

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

## ACQUISITION OF US BASED COMPANY AND CAUTIONARY ANNOUNCEMENT

### 1. INTRODUCTION

- 1.1. Shareholders are hereby notified that on 21 May 2018, Alaris, through its subsidiary, Alaris Investment Holdings UK Limited ("**Alaris UK**"), signed a membership interest purchase agreement ("**MIPA**") for the acquisition of all of the issued and outstanding membership interests of a limited liability company based in the USA ("**Target Company**") from a consortium of sellers ("**Sellers**") (the "**Acquisition**").
- 1.2. The names of the Target Company and the Sellers will be announced in due course.

### 2. RATIONALE

The Alaris strategy is built on three pillars, namely radio frequency (RF) technology, own intellectual property and global presence. Hence, one of the main objectives for Alaris is to expand its footprint globally. The US market is the largest defence market in the world representing approximately 60% of the global market. The Target Company is resident in the US and will therefore provide increased market access for the sales of Alaris and COJOT products. The Target Company will also be able to facilitate the production of Alaris and COJOT products, which is at times a requirement for the successful supply of products into the US.

The defence and homeland security spending in the US is currently on an upward trend. This should provide Alaris with a growing market opportunity. Research has proven that the US market can best be developed from a platform which is fully integrated into the country's operations.

The Target Company's business model and product range is complimentary to the two existing operating entities in the Alaris group. The combined operations and intellectual property will provide a strategic advantage to the Group to capitalise on new opportunities. This can be achieved through the design and development, as well as cross-selling of products. Alaris will gain access to the US supply chain, which has great additional benefits to the enlarged group in light of current local economic circumstances.

### 3. THE BUSINESS OF THE TARGET COMPANY

The Target Company is engaged in the business of designing, developing, manufacturing, and distributing various passive RF and microwave antenna solutions and related products around the world.

#### 4. PURCHASE CONSIDERATION

The purchase consideration for the Acquisition shall be US\$2,750,000 (“**Purchase Consideration**”) of which an amount of US\$2,062,500 shall be paid in cash (“**Cash Consideration**”) and the balance of US\$687,500 shall be settled by way of issuing shares in the share capital of the Company to the Sellers, subject to a net working capital adjustment that will be settled in cash, which is not anticipated to be material. The maximum consideration shares that may be issued in terms of the purchase consideration is capped at 5,000,000 Alaris shares.

#### 5. CLOSING CONDITIONS

- 5.1. The obligations of Alaris UK to consummate the Acquisition is subject to the fulfilment (or waiver by Alaris in its sole and absolute discretion) of the following conditions precedent (“**Closing Conditions**”) on or prior to the Closing Date (as defined below):
- 5.1.1. all the representations and warranties of the Target Company and the Seller being true and correct;
  - 5.1.2. the Sellers and the Target Company, as applicable, performing and complying with all covenants and conditions required by the MIPA to be performed or complied with on or prior to the Closing Date (as defined below);
  - 5.1.3. there being no material adverse change;
  - 5.1.4. the Target Company obtaining all consents, waivers and approvals as contemplated in the MIPA, each such consent, waiver and approval being in form and substance satisfactory to Alaris UK and not requiring as a term thereof or condition thereto any adverse condition or requirement on the conduct of the business of the Target Company;
  - 5.1.5. the three individual sellers entering into their respective employment agreements on terms acceptable to Alaris UK, in its sole discretion;
  - 5.1.6. the Sellers causing all existing and outstanding indebtedness of the Target Company to be paid off, and the Sellers providing Alaris UK with evidence of such payments reasonably satisfactory to Alaris;
  - 5.1.7. no judgment, order, decree, stipulation or injunction by any governmental authority being effective and preventing the consummation of any of the transactions contemplated by the MIPA, all permits (or permit transfers) required in connection with the transactions contemplated herein being obtained, and no proceeding being instituted before any governmental authority to restrain, prohibit or rescind, or to obtain damages in respect of, the MIPA or the consummation of the transactions contemplated therein;
  - 5.1.8. except for permitted encumbrances, the Target Company being the sole and exclusive owner of, and having good and valid title to all of its tangible and intangible assets, wherever located free and clear of all encumbrances;
  - 5.1.9. the issued and outstanding membership interests of the Target Company consisting of the membership interests which are issued in the name of and owned by the Sellers, and upon closing of the Acquisition, no person other than Alaris UK shall have any interest whatsoever in the membership interests, all of which shall be free and clear of encumbrances;

- 5.1.10. the post-closing liabilities of the Target Company (A) not being in default or overdue; (B) not including any indebtedness; and (C) consisting only of a customary level of post-closing liabilities (including trade payables) to non-affiliates of the Target Company under customary commercial contracts entered into by the Target Company in the ordinary course of business;
- 5.1.11. Alaris UK confirming in writing that it is satisfied with the results of its due diligence investigation in respect of the Target Company, such confirmation being in Alaris UK's sole and absolute discretion;
- 5.1.12. unconditional approval being obtained in respect of the transaction on the terms set out in the MIPA by the relevant South African exchange control authorities in accordance with the relevant South African Exchange Control Regulations (to the extent required) or, if such approval is given subject to any condition/s, then such condition/s being acceptable to Alaris UK;
- 5.1.13. Alaris UK receiving a non-foreign affidavit from each Seller dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under applicable law issued pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended stating that such Seller is not a "Foreign Person" as defined in Section 1445 of the Internal Revenue Code of 1986;
- 5.1.14. all government approvals, including but not limited to the approval from the Committee on Foreign Investment in the United States, being obtained and being in full force and effect;
- 5.1.15. Alaris UK receiving evidence of the Target Company's filing of IRS Form 8832, effecting its election to be taxed as a C corporation; and
- 5.1.16. all documents and instruments to be executed and delivered by Sellers and all actions taken by Sellers in connection with the MIPA and the transactions contemplated thereby being satisfactory to Alaris UK and its legal counsel. Without limiting the generality of the foregoing, all closing documents to be delivered by the Sellers shall have been properly executed and delivered and in a form satisfactory to Alaris UK and its legal counsel.
- 5.2. The obligations of the Sellers to consummate the Acquisition is subject to the fulfilment (or waiver by the Sellers) of the following conditions precedent ("**Closing Conditions**") on or prior to the Closing Date (as defined below):
  - 5.2.1. all the representations and warranties of Alaris UK being true and correct;
  - 5.2.2. Alaris UK performing and complying with all covenants and conditions required by the MIPA to be performed or complied with on or prior to the Closing Date; and
  - 5.2.3. no judgment, order, decree, stipulation or injunction by any governmental authority being effective and preventing the consummation of any of the transactions contemplated by the MIPA, all permits (or permit transfers) required in connection with the transactions contemplated herein being obtained, and no proceeding being instituted before any governmental authority to restrain, prohibit or rescind, or to obtain damages in respect of, the MIPA or the consummation of the transactions contemplated therein.

## 6. CLOSING DATE AND EFFECTIVE DATE

Closing of the Acquisition shall occur on the third business day following the date on which all the Closing Conditions have been satisfied ("**Closing Date**") and shall be deemed effective as

of the effective time, being 12:01am eastern time on the first calendar day of the month after the Closing Date.

**7. OTHER MATERIAL TERMS**

The parties to the Agreement provided each other with warranties that are standard for a transaction of this nature.

**8. FINANCIAL INFORMATION**

The value of the net assets that are the subject of the transaction and the profits attributable to the net assets that are the subject of the transaction will be announced in due course.

**9. FUNDING**

Approximately \$850,000 of the Cash Consideration will be funded through foreign currency available in Alaris UK, while the remaining balance of approximately \$1,212,500 will be financed by Alaris through a bank loan.

**10. CATEGORISATION**

The Acquisition qualifies as a category 2 acquisition for Alaris in terms of the JSE Listings Requirements.

**11. CAUTIONARY**

As the full details of the Acquisition have not been included in this announcement, shareholders of the Company are advised to exercise caution until a further announcement is made.

Cape Town  
21 May 2018

Designated Advisor and Transaction Advisor  
PSG Capital