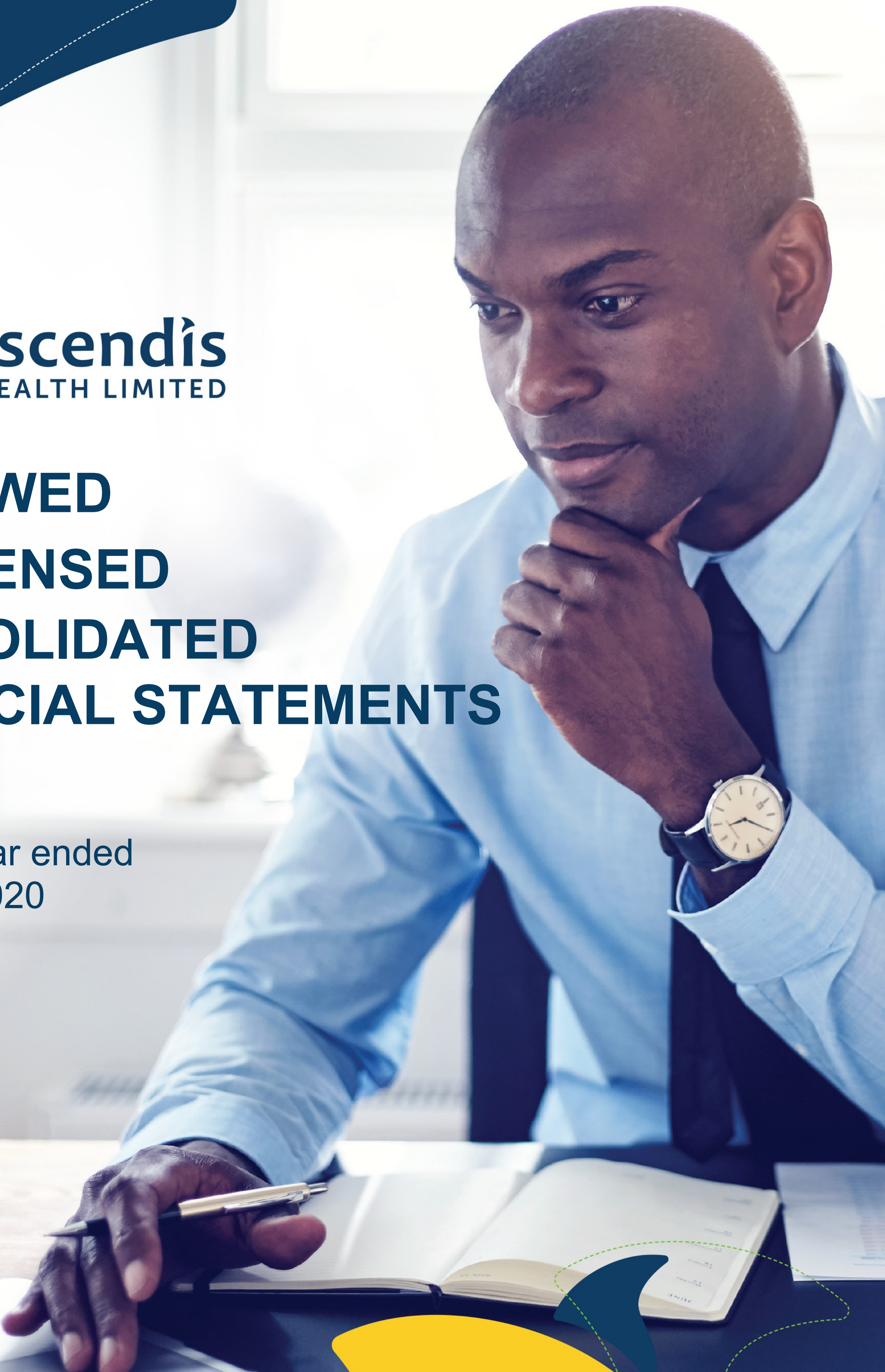
Ascendis
HEALTH LIMITED

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended
30 June 2020



Contents

Key features

Group revenue up 19% to R6 963 million

Normalised EBITDA[PM] up 58% to R1 181 million

Normalised EBITDA[PM] margin up 410 bps to 16.9%

Normalised operating profit[PM] up 114% to R161 million

Operational performance impacted by impairments and higher finance costs

Normalised headline earnings[PM] down 66% to R(29) million

Normalised HEPS[PM] 66% lower at (6.0) cents

Basic and diluted loss per share of 174 cents

Basic and diluted headline loss per share of 49.3 cents

Commentary

Ascendis Health and its subsidiaries (the group) is reporting normalised results from continuing operations which have been adjusted for once-off transaction-related and restructuring costs in the current and prior reporting periods. Following the termination of the negotiations for the sale of Remedica in Cyprus in December 2019, the business is now classified as a continuing operation after being classified as a discontinued operation for the year ended 30 June 2019. Scitec International has been classified as a discontinued operation and the sale of this business was concluded with effect from 31 July 2020.

Financial performance

Group revenue increased by 19% to R6 963 million (2019: R5 872 million). International revenue increased by 28% to R3 676 million and accounts for 53% of the group's total sales. Revenue generated in South Africa grew by 10% to R3 287 million.

Growth in the European operations was driven by Remedica which increased revenue by 30% after securing new tender business in Mexico and benefiting from the introduction of the national health system in Cyprus. New product launches contributed to Sun Wave Pharma growing revenue by 16%.

In South Africa, Medical Devices reported growth of 16% through new agency export business in Africa and the supply of ventilators and respirators during the Covid-19 pandemic. The benefit of these once-off Covid-19 sales was partly negated by restrictions on elective surgeries in hospitals during the lockdown period.

The group's gross profit increased by 23% to R3 212 million with the gross profit margin up 180 basis points to 46.1% (2019: 44.3%). Gross profit growth was driven by the higher margin European businesses, Remedica and Sun Wave Pharma, which had higher revenue growth boosted by Rand weakness. In South Africa, lower stock write-offs than the prior year benefited the gross profit margin in Consumer Health SA.

Operating expenses increased by 9%, excluding depreciation, amortisation and impairments of R1 021 million (2019: R1 870 million) and excluding once-off transaction and restructuring costs of R264 million (2019: R124 million). These costs included extensive consulting and professional fees associated with the restructuring of the senior lender debt, and other once-off costs related to the disposal of Biosciences and the planned disposal of Remedica as well as increased finance expenses associated with the interim stability agreements with the group's senior lenders.

Normalised earnings before interest, tax, depreciation and amortisation (EBITDA)[PM] increased by 58% to R1 181 million. The growth was attributable to the higher gross profit as a result of the increased revenue and lower stock write-offs in Consumer Health compared to the prior year, partially offset by an increased investment in marketing in Europe and South Africa in support of new product launches. The adoption of International Financial Reporting Standards (IFRS) 16 *Leases* resulted in an EBITDA increase of R58 million. The EBITDA margin expanded by 410 basis points to 16.9%.

The group's normalised operating profit[PM] increased by 114% to R161 million (2019: normalised operating loss[PM] of R1 121 million).

Net finance costs were R453 million higher at R856 million owing mainly to the costs related to the refinancing and interim stability agreements with lenders, interest on deferred vendor liabilities and the impact of the adoption of IFRS 16.

Impairment losses totaling R967 million (2019: R4 438 million) were recognised as a result of the deterioration in trading performance and the higher cost of capital applied in the impairment testing due to the weaker economic environment in the wake of the COVID-19 pandemic. These impairments were raised in respect of Medical Devices (R309 million), Scitec (R268 million), Farmalider (R178 million), Consumer Health (R166 million), Biosciences (R31 million) and Pharma Africa (R15 million).

The higher non-operating expenses and impairments contributed to a normalised loss after tax for the year of R682 million, compared to a loss of R1 677 million in the prior year.

The normalised headline loss reduced by R55 million to a loss of R29 million, with the normalised headline loss per share improving by 66% to (6.0) cents (2019: (17.7) cents).

The basic loss per share was (174.0) cents which improved by 54% on the prior year loss of (374.4) cents. Headline loss per share was (49.3) cents compared to (41.2) cents on the prior year, a decrease of 20%.

Impact of Covid-19

As an essential healthcare service the group continued to operate without restriction during the national lockdown. The group's businesses were generally defensive in the Covid-19 environment, with the vitamins and supplements brands proving beneficial to supporting patients' immunity levels.

The pharma portfolio of anti-infective medication, pain management and chronic medication also played an important role in ensuring patient compliance to reduce co-morbidities during the pandemic. New product opportunities and sources of revenue were identified, including the provision of personal protective equipment.

Healthcare related businesses classified as non-essential services such as Nimue, the skin brand sold through salons, were negatively impacted. Similarly, supply chain disruptions adversely impacted the operations of Chempure, the group's strategic raw material sourcing business.

Cash and capital management

The group concluded a R6.9 billion debt refinancing agreement with its lender consortium in June 2020, extending its repayment obligations until December 2021. New debt facilities of R464 million were secured, including R100 million which was made available ahead of the refinancing agreement to fund the investment in working capital for Covid-19 related inventory.

Bank debt totalled R6 481 million at year end, with the net debt to EBITDA ratio reducing from 6.5x in 2019 to 5.2x in 2020.

Net working capital increased by R200 million from December 2019 owing to higher inventory for new Medical Device agency contracts and increased trade debtors due to increased government Covid-19 business. This was partially offset by the reduction in trade creditor payments following the increased liquidity post the refinancing agreement.

The group generated cash from operations of R754 million. At end June 2020, cash and cash equivalents totalled R344 million (2019: R397 million). The group repaid borrowings of R126 million and invested R326 million in capital expenditure. The sale of Biosciences generated net proceeds of R424 million. No dividends were declared or paid during the current or prior reporting period.

Segmental performance

Continuing operations	Consumer Health	Pharma	Medical	Animal Health
Revenue (R'm)	1 516	3 495	1 464	489
Revenue growth (%)*	10	27	15	5
EBITDA^{PM} (R'm)	305	750	143	125
EBITDA^{PM} growth (%)*	102	36	49	53

*Growth based on 2019 restated comparatives.

Outlook

The group's diversified health and wellness offering will not only assist in offsetting the negative commercial impact of Covid-19 but also allow Ascendis Health to play a meaningful role in the country's efforts to combat the spread of the disease.

The asset disposal programme is being accelerated and the group is committed to maximising value from the sale of its businesses to restore the stability of the balance sheet. Advisers have been appointed on key proposed asset disposals.

After the reporting period, the disposal of Scitec International in Hungary was completed for R100 million, effective 31 July 2020, and Ascendis Direct Selling was sold for R10.5 million, effective 31 August 2020. These funds have been applied to reducing the group's debt levels.

Mark Sardi
Chief executive officer

Kieron Futter
Chief financial officer

Johannesburg
29 September 2020

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Notes	2020 R'000	Restated[1] 2019 R'000
Continuing operations			
Revenue		6 963 376	5 871 766
Cost of sales		(3 751 732)	(3 269 878)
Gross profit		**3 211 644**	**2 601 888**
Other income		27 964	85 978
Selling and distribution costs		(669 808)	(518 005)
Administrative expenses		(1 187 601)	(1 222 151)
Net impairment loss on financial assets		(40 270)	(25 713)
Other operating expenses		(792 325)	(560 619)
Impairment of non-current assets		(653 283)	(1 606 735)
Operating loss		**(103 679)**	**(1 245 357)**
Finance income		10 395	4 272
Finance costs		(865 858)	(407 376)
Loss before taxation		**(959 142)**	**(1 648 461)**
Tax credit/(expense)	9	56 570	(128 876)
Loss from continuing operations		**(902 572)**	**(1 777 337)**
Loss from discontinuing operations	11	(169 977)	(2 922 276)
Loss for the year		**(1 072 549)**	**(4 699 613)**
Other comprehensive income:			
Items that may be reclassified to profit and loss net of tax			
Foreign currency translation reserve		221 802	71 208
Effects of cash flow hedges		1 865	4 785
Fair value adjustments		(314)	515
Recycled to profit and loss		2 179	4 270
Non-controlling interest relating to items that may be reclassified		8 518	(10 072)
Income tax relating to items that may be reclassified		(522)	(1 340)
Items that will not be reclassified to profit and loss net of tax			
Revaluation of property, plant and equipment		13 768	8 251
Income tax relating to items that will not be reclassified		(1 721)	(2 310)
Other comprehensive income for the year net of tax		**243 710**	**70 522**
Total comprehensive loss for the year		**(828 839)**	**(4 629 091)**
Loss attributable to:			
Owners of the parent		(1 000 820)	(4 710 192)
Non-controlling interest		(71 729)	10 579
		(1 072 549)	**(4 699 613)**
Total comprehensive loss attributable to:			
Owners of the parent		(765 628)	(4 629 598)
Non-controlling interest		(63 211)	507
		(828 839)	**(4 629 091)**
Loss per share from continuing operations			
Basic and diluted loss per share (cents)	2	(174.0)	(374.4)
Total loss per share			
Basic and diluted loss per share (cents)	2	(209.6)	(986.4)

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.

Condensed consolidated statement of financial position

at 30 June 2020

	Notes	2020 R'000	Restated[1] 2019 R'000	Restated[1] 1 July 2018 R'000
ASSETS:				
Property, plant and equipment		1 038 999	1 104 503	1 169 719
Right-of-use assets		319 953	-	-
Intangible assets and goodwill	4	5 674 700	5 335 329	9 833 747
Investments accounted for using the equity method		-	-	1 621
Derivative financial assets		-	-	114
Other financial assets		15 849	52 314	55 751
Deferred tax assets		94 849	124 714	91 700
Other Receivables		34 514	-	-
Non-current assets		**7 178 864**	**6 616 860**	**11 152 652**
Inventories	5	1 582 747	1 533 106	1 573 927
Trade and other receivables		2 321 597	1 890 343	1 871 775
Other financial assets		5 057	6 439	1 112
Current tax receivable	10	49 696	79 197	103 537
Derivative financial assets		961	135	30 848
Cash and cash equivalents		393 131	464 110	767 924
		4 353 189	3 973 330	4 349 123
Assets classified as held for sale	11	703 929	699 049	359 625
Current assets		**5 057 118**	**4 672 379**	**4 708 748**
Total assets		**12 235 982**	**11 289 239**	**15 861 400**
EQUITY:				
Stated capital		5 975 703	5 975 703	6 062 817
Reserves		243 226	(137 221)	(176 112)
Accumulated loss		(5 031 089)	(3 998 071)	726 011
Equity attributable to equity holders of parent		**1 187 840**	**1 840 411**	**6 612 716**
Non-controlling interest		104 666	168 693	161 515
Total equity		**1 292 506**	**2 009 104**	**6 774 231**
LIABILITIES:				
Borrowings and other financial liabilities	3	6 285 087	208 226	4 555 111
Deferred tax liabilities		362 468	521 274	491 908
Deferred vendor liabilities	6	1 103 108	154 475	876 386
Put-option on equity instrument		-	-	14 309
Lease liabilities		294 186	18 694	26 976
Contract liabilities		8 826	5 642	-
Employee benefit obligations		-	6 647	4 714
Non-current liabilities		**8 053 675**	**914 958**	**5 969 404**
Trade and other payables		1 550 745	1 377 327	1 325 019
Borrowings and other financial liabilities	3	540 123	5 544 782	939 272
Deferred vendor liabilities	6	34 499	896 798	422 969
Put-option on equity instrument		-	93 622	78 108
Provisions		91 087	63 217	92 853
Contract liabilities		37 294	8 423	-
Lease liabilities		55 192	12 747	15 099
Employee benefit obligations		-	-	12 180
Derivative financial liabilities		655	2 743	4 711
Current tax payable	10	80 683	123 963	83 128
Bank overdraft		49 148	66 995	81 301
		2 439 426	8 190 617	3 054 640
Liabilities classified as held for sale	11	450 375	174 560	63 125
Current liabilities		**2 889 801**	**8 365 177**	**3 117 765**
Total liabilities		**10 943 476**	**9 280 135**	**9 087 169**
Total equity and liabilities		**12 235 982**	**11 289 239**	**15 861 400**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.

Condensed consolidated statement of changes in equity

for the year ended 30 June 2020

R'000	Stated capital[2]	Foreign currency translation reserve	Revaluation reserve	Hedging reserve	Put-option non-controlling interest reserve	Other reserves	Retained Income/ (Accumulated loss)	Total attributable to equity holders of the group	Non-controlling interest	Total Equity
Balance as at 1 July 2018 (Restated)	**6 062 817**	**(74 856)**	**11 511**	**(5 660)**	**(114 650)**	**7 543**	**726 011**	**6 612 716**	**161 515**	**6 774 231**
IFRS 9 adjustment	-	-	-	-	-	-	(23 025)	(23 025)	-	(23 025)
IFRS 16 adjustment	-	-	-	-	-	-	(11 073)	(11 073)	-	(11 073)
Adjusted opening balance as at 30 June 2018	**6 062 817**	**(74 856)**	**11 511**	**(5 660)**	**(114 650)**	**7 543**	**691 913**	**6 578 618**	**161 515**	**6 740 133**
(Loss)/profit for the year	-	-	-	-	-	-	(4 710 192)	**(4 710 192)**	10 579	(4 699 613)
Other comprehensive income	-	71 208	5 941	3 445	-	-	-	**80 594**	(10 072)	70 522
Total comprehensive income/(loss) for the year	**-**	**71 208**	**5 941**	**3 445**	**-**	**-**	**(4 710 192)**	**(4 629 598)**	**507**	**(4 629 091)**
Net movement of treasury shares (Restated)[2]	(87 114)	-	-	-	-	-	-	(87 114)	-	(87 114)
Dividends	-	-	-	-	-	-	-	-	(13 211)	(13 211)
Foreign currency translation reserve	-	-	10	-	243	(174)	-	79	-	79
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(1 717)	(1 717)
Reclassification of reserves into retained earnings	-	-	-	-	-	518	(518)	-	-	-
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	25	25
Statutory reserve: Farmalider[1]	-	-	-	-	-	(42 300)	20 726	(21 574)	21 574	-
Total contributions by and distributions to owners of the Group recognised directly in equity	**(87 114)**	**-**	**10**	**-**	**243**	**(41 956)**	**20 208**	**(108 609)**	**6 671**	**(101 938)**
Balance as at 30 June 2019 (Restated)	**5 975 703**	**(3 648)**	**17 462**	**(2 215)**	**(114 407)**	**(34 413)**	**(3 998 071)**	**1 840 411**	**168 693**	**2 009 104**
IFRS 16 adjustment[3]	-	-	-	-	-	-	899	899	-	899
Adjusted opening balance as at 30 June 2019 (Restated)	**5 975 703**	**(3 648)**	**17 462**	**(2 215)**	**(114 407)**	**(34 413)**	**(3 997 172)**	**1 841 310**	**168 693**	**2 010 003**
(Loss)/profit for the year	-	-	-	-	-	-	(1 000 820)	(1 000 820)	(71 729)	(1 072 549)
Other comprehensive income/(loss)	-	221 802	12 047	1 343	-	-	-	235 192	8 518	243 710
Total comprehensive income/(loss) for the year	**-**	**221 802**	**12 047**	**1 343**	**-**	**-**	**(1 000 820)**	**(765 628)**	**(63 211)**	**(828 839)**
Dividends	-	-	-	-	-	-	4 226	4 226	(2 785)	1 441
Foreign currency translation reserve	-	-	1 886	-	(1 766)	12 796	-	12 916	-	12 916
Reclassification of reserves into retained earnings	-	(279)	-	872	21 106	15 287	(36 986)	-	-	-
Lapse of NCI put-option	-	-	-	-	95 067	-	-	95 067	-	95 067
Disposal/deregistration of subsidiary	-	-	-	-	-	(406)	-	(406)	-	(406)
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	2 324	2 324
Statutory reserve: Farmalider[1]	-	-	-	-	-	692	(337)	355	(355)	-
Total contributions by and distributions to owners of the Group recognised directly in equity	**-**	**(279)**	**1 886**	**872**	**114 407**	**28 369**	**(33 097)**	**112 158**	**(816)**	**111 342**
Balance as at 30 June 2020	**5 975 703**	**217 875**	**31 395**	**-**	**-**	**(6 044)**	**(5 031 089)**	**1 187 840**	**104 666**	**1 292 506**

[1] Spanish law requires Farmalider to disitribute, at least annually 10% of the profit for the year until the statutory reserve is 20% of Farmalider's share capital.
[2] Treasury shares acquired by Elixr Brands (Pty) Ltd for R5.4 million and treasury shares acquired by Ascendis Financial Services (Pty) Ltd in terms of the TRS agreement with Absa for R81.7 million. Refer to the basis of preparation note for more details.
[3] Refer to note 14 for more details.

Condensed consolidated cash flow statement
for the year ended 30 June 2020

	Notes	2020 R'000	Restated[1] 2019 R'000
Cash flows from operating activities			
Cash generated from operations	7	753 689	580 819
Cash (utilised by)/generated from operations - discontinued operations		10 364	16 715
Interest income received		10 395	4 238
Interest paid		(456 664)	(352 290)
Income taxes paid		(92 942)	(52 888)
Net cash inflow from operating activities		**224 842**	**196 594**
Cash flows from investing activities			
Purchases of property, plant and equipment		(212 547)	(246 321)
Proceeds on the sale of property, plant and equipment		12 612	38 555
Purchases of intangibles assets	4	(113 123)	(181 047)
Proceeds on the sale of intangible assets		3 057	3 009
Proceeds from disposal of subsidiaries - net of cash		423 996	158 094
Repayments on deferred vendor liabilities		-	(230 061)
Investment in other financial assets		(41 564)	(5 078)
Net cash outflow from investing activities - discontinued operations		(17 547)	(70 249)
Net cash inflow/(outflow) from investing activities		**54 884**	**(533 098)**
Cash flows from financing activities			
Payments made to acquire treasury shares		-	(5 401)
Proceeds from borrowings raised	3	834 670	605 763
Repayment of borrowings	3	(960 452)	(476 452)
Repayments on deferred vendor liabilities		(172 232)	-
Lease liabilities repaid		(55 793)	(16 917)
Dividends paid to minority interests		-	(2 005)
Net cash outflow from financing activities - discontinued operations		(10 878)	(537)
Net cash (outflow)/inflow from financing activities		**(364 685)**	**104 451**
Net decrease in cash and cash equivalents		**(84 959)**	**(232 053)**
Restricted cash balance at the beginning of the year		45 515	-
Other cash and cash equivalents balance at the beginning of the year		351 600	686 623
Cash and cash equivalents at beginning of year		397 115	686 623
Effect of exchange difference on cash balances		37 308	(992)
Cash and cash equivalents at the beginning of the year - assets held for sale	11	56 463	-
Cash and cash equivalents at end of year - assets held for sale	11	(61 944)	(56 463)
Restricted cash balance at the end of the year		75 057	45 515
Other cash and cash equivalents balance at the end of the year		268 926	351 600
Cash and cash equivalents at end of year		**343 983**	**397 115**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.

Basis of preparation
for the year ended 30 June 2020

Corporate information

Ascendis Health Limited is a health and wellness company listed in the healthcare sector of the JSE. The group has a global divisional operating model comprising of Pharma, Consumer Healthcare, Medical and Animal Health. The group's operations are geologically split across Southern Africa, Cyprus (Remedica), Hungary (Ascendis Wellness) and Spain (Farmalider). The group mainly focuses on supplying pharmaceutical and animal health products, as well as clinical and diagnostic medical devices.

Ascendis Health Limited is incorporated and domiciled in South Africa. Ascendis has a primary listing on the JSE Stock Exchange and a secondary listing on the A2X Exchange. Ascendis Health Limited is the ultimate parent company of the group.

Basis of preparation

The condensed consolidated financial statements for the year ended 30 June 2020 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act of South Africa, No 71 of 2008. The JSE Limited Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous group annual financial statements.

The condensed consolidated financial statements do not include all the notes normally included in the group annual financial statements are to be read in conjunction with the group annual financial statements for the year ended 30 June 2020, which have been prepared in accordance with the IFRS.

The condensed consolidated financial statements for the year ended 30 June 2020 have been prepared under the supervision of chief financial officer, Kieron Futter (CA) SA and reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The directors take full responsibility for the preparation of the condensed consolidated financial statements and that the financial information has been correctly extracted from the underlying group annual financial statements. A copy of the auditor’s review report on the condensed consolidated financial statements is available for inspection at the company’s registered office together with the financial statements identified in the auditor’s report.

The auditor’s report does not necessarily report on all information contained in this condensed consolidated announcement. Any reference to pro forma or future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of that auditor’s review report together with the accompanying financial information from the company’s registered office.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments and land and buildings at fair value and assets held for sale that are measured at fair value less cost to sell. The condensed consolidated financial statements are prepared on the going concern basis using accrual accounting. The group annual financial results are presented in South African Rand and all values are rounded to the nearest thousand (R’000), except where otherwise indicated.

Performance Measures

Performance measures (PM’s) are not defined or specified per the requirements of IFRS but are derived from the financial statements prepared in accordance with IFRS. They are consistent with how the group’s performance is measured and reported internally to assist in providing meaningful analyses. The PM’s are used to improve comparability of information between reporting periods and segments by adjusting for infrequent items. The key PM’s used by the group are Normalised EBITDA (refer to note 1), Normalised operating profit and Normalised headline earnings per share (refer to note 2) and Adjusted EBITDA. PM’s disclosed may not be comparable with similar labelled measures and disclosures provided by other entities and users should not use them in isolation or as a substitute for other measures. They are not intended to be projections or forecasts of future results. The directors confirm that that there has been full compliance with the JSE’s practice note 4/2019 as it relates to the PMs being presented. Detailed disclosure of the performance measures is included on the Ascendis Health website: https://ascendishealth.com/wp-content/uploads/2020/09/Ascendis-Health-Performance-Measures-30-June-2020.pdf.

Principal accounting policies

The principal accounting policies applied in the preparation of these group financial statements are set out below and in the related notes to the group annual financial statements. The principal accounting policies are applied consistently with those adopted in the prior year, except for the adoption of the new standards, for further details refer to note 13 on the change in accounting policies.

The group adopted all the new accounting standards that became effective in the current reporting period. The following standards became effective during the current financial year and have impacted the group as indicated:

- IFRS 16 *Leases* – refer to note 13 for details of material change in accounting policies.
- IFRIC 23 *Uncertainty over Income Tax Treatments* – the standard did not have a material impact on the group in the current year as the group already recognised a current tax payable on uncertain income tax treatments.
- IAS 19 *Employee Benefits* – amendments on plan amendment, curtailment or settlement. The amendment, effective 1 July 2019, did not have any impact on the group as the group does not have defined benefit obligations.

Restatements for the year ended 30 June 2019

Restatement of comparative results - discontinued operations reclassified to continuing operations

At 30 June 2020 Biosciences, Ascendis Direct, and Scitec are presented as discontinued operations along with Dezzo Trading 392 (Pty) Ltd presented as a disposal group held for sale.

In the June 2019 group annual financial statements however, the group presented Biosciences, Ascendis Direct, Remedica and Ascendis Sports Nutrition as discontinued operations.

Therefore the 2019 comparative year has been restated to reflect a change in the plan to sell Remedica (hence forming part of continuing operations) as well as the classification of Scitec as a discontinued operation. The comparative information has been restated in accordance with IFRS 5 to reflect these changes. Refer to Note 11 for more details.

Restatement of comparative results - disclosure of revenue categories

Reclassification of revenue amount from rental income to sale of consumable goods. This is in relation to sale of consumables which was incorrectly classified as rental income in the prior year. The result of the reclassification was a decrease in rental income of R117.6 million and a corresponding increase in sale of goods - wholesale (in-country) of R117.6 million.

Restatement of comparative results - disclosure of goodwill summary per segment

The goodwill summary per business segment was restated in respect of the Consumer Health Africa and Sun Wave segments. The nature of the restatement was that a goodwill acquisition adjustment initially allocated to the Consumer Health Africa segment was identified to actually pertain to Sun Wave. The mis-allocation of the goodwill adjustment was first disclosed in the June 2019 group annual financial statements after being recognised in August 2018.

Therefore, the balance of Consumer Health Africa's goodwill was increased by R34.5 million and Sun Wave's goodwill decreased by the same amount. Please refer to Note 4 where this is illustrated.

Restatement as a result of prior period error identified for the year ended 30 June 2019

The following prior period error has been restated retrospectively in terms of IAS 8.

Treasury share and corresponding liability pertaining to the long-term incentive scheme (LTI)

During 2020 the board took a decision to investigate the change in the funding structure of the LTI scheme and embarked on a process to explore the options available to the entity. During this process the board became aware that they had not appropriately accounted for a total return swap transaction entered into with ABSA Bank Limited (Absa) in July 2018. In accordance with the total return swap transaction, ABSA purchased shares from the market on behalf of Ascendis on loan account and holds such shares for the duration of the scheme. This transaction should have been accounted for as a treasury share acquisition executed via a third-party agent with a corresponding liability due to Absa.

Given the scheme was initiated in the 2019 financial year, stated capital (treasury shares) and borrowings and other financial liabilities have been restated as presented below.

The error required the restatement of previously disclosed basic, diluted and headline earnings per share as the weighted average number of shares reduced by 7,312,433 shares. Please refer to Note 2 for more detail in this regard.

Restatement as a result of prior period error identified for the year ended 30 June 2018

Equity price variance reserve reclassification

In the 2017 financial year, Ascendis raised capital by way of a rights offer to qualifying shareholders, private placements and a general issuance of shares.

As a result, an equity price variance reserve was recognised from the subscription price for the shares in excess of par value of the shares at the point in time. The error was identified to be an incorrect classification of equity due to shares in South African companies to be issued at their fair value represented by the issue price and the par value of shares issued no longer being applicable.

Therefore, in the current year it was identified that the equity price variance reserve forming part of reserves as per the Statement of Financial Position should have been initially recognised in stated capital in order for the proceeds from the share issuances to be recognised at their fair value depicted by the subscription price.

The impact of the prior period error is a decrease in stated capital of R450.1 million and a corresponding increase in reserves of the same amount.

The impact of the restatements and prior period errors are set out below:

June 2019 Statement of profit or loss and other	Reported R'000	Restatements Discontinued operations Remedica R'000	Restatements Discontinued operations Scitec R'000	Prior period errors Equity price variance reserve R'000	Prior period errors Treasury shares R'000	Restated R'000
Revenue	5 574 499	1 543 270	(1 246 003)	–	–	**5 871 766**
Cost of sales	(3 185 270)	(935 727)	851 119	–	–	**(3 269 878)**
Gross profit	**2 389 229**	**607 543**	**(394 884)**	**–**	**–**	**2 601 888**
Expenses	(6 648 397)	(232 010)	3 033 162	–	–	**(3 847 245)**
Net finance cost	(372 535)	(30 691)	122	–	–	**(403 104)**
Income tax	(122 989)	(13 146)	7 259	–	–	**(128 876)**
Loss from continuing operations	**(4 754 692)**	**331 696**	**2 645 659**	**–**	**–**	**(1 777 337)**
Profit/(loss) from discontinued operations	94 885	(371 502)	(2 645 659)	–	–	**(2 922 276)**
Loss for the year	**(4 659 807)**	**(39 806)**	**–**	**–**	**–**	**(4 699 613)**
Total operations - Basic loss per share (cents)	**(963.3)**	(8.3)	–	–	(14.7)	**(986.4)**
Total operations - Basic headline loss per share (cents)	**(39.6)**	(8.3)	–	–	(0.6)	**(48.5)**

June 2019 Statement of financial position	Reported including equity reclassification R'000	Restatements Discontinued operations Remedica R'000	Restatements Discontinued operations Scitec R'000	Prior period errors Equity price variance reserve R'000	Prior period errors Treasury shares R'000	Restated R'000
Property, plant and equipment	541 063	563 440	–	–	–	**1 104 503**
Intangible assets and goodwill	2 401 039	2 934 290	–	–	–	**5 335 329**
Other financial assets	58 171	582	–	–	–	**58 753**
Inventory	1 109 213	423 893	–	–	–	**1 533 106**
Trade and other receivables	1 180 027	710 316	–	–	–	**1 890 343**
Current tax receivables	65 482	13 715	–	–	–	**79 197**
Cash and cash equivalents	292 481	171 629	–	–	–	**464 110**
Assets classified as held for sale	5 558 679	(4 859 630)	–	–	–	**699 049**
Borrowings and other financial liabilities	(5 506 771)	(164 525)	–	–	(81 712)	**(5 753 008)**
Deferred tax liabilities	(367 995)	(153 279)	–	–	–	**(521 274)**
Trade and other payables	(982 554)	(394 773)	–	–	–	**(1 377 327)**
Deferred vendor liabilities	(416 307)	(634 966)	–	–	–	**(1 051 273)**
Provisions	(53 163)	(10 054)	–	–	–	**(63 217)**
Bank overdraft	(27 464)	(39 531)	–	–	–	**(66 995)**
Liabilities classified as held for sale	(1 573 646)	1 399 086	–	–	–	**(174 560)**
Stated Capital	(6 057 415)	–	–	–	81 712	**(5 975 703)**
Reserves	137 221	–	–	–	–	**137 221**
Retained earnings	(3 958 265)	(39 806)	–	–	–	**(3 998 071)**

June 2018 Statement of financial position	Reported R'000	Restatements Discontinued operations Remedica R'000	Restatements Discontinued operations Scitec R'000	Prior period errors Equity price variance reserve R'000	Prior period errors Treasury shares R'000	Restated R'000
Stated capital	(6 512 930)	–	–	450 113	–	**(6 062 817)**
Reserves	626 225	–	–	(450 113)	–	**176 112**

Going concern

In determining the appropriate basis of preparation of the group annual financial statements, the directors are required to consider whether the group and company can continue in operational existence for the foreseeable future, being at least the 12 months following 30 June 2020.

The restructuring of Ascendis' debt facilities and the advance of new facilities by the lenders in June 2020 created additional liquidity, while introducing obligations on the directors to achieve specified divestment milestones and financial covenants.

In arriving at their conclusion regarding the appropriateness of the going concern basis for the preparation of the group and company annual financial statements, the directors considered the group's forecast liquidity position, which is predicated on the following assumptions and inputs:

- The group is able to meet its continuing obligations in terms of the restructure of its existing debt facilities and the advance of new debt facilities, including the covenant targets for the total net debt/adjusted EBITDA ratio. For further details concerning the group’s borrowings refer to note 3;
- The granting, by the lender consortium, of waivers or delay waivers on the achievement of certain milestones related to the divestment programme;
- The financial position of the group at 30 June 2020 and available financial resources at that date;
- The budget and cash flow forecasts to 30 June 2021;
- The sustainability of each of the business units, their operating models and the risks thereto;
- Ongoing progress of the group's divestment programme in monetising selected investments;
- Continued engagement with the Sun Wave, Remedica and Kyron vendors. The group has not met its payment obligations in terms of certain deferred vendor payments as recorded in note 20. The Remedica and Kyron deferred vendor payments are subordinated to the group’s senior debt;
- The current regulatory environment and potential changes thereto;
- The South African and European economic outlook; and
- The impact of Covid-19 on its operations and the economic environment.

The group’s results for the 2020 financial year reflect a significant improvement over the prior year despite the Covid-19 pandemic and the reduced economic activity resulting from government-imposed lockdowns. Improved performances were reported from across the group.

At 30 June 2020 the group’s total assets of R12.2 billion exceeded total liabilities of R10.9 billion by R1.3 billion (2019: R2.0 billion) and current assets exceeded current liabilities by R2.4 billion (2019 restated: current liabilities exceeded current assets by R3.7 billion).

Liquidity and performance in the 2020 financial year

Liquidity remained constrained for most of the year primarily because of the group’s inability to conclude the planned disposal of Remedica. Although still cash positive, the group has limited free cash at year end, compounded by the restricted cash balances as detailed in note 16. With the support and commitment of the group’s lender consortium, the group continued to operate, although cash management has required constant attention and capital expenditure has sometimes been postponed or cancelled.

For most of year the group’s lenders and Ascendis had an interim stability agreement in place to allow for the planned disposal of Remedica to be completed without any debt capital payments needing to be made. This agreement also provided a waiver of all covenant breaches.

Further, the lenders consented to R360m of the R473m proceeds from the sale of Efekto, Marltons and Afrikelp to being used for the company’s working capital requirements to improve the liquidity position. A bridge loan of R360 million was made on 2 May 2019 and repaid on 31 July 2019 when the sale of five of the group’s Biosciences business was closed.

On 5 June 2020, the company concluded an amend and extend agreement with its lender consortium to restructure its existing debt facilities and provide the advance of new debt facilities. In this Debt Refinance agreement, Ascendis and its lenders agreed to extend the repayment obligations on its debt facility to December 2021, with no payments required in advance of that date, other than any excess cash, beyond the group's cash requirement, being swept to the lenders. This extension provided, and will continue to provide, the group with the flexibility to continue its operations while maximising the value of the businesses it seeks to monetise according to its divestment programme. Successful completion of this programme will see the group return to much more manageable levels of gearing while continuing to create value for its broad group of stakeholders.

Despite the liquidity challenges and the impacts of the Covid-19 pandemic in the last quarter of 2020 financial year, the financial position of the group strengthened during the year driven by the following factors:

- All business units, other than Pharma Africa, reported a year on year increase in EBITDA
- Strong operational performance from Remedica with sales increasing by 40% and EBITDA increasing by 53% (including the benefit on translation of the Rand weakening over the year). The successful award of an ARV tender in Mexico and the introduction of a National Health Insurance Scheme in Cyprus drove international and local sales. Production efficiencies and the Covid-19 related sales of chloroquine positively impacted sales and margins in the last quarter
- Sun Wave, the Romanian subsidiary, focused on top brands and medico-marketing activities, growing revenue by 22% and EBITDA by 43% again considering the impact of a weakening Rand. Fewer doctor visits in the last quarter due to Covid-19 negatively impacted sales during the Covid-19 related lockdown
- Locally, the Medical Devices businesses reported a 15% growth in revenue and a 49% increase in EBITDA. Higher sales were reported because of Covid-19 and a once off tender in the Respiratory Care Africa division. These offset lower volumes in Surgical Innovations and the Ortho businesses due to a reduction in elective surgeries. Higher margins were achieved in the Respiratory Care Africa and the Scientific Group divisions
- Animal Health also reported a strong year driven by new tender business until the fourth quarter. Lower sales in the last quarter resulted in only a 5% growth in sales for the full year although improved margins and cost controls saw the division report a 53% increase in EBITDA and
- The consumer brands business in Australia was discontinued during this financial year.

The anticipated disposal of Remedica during the 2020 financial year was not concluded as the parties could not agree key terms for the transaction. Ascendis remains committed to deleveraging its balance sheet through the disposal of certain assets (including Remedica) at prices reflective of the underlying value of those assets to safeguard shareholder value. Remedica remains a high-quality business that delivers a sizeable portion of the group's earnings growth and cash flow.

The Debt Refinance agreement includes the advance of additional facilities including a super-senior facility of €6.9 million and R217 million. This super-senior facility will finance the company's general liquidity needs and finance the payment of certain outstanding deferred vendor liabilities. R87 million of these additional facilities was advanced to fund the procurement of essential medical equipment for the sales to private and public healthcare sectors in the fight against Covid-19 in April 2020.

Liquidity and capital management

To address the risk of short-term cash pressure, management prepares annual budgets for each business unit and head office. It regularly updates its robust liquidity model which includes cash flow forecasts covering a period of 18 months from the date of these group annual financial statements. This model is used as the basis of monthly reporting to the lender consortium.

The group continues to maintain an acceptable liquidity position through cash flow generated by the business, cash on the balance sheet and access to long term committed facilities. This group liquidity model is a bi-weekly consolidation of the group's individual divisions' cash flow forecasts, which are based on estimated free cash from operations. Cash flow forecasts are prepared weekly and reviewed by management. Actual cash flows are evaluated against forecast expectations and variances monitored. Progress made on liquidity improvement projects and cash forecasts and any variances are presented to the board on a monthly basis.

To address future possible cash outflows, performance and liquidity operational improvement initiatives have been developed and continue to be implemented. These initiatives have been designed to improve efficiencies, restructure and right size certain areas of the group and drive cost savings and cash preservation throughout. Notable successes include:

- Office space was consolidated in some of the group's businesses
- Head office costs were reduced through a restructuring exercise resulting in the closure of the group marketing function and the European office. The executive leadership team was reduced
- The deferral of non-essential expenditure and expansion capital expenditure as necessary
- Bi-weekly meetings to monitor the group's working capital and its moving 13-week cash requirements have been implemented
- The disposal of Scitec was finalised. The results of this loss-making and cash intensive subsidiary have been reported under discontinued operations for the full year. The effective date of the disposal was 31 July 2020. The net proceeds of the transaction (approximately R60 million) were applied toward reducing the Ascendis Health senior debt
- The partial disposal of the Bioscience division (including Efekto, Marltons and Afrikelp) was concluded in July 2019
- The loss-making Direct Selling business disposal was finalised on 31 August 2020 and
- The consumer brands business in Australia was closed during the year.

Divestment programme

A key judgement applied in arriving at the going concern conclusion relates to the expected timing and progress made in the divestment process to dispose of certain assets according to certain key milestones imposed by the lenders.

The group remains committed to its short-term priority to complete the balance sheet restructure. The sale of non-core assets is being accelerated and the group is committed to maximising value from the sale of businesses. The status of the divestment programme initiatives in terms of the Debt Refinance agreement are summarised below:

- Direct Selling: Complete. Closed on 31 August 2020. The proceeds amounted to R10.5 million and was applied to the group's senior debt.
- Dezzo Trading 392 (Pty) Ltd: Due diligence completed and tender submitted. Key commercial terms agreed. Expected to close before February 2021.
- Biosciences: Right of first refusal and exclusivity agreement. Revised process signed with prospective buyer. Due diligence commenced in September 2020.
- Animal Health: Advisor appointed. Approaching of prospective bidders commenced. Investment memorandum completed. Expected to close during the first half of 2021.
- Medical Devices: The appointment of an advisor has been delayed with the lenders consent. The completion of this disposal is not expected to be concluded until late in 2021.
- Scitec: Completed. The net proceeds of approximately R60 million were received in July 2021 and applied towards reducing the senior debt facilities.
- Sun Wave: Agreement that the outstanding deferred vendor payment will be paid from cash flows. The contract of incumbent CEO extended to ensure continuity of operations.
- Remedica: Various options to this disposal are being considered. Closing targeted for mid-2021. Preparation for the auction process is complete.
- Farmalider: Ongoing discussions with the non-controlling shareholders following the expiry of the put option detailed in note 21.

The group's executive committee is responsible for the realisation of these divestment milestones and monitor these on a weekly basis. Verbal feedback to the lender consortium is provided fortnightly.

Ascendis proactively approached the lender consortium for a total of nine waivers or delays relating to specific tasks and deadlines as provided for in the debt finance agreement. The lenders have demonstrated their continued support to the group's divestment programme by granting six of these requests and the remaining three are under consideration. The directors are confident that these outstanding waivers will be granted.

Solvency and Liquidity position at 30 June 2020

The finalisation of the Debt Refinance agreement allowed the transfer of long-term borrowings from current to non-current liabilities which is reflected in the group's much-improved current and quick ratios. However, this agreement also provided additional funds to the group. Together with the deferred payment and contingent consideration arrangements, the group's net debt increased by R1.43 billion to R7.96 billion at 30 June (2019: R6.53 billion). Approximately R324 million of this increase is due to the adoption of IFRS16: *Leases* and the capitalisation of lease liabilities.

At 30 June 2020, the group's consolidated cash and cash equivalents totalling R393 million (including restricted cash of R75 million), is down from R464 million at 30 June 2019. The group settled bank debt liabilities of R960 million and invested R326 million in capital expenditure and intangible assets.

In terms of the Debt Refinance agreement management is required to provide the lender consortium with a quarterly covenant certificate. The certificate only requires a single financial covenant ratio: total net debt/adjusted EBITDA (adjusted EBITDA is defined as the last twelve months' EBITDA (including 12 months EBITDA for acquisitions made in the last twelve months and excluding EBITDA for disposals in the last twelve months)). The lender consortium has set quarterly targets for this ratio from the period 30 June 2020 to the repayment date of 31 December 2021. At 30 June 2020, the target ratio was less than or equal to 5.9x. Ascendis achieved a ratio of 4.5x, reflecting a significant improvement on the 6.4x at 30 June 2019.

Covid-19

On 11 March 2020, Covid-19 was declared a pandemic by the World Health Organisation. The pandemic caused high levels of anxiety and uncertainty for all our stakeholders as the world faced a significant humanitarian crisis, with the virus continuing to spread across the globe and in South Africa. Government imposed lockdowns were introduced in all countries in which Ascendis operates, resulting in recessionary economic environments in these countries. South Africa has been subject to government-imposed lockdown restrictions for nearly 200 days, with Covid-19 related deaths surpassing 15 000.

At the time of considering the appropriateness of the going concern basis, it appears that most of the world has successfully responded to the initial surge of the virus and is now managing to control and restrict further outbreaks of the virus. Hard lockdowns have been lifted in most countries in which they were implemented with regional lockdowns imposed where infection rates show an increase above certain levels. The lockdowns allowed the medical sector to reserve and/or build additional capacity to deal with Covid-19 cases and the treatment of infected persons now has increased survival rates.

These responses have had considerable negative impacts on the global and local economy. Central banks have responded to the economic risks by lowing interest rates and increased money supply. While this response has seen stock markets surge, economic activity has declined and unemployment increased drastically. The opening of economies has had to be balanced with the risk of further infections.

The pandemic impacted the Ascendis operations although not as severely as originally anticipated. Most of the group's businesses in South Africa were deemed essential and allowed to continue (to the extent lockdown allowed). The international businesses fared even better during the outbreaks in Spain, Romania and Cyprus.

The primary impacts include of Covid-19 include:

- Restricted access to inventory due to port and shipping delays;
- Restricted access to customers through hard lockdowns of retail salons and access to medical facilities;
- Higher costs associated with precautions to ensure employee safety, ranging from the supply of PPE to data costs related to the group's work from home policy;
- Cost savings were realised following lower levels of travel and marketing across the group;
- The group announced no redundancies because of the pandemic;
- Limited production facility closures due to virus cases amongst employees and deep cleaning;
- Lower sales in the last quarter of the financial year, due to the unavailability of inventory or lockdown restrictions, were experienced predominantly in the Consumer Health, Animal Health and Biosciences segments. Many of the lost sales were replaced in the first two months of the new financial year;
- The postponement of elective surgeries impacted on sales across the Medical Devices segment although opportunities to supply PPE and other equipment related to treating the virus were maximised; and
- Except for the economic outlook impact on the determination of expected credit losses, the group has not modified any of its critical accounting estimates or judgements.

The overall impact of the pandemic to the assessment of the group's ability to continue as a going concern is considered negligible although a heightened level of uncertainty remains.

Conclusion

The events, conditions, judgements and assumptions described above give rise to a material uncertainty on the group's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

The directors have considered the continued support of its lenders, investors and customers and the progress and plans for the disposal of several of the group's operating units. Executive management are committed to achieving these disposals within the time frames set by the lenders and believe that the group will be able to meet its obligations in terms of the Debt Refinance agreement to settle all senior debt on or before 31 December 2021 as required. They also considered the financial plans and forecasts, the actions taken by the company, and based on the information available to them, are therefore of the opinion that the going concern assumption is appropriate in the preparation of the group annual financial statements.

Significant estimates and accounting judgements

In preparing these group annual financial statements, management made estimates and accounting judgements that affect the application of the going concern assumption, accounting policies and the reported amounts of assets, liabilities, income and expenses.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to have the actual results materially different from estimates. Detailed information about each of these estimates and judgements is included in the notes to the group annual financial statements.

Significant estimates and accounting judgements (continued)

Significant estimates and judgements were made on the following items:

Key estimates

- Estimation of inventory obsolescence allowance.
- Estimation of fair values of land and buildings.
- Estimation of the expected credit loss allowance.
- Future forecasts - assessing going concern and the impact of Covid-19.
- Estimation of legal provisions and assessment of likely outcome of the legal provisions.
- Impairment testing and allocation of cash-generating units.
- Allocation of impairments to classes of intangible assets.
- The useful lives and residual values of property, plant and equipment and intangible assets.
- Leases incremental borrowing rate.
- Leases renewal and termination options.
- The useful lives of right-of-use assets associated to leased assets.
- Recoverability of deferred tax assets.

Accounting judgements

- Revenue recognition.
- Lease and non-lease components.
- Assessment and conclusion of control and the effective date of disposal when control is lost.
- Classification of operations as discontinued operations.
- Determination of extinguishment or modification of group debt facilities after amend and extend agreement.

New standards/amendments that have been published but not yet effective

It is anticipated that the group will adopt the amendment on their respective effective dates.

STANDARD	SCOPE	POTENTIAL IMPACT TO THE GROUP
IFRS 7 – *Financial instruments*: Disclosures and IAS 39 - *Financial Instruments*: Recognition and Measurement 1 January 2020	***Interest Rate Benchmark Reform***: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision for useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	The amendment is unlikely to have a material impact as the group does not apply hedge accounting.

INTERPRETATION	SCOPE	POTENTIAL IMPACT TO THE GROUP
IAS 1 *Presentation of Financial Statement and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* 1 January 2020	***Definition of Material***: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	The amendment is unlikely to have a material impact on the group. This is because the principles introduced with the changes in the definition of material were inherently considered in defining material information by management prior to the revision and consistently applied in the current year. Specific to each principle amendment: • Obscuring: this was already considered as a concept of misstatement before being a specific inclusion to the definition. • Reasonably expected to influence: the interpretation of the previous iteration as "could influence" encompassed understanding that it is expected to influence ones decision. • Primary Users: by applying the understanding of the previous iteration of just "users", the primary users have inadvertently already considered the primary users.

1. Group segmental analysis

The group has five core health care areas, namely Pharma, Medical, Consumer Health, Animal Health and Biosciences. The core health care areas are split into nine reportable segments that are used by the group executive committee as Chief operating decision maker (CODM) to make key operating decisions, allocate resources and assess performance. The CODM also reviews the discontinued operations until they have been disposed to ensure their performance is still assessed and resources allocated accordingly (Refer to note 11 for more details on discontinued operations). The reportable segments were split taking into account the nature of the products, production process, distribution channels, types of customers and the regulatory environment in which the business units operate.

The operating and reportable segments are as follows:

- **Consumer Health**, incorporating Sports Nutrition, Skin and all of the Ascendis over-the-counter (OTC) and complementary and alternative consumer products. This division includes three reportable segments:
  - **Consumer Health Africa segment**: operating predominantly in the South African market.
  - **Scitec segment**: operating predominantly in the European market.
  - **Sun Wave segment**: operating predominantly in Romania.
- **Pharma**, incorporating Ascendis' pharmaceutical products. This division includes three reportable segments:
  - **Pharma Africa segment**: operating predominantly in the South African market.
  - **Remedica segment**: operating predominantly in the European market.
  - **Farmalider segment**: operating predominantly in Spain.
- **Medical**, incorporating the supply of medical devices and consumables. The segment is operating predominantly in South Africa.
- **Animal Health**, incorporating manufacturing and distribution of animal health products. The segment is operating predominantly in South Africa.
- **Biosciences**, incorporating manufacturing and distribution of crop protection, public pesticides and equipment. The segment is operating predominantly in South Africa.

The Head office is not an operating segment as it relates to all costs incurred at a group level. The Head office supports all group support functions such as group executives, group finance, group treasury, group communications, group IT, company secretarial and human resources. Any other remaining businesses that do not qualify as a separately reportable segment have been grouped in the other segments category.

There are no material inter-segment revenue.

Due to changes in the classification of discontinued operations (refer to note 11 for more details), information relating to the comparative periods has been restated.

1. Group Segmental Analysis (continued)

Revenue split by segment	2020 R'000	Restated[1] 2019 R'000
Consumer Health	2 753 486	2 701 391
Africa	687 559	738 569
Scitec	1 188 607	1 246 002
Sun Wave	877 320	716 820
Pharma	3 495 112	2 754 905
Africa	700 183	632 288
Remedica	2 176 186	1 543 270
Farmalider	618 743	579 347
Medical	1 464 111	1 268 084
Animal Health	488 973	466 957
Biosciences	336 258	856 552
Other	3 984	7 877
Less: Discontinued operations	(1 578 548)	(2 184 000)
Total revenue	**6 963 376**	**5 871 766**

Revenue by geographical location	2020 R'000	Restated[1] 2019 R'000
South Africa	3 677 084	3 938 318
Cyprus	2 176 186	1 543 270
Spain	618 743	579 347
Hungary	1 188 607	1 270 134
Romania	877 320	716 820
Other	3 984	7 877
Less: Discontinued operations	(1 578 548)	(2 184 000)
Total revenue	**6 963 376**	**5 871 766**

[1] The comparatives have been restated for the change in discontinued operations.

Revenue by customer destination	2020 R'000	Restated[1] 2019 R'000
Africa	3 963 470	4 131 878
South Africa	3 317 596	3 554 050
Rest of Africa	645 874	577 828
Europe	3 534 597	3 112 435
Romania	905 060	747 621
Spain	589 790	524 184
Germany	301 590	298 424
Hungary	213 543	218 899
France	197 195	260 896
Cyprus	239 570	87 018
Other	1 087 849	975 393
Asia Pacific	678 129	601 983
Asia	633 654	554 180
Australia	26 841	29 433
New Zealand	17 634	18 370
United Kingdom	87 442	81 842
South America	258 751	94 797
North America	19 535	32 831
Less: Discontinued operations	(1 578 548)	(2 184 000)
Total revenue	**6 963 376**	**5 871 766**

1. Group segmental analysis (continued)

The group has an international footprint and currently exports products to 171 countries, mainly in Africa and Europe. The revenue presented by geographic location represents the domicile of the entity generating the revenue and revenue by customer destination represents the domicile of the customer.

21% of the group's revenue is generated through the wholesale and retail market (2019: 34%). In this market, 2% (2019: 1%) of the total group revenue is derived from a single customer and 5% (2019: 12%) of the group's revenue is generated from government institutions (local and international).

The group evaluates the performance of its reportable segments based on normalised EBITDA[PM] (earnings before interest, tax, depreciation, amortisation and impairments and further adjusted for the acquisition, integration and disposal of businesses, debt and capital restructuring costs, restructuring and retrenchment costs). The financial information of the group's reportable segments is reported to the Executive committee (EXCO) for purposes of making decisions about allocating resources to the segment and assessing its performance. The percentage disclosed represents the normalised EBITDA[PM]/revenue margin.

Normalised EBITDA[PM] split by segment	**2020 R'000**	**2020 %**	**Restated[(1)] 2019 R'000**	**Restated[(1)] 2019 %**
Consumer Health	342 421	12%	158 184	12%
Africa	35 550	5%	(20 194)	5%
Scitec	61 163	5%	6 111	5%
Sun Wave	245 708	28%	172 267	28%
Pharma	750 215	21%	550 417	21%
Africa	(45 488)	-6%	(2 401)	-6%
Remedica	731 378	34%	476 625	34%
Farmalider	64 325	10%	76 193	10%
Medical	143 010	10%	96 075	10%
Animal Health	124 681	25%	81 408	25%
Biosciences	18 116	5%	107 927	5%
Head office	(141 592)	-	(129 710)	-
Other	197	5%	(37 104)	5%
Less: Discontinued operations	(55 765)	4%	(77 821)	4%
Total normalised EBITDA[PM]	**1 181 283**	**17%**	**749 376**	**17%**
Non-controlling interest proportionate share	(29 019)		(30 138)	
Total normalised EBITDA[PM] attributable to the parent	**1 152 264**		**719 238**	

(1) The comparatives have been restated. Refer to the basis of preparation note for more details.

1. Group segmental analysis (continued)

Reconciliation of normalised EBITDA^PM to consolidated results	2020 R'000	Restated[2] 2019 R'000
Consolidated loss before taxation from continuing operations	**(959 142)**	**(1 648 461)**
Finance income	(10 395)	(4 272)
Finance expense	865 858	407 376
Total impairment, amortisation and depreciation	1 020 380	1 870 486
Acquisition of businesses costs *	24 225	14 494
Disposal of businesses costs *	70 519	28 161
Restructuring and retrenchment costs *	233	13 386
Debt/capital restructuring costs *	155 281	83 590
Profit on disposal of Isando manufacturing plant	-	(17 355)
Impairment of investment *	14 324	1 971
Non-controlling interest proportionate share	(29 019)	(30 138)
Total normalised EBITDA^PM attributable to the parent	**1 152 264**	**719 238**

[2] The comparatives have been restated. Refer to the basis of preparation note for more details.
* These reconciling items are excluded from EBITDA for performance measurement purposes.

(b) Statement of financial position measures applied

Assets and liabilities split by segment	2020 R'000 Assets	2020 R'000 Liabilities	Restated[1] 2019 R'000 Assets	Restated[1] 2019 R'000 Liabilities
Consumer Health	2 337 547	(5 180 246)	2 287 255	(3 505 775)
Africa	550 903	(189 915)	696 315	(144 884)
Scitec - held for sale	375 435	(4 625 527)	505 481	(2 928 556)
Sun Wave[2]	1 411 209	(364 804)	1 085 459	(432 335)
Pharma	7 142 567	(2 561 066)	5 810 200	(2 858 653)
Africa	346 638	(242 531)	406 238	(195 040)
Remedica	6 187 940	(1 743 620)	4 817 897	(2 135 238)
Farmalider	607 989	(574 915)	586 065	(528 375)
Medical	1 526 349	(563 594)	1 502 520	(325 412)
Animal Health	741 670	(178 566)	728 159	(133 054)
Biosciences - held for sale	252 968	(161 819)	661 052	(221 631)
Head office[2]	232 220	(2 298 148)	298 207	(2 234 982)
Other	2 661	(37)	1 846	(628)
Total consolidated assets and (liabilities)	**12 235 982**	**(10 943 476)**	**11 289 239**	**(9 280 135)**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.
[2] Goodwill was reclassified between the Head Office segment and the Sun Wave segment. Refer to the restatements section of the accounting policies note for more details.

1. Group segmental analysis (continued)

The fixed assets presented below represent the non-current assets held in various geographic locations.

Fixed assets per geographic location	2020 R'000	Restated[1] 2019 R'000
South Africa	208 444	398 962
Cyprus	816 353	563 440
Hungary	-	127 640
Romania	1 599	24 666
Spain	19 254	32 099
Assets held for sale	(6 651)	(42 304)
Fixed assets per geographic location	**1 038 999**	**1 104 503**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.

2. Earnings per share

Earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of shares in issue.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after tax dilutive effect. During the current period, the group has determined that there are no instruments in issue that will have a potential dilutive effect to the issued ordinary shares. Based on this assessment, basic earnings per share also represents diluted earnings per share.

Headline earnings per share

The calculation of headline earnings per share is based on the profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the period. The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Listings Requirements and the SAICA Circular 1/2019.

Weighted average number of shares

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the period, increased by shares issued during the period weighted on a time basis for the period during which they have participated in the profit of the group. Shares which are held by a subsidiary company as treasury shares have been adjusted on a time basis when determining the weighted average number of shares in issue.

2. Earnings per share (continued)

	2020 R'000 Continuing operations	2020 R'000 Discontinued operations	2020 R'000 Total	Restated[1] 2019 R'000 Continuing operations	Restated[1] 2019 R'000 Discontinued operations	Restated[1] 2019 R'000 Total
(a) Basic loss per share						
Loss attributable to owners of the parent	(830 843)	(169 977)	(1 000 820)	(1 787 916)	(2 922 276)	(4 710 192)
Loss	**(830 843)**	**(169 977)**	**(1 000 820)**	**(1 787 916)**	**(2 922 276)**	**(4 710 192)**
Weighted average number of ordinary shares in issue[2]			477 514 891			477 514 891
Basic loss per share (cents)	**(174.0)**	**(35.6)**	**(209.6)**	**(374.4)**	**(612.0)**	**(986.4)**
(b) Headline loss per share						
Loss attributable to owners of the parent	(830 843)	(169 977)	(1 000 820)	(1 787 916)	(2 922 276)	(4 710 192)
Adjusted for:						
Net (profit)/loss on the sale of property, plant and equipment	(771)	–	(771)	(607)	6 473	5 866
Tax effect	202	–	202	172	(1 485)	(1 313)
(Profit)/loss on disposal of subsidiary	(408)	(107 036)	(107 444)	(17 355)	901	(16 454)
Tax effect	91	4 796	4 887	3 697	(123)	3 574
Goodwill, intangible asset and tangible asset impairment	638 959	311 498	950 457	1 604 764	2 894 229	4 498 993
Tax effect	(57 185)	(518)	(57 703)	(4 340)	(9 617)	(13 957)
Impairment of investment	14 324	–	14 324	1 971	–	1 971
Non-controlling interest portion allocation	257	–	257	(143)	–	(143)
Headline (loss)/earnings	**(235 374)**	**38 763**	**(196 611)**	**(199 757)**	**(31 898)**	**(231 655)**
Weighted average number of shares in issue[2]			477 514 891			477 514 891
Headline (loss)/earnings per share (cents)	**(49.3)**	**8.1**	**(41.2)**	**(41.8)**	**(6.7)**	**(48.5)**

[1] The comparatives have been restated for the change in discontinued operations and for the change in treasury shares. Refer to the restatements and prior period error section of the accounting policies note.

[2] The weighted average number of shares have been restated for 2019. Refer to restatement and prior period error section of the accounting policies note.

2. Earnings per share (continued)

(c) Normalised headline earnings per share PM

The group's accounting policy and definition of normalised headline earnings per share and normalised EBITDA, are as follows:

Normalised headline earnings PM is calculated by excluding specific non-trading items from the group's earnings. Gains and losses excluded for normalised headline earnings purposes include restructuring costs to streamline, rationalise and structure the group. Costs incurred to restructure the debt and equity capital structure of the group that cannot be capitalised are excluded. It also includes settlement of product-related litigation and the costs incurred to acquire and integrate the business combinations into the group as well as any costs incurred to dispose of businesses. The country specific corporate tax rate and relevant tax legislation is applied to each individual normalised earnings adjustment. Refer to note 1 for the detailed impact on normalised EBITDA PM.

Performance measures (PM) are not defined or specified per the requirements of IFRS but are derived from the financial statements prepared in accordance with IFRS. For more details refer to performance measures in the accounting policies note.

2. Earnings per share (continued)

	2020 R'000			Restated[3] 2019 R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Reconciliation of normalised headline earnings						
Headline (loss)/earnings	**(235 374)**	**38 763**	**(196 611)**	**(199 757)**	**(31 898)**	**(231 655)**
Adjusted for						
Acquisition of businesses related costs [1]	24 225	–	24 225	14 494	–	14 494
Disposal of businesses related costs	70 519	574	71 093	28 161	–	28 161
Debt/capital restructuring costs	155 281	–	155 281	83 590	–	83 590
Restructuring and retrenchment costs	233	9 749	9 982	13 386	4 265	17 651
Tax effect thereof	(43 479)	(462)	(43 941)	(24 224)	(652)	(24 876)
Normalised headline (loss)/earnings	**(28 595)**	**48 624**	**20 029**	**(84 350)**	**(28 285)**	**(112 635)**
Weighted average number of shares in issue[2]			477 514 891			477 514 891
Normalised headline (loss)/earnings per share (cents)	**(6.0)**	**10.2**	**4.2**	**(17.7)**	**(5.9)**	**(23.6)**

[1] No business combinations took place in the current period, however costs relating to a possible acquisition and costs relating to previous acquisitions have been incurred in the current and prior periods.
[2] The weighted average number of shares have been restated for 2019. Refer to restatement and prior period error section of the accounting policies note.
[3] The comparatives have been restated for the change in discontinued operations and restated for the change in treasury shares. Refer to the representation and prior period error section of the accounting policies note.

Normalised diluted headline (loss)/earnings per share[PM] is calculated on the same basis used for calculating diluted (loss)/earnings per share, other than normalised headline (loss)/earnings[PM] being the numerator.

2. Earnings per share (continued)

Impact of prior period error regarding weighted average number of shares and changes in discontinued operations:

	Previously reported			Restatement			Restated		
	2019			2019			2019		
R'000	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations (1)**	**Total**	**Continuing operations**	**Discontinued operations (1)**	**Total**
Reconciliation of basic earnings									
Profit/(loss) attributable to owners of the parent	(4 765 271)	94 885	(4 670 386)	2 977 355	(3 017 161)	(39 806)	(1 787 916)	(2 922 276)	(4 710 192)
Earnings/(loss)	**(4 765 271)**	**94 885**	**(4 670 386)**	**2 977 355**	**(3 017 161)**	**(39 806)**	**(1 787 916)**	**(2 922 276)**	**(4 710 192)**
Weighted average number of ordinary shares in issue(2)			484 827 324			477 514 891			477 514 891
Basic earnings/(loss) per share (cents)	**(982.9)**	**19.6**	**(963.3)**	**623.5**	**(631.8)**	**(8.3)**	**(374.4)**	**(612.0)**	**(986.4)**
Reconciliation of headline earnings									
(Loss)/profit attributable to owners of the parent	**(4 765 271)**	**94 885**	**(4 670 386)**	**2 977 355**	**(3 017 161)**	**(39 806)**	**(1 787 916)**	**(2 922 276)**	**(4 710 192)**
Adjusted for									
Net (profit)/loss on the sale of property, plant and equipment	(1 067)	6 933	5 866	460	(460)	–	(607)	6 473	5 866
Tax effect	230	(1 543)	(1 313)	(58)	58	–	172	(1 485)	(1 313)
(Profit)/loss on disposal of subsidiary	(17 355)	901	(16 454)	–	–	–	(17 355)	901	(16 454)
Tax effect	3 697	(123)	3 574	–	–	–	3 697	(123)	3 574
Goodwill, intangible asset and tangible asset impairment	4 195 379	303 614	4 498 993	(2 590 615)	2 590 615	–	1 604 764	2 894 229	4 498 993
Tax effect	(13 957)	–	(13 957)	9 617	(9 617)	–	(4 340)	(9 617)	(13 957)
Impairment of investment	1 971	–	1 971	–	–	–	1 971	–	1 971
Non-controlling interest portion allocation	(143)	–	(143)	–	–	–	(143)	–	(143)
Headline (loss)/earnings	**(596 516)**	**404 667**	**(191 849)**	**396 759**	**(436 565)**	**(39 806)**	**(199 757)**	**(31 898)**	**(231 655)**
Weighted average number of shares in issue(2)			484 827 324			477 514 891			477 514 891
Headline (loss)/earnings per share (cents)	**(123.0)**	**83.4**	**(39.6)**	**83.1**	**(91.4)**	**(8.3)**	**(41.8)**	**(6.7)**	**(48.5)**

(1) The additional discontinued operations recognised in the current year resulted in the restatement of normalised earnings.

(2) The weighted average number of shares have been restated for 2019. Refer to restatement and prior period error section of the note on Accounting Policies.

2. Earnings per share (continued)

	Previously reported 2019			Restatement 2019			Restated 2019		
R'000	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations [1]	Total	Continuing operations	Discontinued operations [1]	Total
Reconciliation of normalised headline earnings									
Headline (loss)/earnings	**(596 516)**	**404 667**	**(191 849)**	**396 759**	**(436 565)**	**(39 806)**	**(199 757)**	**(31 898)**	**(231 655)**
Adjusted for									
Acquisition of businesses related costs	4 876	9 618	14 494	9 618	(9 618)	–	14 494	–	14 494
Disposal of businesses related costs	28 161	–	28 161	–	–	–	28 161	–	28 161
Debt/capital restructuring costs	83 590	–	83 590	–	–	–	83 590	–	83 590
Restructuring and retrenchment costs	20 632	(2 981)	17 651	(7 246)	7 246	–	13 386	4 265	17 651
Tax effect thereof	(24 876)	–	(24 876)	652	(652)	–	(24 224)	(652)	(24 876)
Normalised headline (loss)/earnings	**(484 133)**	**411 304**	**(72 829)**	**399 783**	**(439 589)**	**(39 806)**	**(84 350)**	**(28 285)**	**(112 635)**
Weighted average number of shares in issue(2)			484 827 324			477 514 891			477 514 891
Normalised headline (loss)/earnings per share (cents)	**(99.8)**	**84.8**	**(15.0)**	**83.7**	**(92.1)**	**(8.3)**	**(17.7)**	**(5.9)**	**(23.6)**

(1) The additional discontinued operations recognised in the current year resulted in the restatement of normalised earnings.

(2) The weighted average number of shares have been restated for 2019. Refer to restatement and prior period error section of the note on Accounting Policies.

3. Borrowings and other financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, borrowings are measured at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

All borrowing costs are recognised in profit or loss using the effective interest method, unless if the borrowing costs qualify to be capitalised in terms of the requirements of IAS 23 *Borrowing Costs*.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The fair value (determined using the discounted cash flow model) approximates the carrying value. The key valuation inputs in the fair value assessment are the interest rate (observable) and credit risk (unobservable), making this a level 2 fair value assessment.

The group has the following financing structure as at year end:

For the purposes of financing acquisitions of international businesses, as well as allow for a structure that supports growth and an integrated treasury function, Ascendis Health implemented a debt structure that is administered by Absa Bank Ltd as the Facility Agent. The existing debt facility was amended on 5 June 2020 and provided for the advance of new debt facilities. The structure consists of a syndicated facility denominated in South African Rands (ZAR) and Euro (EUR) term facilities, revolving credit facilities and other foreign bi-lateral facilities. In terms of the existing debt structure, the total facilities drawn down amounts to R1 950.7 million and €224.7 million (30 June 2019: R2 087.8 million and €219.2 million). Undrawn ZAR denominated facilities amounts to R265 million (2019: Rnil) and EUR denominated facilities of €6.6 million as at 30 June 2020 (2019: €nil).

EUR denominated facilities

The group has three secured Euro term facilities with a balance outstanding of €169 million, €6 million and €0.4 million which matures in December 2021 as well as a €49.4 million revolving credit facility which was fully drawn as at 30 June 2020. The gross debt balance translated into ZAR at year end amounted to R4 367.4 million. The facilities are repayable by a single bullet payment on 31 December 2021. Interest is charged at Euribor plus 14% (4% margin and 10% PIK) on the existing facilities which were in place prior to the amendment and Euribor plus 10% (5% margin + 5% PIK) on the new facilities per annum. The cash interest is repayable quarterly, while the PIK component is capitalised and payable on 31 December 2021.

3. Borrowings and other financial liabilities (continued)

ZAR denominated facilities

The secured syndicated facility consists of three term loans with balances outstanding of R885.4 million, R513.3 million and R138 million and a R414 million revolving credit facility which was partially drawn as at 30 June 2020. The facilities are repayable by a single bullet payment on 31 December 2021.

Interest is charged at JIBAR plus 13.75% to 14.2% (3.75% - 4.2% margin and 10% PIK) per annum and is payable quarterly on the existing facilities which were in place prior to the amendment and JIBAR plus 10% (5% margin and 5% PIK) on the new facilities. The cash interest is repayable quarterly, while the PIK component is capitalised and payable on 31 December 2021. Additional facilities exist that include letters of credit, performance guarantees and debtors factoring.

Covenants and divestment milestones

This secured syndicated facility is subject to a quarterly adjusted leverage covenant test (The ratio of total net debt to adjusted EBITDA^{PM}). For the year ended 30 June 2020 the lenders required that the group maintain an adjusted leverage ratio below 5.9 (2019: 3.75). Ascendis Health achieved a ratio of 4.5 and therefore is compliant with the requirement set by the lenders.

Certain key divestment milestones of certain business units are a requirement in terms of the amendment of the facilities on 5 June 2020 and an event of default will arise if the requisite majority of shareholders vote against these specified disposals and it any of the required milestones are not met. To date no breach of the adjusted leverage covenant or milestones have occurred.

The classification of facilities between current and non-current are subject to either the maturity date (31 December 2021) specified in the lender agreement or the planned timing of disposal as disclosed in note 11 - discontinued operations. The expected proceeds from disposals will be used to settle the debt and deferred vendor liabilities (where applicable) of the affected operations, unless the necessary waivers have been obtained from the lender consortium and vendors where required under the deferred vendor liabilities in question.

More information relating to the syndicated facilities can be found under the going concern section of the accounting policies note.

Other facilities

In addition to the syndicated facilities outlined above, the group also has the following borrowings as at 30 June 2020:

Euro denominated loan of R160.4 million (2019: R164.5 million) with the Bank of Cyprus that matures on 30 June 2022. Interest is charged at 3.55% per annum, capital and interest is settled on a quarterly basis.

3. Borrowings and other financial liabilities (continued)

Other facilities (continued)

Farmalider and its subsidiaries has a number of Euro denominated loans/facilities with different financial institutions amounting to R272.2 million (2019: R158.3 million). These facilities have different maturity dates, repayment profiles and interest rates. These interest rates range between 0% and 2.1% per annum.

The TRS liability with ABSA Bank Limited consist of 5 tranches amounting to R81.7 million (2019: R81.7 million). These tranches carry a fixed interest rate between 8.79% and 9.91% per annum and the last tranche's maturity date is 5 July 2023. Interest is paid six monthly.

Refinancing agreement over the senior debt concluded during the current year (*IFRS 9 extinguishment & recognition*)

On 5 June 2020, the group successfully concluded a refinancing agreement that resulted in:

a) the modification of existing facilities

As the modification of existing facilities constituted a substantial modification under IFRS 9: *Financial Instruments*, we have accounted for this as an extinguishment. The impact of this can be summarised as follows:

- administrative fees from lenders: A total of R243 million of administrative related charges were charged by the lenders and have been included in the amount that will be repayable at maturity (31 December 2021) of these loans. These expenses relate to amendment and arrangement fees charged by the lenders of the debt. As part of the de recognition of the existing facilities and accounting of the refinanced facilities, the difference of R243 million between the carrying value de-recognised and the discounted value of the refinanced debt (representing the administration fees levied by the lenders), were recorded as an expense in profit or loss. As at 30 June 2020 the total consolidated borrowings after the capitalisation of these costs amounted to R6.8 billion (see note below); and

- Incremental transaction costs: As a consequence of the refinancing all incremental and directly associated transaction costs incurred since December 2019, amounting to R105.7 million, have been considered as incremental transaction costs. As these costs relate to the collective negotiation of the existing and new debt facilities, management based on their best estimate, allocated these costs between the existing facilities and the new facilities. Based on this allocation a total of R97.8 million of incremental transaction costs were regarded as being attributable to the existing facilities. As such, these costs (R97.8 million) have been charged to the profit or loss in the current year and the residual amount of R7.9 million which relates to new facilities have been capitalised to the new facilities (see section b below for further details).

- Payment in Kind (PIK) Margin: Following the refinancing of the existing facilities together with the advance of new facilities, the lender consortium introduced an addition 5% - 10% PIK margin on certain facilities, which has been capitalised to the bullet payments that will mature on 31 December 2021. The standard variable interest rates (for facilities denominated in Rands at Jibar + margin) and facilities denominated in Euro at Euribor + margin) continued to follow a similar repayment profile of the original debt (i.e. repayable quarterly) as described above.

3. Borrowings and other financial liabilities (continued)

b) the advancing of additional facilities

For the additional facilities obtained as described above, these have been recognised net of directly attributable allocated transaction costs of R7.9 million. These costs will be amortised up to the maturity date of the loans (31 December 2021). The impact of the current year amortisation of R356 thousand was included in the interest expense.

The table below provides a detailed breakdown of the individual balances making up the total balance.

	2020 R'000	Restated[1] 2019 R'000
Secured borrowings and other financial liabilities		
Cyprus loan facility[2]	160 449	164 524
Total secured	**160 449**	**164 524**
Unsecured borrowings and other financial liabilities		
Term loan - South Africa debt	1 534 832	1 311 938
Term loan - European debt	3 402 133	2 583 017
Revolving credit facilities	1 373 676	759 299
Loans with financial institutions - Spain	272 155	158 303
Short-term loans with financial institutions	-	332 929
Bridging term loan	-	360 397
Other South African borrowings[1]	81 783	82 601
Other European borrowings	182	-
Total unsecured	**6 664 761**	**5 588 484**
Total borrowings and other financial liabilities	**6 825 210**	**5 753 008**
The split between current and non-current borrowings and other financial liabilities		
Non-current liabilities	6 285 087	208 226
Current liabilities	540 123	5 544 782
	6 825 210	**5 753 008**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.
[2] The buildings of Remedica has been encumbered with the Cyprus loan facility.

3. Borrowings and other financial liabilities (continued)

Reconciliation of borrowings:	2020 R'000	Restated[1] 2019 R'000
Capital portion of loans outstanding at beginning of year	5 753 008	5 494 383
IFRS 9 - Extinguishment		
Syndicated - South Africa term loans	(1 334 174)	-
Syndicated - EURO term loans	(3 058 271)	-
EURO revolving credit facility	(880 653)	-
IFRS 9 - Recognition		
Syndicated - South Africa term loans	1 334 174	-
Syndicated - EURO term loans	3 058 271	-
EURO revolving credit facility	880 653	-
New loans raised net of debt capitalisation fees		
Syndicated facility - South Africa term loans	131 039	-
Syndicated facility - Euro term loans	113 372	-
South Africa revolving credit facility	392 000	-
Cyprus facility loan	24 132	38 576
Loans with financial institutions - Spain	173 946	136 966
Short-term loans with financial institutions	-	35 929
Bridging term loan	-	354 825
Other financial liabilities	-	82 601
Other European borrowings	181	-
Capitalised fees amortised	50 222	28 287
Capitalised fees	243 154	-
Capital repaid		
Syndicated facility - South Africa term loans	(30 676)	(87 220)
Syndicated facility - Euro term loans	(57 749)	(86 697)
Euro revolving credit facility	(15 399)	-
Cyprus facility loan	(64 258)	(89 672)
Loans with financial institutions - Spain	(98 623)	(123 190)
Short-term loans with financial institutions	(332 929)	-
Bridging term loan	(360 000)	-
Other financial liabilities	(818)	-
Transferred to liabilities held for sale	-	(37 711)
Foreign currency translation	799 544	(3 686)
Capital portion of loans outstanding at year end	**6 720 146**	**5 743 392**
Interest accrued	105 064	9 616
Total loans outstanding at year end	**6 825 210**	**5 753 008**

[1] The 2019 comparatives have been restated due to the TRS loan payable to Absa for the change in assets held for sale. Refer to the prior period error section in the accounting policy note for more details.

4. Intangible assets and goodwill (continued)

Intangible assets and goodwill - 2020

R'000	Goodwill	Brands and trademarks	Licences and computer software	Intangible assets under development	Customer relationships	Contractual agreements	Drug masterfiles	Total
Opening balance								
Cost	5 034 644	1 936 684	58 559	-	1 110 975	237 669	1 680 266	10 058 797
Accumulated amortisation and impairment	(2 526 397)	(1 061 105)	(47 163)	-	(359 162)	(35 517)	(694 124)	(4 723 468)
Restated Carrying value as at 30 June 2019	**2 508 247**	**875 579**	**11 396**	**-**	**751 813**	**202 152**	**986 142**	**5 335 329**
Additions	-	23 367	5 290	2 351	-	-	85 434	116 442
Disposals	-	(2 025)	(18)	-	-	-	(955)	(2 998)
Transfers between categories	-	31 733	(177)	-	28 598	(15 969)	(44 185)	-
Transfers (to)/from disposal group classified as assets held for sale	-	683	(1 870)	(2 587)	-	-	-	(3 774)
Transfer from property, plant and equipment	-	-	-	-	-	-	751	751
Amortisation	-	(93 674)	(4 728)	-	(42 833)	(10 928)	(38 256)	(190 419)
Impairment	(203 983)	(138 837)	(6 961)	-	(113 351)	(5 774)	(1 858)	(470 764)
Reversal of Impairment[(2)]	-	7 442	-	-	28 598	-	-	36 040
Foreign exchange movements	365 629	167 956	1 371	236	87 623	16 277	215 001	854 093
Carrying value as at 30 June 2020	**2 669 893**	**872 224**	**4 303**	**-**	**740 448**	**185 758**	**1 202 074**	**5 674 700**
Made up as follows:[(1)]								
Cost	3 781 036	1 371 154	32 294	-	1 075 437	239 351	1 811 869	8 311 141
Accumulated amortisation and impairment	(1 111 143)	(498 930)	(27 991)	-	(334 989)	(53 593)	(609 795)	(2 636 441)
Carrying value as at 30 June 2020	**2 669 893**	**872 224**	**4 303**	**-**	**740 448**	**185 758**	**1 202 074**	**5 674 700**

[(1)] Cost and accumulated amortisation and impairment has reduced as at June 2020 because of the classification of Scitec as a discontinued operation. Scitec intangible assets were fully impaired in 2019, hence the impact on the transfers to discontinued operation is nil. However, the amounts reduce the related cost and accumulated impairment.

[(2)] The reversal of impairment was in respect of brands and trademarks and customer relationships held by Chempure (Pty) Ltd included in the Consumer Health Africa segment.

4. Intangible assets and goodwill (continued)

Intangible assets and goodwill - 2019
Restated

R'000	Goodwill	Brands and trademarks	Licences and computer software	Intangible assets under development	Customer relationships	Contractual agreements	Drug masterfiles	Total
Opening balance								
Cost	5 346 495	2 023 760	61 342	9 644	1 185 645	237 840	1 601 892	10 466 618
Accumulated amortisation and impairment	(134 614)	(157 779)	(23 331)	-	(185 460)	(19 970)	(111 717)	(632 871)
Carrying value as at 30 June 2018	**5 211 881**	**1 865 981**	**38 011**	**9 644**	**1 000 185**	**217 870**	**1 490 175**	**9 833 747**
Additions	-	21 149	12 178	3 284	-	556	97 530	134 697
Disposals	-	(800)	(585)	-	(141)	-	(1 512)	(3 038)
Transfers between categories [(1)]	-	(293)	(5 305)	70	17 893	1 224	(13 589)	-
Transfers (to)/from disposal group classified as assets held for sale	(279 119)	(82 087)	(4 335)	(13 039)	(39 437)	(1 557)	(9 939)	(429 513)
Transfer from property, plant and equipment	-	-	686	-	-	-	-	686
Amortisation	-	(72 369)	(10 614)	-	(55 181)	(15 887)	(40 430)	(194 481)
Impairment	(2 458 076)	(877 061)	(19 449)	-	(173 071)	-	(545 749)	(4 073 406)
Foreign exchange movements	33 561	21 059	809	41	1 565	(54)	9 656	66 637
Carrying value as at 30 June 2019	**2 508 247**	**875 579**	**11 396**	**-**	**751 813**	**202 152**	**986 142**	**5 335 329**
Made up as follows: [(2)]								
Cost	5 034 644	1 936 684	58 559	-	1 110 975	237 669	1 680 266	10 058 797
Accumulated amortisation and impairment	(2 526 397)	(1 061 105)	(47 163)	-	(359 162)	(35 517)	(694 124)	(4 723 468)
Carrying value as at 30 June 2019	**2 508 247**	**875 579**	**11 396**	**-**	**751 813**	**202 152**	**986 142**	**5 335 329**

A total of R19.5 million (2019: R14.4 million) for research costs has been expensed to the statement of comprehensive income for the year ended 30 June 2020.

4. Intangible assets and goodwill (continued)

The following is a summary of goodwill allocation for each reporting segment:

Summary of goodwill 2020 R'000	Opening balance	Transfers	Impairment	Foreign currency translation	Closing balance
Consumer Health Africa	211 734	-	(195 253)	-	16 481
Sun Wave	59 289	-	-	13 662	72 951
Remedica	1 611 929	-	-	351 967	1 963 896
Medical	321 531	-	(8 730)	-	312 801
Animal Health	303 764	-	-	-	303 764
Total	**2 508 247**	**-**	**(203 983)**	**365 629**	**2 669 893**

Summary of goodwill Restated 2019 R'000	Opening balance	Impairment	Transfer from/ (to) discontinued operations	Foreign currency translation	Closing balance
Consumer Health Africa [(1)]	365 832	(173 865)	19 767	-	211 734
Scitec	1 283 585	(1 318 413)	-	34 828	-
Sun Wave [(1)]	60 680	-	-	(1 391)	59 289
Pharma Africa	426 806	(426 806)	-	-	-
Remedica	1 615 617	-	-	(3 688)	1 611 929
Farmalider	140 497	(144 309)	-	3 812	-
Medical	545 100	(223 569)	-	-	321 531
Animal Health	474 780	(171 016)	-	-	303 764
Biosciences	298 984	(98)	(298 886)	-	-
Total	**5 211 881**	**(2 458 076)**	**(279 119)**	**33 561**	**2 508 247**

[(1)] The goodwill summary has been re-presented due to a goodwill acquisition adjustment initially being allocated to the Consumer Health Africa segment but identified as pertaining to Sun Wave. The balance of Consumer Health Africa's goodwill increased by R34.5 million and Sun Wave's goodwill decreased by the same amount. Please refer to the Restatement section included in Accounting Policies for more details in this regard. This re-presentation has no impact on prior year impairments.

Summary of indefinite useful life intangible assets R'000	Opening balance	Impairment	Transfers	Foreign currency translation	Closing balance
2020					
Scitec	-	-	-	-	-
2019					
Scitec	846 585	(847 270)	(22 285)	22 970	-

4. Intangible assets and goodwill (continued)

Impairment tests for CGUs

Impairment tests are conducted annually and are based on the projected sustainable cash flow methodology. Using a time horizon of five years, board approved CGU budgets for the 2021 financial year form the base of this calculation. The 2021 cash flows are extrapolated to the following four years. A long-term growth rate is applied to the final forecast year's cash flows to determine cash flows into perpetuity. The present value of these cash flows is calculated by applying an appropriate discount factor, determined after consideration of both systematic and unsystematic risks for each CGU.

These tests were performed on intangible assets and goodwill and property, plant and equipment as at 30 June 2020 and this resulted in R473 million (2019: R4 073 million) and R204 million (2019: R122 million) impairment of intangible assets and goodwill and property, plant and equipment respectively. A R36 million reversal of prior year impairments to intangible assets was also recorded (2019: Rnil). There were further impairments relating to discontinued operations of R311 million (2019: R2.9 billion (restated)) and other disposal groups held for sale of R15 million (2019: Rnil) resulting in a total net impairment for the 2020 financial year of R967 million (2019: R4.5 billion). The significant reduction of the group's share price is an indicator of impairment, with contributions thereto being the continuing adverse economic conditions in South Africa, exacerbated by the Covid-19 pandemic and the government-imposed lockdowns as well as continued liquidity constraints. The 2020 impairments were as a result of these factors and higher discount rates resulting from the challenging economic outlook at the valuation date of 30 June 2020.

The table below illustrates the total impairment for goodwill, intangible assets and property, plant and equipment, for each CGU:

2020 CGU	Reporting Segment	Carrying value R'000	Recoverable amount R'000	Impairment/(reversal) amount R'000
Surgical Innovations[(4)]	Medical	81 009	(225 767)[(2)]	252 548
Ortho-Xact[(1)(4)]	Medical	(14 232)	(162 598)[(2)]	55 882
Dezzo	Pharma Africa	41 709	27 000 [(3)]	14 709
Chempure	Consumer Health Africa	(176 100)	(140 060)[(2)]	(36 040)
Ascendis Consumer Brands	Consumer Health Africa	(15 460)	(210 708)[(2)]	190 316
Farmalider	Farmalider	263 371	85 241 [(2)]	178 130
Avima (including Klub M5)	Biosciences	109 479	78 000 [(2)]	31 438
Scitec	Scitec	342 959	75 060 [(3)]	267 899
Direct Selling	Other	22 660	10 500 [(3)]	12 160
Total impairments				967 042

(1) The business activities of Ortho-Xact were formally reported under the Surgical Innovations CGU. For commercial and management reasons these activities are now reported as a separate CGU.

(2) The recoverable amount was determined by estimating the CGU's value in use.

(3) The recoverable amount was determined by estimating the CGU's value less cost to sell of the CGU.

(4) The impairment calculated has been allocated against the carrying value of the CGU, such that the carrying value of the individual assets is not written down to an amount in excess of its fair value.

4. Intangible assets and goodwill (continued)

2019 CGU	Reporting Segment	Carrying value R'000	Recoverable amount R'000	Impairment amount R'000
Surgical Innovations	Medical	350 232	350 794	223 566
Ascendis Vet	Animal Health	143 073	143 727	38 127
Animal Health	Animal Health	274 409	275 328	41 563
Kyron	Animal Health	357 656	356 982	91 328
Pharmachem & Dezzo	Pharma Africa	(367 874)	(511 858)	344 227
Ascendis Pharma	Pharma Africa	323 805	322 004	149 968
Chempure	Consumer Health Africa	(161 938)	(246 442)	188 275
Ascendis Skin & Body	Consumer Health Africa	23 795	22 466	70 908
Farmalider	Farmalider	210 708	212 203	442 646
Efekto	Biosciences	(89 227)	119 691	105 554
Marltons	Biosciences	3 694	18 551	24 601
KlubM5	Biosciences	59 705	65 852	67 261
Scitec	Scitec	588 586	(176 022)	2 590 615
Ascendis Sports Nutrition	Other	47 454	46 084	16 543
Direct selling	Other	38 654	7 512	41 253
Ascendis Australia	Other	(35 326)	2 177	1 583
Total impairments				4 438 018

5. Inventories

Inventories written down for the year ended 30 June 2020 amounted to R100.8 million (2019: R63.1 million). These were recorded in cost of sales.

6. Deferred vendor liabilities

The group structures its acquisitions to include contingent and deferred consideration which is included in the cost of the business combination at the fair value on the date of the acquisitions.

Contingent consideration is initially measured at fair value and the amount is included in the determination of goodwill or bargain purchase. Subsequently, to the extent that the additional consideration relates to an asset or liability, the contingent consideration is measured at fair value and gains and losses are recognised in profit or loss.

Deferred consideration is initially measured at fair value and subsequently measured at amortised cost.

All deferred vendor liabilities raised relate to business combinations.

	2020 R'000	Restated (1) 2019 R'000
Remedica Group	801 126	634 966
Sun Wave Pharma Group	194 522	282 507
Klub M5 Proprietary Limited	34 499	34 499
Kyron Group	107 460	99 301
	1 137 607	**1 051 273**
Current	34 499	896 798
Non-current	1 103 108	154 475
	1 137 607	**1 051 273**
Deferred consideration	908 004	733 704
Contingent consideration	229 603	317 569
	1 137 607	**1 051 273**

(1) The comparatives have been restated for the change in discontinued operations. Refer to the restatements section of the accounting policies note.

The group acquired the **Kyron Group** on 1 March 2018. The purchase consideration consisted of a deferred and a contingent portion.

- R100 million deferred consideration which was paid in August 2018 with a discount of R1 million.
- R7.3 million contingent consideration, is payable after 1 year if the performance target for a specific division for the period is achieved. The performance target was not met hence the amount was not paid.
- R110.6 million deferred consideration, is payable after 18 months (due 01 September 2020). The fair value of the remaining consideration was determined to be R98.8 million as at 30 June 2020. At the maturity date of 01 September 2019, the amount has not yet been paid and as a consequence, resulted in a late payment penalty interest of R8.1 million for the year ended 30 June 2020;
- R22.0 million contingent consideration, payable after 2 years if the performance target for a specific division for the period is achieved. The fair value of the contingent consideration was determined to be R0.6 million. This amount was due on 1 March 2020, it has however not yet been paid resulting in a late payment penalty interest of R18 350 for the year ended 30 June 2020.

6. Deferred vendor liabilities (continued)

- Under the terms of the Kyron Laboratories purchase agreement entered into by the Seller and the Purchaser in terms of which the Purchaser (Ascendis Health Limited) pledged 25% of Kyron shares to the seller as security for the fulfilment of the Ascendis' obligations to pay the deferred and contingent consideration. The vendors have indicated that they are not seeking to exercise their rights relative to the security they hold as a consequence of the late payments and have confirmed their intention to allow Ascendis time to progress on the planned divestment program and subsequently settle the balance due.

- As such the classification of the DVP are based on the expected divestment in Kyron and settlement of the borrowings with a maturity of 31 December 2021 and therefore, the associated liability of R107.4m has been classified as non-current

The group acquired the **Sun Wave Pharma group** in June 2017. The total contingent consideration is based on the performance of the acquired business.

- €5 million in July 2018 since the EBITDA exceeded €6.5 million, the amount was paid in July 2018.

- €8 million in August 2019 if EBITDA equals or exceeds €7 million for the period, the amount was paid in March 2020. As a result of late payment, Ascendis incurred penalty interest of €1.4 million.

- €6 million in August 2020 if EBITDA equals or exceeds €7.5 million for the period. The targeted EBITDA was met and €2 million of this amount due was paid subsequent to year end.

- An additional payment of €4 million is payable if the average annual EBITDA over the above mentioned three periods exceed €8 million per annum. The targeted EBITDA was met and this amount was due to be paid in August 2020, however this is still to be paid.

- The outstanding contingent consideration is subordinated to the group's senior debt, stipulated as part of the sales and purchase agreement of the Sun Wave Pharma Group. The debt has a maturity of 31 December 2021 and therefore due to the subordination, the associated liability has been classified as non-current. The subordination place is subject to the sale of the associated Sun Wave Pharma Group or its assets and therefore, its sale in accordance with the disposal milestones of the refinance agreement would result in the subordination falling away. The recipients of the contingent consideration, in accordance with the sales and purchase agreement, have been presented with the option to subscribe to shares in the Sun Wave business, however these were not take up instead opting for settlement of the consideration in cash.

The group acquired **Klub M5** in May 2016. The remaining consideration payable is classified as contingent consideration based on the profit before interest, amortisation and tax (PBIAT) targets achieved relating to the earn out period, 1 March 2016 to 28 February 2019.

The fair value has been determined using the discounted cash flow method. The key valuation inputs include the discount rate of 25% using a risk free rate of 8.47% equal to yield on 10-year South African government bond, PBIAT margin and the probability that certain profit targets will be achieved, making this a Level 3 fair value assessment.

In terms of the agreement should the average PBIAT for 2017 and 2018 exceed a predetermined threshold, the final settlement value will increase. The final settlement value of R55 million was payable in August 2018, however payment was not made due to various product registration issues. The issue has submitted to arbitration and the previous owners are claiming R34.5 million. The issue is expected to be heard within the next 12 months.

6. Deferred vendor liabilities (continued)

The outstanding contingent consideration is subordinated to the group's senior debt, stipulated as part of the sales and purchase agreement of the Klub M5. The debt has a maturity of 31 December 2021, however as Klub M5 is a discontinued operation, the subordination place is subject to the sale of the associated Klub M5 or its assets and therefore, its sale in accordance with the disposal milestones of the refinance agreement would result in the subordination falling away. Therefore the balance has been classified as current as the sale of Klub M5 is expected to realise within 12 months.

The group acquired the **Remedica Group** in August 2016. The initial deferred consideration of €90 million which was payable in August 2019 was amended in 2017 following negotiations with the previous owners. The renegotiated terms stipulated the total deferred consideration to be €86 million, of which €46 million became payable in August 2017 and the remaining €40 million to be settled in August 2019, however the final amount has not been paid. Late penalty interest of €1.4 million has been incurred for the year ended 30 June 2020.

The outstanding deferred consideration in respect of the Remedica Group is subordinated to the group's senior debt, stipulated as a separate agreement. The debt has a maturity of 31 December 2021 and therefore due to the subordination, the associated liability has been classified as non-current. The subordination place is subject to the sale of the associated Remedica Group or its assets and therefore, its sale in accordance with the disposal milestones of the refinance agreement would result in the subordination falling away.

7. Cash generated from operations

	2020 R'000	Restated[1] 2019 R'000
Loss after tax from continuing operations	**(902 572)**	**(1 777 337)**
Adjustments for:		
Tax from continuing operations	(56 570)	128 876
Depreciation and amortisation	381 421	248 127
Impairment of intangible assets	434 727	1 589 264
Impairment of property, plant and equipment	204 233	15 500
Impairment of investment accounted for using the equity method	-	1 971
Impairment of non-current assets held for sale	14 324	-
Net profit on sale of assets	172	(1 279)
Net profit on disposal of subsidiary	-	(17 143)
Net loss on foreign exchange	3 883	(6 701)
Put-option remeasurement	-	(1 700)
Fair value measurement of financial assets and liabilities	-	13 953
Provisions and contract liability raised	95 147	45 317
Net movement in trade and other receivables estimated credit losses	91 498	18 074
Net movement in obsolete stock allowance	51 022	70 418
Finance income	(10 395)	(4 290)
Finance expense	865 858	407 802
Remeasurement of deferred vendor liabilities	-	(35 911)
Long term incentive adjustment	(7 001)	(10 653)
Capitalised fees amortised	50 222	26 985
Impairment of other financial assets	25 633	17 650
Changes in working capital:		
Inventories	(229 671)	(159 364)
Trade and other receivables	(413 561)	6 417
Trade and other payables	182 263	64 502
Provisions	(26 944)	(59 659)
Cash generated from operations	**753 689**	**580 819**

[1] The comparatives have been restated. Refer to the basis of preparation note for more details.

8. Dividends paid

No dividend per share has been declared to owners of the parent in the 2020 financial year (2019: Nil).

9. Income tax expense

Major components of the tax expense	2020 R'000	Restated[1] 2019 R'000
South African Taxation		
Current Tax		
Current tax on profits for the period	27 174	88 421
Recognised in current tax for prior periods	13 095	10 873
	40 269	**99 294**
Deferred Tax		
Originating and reversing temporary differences	(116 268)	27 314
	(116 268)	**27 314**
South African income tax expense	**(75 999)**	**126 608**
Foreign Taxation		
Current Tax		
Current tax on profits for the period	54 197	60 492
Fiscal tax credits	-	(48)
Recognised in current tax for prior periods	(25 726)	(784)
	28 471	**59 660**
Deferred Tax		
Originating and reversing temporary differences	(7 757)	(13 723)
	(7 757)	**(13 723)**
Foreign income tax expense	**20 714**	**45 937**
Total income tax (credit)/expense	**(55 285)**	**172 545**

(1) The comparatives have been restated due to the change in discontinued operations. Refer to note 11 for more details.

Income tax (credit)/expense attributable to:	2020 R'000	Restated[1] 2019 R'000
Loss from continuing operations	(56 570)	128 876
Loss from discontinued operations	1 285	43 669
	(55 285)	**172 545**

(1) The comparatives have been restated due to the change in discontinued operations. Refer to note 11 for more details.

10. Tax paid

	2020 R'000	Restated(1) 2019 R'000
Balance at the beginning of the period	(44 767)	20 410
Current tax for the year recognised in profit or loss	(51 019)	(91 754)
Disposal of a subsidiary	(16 392)	921
Transfer to discontinued operations	(13 159)	(28 040)
Foreign exchange differences	(727)	809
Tax Authorities Refund Credit	(2 985)	-
Fines and Penalties	5 120	-
Balance at the end of the period	30 987	44 766
Current tax receivable	(49 696)	(79 197)
Current tax payable	80 683	123 963
Tax paid	**(92 942)**	**(52 888)**

(1) The comparatives have been restated. Refer to the basis of preparation note for more details.

11. Discontinued operations

In accordance with the guidance provided in *IFRS 5: Non-current assets held for sale and discontinued operations,* Ascendis represents its comparative information in order to reflect disposal group classified as held for sale and discontinued operations in the current year as well as any changes in plan to sell disposal groups.

As a result, discontinued and continuing operations are restated accordingly in order to appropriate reflect the aforementioned changes to assets, liabilities and operations applicable within the scope of *IFRS 5: Non-current assets held for sale and discontinued operations.*

11.1 Change of plan to sell

During the 2019 financial year, the group received an unsolicited offer in respect of the Remedica business. The group decided to dispose the business and was involved in negotiations with potential buyers. The business was classified as a discontinued operation and held for sale as at 30 June 2019. However, due to circumstances beyond the group's control, the negotiations were terminated during the final stages of the disposal process in December 2019. As a result, the business ceased to be classified as a discontinued operation and held for sale in the period under review. The June 2019 amounts have been restated in accordance with the requirements of IFRS 5 and have now been included in continuing operations as if the disposal group had never been classified as held for sale nor a discontinued operation.

11.2 Discontinued operations

The following operations are classified as discontinued operations in the current year:

Biosciences

As part of the new strategy, the group announced in September 2018 that the Biosciences business was considered as non-core to the group's strategy and was identified for divestment. The total Biosciences segment was intended to be disposed in a single plan, however the transaction was split into two tranches. Tranche 1 of the transaction was concluded on 31 July 2019, please refer to note 12 for further details with regards to the disposal. Tranche 2 is expected to be finalised by 30 October 2020.

The remaining business (Tranche 2) has been classified as a discontinued operation and held for sale, continuing to be effective from 30 November 2018 in accordance with the grounds for extension past 12 months as per IFRS 5 being met in respect of both the classification as a disposal group held for sale as well as discontinued operation.

Ascendis Direct

Ascendis Direct ("AD") is the group's direct selling and network marketing business selling Sportron and Swissgarde products, operating in Southern Africa and Nigeria. AD has limited integration with Ascendis as it operates its own management structure, head office and supply chain. The AD business model is not applied anywhere else in the group and as a result identified for divestment.

11. Discontinued operations (continued)

During the current year and prior years, a number of potential buyers were identified and entered into a sale due diligence process with, however, the transactions did not materialise. Negotiations have however subsequently been concluded with a buyer and the disposal of AD was successfully concluded on 31 August 2020. Therefore AD is still classified as a discontinued operation and held for sale as at 30 June 2020.

Scitec

In the current year a decision was made to sell Scitec, as a consequence of the ongoing depressed performance of the segment and the divestment obligations imposed on the group as part of the required restructuring and extension of debt facilities (please refer to note 3 for more details).The conditions for the business segment to be classified as both a disposal group held for sale as well as a discontinued operation were met effective from 30 April 2020 and Ascendis announced fulfillment of the conditions precedent to the disposal as at 31 July 2020. The June 2019 statement of profit and loss financial information has been restated in accordance with the requirements of IFRS 5.

The following operation has been classified as a discontinued operation in the prior year:

Ascendis sports nutrition

Following a review of the sports nutrition business the group had decided at the point in time of the 2019 reporting date to focus solely on its biggest sports nutrition brand, Scitec, in targeted consumer segments and geographies. The group therefore no longer planned to offer its portfolio of sports nutrition brands in the South African and Australian market. The group concluded the sale of the business, which includes Evox, SSN, Supashape, Muscle Junkie and Nutrimax, effective 1 August 2018. The sports nutrition business was sold for a consideration of R54 million, a loss on sale of R0.5 million was recognised in the statement of profit or loss.

11.3 Held for sale

In addition to the businesses mentioned above, a plan to sell the shares in Dezzo Trading 392 (Pty) Ltd was effective from 31 May 2020 in the current year. The sales agreement specifies only certain assets and liabilities as part of the sale and therefore these were the assets and liabilities classified as held for sale. This business forms part of the Pharma Segment and did not constitute a discontinued operation at 30 June 2020. The transaction is expected to be concluded by 28 February 2021.

11. Discontinued operations (continued)

Assets and liabilities classified as held for sale

The following assets and liabilities were classified as held for sale as at periods reported:

R'000	2020 R'000 Biosciences	2020 R'000 Ascendis Direct	2020 R'000 Scitec	2020 R'000 Dezzo Trading 392 (Pty) Ltd	2020 R'000 Total	Restated [1] 2019 R'000 Biosciences	Restated [1] 2019 R'000 Ascendis Direct	Restated [1] 2019 R'000 Total
Property, plant and equipment	6 651	-	-	-	6 651	42 304	-	42 304
Intangible assets & Goodwill	44 167	-	-	-	44 167	254 205	-	254 205
Right-of-use asset	24 303	-	-	-	24 303	-	-	-
Deferred tax asset	12 896	8 528	8 637	5 652	35 713	12 452	3 148	15 600
Inventories	93 555	-	170 779	51 163	315 497	166 197	8 440	174 637
Current income tax receivable	5 161	839	4 699	-	10 699	2 581	839	3 420
Trade and other receivables	60 632	1 726	142 338	-	204 696	138 142	13 985	152 127
Cash and cash equivalents	5 240	7 722	48 982	-	61 944	44 827	11 636	56 463
Other financial assets	259	-	-	-	259	289	4	293
Assets held for sale	**252 864**	**18 815**	**375 435**	**56 815**	**703 929**	**660 997**	**38 052**	**699 049**
Borrowings	(197)	-	-	-	(197)	(197)	-	(197)
Lease liabilities	(23 821)	(2 384)	(85 001)	-	(111 206)	-	-	-
Deferred tax liability	(17 164)	-	(71 438)	(1 341)	(89 943)	(32 775)	(907)	(33 682)
Trade and other payables	(65 093)	(4 547)	(137 374)	(27 907)	(234 921)	(121 479)	(5 688)	(127 167)
Provisions	(5 582)	(1 270)	(4 350)	(566)	(11 768)	(8 509)	(1 616)	(10 125)
Current Income tax payable	(15)	(114)	(2 211)	-	(2 340)	(2 548)	(841)	(3 389)
Liabilities held for sale	**(111 872)**	**(8 315)**	**(300 374)**	**(29 814)**	**(450 375)**	**(165 508)**	**(9 052)**	**(174 560)**

[1] 30 June 2019 have been restated to reflect the change in plan to sell Remedica which ceases to be a discontinued operation and therefore not classified as held for sale anymore.

11. Discontinued operations (continued)

	2020 R'000				Restated [1] 2019 R'000				
R'000	**Biosciences**	**Ascendis Direct**	**Scitec**	**Total**	**Biosciences**	**Ascendis Direct**	**Scitec**	**Ascendis Sport Nutrition**	**Total**
Revenue	336 258	53 683	1 188 607	1 578 548	856 553	81 017	1 246 002	428	2 184 000
Expenses	(301 757)	(77 898)	(1 163 124)	(1 542 779)	(762 774)	(89 833)	(1 293 786)	(21 750)	(2 168 143)
Profit on sale of portion of disposal group	107 036	-	-	107 036	-	-	-	-	-
Profit/(loss) before impairments	141 537	(24 215)	25 483	142 805	93 779	(8 816)	(47 784)	(21 322)	15 857
Impairments of assets	(31 438)	(12 160)	(267 899)	(311 497)	(254 582)	(39 143)	(2 590 614)	(10 126)	(2 894 465)
Profit/(loss) before tax	**110 099**	**(36 375)**	**(242 416)**	**(168 692)**	**(160 803)**	**(47 959)**	**(2 638 398)**	**(31 448)**	**(2 878 608)**
Tax	1 676	(1 508)	(1 453)	(1 285)	(31 337)	(594)	(7 259)	(4 478)	(43 668)
Profit/(loss) after income tax expense of discontinued operation	**111 775**	**(37 883)**	**(243 869)**	**(169 977)**	**(192 140)**	**(48 553)**	**(2 645 657)**	**(35 926)**	**(2 922 276)**
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**111 775**	**(37 883)**	**(243 869)**	**(169 977)**	**(192 140)**	**(48 553)**	**(2 645 657)**	**(35 926)**	**(2 922 276)**

[1] 30 June 2019 have been restated to reflect the change in plan to sell Remedica which ceases to be a discontinued operation and restating Scitec which is classified as held for sale and a discontinued operation in terms of the requirement of IFRS 5.

12. Disposal of subsidiaries

During the current year, the group sold its investment and interests in the following subsidiaries as part of tranche 1 of the Biosciences disposal transaction:

- Specified assets and liabilities of Efekto Care (Pty) Ltd;
- Specified assets and liabilities of Marltons Pets and Productions (Pty) Ltd;
- Agro-Serve (Pty) Ltd;
- Agro-Serve (Pty) Ltd (Namibia);
- Afrikelp (Pty) Ltd;
- Taurus Chemicals Cape Kelp (Pty) Ltd;
- Akusa Inc. (USA);
- Afrikelp Investments (Pty) Ltd; and
- Afrikelp Holdings (Pty) Ltd.

The disposal was concluded on 31 July 2019 when all the conditions precedent were met. The carrying amount of assets and liabilities that were reclassified to non-current assets held for sale and subsequently sold at 31 July 2019 were:

	2020 **R'000**
Property, plant and equipment	43 324
Intangible assets and goodwill	182 418
Right-of-use assets	10 999
Deferred tax assets	3 293
Current income tax receivable	2 222
Inventories	81 349
Trade and other receivables	92 449
Other financial assets	46
Cash and cash equivalents	48 586
Total assets	**464 686**
Lease liabilities	(13 222)
Deferred tax liability	(12 890)
Trade and other payables	(67 079)
Provisions	(4 720)
Current income tax payable	(1 229)
Total liabilities	**(99 140)**
Carrying amount of net assets disposed	**365 546**
Total disposal consideration - cash	**472 582**
Gain on disposal	**107 036**
Net cash	
Cash received	472 582
Less: Cash and cash equivalents balance of disposed subsidiaries	(48 586)
Net cash received on sale	**423 996**

13. Related parties

There has been no significant change in the related party transactions and related party relationships from 2019.

14. Changes in accounting policies

The group has adopted IFRS 16 *Leases* (IFRS 16) and IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23) as issued by the International Accounting Standard Board (IASB), which were effective for the group from 1 July 2019.

IFRS 16

IFRS 16 introduced a single, on balance sheet accounting model for lessees. As a result, the group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognised an operating lease expense for these leases. Cash generated from operations increased as lease costs are no longer in this category. Interest paid increased, as it includes the interest portion of the lease liability payments and capital portion of lease liability repayments is included in financing activities. Lessor accounting remains similar to previous accounting policies.

The group adopted IFRS 16 retrospectively from 1 July 2018, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 July 2019.

14. Changes in accounting policies (continued)

The group's leasing activities and significant accounting policies:

The group's leases include office buildings, factory buildings, vehicles and office equipment. Rental contracts are typically made for fixed periods varying between two to ten years but may have renewal periods as described below.

As a lessee, the group previously classified leases as operating or financing leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, the group recognised right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the group has elected not to recognise right-of-use assets and leases for some leases of low value assets and for short term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is R50 000 or less and is dependent on the nature of the asset. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use asset relate to the following types of assets:

	1 July 2019[1] R'000
Land	4 091
Buildings	218 408
Plant and machinery	59 655
Motor vehicles	27 337
Office equipment	2 085
Total right-of-use assets	**311 576**

[1] The balance as at 1 July 2019 consists of R273.3 million right-of-use asset recognised from previously recognised operating leases and R38.2 million right-of-use asset recognised from previously recognised finance leases.

The lease liability is initially measured at the present value of the following lease payments, where applicable:

- Fixed payments (including in-substance fixed payments), less any incentives receivable.
- Variable lease payments that are based on an index or rate, measuring using the index or rate as at the lease commencement date.
- Amounts that are expected to be payables by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The group used its incremental borrowing rate as the discount rate.

14. Changes in accounting policies (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonable certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Decommissioning costs.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or period after the termination options) are only included in the lease if it is reasonably certain that the lease will be extended (or not terminated). The group applies judgement in assessing whether it is reasonably certain (likely) that the options will be exercised. Factors considered include how far in the future an option occurs, the group's business planning cycle and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the group and the lessor to terminate the lease without a termination penalty. In determining whether the group has an economic incentive to not exercise the termination option, the group considers the broader economics of the contracts and not only contractual termination payments.

Lease and non-lease components

In the event that the lease contract includes both lease and non-lease components, the group allocated the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. Non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

14. Changes in accounting policies (continued)

Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate, for the remaining lease terms, as at 1 July 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The group used the following practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounted for leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.
- Accounted for low value leases as leases of assets for which the value of the underlying asset when it is new is R50 000 or less and is not considered fundamental to the group's operations.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Reliance on a previous assessment of onerous leases prior to the application of the IFRS 16 standard.
- Not to reassess whether a contract is, or contains a lease at the date of initial application. All contracts entered into before the transition date, the group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease* (IFRIC 4).

The group classified a number of leases of property, plant and machinery as finance leases under IAS 17. For finance leases, the carrying amount of the right-of-use asset and lease liability as at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before the date of initial application.

Impact on financial statements

Impacts on transition

On transition to IFRS 16, the group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	1 July 2019 R'000
Property, plant and equipment	(38 210)
Right-of-use asset	311 576
Total assets	**273 366**
Lease liabilities	293 206
Trade and other payables	(19 839)
Deferred tax liability	(899)
Total liabilities	**272 468**
Accumulated Loss	899
Total Equity	**899**

14. Changes in accounting policies

The right-of-use asset recognised on 1 July 2019 relate to the following operating segments:

	1 July 2019 R'000
Consumer Health	117 765
Africa	28 407
Scitec	65 028
Sunwave	24 330
Pharma	51 104
Farmalider	47 013
Remedica	4 091
Medical	46 562
Animal Health	16 904
Biosciences	36 141
Head office	43 100
Right-of-use assets	**311 576**

When measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using its incremental borrowing rate at 1 July 2019. A reconciliation of the operating lease commitments disclosed as at 30 June 2019 discounted using the incremental borrowing rate at 1 July 2019 to the lease liability recognised on 1 July 2019 is disclosed below:

	1 July 2019 R'000
Operating lease commitments disclosed as at 30 June 2019	122 316
Operating lease commitments in respect of discontinued operations as at 30 June 2019	18 924
Lease commitments disclosed in the prior year, discounted using incremental borrowing rate at 1 July 2019	36 195
Leases recognised, not previously included in commitments (discounted using the incremental borrowing rate at 1 July 2019,including extension options reasonably certain to be exercised)	87 105
Short term leases	(2 716)
Low value asset leases	(60)
Finance lease liability recognised as at 30 June 2019	31 442
Lease liabilities recognised as at 1 July 2019	**293 206**
Of which are	
Current lease liabilities	50 057
Non-current lease liabilities	243 149
	293 206

15. Commitments

Operating lease commitments – group company as lessee

Accounting policy for leases in terms of IAS 17 *Leases* until 30 June 2019:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

The group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease assets and recognised as an expense over the lease term on the same basis as the lease income.

The group as a lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets.

Rentals payable under operating leases are charged to profit or loss on a straightline basis over the terms of the relevant lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed. The group has various non-cancellable operating lease agreements for property, vehicles and software maintenance and support that have varying market related terms and escalation clauses. Options to renew the lease contracts vary between 3 and 10 years.

Accounting policy for leases in terms of IFRS 16 *Leases* from 1 July 2019:

The group has adopted IFRS16 *Leases* from 1 July 2019. Please refer to note 14 for more details. The group recognised right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the group has elected not to recognise right-of-use assets and leases on some leases that are of low value assets and for short term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is R50 000 or less and is dependent on the nature of the asset. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

16. Contingent liabilities

The group applies judgement in assessing the potential outcome of uncertain legal and regulatory matters. The group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is recognised. The group discloses contingent liabilities where economic outflows are considered possible but not probable.

The previous owners of Klub M5 are claiming that they are still owed an amount of R34.3 million. Klub M5 has a counter claim against the previous owners for overpayment/indebtedness of R31.5 million. There is currently on-going arbitration regarding this matter. Although the probability of the outcome cannot be reliably estimated at this stage there is a risk that the claim against Klub M5 is successful and that the company will be liable to pay the previous owners, or conversely that the counter claim may be successful and Klub M5 will receive the above mentioned counter claim amount.

Farmalider management with the support of its legal and tax advisors, have identified a tax related contingent liability which could arise if a more restrictive approach were to be applied (on the deductibility of expenses in the calculation of Spanish Income Tax amounting to approximately R7.4 million (€0.5 million) (including penalties and interests). It was concluded more probable than not that the respective tax authorities to agree with the tax treatment under consideration and therefore no provision or liability raised in this regard.

The group is currently involved in various other disputes and is assessing the potential outcome of these disputes on an ongoing basis. As these disputes progress, management makes provision in respect of legal proceedings where appropriate.

17. Events after reporting period

Disposal of Scitec

The group announced on 16 April 2020 the disposal of its Scitec business in its Consumer Health segment for a total consideration of €5 million (R97.3 million at ZAR/EUR exchange rate of R19.45 at 30 June 2020) ("the Scitec transaction"). The Scitec disposal group was classified as held for sale and a discontinued operation from April 2020. All conditions precedent to the Scitec disposal transaction have been fulfilled and accordingly the Scitec transaction became unconditional. The effective date of the Scitec transaction was 31 July 2020.

Disposal of Ascendis Direct

The disposal of the Ascendis Direct business was successfully concluded for a consideration of R10.5 million. Ascendis Direct was classified as held for sale and a discontinued operation for a couple of years. The effective date of the disposal is 31 August 2020.

17. Events after reporting period (continued)

Reckitt Benckiscer (RB) claim

During 2016 Ascendis Pharma (Pty) Ltd (AP) acquired 100% of Akacia Healthcare (Pty) Ltd, the latter at that time had an existing manufacturing contract with Reckitt Benckiser, whereby Akacia Healthcare (Pty) Ltd were contracted to perform agreed upon services on behalf of Reckitt Benckiser. Subsequently in October 2016, Reckitt Benckiser ceased the contract with Akacia Healthcare (Pty) Ltd and issued a claim for alleged damages totalling R54 million against Akacia Healthcare (Pty) Ltd.

As a result of AP's disposal of the Isando factory on 1 January 2019, RB lodged an updated claim against AP, the previous holding company of Akacia Healthcare (Pty) Ltd. AP has conceded on certain merits of the case, and RB in turn, conceded on the quantum of an element to its original claim. The final conclusion and quantum are not resolved at the date of this report. The matter is currently in arbitration between AP and RB. Management is providing their full cooperation in the arbitration process and continues to deal in good faith and seeks to resolve this matter.

Classification of Remedica as held for sale and discontinued operation

During the 2019 financial year, the group received an unsolicited offer in respect of the Remedica business. The group decided to dispose the business and was involved in negotiations with potential buyers. The business was classified as a discontinued operation and held for sale as at 30 June 2019. However, due to circumstances beyond the group's control, the negotiations were terminated during the final stages in December 2019. As a result, the business ceased to be classified as a discontinued operation and held for sale in the period under review. The June 2019 amounts have been restated in accordance with the requirements of IFRS 5. Refer to note 11 for more details.

Subsequent to 30 June 2020, the circumstances whereby the Remedica group (Remedica segment) is now in a state to be disposed of in its current condition after a detailed due diligence of the pharmaceutical dossiers and financial history and future forecasts have been completed. The disposal process of the Remedica business was launched through an open auction process. This is also in line with the required milestones of the group's refinanced debt facilities. The Remedica business will therefore be classified as held for sale and a discontinued operation from September 2020. The disposal is expected to be completed in the next 12 months. As at 30 June 2020 Remedica's current year and comparative results have however been presented as part of continued operations.

Sun Wave Pharma deferred vendor liability payment

In respect of the liability for contingent consideration owing to the previous owners of Sun Wave Pharma, a payment of €2 million was made subsequent to the reporting date pertaining to the achievement of the EBITDA target for the year to August 2020. Please refer to note 6 for more details regarding the particulars of the deferred vendor liability.

17. Events after reporting period (continued)

Classification of Animal Health as held for sale and discontinued operation

Subsequent to 30 June 2020, the Animal Health segment has reached a state that is capable of being disposed in its current condition. This entailed management presentations taking place in September 2020, highlighting take over planning relative to a transition in ownership. Furthermore, the Animal Health segment has been subject to being actively marketed, initiating its disposal process with teasers being distributed to market participants. These processes indicate fulfillment of the conditions for a classification as a disposal group held for sale. This activity is also in line with the required milestones of the group's refinanced debt facilities.

The Animal health business will therefore be classified as held for sale and a discontinued operation from September 2020. The disposal is expected to be completed in the next 12 months. As at 30 June 2020 Animal Health's current year and comparative results have however been presented as part of continued operations.

Sale of Dezzo Trading 392 (Pty) Ltd

Dezzo Trading 392 (Pty) Ltd has been classified as held for sale during the financial year ending 30 June 2020. During September 2020, a sales agreement was formally entered into for the disposal. The closing procedures in respect of the sale commenced before the approval of these group annual financial statements and the sale is expected to be concluded by no later than February 2021.

Administration

Country of Incorporation and domicile	South Africa
Registration number	2008/005856/06
Income tax number	9810/017/15/3
JSE share code	ASC
ISIN	ZAE000185005
Registered office	31 Georgian Crescent East Bryanston Gauteng 2191
Postal address	PostNet Suite #252 Private Bag X21 Bryanston 2021
Contact details	+27 (0)11 036 9600 info@ascendishealth.com www.ascendishealth.com
JSE sponsor	Questco Corporate Advisory (Pty) Ltd
Auditors	PricewaterhouseCoopers Inc.
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 Private Bag X9000, Saxonwold, 2132 Telephone: +27 (0)11 370 5000
Company secretary	TM Nkuna (B Com, LLB) mpeo.nkuna@ascendishealth.com

Administration

Directors	AB Marshall (Chairman)* B Harie# MS Bomela* Dr KS Pather* Dr NY Jekwa* J Sebulela* SS Ntsaluba*^^ MJ Sardi (CEO)^ K Futter (CFO)

** Independent non-executive*
 # Lead independent non-executive
^ Appointed 14 October 2019
^^ Appointed 7 April 2020, which appointment will be proposed for ratification by shareholders at the upcoming AGM.

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