings UK Limited – 100% (2020: 100%)*	
	Linwave Technology Limited – 100% (2020: 0%)*	
	Alaris US Incorporated (dormant) – 100% (2020: 100%)*	
Trusts under entity's control	Alaris Holdings Limited Share Incentive Trust	
Shareholder with significant influence	TADVEST Limited	
Members of key management	CP Bester	
	J Dresel	
	GT Heyman	
	P Anania	
	RC Willis	
	C van der Merwe	
	ES Müller	
	CB Neser	Appointed 20 December 2019
	S Lentonen	
	P Farnum	
	J Detert	Appointed 1 June 2020
	I Duke	Appointed 1 March 2021
	C Vale	Appointed as key management on 1 July 2020
	J Heys	Appointed 1 July 2020

* *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.

31. 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 15 and 16, cash and cash equivalents disclosed in note 12, 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.

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

31. Risk management (continued)

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.

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.

The Group's risk to liquidity is a result of the funds available to cover future commitments, which mainly relate to trade and other payables. Current cash and cash equivalents are sufficient to ensure payment of the amounts due in the next 12 months. The Group's cash on hand at 30 June 2021 was larger than the total liabilities for the year. COVID-19 has not impacted our customers' ability to pay their debts. The current ratio is 3:1. The Group is therefore very liquid.

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 2021	Less than 1 year R'000	Between 2 and 5 years R'000	After 5 years R'000
Loans and borrowings	802	1 117	–
Lease liabilities	5 609	12 515	4 798
Trade and other payables	22 121	–	–
At 30 June 2020			
Loans and borrowings	2 732	3 456	–
Lease liabilities	3 730	9 212	854
Trade and other payables	13 506	–	–

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 counterparty.

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:

	2021 R'000	2020 R'000
Financial instruments		
Cash and cash equivalents	93 177	110 268
Trade receivables	69 723	35 514
	162 900	**145 782**

31. 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	2021 Floating R'000	2020 Floating R'000
Cash and cash equivalents	93 177	110 268
Financial liabilities		
Loans and borrowings	(1 919)	(6 188)
Lease liabilities	(22 922)	(13 796)
	68 336	**90 284**

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 R255 238 (2020: R325 017). A hypothetical increase/(decrease) in interest rates by 100 basis points, with all other variables remaining constant, would increase/(decrease) profits after tax by R510 476 (2020: R650 035). 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.

	2021		2020	
	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	351	701	397	794
Overdraft, loans and borrowings	(7)	(14)	(22)	(45)
Lease liabilities	(89)	(177)	(50)	(99)
	255	**510**	**325**	**650**

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 economically to 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.

Sensitivity analysis

At 30 June 2021, 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 R3 339 443 (2020: R4 235 153) 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 2021, 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 R3 595 809 (2020: R3 637 676) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

Notes to Consolidated Financial Statements for the year ended 30 June 2021 (continued)

31. Risk management (continued)

At 30 June 2021, 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 R1 800 544 (2020: R16 152) 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.

	2021 *FC'000	2021 R'000	2020 *FC'000	2020 R'000
Trade receivables – USD	$1 718	24 585	$905	15 690
Trade receivables – EUR	€1 401	23 849	€903	17 569
Trade receivables – GBP	£615	12 174	–	–
Cash and cash equivalents – USD	$1 690	24 185	$2 553	44 240
Cash and cash equivalents – EUR	€1 936	32 952	€1 844	35 856
Cash and cash equivalents – GBP	£810	16 033	£12	247
Trade payables – USD	($617)	(2 388)	$(64)	(1 108)
Trade payables – EUR	(€403)	(6 859)	€(149)	(2 902)
Trade payables – GBP	(£162)	(3 199)	£(1)	(22)

Exchange rates used for conversion of foreign items were:

Closing exchange rate used for conversion of foreign items were:	2021	2020
USD	14.31	17.33
EUR	17.02	19.45
GBP	19.79	21.29
Average exchange rates used during the year		
USD	15.23	15.64
EUR	18.38	17.29
GBP	20.02	19.68

* *Foreign currency ("FC")*

32. Going concern

The Group has generated a profit for the year ended June 2021 of R46 million and as at 30 June 2021, the Group has a cash and cash equivalents of R93 million. The current assets exceeded current liabilities by R142 million.

The consolidated financial statements for the year ended 30 June 2021 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. The Group has a strong footprint with 93% of its revenue being derived outside of South Africa. Due to its widespread customer base and most of its clients being regarded as essential service providers coupled with contingency plans implemented by management, the company has not been impacted significantly by COVID-19 or the national demonstrations in South Africa.

33. Events after the reporting period

The directors are not aware of any 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)
Share code: ALH ISIN: ZAE000201554
("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 Thursday, 2 December 2021 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.

IMPORTANT INFORMATION

One of Alaris' top priorities is to protect the health and safety of all its stakeholders and, with this in mind, the Company will continue to closely monitor developments around COVID-19 (coronavirus).

In view of the COVID-19 pandemic, Alaris strongly encourages its shareholders not to attend the AGM in person but to exercise their voting rights by way of electronic or written proxy and to submit their questions relating to the 2021 AGM Agenda in advance by email to the Company Secretary melinda@fusioncorp.co.za or andrea@fusioncorp.co.za.

Further changes, such as limiting the number of attendees to enable social distancing, changing the venue, providing live voting facilities, or even prohibiting physical attendance, will be made should same be required in terms of any regulations issued by Government prior to the AGM.

Shareholders should regularly check the release of SENS announcement on the JSE Limited's platform and on the Alaris website for any further updates.

Alaris will continue to evaluate the implications of regulations announced by the South African Government, as well as any potential future measures that may be imposed by the government or recommended by the World Health Organisation.

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 Central Securities Depository Participant ("CSDP"), broker, 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 2021. 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 Friday, 10 September 2021
- Last date to trade to be eligible to vote is Tuesday, 23 November 2021
- Record date to be eligible to vote is Friday, 26 November 2021
- Last date for lodging forms of proxy is Tuesday, 30 November 2021

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 pages 48 to 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 6 (inclusive), 9 and 10 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. The endorsement of the Company's remuneration policy and remuneration implementation report, as contemplated in ordinary resolutions numbers 7 and 8 (inclusive) requires a non-binding advisory vote. 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 Carel van der Merwe

Resolved that shareholders re-elect, by way of a separate vote, Mr Carel van der Merwe 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 47 of the integrated annual report.

1.2 Ordinary resolution number 2: Re-election of Director who retires by rotation – Mr Coen Bester

Resolved that shareholders re-elect, by way of a separate vote, Mr Coen Bester 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 46 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, the JSE Listings Requirements 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 listed 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.

Notice of Annual General Meeting (continued)

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 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 listed 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 page 46 of the integrated annual report.

4. Non-binding endorsement of Alaris' Remuneration Policy and Implementation Report

4.1 Ordinary resolution number 7

Resolved that the Company's remuneration policy as set out on pages 42 to 44 of the integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote.

Reason for and effect of ordinary resolution number 7

The reason for ordinary resolution number 7 is that King IV™ and the JSE Listings Requirements recommend that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders each year.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution Number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the Company to communicate their concerns to the Group Company Secretary, Fusion Corporate Secretarial Services Proprietary Limited ("Fusion"), represented by Melinda van den Berg at melinda@fusioncorp.co.za within a reasonable period after the Annual General Meeting.

The Board will take the outcome of the vote, and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the Company's Remuneration Policy.

4.2 Ordinary resolution number 8

Resolved that the Company's Implementation Report in regard to its Remuneration Policy, as contained in this integrated annual report on pages 44 and 45, be and is hereby endorsed by way of a non-binding advisory vote.

Reason for and effect of ordinary resolution number 8

The reason for ordinary resolution number 8 is that King IV™ recommends that every year the Company's remuneration framework be disclosed in three parts, namely:

- a background statement;
- an overview of the Remuneration Policy; and
- an Implementation Report

and that shareholders be requested to pass separate non-binding advisory votes on the policy and the implementation report at the Annual General Meeting. Voting on the above two resolutions enable shareholders to express their views on the remuneration policy adopted and on its implementation.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution Number 8 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the Company to communicate their concerns to the Group Company Secretary, Fusion, at melinda@fusioncorp.co.za within a reasonable period after the Annual General Meeting.

The Board will take the outcome of the vote, and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the Company's Remuneration Policy.

5. Ordinary resolution number 9: General authority to Directors to allot and issue authorised but unissued ordinary shares limited to 12 729 822 shares (10% of the number of listed securities)

Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the Directors of the Company and that the Directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such ordinary shares, up to a maximum of 10% (ten per cent) of the number of ordinary shares in issue on the date of passing this resolution, to such person or persons on such terms and conditions and at such times as the Directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements, when applicable, such authority to remain in force until the next Annual General Meeting.

Reason for and effect of ordinary resolution number 9

In terms of the Company's MOI the Board may, with the prior approval of the shareholders at a general meeting, subject to the statutes and the approval of the Issuer Regulation Division of the JSE (where necessary), issue authorised but unissued shares in the Company to such person or persons on such terms and conditions and with such rights or restrictions attached thereto as the Directors may determine from time to time.

6. Ordinary resolution number 10: General authority to issue ordinary shares, and to sell treasury shares, for cash limited to 12 729 822 shares (10% of the number of listed securities)

Resolved that, the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,
- for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

Notice of Annual General Meeting (continued)

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 63 649 110 securities. The 12 729 822 securities for which management is seeking general authority to issue and sell, is below the 50% JSE threshold. Any securities issued under this authorisation during the period of 15 (fifteen) months from the date of this authorisation granted will be deducted from the aforementioned 12 729 822 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio. Even though the Group currently has a healthy cash balance on hand, this resolution is required in the event where a viable acquisition is identified and preference share liability has to be settled;
- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for securities, and in respect of the issue of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting information (if any), of the intended use of the funds, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 10 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

Reason for and effect of ordinary resolution number 10

For listed entities wishing to issue shares for cash (other than issues by way of rights offers), in consideration for acquisitions and/or to share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the Company), it is necessary for the Board to obtain prior authority of the shareholders in accordance with the Listings Requirements and the MOI of the Company. Accordingly, the reason for ordinary resolution number 10 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

7. Ordinary resolution number 11: 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 11

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.

8. 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, the provisions of the Companies Act and the JSE Listings Requirements, provided that:

(a) any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty (reported trades being prohibited);
(b) 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;
(c) when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made in accordance with paragraph 11.27 of the Listings Requirements;
(d) 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;
(e) ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares traded for the five business days immediately preceding the date of the transaction. The JSE should be consulted for a ruling if the Company's ordinary shares have not traded in such five-business-day period;
(f) the Company has been given authority by its MOI;
(g) at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
(h) the aggregate of such acquisitions by subsidiaries of Alaris may not result in such subsidiaries holding more than 10% of Alaris' issued share capital;
(i) the Company and/or its subsidiaries undertake that they will not enter the market to so acquire the Company's shares until the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 12 of the JSE Listings Requirements;
(j) 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
(k) the Company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement on the Stock Exchange News Service prior to the commencement of the prohibited period.

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.

The JSE Listings Requirements require the following disclosures, which appear in the integrated annual report:

Directors and management – refer to pages 35 and 40 of the integrated annual report

Major shareholders – refer to page 58 of the integrated annual report

Directors' interests in ordinary shares – refer to page 59 of the annual financial statements available on the Company's website at www.alarisholdings.com

Share capital of the Company – refer to page 102 of the consolidated annual financial statements which are available on the Company's website at www.alarisholdings.com

Litigation statement

The directors, whose names appear on pages 46 and 47 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.

Notice of Annual General Meeting (continued)

Directors' responsibility statement

The Directors, whose names appear on pages 46 and 47 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 and the JSE Listings Requirements.

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 through the order book of the JSE, 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 for 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.

Pursuant to and in terms of the JSE Listings Requirements, the Directors of the Company hereby state:

- 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.

9. 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 ending 30 June 2022	Approved fee for the year ended 30 June 2021
Board		
Chairperson*	R341 164	R325 538
Member	R86 774	R82 800
International member	€10 537	€10 331
Audit Committee		
Chairperson	R104 318	R99 540
Member	R63 336	R60 435
International member	€7 708	€7 557
Remuneration Committee		
Chairperson	R48 209	R46 001
Member	R23 733	R22 646
International member	€2 827	€2 772
Nomination Committee		
Chairperson**	–	–
Member	R11 056	R10 550
Social and Ethics Committee		
Chairperson	R33 169	R31 650
Member	R22 113	R21 100
Hourly remuneration		
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.	R2 500 per hour	R2 500 per hour

* *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.

Notice of Annual General Meeting (continued)

10. 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, the Companies Act and the JSE Listings Requirements, 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, the Companies Act, the JSE Listings Requirements and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed from time to time, 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.

11. 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 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.

Notice of Annual General Meeting (continued)

12. 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).

If your Alaris ordinary shares have been dematerialised and are held in a nominee account then your Central Ordinary shares Depository Participant ("CSDP") or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the Annual General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard to abstain from voting.

Dematerialised shareholders whose ordinary shares are held in a nominee account must not complete the attached form of proxy. Unless you advise your CSDP or broker timeously in terms of the agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to attend the Annual General Meeting or send a proxy to represent you at the Annual General Meeting your CSDP or broker will assume that you do not wish to attend the Annual General Meeting nor send a proxy. If you wish to attend the Annual General Meeting your CSDP or broker will issue the necessary letter of representation to you to attend the Annual General Meeting.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to attend the Annual General Meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

Shareholder rights

It is recommended that forms of proxy should be forwarded to reach the Company's Transfer Secretaries at the address given below by no later than 12:00 on Tuesday, 30 November 2021. 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.

Notice of Annual General Meeting (continued)

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, Tuesday, 30 November 2021. 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 2021

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
(PO Box 61051, Marshalltown, 2107)

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, 2 DECEMBER 2021 – FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALISED ORDINARY SHAREHOLDERS WITH “OWN NAME” REGISTRATION ONLY

Holders of dematerialised ordinary shares, other than “own name” registration, must inform their Central Ordinary shares Depository Participant (“CSDP”) or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the Annual General Meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person but wish to be represented thereat.

I/We ______________________________ (please print)

of ______________________________ (address)

Email: ____________________ 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 Carel van der Merwe			
1.2	Ordinary resolution number 2: Re-election of Director who retires by rotation – Mr Coen Bester			
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			
4.1	Ordinary resolution number 7: Non-binding endorsement of Alaris’ Remuneration Policy			
4.2	Ordinary resolution number 8: Non-binding Endorsement of the Implementation Report			
5.	Ordinary resolution number 9: General authority to Directors to allot and issue authorised but unissued ordinary shares limited to 12 729 822 shares (10% of the number of listed securities)			
6.	Ordinary resolution number 10: General authority to issue ordinary shares, and to sell treasury shares, for cash limited to 12 729 822 shares (10% of the number of listed securities)			
7.	Ordinary resolution number 11: Authority to sign all required documentation			
8.	Special resolution number 1: General authority to acquire (repurchase) shares			
9.	Special resolution number 2: Remuneration of Non-executive Directors			
10.	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			
11.	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			

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 ______________________ 2021.

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:
    - (i) directed such company to do so, in writing; and
    - (ii) paid any reasonable fee charged by such company for doing so.

Summary and notes to the form of proxy (continued)

Notes to form of proxy

1. An ordinary shareholder holding dematerialised shares by "own name" registration, or who holds shares that are not dematerialised, 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 should be lodged with or mailed to The Meeting Specialist (Proprietary) Limited. Forms of proxy to be received by them no later than Tuesday, 30 November 2021, 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:
The Meeting Specialist (Proprietary) Limited	The Meeting Specialist (Proprietary) Limited
One Exchange Square	PO Box 62043
Gwen Lane	Marshalltown
Sandown	2107
2196	
An email can be sent to: proxy@tmsmeetings.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.

Summary and notes to the form of proxy (continued)

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 2021 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

Alaris Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
Share code: ALH ISIN: ZAE000201554
("Alaris" or "the Company" or "the Group")

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, including the Listings Requirements of the JSE Limited concerning companies and affecting Alaris.

I/We hereby furnish the following email address or mobile number for such electronic communication:

Email 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
  PO Box 61051, Marshalltown, 2107

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
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
Androscoggin Bank
Bank of America
Natwest Bank

PRINCIPAL SUBSIDIARIES AND DIVISIONS

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 LLC

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

www.alarisholdings.com