Ascendis HEALTH

INTEGRATED ANNUAL REPORT

2021

CONTENTS

REVIEW OF 2021

Group recapitalisation approved by shareholders and implemented post year-end

Stronger operational results for the year impacted by higher debt and financing costs

Revenue from continuing operations up **1%** to

R2 229 million

(2020: R2 203 million)

Gross profit from continuing operations up **10%** to

R931 million

(2020: R846 million)

Normalised EBITDA[PM] from total operations

up 18%

to R1 446 million

(2020: R1 222 million)

Normalised EBITDA[PM] from continuing operations

up 120%

to R14 million

(2020: loss of R70 million)

Normalised headline loss per share from continuing operations[PM] **-273.1** cents

(2020: 193.7 cents)

Completed disposals of Scitec, Direct Selling, Dezzo, Biosciences, Farmalider (post year-end), Respiratory Care Africa (post year-end)

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

INTRODUCING OUR INTEGRATED REPORT

The 2021 financial year proved to be the most challenging since the company's founding as we not only battled the impact of the global Covid-19 pandemic, but internally we continued to confront mounting debt and crippling finance costs.

The group recapitalisation, which was initiated in February 2021 in conjunction with our major lenders to address the group's unsustainable debt levels, was approved by the shareholders at a general meeting held on 4 October 2021. Our 2021 integrated annual report aims to provide insight into our strategic, financial and operating performance for the year ended 30 June 2021, as well as provide insight into the strategy for the remaining group.

The integrated annual report is focused primarily on providing our shareholders and the broader investor community locally and internationally with insight into our business. We also recognise that several important stakeholder groups influence value creation in our business, including our lenders, customers, suppliers, regulators and employees.

Reporting scope and boundary

The report covers the financial and non-financial performance of Ascendis Health and its subsidiaries (the group) for the financial year 1 July 2020 to 30 June 2021.

The recapitalisation transaction is discussed throughout the report and will result in a reduction in the size of the group from eight operating segments to three, being the South African-based businesses: Consumer Health, Pharma and Medical Devices.

Reporting standards and compliance

This integrated annual report complies with the requirements of the South African Companies Act and the JSE Listings Requirements. Financial reporting complies with International Financial Reporting Standards.

The guiding principles of the Integrated Reporting Framework of the Value Reporting Foundation have been applied in the preparation of this report.

The group has applied the principles of the King Code of Corporate Principles (King IV) throughout the 2021 financial year and a schedule outlining the group's application of the code is available on our website at https://ascendishealth.com/wp-content/uploads/2021/10/King-Compliance-Report-FY21.pdf.

Materiality

We continue to apply the principle of materiality in determining the content and disclosure in the integrated annual report. This covers internal and external issues that the board and management believe could impact positively or negatively on value creation, preservation or erosion, and have a material impact on strategy, revenue and profitability. This excludes the disclosure of price-sensitive information or detail that could compromise the group's competitive position.

Assurance

The integrated annual report has been reviewed by the board, the audit and risk committee, executive management and the group's corporate sponsor but has not been independently assured.

The group's independent auditor, PricewaterhouseCoopers Inc. (PwC), has provided assurance on the annual financial statements and issued an unmodified audit opinion. PwC's audit report includes an emphasis of matter on the material uncertainty relating to going concern (refer to the independent auditor's report on page 5 of the annual financial statements).

Forward-looking statements

Shareholders will note that the integrated annual report includes forward-looking statements which relate to the possible future financial position and results of the group's operations. These are not statements of fact but rather statements by management based on current estimates and expectations of future performance. No assurance can be provided that these forward-looking statements will prove to be correct and shareholders are advised to exercise caution in this regard.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events. The forward-looking statements have not been reviewed or reported on by the group's external auditor.

Board approval

The directors have reviewed the integrated annual report and believe it fairly presents the group's performance, material issues, risks, strategy and growth prospects. The audit and risk committee, which has oversight for the integrity of the integrated annual report, recommended the report for approval by the board of directors who subsequently approved the 2021 report for release to stakeholders.

Andrew Marshall
Non-executive chairman

Mark Sardi
Chief executive officer

Cheryl-Jane Kujenga
Chief financial officer

29 October 2021

ABOUT ASCENDIS HEALTH

INTRODUCING ASCENDIS HEALTH

Ascendis Health is a health and wellness company marketing and distributing a portfolio of leading brands and products.

Founded in 2008 and listed in the healthcare sector (pharmaceuticals and biotechnology) on the main board of the JSE since 2013, the group supplemented its organic growth strategy by acquiring a portfolio of diverse healthcare businesses, strong brands and dossiers.

For the year ended 30 June 2021, the group's operations were geographically split across Southern Africa, Cyprus (Remedica), Romania (Sun Wave) and Spain (Farmalider). The approval received from shareholders on 4 October 2021 for the group recapitalisation brought about the following:

- Transfer of 100% ownership of Remedica and Sun Wave to the lenders
- Disposal of Animal Health and Respiratory Care Africa (RCA)

The disposals of Biosciences and Farmalider were concluded on 30 June 2021 and 7 July 2021 respectively.

Following the completion of the recapitalisation transaction (refer to Overview of group recapitalisation on page 5), the business now operates in three related areas of healthcare in the South African market:

- Consumer Health (wellness, health supplements, skincare)
- Pharma (sales and distribution of generic and over-the-counter medicine)
- Medical Devices (clinical and diagnostic medical devices)

Ascendis Health owns some of the most highly recognised brands in the pharmaceutical and consumer health markets in South Africa, with brands like Reuterina, Sinucon, Sinuend, Solal, Vitaforce, Bettaway and MenaCal, with seven brands occupying the number one or strong number two positions in their respective markets.

Transformation is fundamental to the group's values and Ascendis Health achieved a verified level 1 broad-based black economic empowerment rating in 2021. Black equity ownership remained significant despite recording a slight decline to 48.7% (2020: 50.5%). Black female shareholding reduced to 13.1% (2020: 18.7%). The board diversity policy affirms the group's commitment to transformation in the boardroom, however, due to the resignations of two black directors during the year, 58% of the directors were black at 30 June 2021.

OVERVIEW OF GROUP RECAPITALISATION

Background

Over the past three years the board has considered several solutions to reduce the group's unsustainable gearing levels arising from debt-funded acquisitions undertaken in 2016 and 2017.

In June 2020, the group entered into an amended senior facilities agreement with its senior lenders to restructure existing debt facilities and provide for the advance of new facilities to fund working capital requirements and play a meaningful role in the country's efforts to combat the effects and spread of Covid-19. This agreement extended the group's repayment obligations to 31 December 2021.

The agreement mandated that the group embark on a divestment programme to repay the senior debt, with specific assets identified for disposal. In conjunction with the divestment programme, management conducted an extensive search for equity-linked and operating company gearing solutions to address the unsustainable debt levels.

Despite strong operational performance, the quantum of senior debt and the escalating funding costs caused the total level of debt, including deferred vendor liabilities, to continue to rise. Indicative offers received for the disposal of certain assets were below expectations and it became apparent that the assets identified for divestment were unlikely to generate sufficient cash to repay the senior debt.

Key features of the group recapitalisation

The group recapitalisation was structured around the transfer of certain of the group's assets to the majority lenders in exchange for the extinguishment of existing debt obligations and the provision of new debt facilities. The key features are as follows:

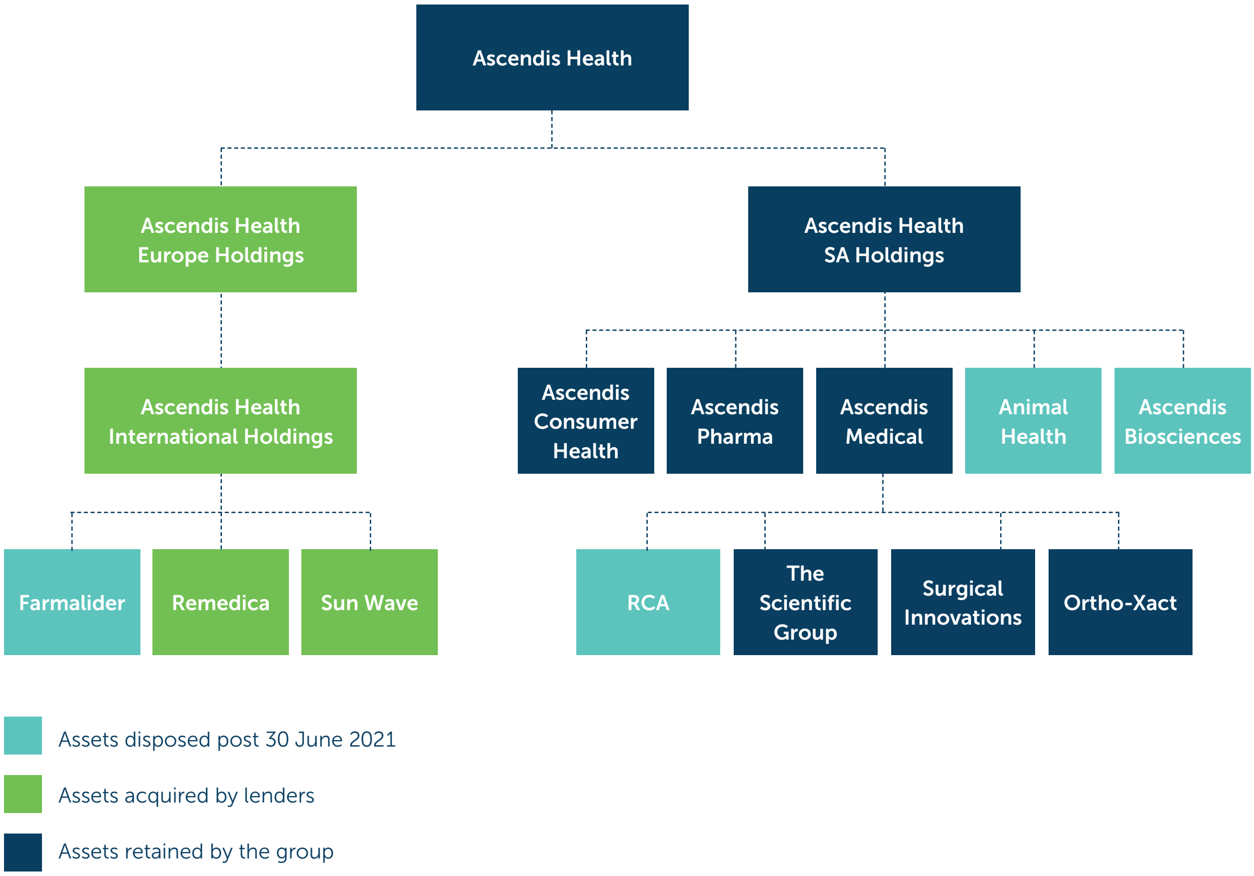
- Lenders received the net disposal proceeds related to the sale of Biosciences and Farmalider.
- The lenders will receive the net disposal proceeds related to the sale of Animal Health and RCA. A short-term facility of R1 010 million with a term of six months from 21 October 2021 has been instated for this purpose. These transactions are expected to be completed by October 2021 and December 2021 respectively.
- Lenders assumed ownership of the 100% shareholding in Remedica and Sun Wave.
- The outstanding debt and accumulated interest as well as the deferred vendor liability in relation to Remedica extinguished.
- Debt of €15 million reinstated through a two-year loan facility provided by the lenders.
- Lenders provided a new draw down term loan facility in the Rand equivalent amount of €20 million. This facility will be accessed and utilised as required to fund future operational and working capital requirements as well as any remaining transaction costs.

Group recapitalisation timeline

2021

January	Senior lenders **Blantyre and L1 Health** advised they had collectively increased their senior debt exposure to more than one third of the aggregate exposure of all senior lenders. These lenders subsequently advised that they had increased their exposure to more than 75%.
February	Blantyre and L1 Health proposed the **group recapitalisation** to reduce debt and undertook to support the group with funding to maximise the long-term strategic value of the group. The lenders also requested the company terminate the disposal processes for Remedica and Sun Wave Pharma as they did not believe the divestment of core assets was in the best long-term interests of the group. Management began **consensual negotiations** with Blantyre and L1 Health on the group recapitalisation aimed at resolving the unsustainable capital structure. **Disposal of Dezzo**, the low margin public sector tender and dispensing doctor business, effective 28 February 2021.
March	**Forbearance agreement** concluded with senior lenders to address the group's short-term liquidity needs, ensuring the lenders did not act on the non-payment of interest and other events of default.
May	**Restructuring support agreement** concluded with senior lenders provided a framework for the implementation of the group recapitalisation and an extension of the forbearance period until the implementation of the group recapitalisation. **Biosciences disposal** announced and transaction implemented on 30 June 2021. **Respiratory Care Africa (RCA) disposal** agreement concluded and transaction approved by shareholders on 4 October 2021 and was implemented on 6 October 2021.
June	**Farmalider disposal** announced and transaction implemented on 7 July 2021.
July	**Animal Health disposal** agreement concluded and transaction approved by shareholders on 4 October 2021.
October	Group **recapitalisation transaction approved** with 98.5% shareholder support.

OVERVIEW OF GROUP RECAPITALISATION (CONTINUED)



GROUP STRATEGY

Stabilise, optimise and monetise

The group has continued to follow its three-pillar 'stabilise, optimise and monetise' strategy which was adopted in late 2019. The strategy was implemented to strengthen operational performance and enable the group to recapitalise its balance sheet by reducing unsustainable debt levels and consequently maximise value for shareholders.

Progress in strategy implementation in 2021

STABILISE	OPTIMISE	MONETISE
Fix the balance sheet	**Execute better**	**Focus on value maximisation**
Total group normalised EBITDA[PM] increased by a compound 32% from R827 million in 2019 to R1 446 million 2021, setting the platform for value preservation. Navigated challenging liquidity position which was compounded by Covid-19 driven demand, successfully servicing high levels of patient care and aiding in addressing the pandemic. Concluded agreements with lenders to ensure the group had adequate liquidity to support operational performance and meet Covid-related demand. Undertook consensual balance sheet recapitalisation which was approved by shareholders on 4 October 2021 (refer to Overview of group recapitalisation on pages 5 and 6). The recapitalisation has provided stability and enabled the group to permanently reset the untenable capital structure.	Made significant progress on business optimisation and 'clean up' initiatives in remaining SA businesses resulting in improved quality of earnings. Portfolio businesses performed well in a challenging environment with normalised EBITDA[PM] from continuing operations growing by a compound 82% (excluding head office costs) between 2019 and 2021. Commenced the restructure of the head office, to reduce costs to realign these with the smaller, less complex post recapitalisation group structure. New financing facilities provided by majority lenders to ensure adequate liquidity to operate post the group recapitalisation.	Successful divestment of: Scitec Direct Selling Dezzo Biosciences Farmalider RCA Animal Health (Competition Commission approval pending) Concluded three-year strategic business plans for remaining businesses to drive both operational and exit optimisation. Commenced the development of value maximisation strategies for the three businesses comprising the restructured group. Management incentive plan revised to retain and incentivise key staff and executives that are deemed critical to the next phase of the strategy. The incentive plan is designed to encourage the management team to maximise the enterprise value on disposal and ensures that executives are only rewarded after predetermined baseline values for the individual businesses are achieved. Further information on the incentive plan is included on pages 48 to 49.

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

ABOUT US

GROUP STRATEGY (CONTINUED)

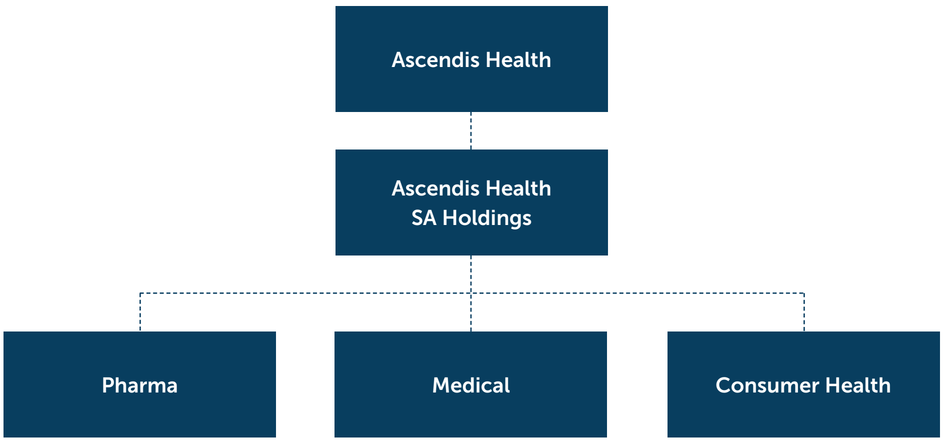
Group strategy following the recapitalisation

After the successful completion of the recapitalisation, the group comprises three divisions which are well positioned in their respective segments within the South African health and wellness market.

The group's strategy is now focused on optimising the value of these businesses. In tandem with the implementation of the recapitalisation, management has commenced the development of plans to optimise shareholder value creation. Owing to the reduction in size of the 'new' Ascendis Health, the cost of being listed and limited capital being available to follow growth opportunities, the board is considering whether to remain a listed group or provide a near term path to liquidity for shareholders.

The directors have engaged with various parties that have expressed interest in the remaining assets. The directors are assessing the viability of a sale of the remaining businesses over the short-to-medium term, including the option of taking the remaining group private.

Group structure following the recapitalisation



The performance and strategic outlook for the three 'new' Ascendis Health businesses is covered in the operational review from page 30.

MATERIAL ISSUES AND RISKS

The board and executive management annually identify material issues which could impact positively or negatively on Ascendis Health's ability to deliver its strategy and consequently impact on the revenue and profitability of the business.

The directors consider several internal and external factors in determining these material issues. These include the group's strategy, financial position and prospects, trading and economic environment, competitor landscape, external opportunities and threats, legislation and regulation, and the needs, expectations and concerns of the group's primary stakeholders.

Owing to the material nature of the group recapitalisation on the sustainability of the business, this has been included as a material issue and risk for 2021.

GROUP RECAPITALISATION

The recapitalisation is aimed at addressing the group's unsustainable capital structure, short-term debt maturities and operational liquidity requirements while protecting the interests of all stakeholders. Shareholders voted in favour of implementation of the group recapitalisation at a general meeting held on 4 October 2021. All conditions precedent for the RCA disposal were completed on 6 October 2021, and the transfer of ownership of Remedica and Sun Wave to the lenders was successfully finalised on 21 October 2021. The group is in the process of concluding the conditions precedent for the disposal of Animal Health.

Refer to Overview of group recapitalisation on pages 5 and 6 for more details.

Related risks

- If the group recapitalisation had not been implemented, the lenders could have enforced their rights under the senior facilities agreement and their security across the shares and assets of the group, resulting in a business rescue process

Risk mitigation

- Recapitalisation addresses unsustainable capital structure and delivers a more favourable and definitive outcome than the original divestment programme
- New financing facilities provided by majority lenders to ensure adequate liquidity to operate in future
- Head office costs being reduced to align with the needs of the smaller post recapitalisation South African-only business
- Recapitalisation enables the group to protect the value of the South African assets

CASH FLOW, LIQUIDITY MANAGEMENT AND FUNDING

The sustainability of the business is dependent on efficient cash flow management and long-term liquidity.

Related risks

- Default on payment obligations to senior lenders
- Lack of liquidity to fund working capital
- Delays in creditor payments
- Unfavourable payment terms imposed by suppliers
- Adverse creditor trading terms and limited supply of goods and services
- Potential default on payment of salaries and taxes
- Trading under distressed financial conditions

Risk mitigation

- Entered an amended senior facilities agreement with senior lenders to provide funding for future head office optimisation costs, working capital requirements and transaction costs
- Cash sweeping arrangement in place to ensure efficient liquidity management
- Weekly monitoring of forecasts and actual cash flows
- Weekly and monthly working capital management targets and tracking
- Engagement with credit insurers to maintain trade credit limits and mitigate the impact of reduced credit limits
- Head office restructure to reduce costs

MATERIAL ISSUES AND RISKS (CONTINUED)

IMPACT OF COVID-19

The Covid-19 pandemic and related lockdown restrictions continue to have an adverse economic impact. The group aims to limit the impact of the pandemic on its business operations and ensure the health and safety of all stakeholders.

Related risks

- Potential disruption in the local and international supply chain owing to possible factory closures impacting product availability
- Closure of manufacturing facilities and offices to safeguard employees' health
- Limited elective surgeries performed during periods of high infection rates as hospitals focus resources on managing Covid-19 patients
- Lockdown trading restrictions on certain customer groups could impact negatively on revenue and profitability

Risk mitigation

- As an essential healthcare service, the group has continued to operate since the outbreak of the pandemic
- The Covid-19 defensive products in the portfolio have buffered the impact from products negatively impacted during the pandemic
- Vitamins and supplements brands crucial to supporting patients' immunity levels through the pandemic
- Increased sourcing of locally manufactured materials to reduce dependency on international suppliers
- Improved workforce management in line with Covid-19 protocols to minimise downtime in all operations

EXCHANGE RATE EXPOSURE

More than half of the group's revenue was generated in foreign currencies during the reporting period. Certain raw materials and products are imported, and a significant portion of the group's debt is denominated in foreign currency. Therefore, the group is exposed to the volatility and fluctuation of the Rand against major currencies.

Related risks

- Imported raw materials, semi-finished and finished products exposed to rising forex related input costs (transaction effects)
- Foreign revenues converted into the reporting currency Rand could negatively impact on margin and profitability (translation effects)
- Balance sheet exposure to currency fluctuations

Risk mitigation

- Offshore earnings in hard currencies provide a natural hedge against Rand volatility
- Forward cover hedging policy:
  - All foreign commitments are 100% hedged in the short term
  - Long-term forecast commitments are partially hedged
- Continuous monitoring and oversight by group treasury

RETENTION OF KEY RESOURCES

Retaining key resources is critical to the successful completion of the group recapitalisation and the delivery of the post-recapitalisation strategy.

Related risks

- Experienced executives and skilled staff are in high demand both locally and internationally
- Loss of key people and challenge of retaining staff in current climate of uncertainty and change within the group
- Incentive schemes are currently not attractive owing to below target performance

Risk mitigation

- Management incentive plan to retain and incentivise key staff and executives, including the CEO and CFO
- Short-term retention awards for selected head office employees and participating business units
- Ongoing communication with staff and alignment of rewards, with heavier weighting towards segment performance

ECONOMIC AND TRADING ENVIRONMENTS

Economic and trading conditions could negatively impact revenue and profit growth. This has been compounded by the economic impact of Covid-19 related trading restrictions in South Africa.

Related risks	Risk mitigation
• Poor economic conditions in South Africa reducing consumer spending and impacting the group's organic growth, exacerbated by the Covid-19 pandemic • Increase in raw material costs	• Healthcare markets in which the group operates are resilient and defensive • Preventative care, such as wellness and nutraceuticals, is promoted globally by health insurance providers, governments and consumer choice • Brand portfolio offers wellness and healthcare products across customer income groups

REGULATION

Ascendis Health supports the regulation of healthcare markets to ensure compliance and product safety for consumers as well as protection of the environment.

Related risks	Risk mitigation
• Regulation could impact on revenue and margin due to legislated price intervention • Regulation could reduce consumer choice • Restrictive regulations could limit the ability to sell and bring new products to market, for example complementary and alternative medicine regulations in South Africa	• Regulatory departments in key business units across the group • Ongoing engagement with regulators across all business units • Focus on high quality products and production processes • Reformulation and registration of product dossiers if required

MATERIAL ISSUES AND RISKS (CONTINUED)

PRODUCT INTEGRITY

As a healthcare business it is essential that products are manufactured to the highest standards to ensure product safety, customer satisfaction and trust in the brands.

Related risks

- Poor product quality could cause negative side-effects for consumers or patients
- Customer claims from product failure could result in financial losses and reputational damage
- Product recalls owing to poor standards would negatively impact on trust in the brand as well as profitability of the group

Risk mitigation

- Manufacturing is outsourced to good manufacturing practice (GMP) compliant third parties
- GMP focus, certification and quality assurance programmes at all in-house manufacturing facilities
- Ensure suppliers comply with international quality, health and safety standards, and ethical practices
- Regular site visits and audits of third-party supplier facilities
- Adequate insurance cover for product recalls and product liability

TECHNOLOGY AND DATA SECURITY

Leading-edge information systems are critical for the efficient operation of the business, with effective processes required to limit the risk of breaches of data security and customer privacy.

Related risks

- Inadequate data protection
- Breaches of stakeholder privacy, loss of stakeholder data and theft of intellectual property
- Increased exposure to cyber-attacks due to working from home as a result of Covid-19
- Cyber-crime resulting in legal liability and reputational damage

Risk mitigation

- Policies implemented to address data security risks
- Robust IT security governance and processes
- Data security and IT audits
- Secure data management and control processes
- IT steering committee determines IT strategic initiatives
- Cyber insurance cover
- Monthly cyber security awareness and training
- Simulated phishing testing on staff

STAKEHOLDER ENGAGEMENT

Stakeholder engagement has been particularly relevant during the group recapitalisation process to ensure business continuity and sustainability. While the group interacts with a range of stakeholders who have a direct or indirect impact on the business, the engagement programme focuses primarily on six stakeholder groups who are most likely to have a material influence on the business.

The group recapitalisation has had a pervasive impact on engagements across the board. In determining whether the group recapitalisation provides the best option for the different stakeholders, the directors gave due consideration to the following factors that were communicated accordingly:

Gearing The unsustainable capital structure brought about by the high quantum of debt and cost of funding. The group incurred R1 085 million in funding costs for the year ended 30 June 2021 (2020: R792 million). The payment-in-kind component of the debt funding costs has a compounding effect and amounted to R674 million during the year.

Liquidity The high debt levels and upcoming repayment resulted in reduced access to credit facilities as a number of credit insurers and suppliers rated the group as high risk. This put pressure on group liquidity. The group recapitalisation enabled engagement with the lenders on the most appropriate way of ensuring headroom was available in the business. This culminated in the Forbearance Agreement that was signed in March 2021 and which enabled the group to benefit from an interest stand-still arrangement.

Execution risk on disposals On review, the directors acknowledged that the original lender-prescribed divestment programme put the group at a disadvantage related to extraction of maximum value for the assets during the disposal processes. The programme did not allow for any extension despite the increased complexity of divesting multiple assets simultaneously. The stability provided by the group recapitalisation enabled the group to finalise sale agreements for four entities, being Biosciences, Farmalider, RCA and Animal Health, in relatively short order.

STAKEHOLDER	ENGAGEMENT OBJECTIVES IN 2021	OUR RESPONSE
SHAREHOLDERS Strategic, institutional and retail investors as well as fund managers and analysts in South Africa and internationally.	Shareholders want to understand the strategy of the business, progress against strategic objectives in a manner that enables an understanding of the investment case of the group and supports decision-making by the shareholders. The following were the most significant engagement issues during the year: • Operational and financial performance of each of the group and underlying operations • Impact of Covid-19 on the business • Cash and working capital management • Gearing/debt levels and liquidity • The group recapitalisation programme, its implications and the consequences of not receiving approval from the shareholders for the transaction • Progress on disposal of assets • Group strategy post recapitalisation • Executive remuneration	• Demonstrable performance against the strategy to Stabilise, Optimise and Monetise • Consistent and clear communication on the group's financial position, progress against operational targets as well as the basis of and implications of the group recapitalisation • Expanded engagement beyond institutional investors to make it more inclusive of the retail shareholder base that comprises 42% of the group's total shareholders • The group recapitalisation protected the value of the South African assets and provides a path to unlock shareholder value • The management incentive plan was reviewed during the year to encourage retention of key skills required to execute on the next phase of the strategy and align with shareholder interest to maximise the enterprise value on disposals

STAKEHOLDER ENGAGEMENT (CONTINUED)

STAKEHOLDER	ENGAGEMENT OBJECTIVES IN 2021	OUR RESPONSE
LENDERS Majority lenders Blantyre Capital and L1 Health, who initiated the group recapitalisation, as well as other members of the lender consortium.	The lender consortium wants to understand the ability of the group to meet its debt repayments as they fall due, and confirmation of the availability of sufficient liquidity to meet working capital requirements. The following were the most significant engagement issues during the year: • Cash and working capital management. In particular, availability of sufficient liquidity, especially during peak periods of the Covid-19 pandemic • Progress of disposal of assets • Gearing/debt levels and funding • Adherence to covenants	• Provided regular updates to the lender consortium as required by the senior facilities agreement • Engaged with the majority lenders on the requirement for a forbearance agreement, and subsequently on the group recapitalisation transaction • Ensured fulfilment of all required undertakings and conditions precedent In the group recapitalisation
CUSTOMERS Multiple customer channels including wholesale and retail distributors of our products, hospitals, pharmacies, dispensing doctors and beauty salons.	Our customers operate in both the public and private sectors and want certainty of supply and quality. The following were the most significant engagement issues during the year: • Ensuring consistent supply during Covid-19 pandemic • Implications of the group recapitalisation and assurance that the transaction solidified certainty of supply • Product quality and effectiveness • Pricing and collections	• Continued focus on customer experience • Key account teams for direct customers and sales teams for retail and medical customers monitored customer issues and encouraged strong relationships • Ensured continued delivery of products despite the impact of Covid-19 • Continued product development and education in line with advancements in the medical and pharmaceutical industry • During the year, Nimue launched two home self-care products, Medical Devices launched products associated with their new Philips and Microport agencies. Consumer launched a range of vitamin and immunity strengthening products in response to Covid-19 • Leading brands such as Reuterina, Sinucon and Sinuend achieved share gains within very competitive market segments

STAKEHOLDER	ENGAGEMENT OBJECTIVES IN 2021	OUR RESPONSE
AGENCIES AND SUPPLIERS Providers of finished products, active pharmaceutical ingredients and raw materials, packaging and services.	Our relationships with our agencies and suppliers are critical to ensure business sustainability. The following were the most significant engagement issues during the year: • Ensuring security of supply during Covid-19 pandemic • Reassessing logistics during Covid-19 for all imported supplies • Implications of the group recapitalisation and assurance that the transaction solidified our going concern • Pricing, credit risk and payment terms • Contract reviews and renewals • Compliance with health and safety and ethical procurement standards	• Consistent and clear communication on the group's financial position, progress against contractual targets, and progress on the group recapitalisation as relevant • Ensured continued delivery of products despite the impact of Covid-19 • Medical Devices renewed seven agencies during the year and began to commercialise the relationships with Philips and Microport entered into in FY20 • Engagement with credit insurers to restore supplier credit limits • Audits of supplier production facilities • Development of B-BBEE suppliers in South Africa
EMPLOYEES Ascendis management and staff across all countries of operation.	The group has 3 200 employees, 1 300 of which are part of the continuing operations. Our employees are the backbone of our success. We understand that a strong employee value proposition results in more engaged and productive teams. The following were the most significant engagement issues during the year: • Implications of group recapitalisation and disposal of assets on employees • Retention of key employees during the uncertainty of the recapitalisation • Impact of retrenchment process as part of the head office restructure to align with the requirements of the smaller business post the recapitalisation • Covid-19 and impact on health and safety of employees	• Ongoing CEO communication campaign with regular updates on developments, supported by regular 'townhalls' and support channels provided to staff through the Employee Assistance Partner • Covid-19 communication and support campaign implemented to assist employees in staying safe during the pandemic. 149 staff tested positive, and unfortunately we suffered three fatalities • The company embarked on a holistic wellness campaign that consisted of a vitamin pack (provided by our Consumer Health business unit) to aid staff who contracted the virus, a light fitness programme to assist staff in their recovery, Covid Buddy that checked in with the staff member who had contracted the virus, ongoing communication and education with regards to the latest developments, and all programmes were supported by ICAS our EAP • Vaccination programmes were initiated once the vaccines became available. The company registered all staff via the Government portal EVDS and provided transport for staff to ensure that they could be vaccinated • Staff transport was arranged to mitigate the risk of using public transport in areas of the business where we were defined as the first and last line of defence against the business

MANAGING STAKEHOLDER ENGAGEMENT (CONTINUED)

STAKEHOLDER	ENGAGEMENT OBJECTIVES IN 2021	OUR RESPONSE
EMPLOYEES (continued) Ascendis management and staff across all countries of operation.		• Retention programme implemented to mitigate loss of critical skills and ensure continuity through critical periods • Ongoing headcount alignment to fit for purpose structures with the aim of reducing fixed cost, whilst ensuring continuity to achieve the objectives and mitigation of any compliance risks • Talent distribution programme conducted and applicable staff transferred to business units to address skills shortages to ensure continuity post the restructuring
REGULATORS Department of Health and other government departments, regulatory bodies and local authorities in all jurisdictions. As a company listed in South Africa, Ascendis Health is also regulated by the JSE.	Regulatory compliance enhances our licence to operate within the healthcare sector and enables the group to remain listed. The following were the most significant engagement issues during the year: • Registration of products and licences to trade • Inspection and registration of production facilities • Legislative and regulatory compliance • Submission of statutory returns • Review and approval of agreements, documentation and announcements relating to the group recapitalisation (JSE)	• Ongoing engagement with healthcare regulatory bodies in all jurisdictions • Audit and site inspections by regulatory authorities • Engagement with financial and tax authorities in countries of operation • Membership of industry associations • Training on regulatory, compliance and governance developments • Ongoing engagement with the JSE and Takeover Regulation Panel in South Africa as well as tax and regulatory authorities in all jurisdictions in relation to the group recapitalisation

LEADERSHIP REVIEW

CHAIRMAN'S LETTER TO STAKEHOLDERS

Dear Stakeholders

After several months of intense negotiations with our lenders it is pleasing to report on the approval and successful implementation of the group recapitalisation in what is believed to be the first debt for assets swap in a listed entity in South Africa.

The road to the recapitalisation has been long and arduous. Those shareholders who have followed the company for some time will recall that the unsustainable gearing levels arose from debt-funded acquisitions undertaken in 2016 and 2017. You will also know that the group considered several options to reduce the debt and settle loans outstanding to the consortium of third-party lenders.

In June last year we entered into an agreement with our lender consortium to restructure existing debt facilities, enabling the group to extend the repayment obligations on its debt to 31 December 2021. This debt extension allowed management and the group's operating companies to focus on driving performance. It also enabled the group to progress a lender-prescribed divestment programme aimed at maximising the exit values of assets targeted for disposal.

In January 2021, Blantyre and L1 Health, two members of the lender consortium, advised the board that they had collectively increased their senior debt exposure to more than 75% of the lender consortium. These lenders proposed a recapitalisation to allow the group to reduce debt levels and committed to provide funding to maximise the long-term strategic value of the group.

As a board we were supportive and receptive to the recapitalisation owing to the company's rising debt levels, with the repayment due in less than 12 months, and considering the slow progress on the lender-driven asset disposal process. Consensual negotiations between Ascendis and the two lenders commenced in February 2021.

A restructuring and recapitalisation agreement was reached with the lender consortium in May 2021. We believe that the agreement with the senior lenders was the most favourable outcome possible for all stakeholders, including shareholders, suppliers, customers and employees, given the company's unsustainable debt levels, the cost and terms of the debt and the significant execution risk of the original divestment programme.

This created the framework for the recapitalisation which was approved by shareholders on 4 October 2021, post year end, and implemented on 21 October 2021. The details of the debt for assets swap mechanism used to effect the recapitalisation as well as the outcome and benefits of the transaction are outlined in the CEO's Report. The group's debt position and funding facilities post-recapitalisation are covered in the CFO's Report.

As a matter of good corporate governance, the board elected to obtain an independent opinion on the fairness and reasonableness of the transaction. PSG Capital were appointed as the independent expert to the transaction and they determined that the terms and conditions of the group recapitalisation were fair and reasonable to shareholders.

Throughout the recapitalisation we were candid with our investors and stressed that if the required 75% of shareholders did not support the transaction, the senior lenders would have been entitled to enforce their security rights by taking control of the group's European assets and placing the South African assets in business rescue. Fortunately, the very positive 98.5% shareholder vote ensured this drastic step was averted.

Retention and incentivisation of key management were critical for the success of the recapitalisation. Following the proposal of a long-term incentive (LTI) scheme to shareholders in the 2020 remuneration report, the recapitalisation dictated that the approach to incentivising management had to be aligned with the new direction agreed by the board and the senior lenders.

In adapting to the changed environment driven by the recapitalisation, the remuneration committee acknowledged that the successful conclusion of the recapitalisation would require a stable and engaged management team. It therefore became apparent that the LTI proposed to shareholders was no longer appropriate and a new incentive programme, comprising a retention scheme together with an incentive element, needed to be proposed.

A new cash-based incentive plan with rigid performance criteria and potential payouts was agreed.

Several shareholders questioned why the incentive plan was not based on the issuing of shares to management to align their interests with those of shareholders. This was considered by the board, however, we took the view that at the currently discounted share price, the issuing of shares dilutes returns for shareholders and provides potentially excessive upside remuneration in the event the share price rises post the recapitalisation.

Away from the recapitalisation, the board continued to focus on the sustainable transformation of the group. This is reflected in the group maintaining its verified level 1 broad-based black economic empowerment (B-BBEE) rating for 2021, with an overall score of 93 points (2020: 95 points).

Increased procurement from compliant suppliers contributed to the score for preferential procurement increasing from 19 to 24 points, although this was largely negated by the decline in the management control element of the scorecard due to the resignation of two black female directors. The group again received maximum points for the ownership pillar, with the B-BBEE shareholding slightly lower at 49% compared to 51% last year. The continued participation in government's YES youth employment programme again bolstered the overall B-BBEE rating.

Diversity and transformation in the boardroom ensures that the needs and concerns of all our stakeholders are considered. Our board gender and race diversity policy affirms our commitment to board transformation, and at 30 June 29% of the directors were female and 58% black.

In closing, I thank our CEO Mark Sardi and CFO CJ Kujenga, who joined the group in December 2020 shortly ahead of the recapitalisation, for their energy, tenacity and resolve in leading the implementation of the recapitalisation. I also thank my fellow non-executive directors for their guidance and support throughout the transaction as well as the internal project team and external advisors whose counsel proved invaluable.

Shortly after the completion of the recapitalisation Mark resigned as CEO with effect from 31 December 2021, having delivered on his mandate to turn Ascendis Health around operationally and fix the balance sheet. Under Mark's leadership the group's leverage has been reduced by R7.5 billion and he has set the group's remaining operations on a path to deliver continued earnings growth and drive shareholder value. We thank Mark for the sustainable change that he has brought about within the group and wish him every success as he continues to pursue his career in the healthcare sector.

The support of our retail and institutional shareholders ultimately ensured the success of the recapitalisation which has led to the dawning of the new Ascendis Health.

Sincerely

Andrew Marshall
Chairman

29 October 2021

LEADERSHIP REVIEW

CHIEF EXECUTIVE OFFICER'S REPORT

Since joining the group as CEO in October 2019 we have consistently positioned the Ascendis turnaround story in the context of the three pillar strategy: Stabilise ('fix the balance sheet'), Optimise ('execute better') and Monetise ('maximise value'). Our progress against these strategic pillars for the 2021 financial year is set out below.

Stabilise ('fix the balance sheet')

A year dominated by the group recapitalisation

The group recapitalisation commenced in early February 2021 and was approved by shareholders and implemented post-year end.

The recapitalisation transaction was highly complex and all-consuming for the company. The geographic spread of the group's assets across Europe and South Africa and the four disposal processes that needed to be executed in parallel with the capital restructuring made the transaction particularly challenging.

Shareholders voted overwhelmingly in favour of the recapitalisation which has enabled the group to settle debt of approximately R7.7 billion owed to the senior lenders. Through the recapitalisation the group is transitioning from a global business with eight segments to a local group with three businesses, namely Medical Devices (excluding Respiratory Care Africa (RCA) which has been sold), Pharma and Consumer Health.

The strong vote of confidence from retail and institutional investors, with 98.5% of shareholders voting in favour of the recapitalisation, has given the board and management the required mandate to implement plans to unlock shareholder value in the 'new' Ascendis Health in the shortest time possible.

Positive outcome of the recapitalisation

Shareholders will be aware that the company pursued a number of alternatives before determining that the recapitalisation was the best option to preserve value for stakeholders. These alternatives included 'operating company leverage' solutions, a 'take private', an underwritten convertible bond, merger alternatives and a rights issue. We remain convinced that the recapitalisation presented the best available outcome considering the input received from shareholders and the financial position of Ascendis Health.

The transaction was structured around the transfer of certain of the group's assets to the lenders in exchange for significant reduction in debt obligations. The lenders have assumed 100% ownership of Remedica (Cyprus) and Sun Wave Pharma (Romania). The net disposal proceeds from the sale of Biosciences and Farmalider (Spain) have been paid to the lenders and they will also receive the proceeds from the Animal Health and RCA disposals. A short-term facility of R1 010 million has been instated for this purpose and these transactions are expected to be completed during the latter part of calendar 2021.

Following the recapitalisation the group's total debt has been reduced by €429 million and a new loan facility of €20 million has been secured from the lenders to fund certain remaining transaction costs, head office restructuring costs and working capital requirements. This facility will provide liquidity to optimise the value of the 'new' Ascendis Health.

We believe that the outcome of the group recapitalisation was more beneficial than originally anticipated. The recapitalisation ensured that the group retained the three businesses within Medical Devices, namely The Scientific Group, Surgical Innovations and Ortho-Xact, which were previously identified for disposal under the senior facilities agreement with the lenders.

In addition, the group also shared in the upside from the proceeds of the Farmalider disposal as well as gaining exclusive access to all Farmalider products. Through a licensing agreement our Pharma division has been granted indefinite and exclusive rights to market Farmalider's portfolio of products for 14 Southern African Development Community countries (including South Africa) and 11 other African countries.

Optimise ('execute better')

Strong performance supported the recapitalisation

The group's strong operational performance, evidenced by the 32% compound growth in total normalised EBITDA[PM] from R827 million in 2019 to R1 446 million in 2021, set the platform for value preservation and enabled the group to retain equity value for shareholders while materially deleveraging the balance sheet.

Similarly, in the past two years significant progress has been made in optimising the performance and improving the quality of earnings of the businesses that comprise the new Ascendis Health, with normalised EBITDA[PM] (before head office costs) growing at a compound annual growth rate of 84% between 2019 and 2021.

In Medical Devices a working capital optimisation programme was undertaken which included implementing warehouse management and demand planning systems, integrating and enhancing information systems and introducing additional oversight and governance. As part of this exercise, there has been a significant clean-up of the balance sheet in the previous two years resulting in once-off write downs to earnings in those periods and laying the platform for a stronger earnings base (with sharply lower stock impairments) in future periods. Revenue growth in Surgical Innovations and Ortho-Xact is expected to be driven by a recovery in elective procedures as the Covid-19 vaccination rollout gains momentum. This growth is anticipated to be supported by growth in the newly acquired cardiology agencies. In TSG, ongoing demand for travel related PCR testing will continue to support revenues as well as expansion into other African territories.

In Pharma, the loss-making low margin, highly capital consumptive public sector tender and dispensing doctor business, Dezzo, was sold in February 2021. This, together with focused operational cost rationalisation, resulted in the division returning to profitability in the fourth quarter of the year. Covid-19 further highlighted the importance of a robust and reliable supply and additional third-party, local manufacture capability for key brands was brought on stream.

Similarly, in Consumer Health, a turnaround in performance was driven by initiatives including SKU rationalisation to support margin improvement and reduce complexity, a review of the manufacturing options, improving in-fill rates and leveraging e-commerce and digitalisation, supported by a cost containment programme. We believe that Covid-19 has created a structural change in the demand for immunity products and the business is therefore well positioned in the global movement in consumer health care.

These factors contributed to normalised EBITDA[PM] (after head office costs) from continuing operations increasing by 120% to R14 million from -R70 million in the prior year.

Monetise ('maximise value')

Unlocking value post-recapitalisation

In determining the post-recapitalisation strategy, the board has considered two options. The first is to remain listed, with a significantly smaller business and to reduce head office costs. The focus would be on driving value creation strategies in the businesses over a three-year horizon. While there are numerous value opportunities in the businesses, notably the Farmalider pipeline which provides good organic growth prospects in Pharma, the costs of maintaining a listing are material relative to the group's expected earnings. Further, while the €20 million facility will support some growth, there will be limited funding available to invest in step-change value creation initiatives in the remaining businesses.

Our second option is to provide a shorter-term path to liquidity for shareholders. This could be achieved by selling the individual businesses comprising the new

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Ascendis Health or opting to delist and take the group private. Management has tested market appetite for the remaining assets and these engagements have been positive, with significant interest in the individual business units and limited interest to acquire multiple or all the remaining assets. Importantly, the recapitalisation protects the value of the remaining South African assets and enables the company to monetise these assets in an orderly manner.

Following the successful implementation of the recapitalisation, we are continuing to engage with all interested parties and importantly will focus on maintaining positive trading momentum in the remaining businesses. Irrespective of the strategic direction which the board follows, we are committed to implementing a material reduction in the head office structure and the associated costs.

Changing shareholder profile

We experienced a significant shift in the group's shareholder profile over the past year. Several major institutional shareholders either reduced or sold their stakes and we saw a consequent increase in the retail base which grew from 18% to 42% of the total shares in issue during the course of the year. The shareholder base grew by almost 4 000 to 13 937 at year end.

The recapitalisation transaction also witnessed the emergence of retail shareholder activism on a scale and in a form which is unprecedented in South Africa.

The activism was orchestrated by Ascendis Activist Investors (AAI), an informal lobby group active across social media channels, which created a unified platform for retail shareholders to engage with management and share their concerns and suggestions regarding the recapitalisation.

The leadership of the AAI engaged in regular and robust debate with management over several months and ensured that the concerns of retail investors were addressed. In representing the interests of smaller shareholders, the AAI was instrumental in ensuring the high level of support for the transaction which has preserved value for all shareholders. I am very grateful to the AAI for their open, transparent and constructive engagement with my team and myself and the recapitalisation structure and subsequent approval bears testament to what can be achieved through such engagement.

Appreciation

Thank you to all our institutional and retail shareholders for your positive engagement with the company and endorsement of the recapitalisation. We look forward to your continued support as we plot the course of the new Ascendis Health.

Thank you to our senior lenders Blantyre Capital and L1 Health for their consensual approach to negotiating a highly complex debt restructuring transaction, and for their continued funding support post the recapitalisation.

The services and advice from our multi-disciplinary team of transaction advisors proved pivotal to the successful completion of the transaction and I thank them for a job well done.

Thank you to my fellow directors, our executive committee and the project team who worked tirelessly to deliver the recapitalisation. Our employees continued to demonstrate their commitment, energy and resilience during these challenging times and I am deeply grateful for their contribution to the group's continued improvement in operational performance.

I extend our thanks and bid farewell to the management and staff of the companies sold during the past year and those transferred to the lenders, and wish them all continued success under their new ownership.

On a personal note, the past two years have been the most challenging of my career but also the most rewarding. I am incredibly proud of what our team has achieved. Together, we navigated significant operational and cash flow challenges and a 1-in-100 year event in managing through Covid-19. What stood out for me during this time were the values of teamwork, innovation, and resilience that were brought to bear in meeting these challenges. I could not have surrounded myself with better people and I am deeply grateful to each of you for your support and contribution. I am comfortable that the company is now in a place where the teams can capitalise on the base that we have set for the future. The approval of the group recapitalisation and restructuring process has been a significant milestone in liberating this future. Thank you for walking this incredible journey with me in Making Tomorrow Healthier. It has been a rare privilege to have been part of the Ascendis team. I wish you all the best in the next chapter of your journey.

Mark Sardi
Chief executive officer

CHIEF FINANCIAL OFFICER'S REPORT

Normalised **EBITDA^{PM}** CAGR
(FY19 – FY21)

↑ 32%
to R1 446m
(total operations)

Gross profit

↑ 10%
to R931m
(continuing operations)

Normalised **EBITDA^{PM}**

↑ 120%
to R14m
(continuing operations)

The 2021 financial year has been a landmark year in the life of Ascendis Health. The business continued to navigate the challenges and opportunities brought about by a tough macro environment and the Covid-19 pandemic while finalising the terms of the debt restructure through the group recapitalisation transaction, more details of which are provided on page 5 and 6.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Our financial priorities are guided by the group's three strategic pillars of Stabilise, Optimise and Monetise, and include:

- Continued monitoring of portfolio metrics to ensure that the group delivers a strong operational result.
- Working capital and liquidity management in order to unlock cash and support the requirements of the business and the costs of the group recapitalisation.
- Supporting the structure and implementation of the group recapitalisation to ensure that it results in a permanent reset of the unsustainable debt levels.

The success of these focus areas is borne out in the financial results for the year ended 30 June 2021. Summarised annual financial statements are provided from page 58.

Financial performance

The continued challenging macro environment resulted in total group revenue decreasing by 4%. Despite this, the group delivered normalised EBITDA^PM growth of 18% with total operations achieving R1 446 million compared to R1 222 million in the prior year. This was driven predominantly by strong performance in Sun Wave as well as the Respiratory Care Africa (RCA) portfolio that benefited from its positioning to support the country's fight against Covid-19. The Animal Health and Consumer Health businesses also delivered solid performances. This performance was tempered by weaker second half performance in Remedica which closed the year with a normalised EBITDA^PM of R611 million (€33 million), down from R731 million (€41 million) in the prior year.

Dezzo, the state tender and dispensing doctor business within the Pharma division, was disposed of at the end of February 2021. However, because it did not represent a stand-alone cash generating unit or major line of business at group level, it is not disclosed as a discontinued operation, and its income statement results for the period, until the point of disposal, are disclosed as part of continuing operations. The Pharma business performance, excluding the impact of Dezzo, was positive with normalised EBITDA^PM of R20 million (2020: R6 million).

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

	Revenue R'm		
	FY21	FY20	% change
Total operations	**8 213**	8 542	-4%
Less: Discontinued operations	**(5 984)**	(6 339)	-6%
– Remedica	**(2 268)**	(2 176)	4%
– Sun Wave	**(1 063)**	(877)	21%
– Farmalider	**(634)**	(619)	2%
– RCA	**(986)**	(595)	66%
– Animal Health	**(572)**	(489)	17%
– Biosciences	**(324)**	(336)	-4%
– Scitec and Direct Selling	**(137)**	(1 247)	-89%
Continuing operations – as reported	**2 229**	2 203	1%
– Pharma	**578**	700	-17%
– Medical	**983**	869	13%
– Consumer Health	**668**	634	5%
– Adjustment for Dezzo	**(268)**	(421)	-36%
Continuing operations – adjusted	**1 961**	1 782	10%

	Normalised EBITDA[PM] R'm			
	FY21	FY20	% change	
Total operations	**1 446**	1 222	18%	
Less: Discontinued operations	**(1 432)**	(1 292)	11%	
– Remedica	**(611)**	(731)	-16%	Transaction finalised: October 2021
– Sun Wave	**(308)**	(246)	25%	Transaction finalised: October 2021
– Farmalider	**(90)**	(64)	41%	Transaction finalised: July 2021
– RCA	**(214)**	(70)	206%	Transaction finalised: October 2021
– Animal Health	**(147)**	(125)	18%	Estimated completion: November 2021
– Biosciences	**(47)**	(18)	161%	Transaction finalised: June 2021
– Scitec and Direct Selling	**(15)**	(38)	-61%	Transactions finalised: July 2020 and August 2020 respectively
Continuing operations – as reported	**14**	(70)	120%	
Add back head office costs	**125**	142	-12%	
Continuing operations	**139**	72	93%	
– Pharma	**(6)**	(45)	-87%	
– Medical	**60**	58	3%	
– Consumer Health	**85**	59	44%	
– Adjustment for Dezzo	**26**	52	-50%	Transaction finalised: February 2021
Continuing operations – adjusted	**165**	124	33%	

The group recapitalisation has crystallised the disposal groups and discontinued operations and as a result the performance of our European operations, Animal Health and RCA have been reclassified to discontinued and the prior year statement of profit or loss and statement of comprehensive income have been restated accordingly. Biosciences, Scitec and Direct Selling were already included as discontinued operations in FY20.

The group is essentially transitioning from an R8 billion turnover business, with operations across eight segments in multiple geographies, into the South African based new Ascendis Health that has a base revenue of approximately R2 billion.

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

The financial performance is discussed in further detail below.

	Jun-21	Jun-20	% change
Continuing operations (R'm)			
Revenue	**2 229**	2 203	1%
Cost of sales	**(1 298)**	(1 357)	-4%
Gross profit	**931**	846	10%
GP Margin	**42%**	38%	
Net operating expenses	**(917)**	(916)	0%
Normalised EBITDAPM	**14**	(70)	-120%
Transaction and restructuring costs	**(274)**	(226)	21%
Depreciation, amortisation and impairments	**(190)**	(600)	
Operating (loss)/profit	**(450)**	(896)	-50%
Net finance costs	**(1 081)**	(788)	37%
Loss before tax	**(1 531)**	(1 684)	-9%
Tax expense/(credit)	**(85)**	123	-159%
Loss after tax from continuing operations	**(1 616)**	(1 561)	5%
Profit from discontinued operations	**561**	546	3%
Loss for the period	**(1 055)**	(1 015)	4%
(Loss)/earnings per share cents – continuing operations	**(343.1)**	(316.7)	
(Loss)/earnings per share cents – total operations	**(226.5)**	(202.3)	

Balance sheet

Assets of R8 547 million and liabilities of R2 295 million have been classified as held for sale in line with IFRS 5: Non-current assets held for sale and discontinued operations. The table below illustrates the balance sheet movement for the total group.

	Jun-21			Jun-20	
R'm	**As reported**	**Held for sale**	**Total**	Total	% change
Intangible assets and goodwill	**364**	**4 662**	**5 026**	5 675	-11%
Trade and other receivables	**407**	**1 607**	**2 014**	2 322	-13%
Inventories	**454**	**966**	**1 420**	1 583	-10%
Property, plant and equipment	**200**	**886**	**1 086**	1 039	5%
Cash and cash equivalents (net)	**366**	**176**	**542**	344	58%
Other assets	**266**	**250**	**516**	527	-2%
Net assets	**2 057**	**8 547**	**10 604**	11 490	-8%
Borrowings	**6 792**	**328**	**7 120**	6 825	4%
Deferred vendor liabilities	**117**	**724**	**841**	1 138	-26%
Trade and other payables	**523**	**792**	**1 315**	1 576	-17%
Other liabilities	**363**	**451**	**814**	784	4%
Liabilities	**7 795**	**2 295**	**10 090**	10 323	-2%
Equity			**514**	1 167	
Total liabilities and equity			**10 604**	11 490	

13% revenue growth in Medical and 5% growth in Consumer Health was moderated by the reduction in Pharma revenue by 17% to R578 million. This result includes Dezzo revenue of R268 million (FY20: R421 million). Eliminating the impact of Dezzo, revenue from continuing operations increased by 10% to R1 961 million (FY20: R1 782 million).

The growth in gross profit demonstrates the impact of the optimisation programmes across the South Africa businesses that included restructuring, SKU rationalisation, improved working capital management and increased in-fill rates.

Very restrained approach to controllable operating expenses across the group, with increase in gross operating expenses of 3% set off by other income of R40 million (FY20: R16 million). The operating expenses include head office costs of R143 million that have been set off against a credit of R19 million. The R143 million is flat year on year, and work is underway to ensure that we can ultimately scale these costs down in line with the reduced size of the group, whilst retaining critical capability required to execute on the next phase of the strategy. Guidance provided is that, depending on the next phase of the strategy, head office costs will be eliminated or will normalise to a maximum of 2.5% of revenue.

These relate to the costs of the various divestments, the remainder of the costs from last year's debt restructuring as well as losses and costs on transactions that do not form part of the group recapitalisation. Costs related to the group recapitalisation and related disposal processes are included under discontinued operations. In the group recapitalisation circular we indicated that our total estimated costs for the group recapitalisation will be R258 million, R143 million of these costs had been accrued at 30 June 2021.

Tax expense in the current year is driven by a combination of improved performance as well as limiting the recognition of deferred tax assets.

The movement in intangible assets and goodwill is predominantly due to amortisation and includes an impairment to goodwill in Medical and Consumer Health of R86 million under continuing operations, and intangible assets in Farmalider of R33 million, under discontinued operations.

The debtors and inventory balances reflect the impact of a more efficient approach to working capital management. Debtors' days in continuing operations improved to 71 days from 77 days in the prior year whilst inventory days improved to 153 days from 174 days. One of the negative consequences of the gearing is its impact on the group's credit risk ratings. This has meant incurring accelerated supplier payments more than would have been preferred, and this has resulted in a reduction in the trade payables. Overall total cash flow generated from operating activities improved to R646 million compared to R225 million in the prior year.

Borrowings relate to the senior facilities agreement and deferred vendor liabilities are now classified as current in line with the group recapitalisation agreements. This means that, at year end, the group's current liabilities exceed its current assets by R40 million.

The reduction in deferred vendor liabilities is due to the full repayment of the amounts relating to Sun Wave and Klub M5 during the period. At year end the R117 million Kyron and R724 million Remedica deferred vendor liabilities remain outstanding. These amounts will be settled via the Animal Health disposal proceeds and as part of the group recapitalisation respectively.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Debt

At year end the group's senior debt totalled R7 558 million, with R6 717 million relating to the senior facilities agreement (SFA) and the balance related to the outstanding deferred vendor liabilities.

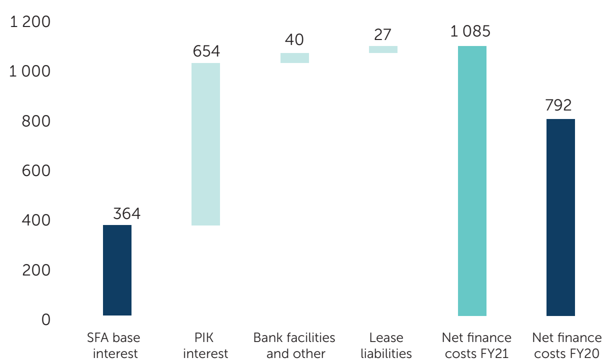
All amounts under the SFA are fully drawn and carry extremely punitive funding costs. The facilities are a combination of Euro and Rand denominated loans with base rates linked to Euribor and Jibar. They carry a payment-in-kind (PIK) that ranges between 7.5-12.5%.

Finance costs of R1 085 million were incurred during the year, of this, R654 million related to the PIK. Included in the PIK is an amount of R71 million relating to the 2.5% PIK strike that was implemented effective from February 2021. The forbearance agreement with the senior lenders provided a stand still on interest payments, and as a result, Q3 and Q4 cash interest of R151 million was not paid.

The tables below provide an overview of the senior debt as well as a breakdown of the total finance costs.

R'm	June 2021	June 2020
Euro denominated facilities (€259.7 million at June 2021)	4 409	4 362
Rand denominated facilities	2 308	1 949
Total SFA debt	6 717	6 311
Deferred vendor liabilities	841	908
Remedica	724	801
Kyron	117	107
Total senior debt	7 558	7 219
Net cash	(366)	(344)
Net debt	7 192	6 875

Total finance costs (R'm)



Post the group recapitalisation, Ascendis will have three debt facilities; two mid-term facilities being the reinstated debt of €15 million and the draw down facility of €20 million, and the other being a short term, bridging facility of R1 010 million that will be paid down from the proceeds and excess cash available from the RCA and Animal Health disposals.

- The reinstated debt has been sized based on the total unpaid interest that arises due to the interest payment standstill afforded by the forbearance agreement. This is effectively unpaid Q3 and Q4 interest of R151 million as well as Q1FY22 unpaid interest.
- The draw down facility has been sized based on projected working capital and capital expenditure requirements in operations, to fund any remaining transaction costs and to provide the funding required for the head office restructure.

We have modelled various scenarios related to the post-recapitalisation strategy and related liquidity requirements. In all options, it is imperative that the remaining group has sufficient liquidity for the operations so as not to undermine their ability to operate and grow. This facility has also been sized acknowledging that there is a delta between the time it takes to reduce the size of the group and to right-size the head office structure, and there is a cost related to this restructure. The quantum of the actual draw down will be dependent on a number of factors including the phasing and duration of the strategy for the new Ascendis Health.

There are certain restrictions on the use of cash from discontinued operations between the time of signing of the restructuring support agreement (the RSA) and the closure of the group recapitalisation. These restrictions ultimately require that any cash utilised from disposal assets above an agreed minimum, be applied as an effective 'day 1 draw' of the draw down facility. The group retains any cash generated by the remaining assets.

- The terms of the €15 million facility are Jibar + 9% PIK and the terms of the €20 million facility are Jibar + 3.3% cash margin + 3% PIK. Both facilities have a two-year term. There are no early repayment penalties and therefore, should the opportunity arise, the group can refinance the debt.
- The third facility is a short-term, six-month facility, established to provide bridging for the net proceeds from RCA and Animal Health. The facility was sized at a point in time when negotiations on these disposals where fairly advanced and therefore it is not anticipated that there will be any excess available once the facility is repaid.

In the event that this facility is not fully repaid within the six-months, the shortfall is used to effectively increase the draw down facility beyond the €20 million.

Going concern

The group annual financial statements issued on 30 September 2021 reflect the basis for the material uncertainty related to going concern. The directors confirmed the appropriateness of the going concern assumption, subject to the successful implementation of the group recapitalisation.

At a meeting held on 4 October 2021, shareholders voted in favour of the group recapitalisation transaction, including the disposals of Respiratory Care Africa (RCA) and Animal Health. This has enabled the group to implement the transactions resulting in:

- The completion of the RCA disposal on 6 October 2021.
- The transfer of ownership of the Remedica and Sun Wave businesses to the lenders on 21 October 2021.

The effective repayment of the senior debt estimated at €444 million on 21 October and the instatement of the following facilities:

- Two-year term loan for the ZAR equivalent of €15 million (R252 million);
- Two-year term draw-down facility for the ZAR equivalent of €20 million (R336 million); and
- Six-month bridging facility of R1 010 million that will be repaid from the net proceeds from the disposals of RCA and Animal Health.

The Animal Health transaction is subject to finalisation of certain conditions precedent and is anticipated to close by the end of December 2021.

The implementation steps as noted above confirms the use of the going concern assumption in the preparation of the group annual financial statements while the basis for the material uncertainty related to going concern remains in respect of other matters (mainly the incurred loss and the details within the paragraph on Liquidity disclosed in note 1 to the financial statements) and the closing of the Animal Health transaction above; and therefore do not create the need to update the going concern disclosures contained in the group annual financial statements for the year ended 30 June 2021 as issued on 30 September 2021.

Conclusion

The favourable shareholder vote at the general meeting on 4 October 2021 paved the way for the implementation of the group recapitalisation. Our focus will remain steadfast on ensuring solid operational performance across the remaining businesses, safeguarding liquidity and supporting the next phase of the strategy.

I would like to thank the finance teams across the group for their hard work and dedication during a challenging transition period.

CJ Kujenga
Chief financial officer

29 October 2021

OPERATIONAL REVIEW

OPERATIONAL REVIEW

The operational review focuses on the three businesses comprising the new, post-recapitalisation Ascendis Health, namely Medical Devices, Pharma and Consumer Health. The Medical Devices business excludes Respiratory Care Africa (RCA) which was sold as part of the recapitalisation.

While revenue for the period increased by only 1% to R2 229 million (2020: R2 203 million), with all three businesses being adversely impacted by Covid-19, normalised EBITDA[PM] increased by 94% to R139 million, with a turnaround in performance in Pharma and another year of strong growth in Consumer Health.

Continuing operations	**June 2021 Revenue R'm**	June 2020 Revenue R'm	Revenue growth %	**June 2021 Normalised EBITDA[PM] R'm**	June 2020 Normalised EBITDA[PM] R'm	Normalised EBITDA[PM] growth %
Medical Devices (ex RCA)	**983**	869	13	**60**	58	3
Pharma*	**578**	700	(17)	**(6)**	(45)	87
Consumer Health	**668**	634	5	**85**	59	44
Total	**2 229**	2 203	1	**139**	72	94

* *The results of Pharma include revenue from Dezzo of R268 million (2020: R421 million) and normalised EBITDA[PM] loss of R26 million (2020: R52 million)*

Consumer Health

Overview

Consumer Health comprises five consumer healthcare businesses:

- **Wellness:** Develops, markets and distributes branded vitamins and supplements.
- **Supply Chain:** Procures and manufactures vitamins and supplements for the wellness business and third parties through its production facility in Wynberg, Gauteng.
- **Skin and Body:** Develops, markets and distributes professional and premium skin and body care brands.
- **Chempure:** A specialty ingredients partner to key manufacturers and leading brands in South Africa which sources raw materials globally; focusing on the sports nutrition, health and wellness, food and personal care industries.
- **Compounding Pharmacy:** Compounds tailor-made prescriptions for patients and healthcare practitioners.

The brand portfolio within Consumer Health comprises seven key vitamin, mineral and supplement (VMS) brands and three skincare brands. Consumer Health is the third largest VMS supplier in South Africa with a portfolio of brands that hold top three positions in 14 vitamin and supplements categories and have displayed promising growth in various fast-growing market segments.

These brands include Solal, Vitaforce, Menacal, Chela range, Bettaway, Vitaforce, Biobalance, Jungle Vites, Nimue and Agewell. The business also represents globally reputable agencies, including DSM, Hilmar, Milk Specialities and Vitajoy.

The Skin and Body business owns the leading professional skincare range, Nimue, which generates more than 50% of its sales internationally. Chempure sources a portfolio of global speciality ingredients brands in resilient categories.

Review of 2021

After declining by 2% in the first half, Consumer Health reported a stronger second half and grew revenue by 5% for the year. Strong demand for immunity building vitamins, minerals and supplements during the pandemic was offset by the closure of approximately 25% of the salon base impacting the Skin business, reduced contract manufacturing volumes, disrupted supply of raw materials and the factory closure for six weeks during lockdown due to Covid-19.

Execution of management's strategic priorities has underpinned the turnaround in performance over the past two years. These priorities are ongoing and include SKU rationalisation to support margin improvement and reduce complexity, a review of the manufacturing options, improving in-fill rates and leveraging e-commerce and digitalisation. This was supported by a cost containment programme resulting in a 44% improvement in normalised EBITDA[PM] to R85 million (2020: R59 million).

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

OPERATIONAL REVIEW (CONTINUED)

Consumer Health (continued)

Outlook

An increased consumer focus on health and wellness underpins predictable and growing demand for these products and is supported by sound fundamentals:

- The South African vitamins and supplements market is worth approximately R8 billion and is forecast to grow at double digits over the next five years.
- The global compounding pharmacy market is forecast to grow at 7.5% per annum.
- The global skincare market is forecast to grow at 5% per annum until 2026.

Further SKU rationalisation and margin enhancement initiatives have been identified to maintain the current quality of earnings.

International growth of the Skin business is a capital-light expansion strategy which is expected to gain momentum post Covid-19.

PHARMA

Overview

Pharma operates primarily within the private and public sectors of the South African pharmaceutical industry and is a marketer and distributor of both prescription and over the counter (OTC) medicines. Its customers are retail pharmacies, pharmaceutical wholesalers, private hospital groups and government hospitals and clinics via strategic tenders.

Ascendis Pharma has a portfolio of well-known brands and the top 10 brands account for approximately 85% of sales. All brands are owned 100% and operate under an outsourced supply chain. The product pipeline comprises over 300 dossiers of which less than 50 are currently marketed. The majority of Pharma's sales are in the gastrointestinal tract and cough and cold therapeutic categories.

Review of 2021

The business has set a clear strategic path focusing on OTC and prescription medicines in the following priority therapeutic areas: gastrointestinal tract, cough and cold, pain, diabetes and niche generics. Pharma's core competencies include the ability to source, register and launch brands and build a product and brand portfolio through strong marketing and sales capabilities.

Pharma's largest brands by sales consistently rank in the top three in their respective market segments:

- Reuterina: market-leading probiotic
- Sinuend and Sinucon: collectively lead the cold preparation (oral solids) segment
- Phlexy and Aklid: leading hospital products, both ranked number one in their respective market segments.

The private pharmaceutical market was in decline for most of the year due to Covid-19 and the absence of the normal winter cold and flu season in 2020. This was compounded by reduced consumer spending during lockdown periods and private hospitals reducing elective surgeries which contributed to slow growth in key brands.

These factors contributed to revenue in Pharma declining by 17%. Despite the slower revenue growth, leading brands such as Reuterina, Sinucon and Sinuend increased market share within very competitive market segments. Sales increased in May and June 2021 with the country's third wave of infections, particularly in probiotics and cold medications.

Excluding the impact of Dezzo, the lower margin public sector tender and dispensing doctor business sold on 28 February 2021, revenue in Pharma increased by 11%.

Focused operational cost rationalisation contributed to a return to profitability during the fourth quarter. As a result, the segment significantly reduced its normalised EBITDA^{PM} loss from R45 million in 2020 to R6 million in the current period. This result includes a normalised EBITDA^{PM} loss from Dezzo of R26 million (June 2020: R52 million). Adjusting for this historic loss, EBITDA reflects a substantial turnaround from 2020 and highlights the strong growth prospects in the business.

During the year, Pharma settled a long outstanding legal claim at approximately 40c in the Rand, in the process removing a contingent liability risk that may have impacted future prospects for the business.

PHARMA (continued)

Outlook

Pharma has developed a five-year new product launch plan for priority molecules. This includes the recently concluded licensing agreement for all Farmalider products, 40 of which have been identified for commercialisation. The Farmalider licensing agreement grants the Pharma business indefinite and exclusive access and rights to market Farmalider's portfolio of products for 14 Southern African Development Community countries (including South Africa) and 11 other African countries. The new product pipeline, coupled with rationalisation benefits, sets a strong platform for the business.

MEDICAL DEVICES

Overview

Medical Devices is a market leader in the distribution of medical devices and in vitro diagnostics (IVD). It has long-standing, well entrenched and trusted relationships with key suppliers of over 15 years and is the exclusive distributor of leading, globally recognised and sought-after brands. Scale, geographic footprint and deep technical expertise position Medical Devices well as a partner of choice for multinationals looking to access South and sub-Saharan African markets.

Following the disposal of RCA, Medical Devices comprises three businesses structured around specific market segments, operating in a market worth approximately R38 billion:

- **The Scientific Group**: IVD testing and PCR testing
- **Surgical Innovations**: Interventional, diagnostics, acute care therapies and surgery
- **Ortho-Xact:** Orthopaedic trauma and limb reconstruction

Review of 2021

Medical Devices increased revenue by 13% due mainly to the strong performance from The Scientific Group (TSG) which supplies PCR diagnostic kits used for Covid-19 testing and diagnostic equipment to public and private hospitals. The growth in TSG was partially offset by the results from Surgical Innovations (SI) and Ortho-Xact which were negatively impacted due to the decline in demand for elective medical procedures and the reduction in trauma cases as a result of lockdown restrictions during the pandemic.

The business expanded into a new cardiology segment and was awarded the Philips and Microport agencies under the newly formed CardaXes division. The full benefit of the CardaXes division is expected to materialise from the 2022 financial year. This demonstrates the scalability of the Medical Devices platform and management has a proven track record of building new agencies in-country by leveraging well developed infrastructure, customer relationships and intellectual property (training and technical service).

Normalised EBITDA[PM] reflected a marginal increase of 3% to R60 million. In the previous financial year, Medical Devices implemented several operational optimisation strategies which focused on improving warehouse operations and demand planning, integrating and enhancing information systems, and introducing additional governance. This programme enabled the business to identify and write-off obsolete legacy inventory as well as plant and equipment in the current and prior year. These write-offs are not adjusted for in normalised EBITDA[PM] but are non-recurring items. The results also include costs related to a shared service platform within Medical Devices. These costs increased by 156% to R41 million (2020: R16 million) largely due to the start-up costs for CardaXes. The shared services costs will be further reviewed in line with the revised structure of the segment following the disposal of RCA.

Outlook

Revenue growth in the SI and Ortho-Xact businesses is expected to be driven by a recovery in elective procedures and a return to normal levels of trauma cases as the national vaccination programme gains momentum. This is expected to be further supported by growth in the new cardiology agencies within SI.

In TSG, demand for PCR testing is expected to continue as travel and in-person business interactions begin to normalise. TSG is also in the process of renewing and expanding contracts with key customers which should support further growth in the business.

To sustain and expand the significant platform built over several years, investment will be required to modernise and grow equipment in the market through capital expenditure as well as investment through joint ventures with key agencies.

PM: Performance measures: Refer to page 58 for more information regarding the performance measures used by the group

OPERATIONAL REVIEW

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Ascendis Health is committed to good corporate governance and ethical practices to ensure the sustainability of the business. The group's governance framework is founded on the principles of accountability, integrity, transparency, ethical standards, fairness and compliance.

The board is responsible for ensuring compliance with and implementation of legislation, regulation and governance codes.

Ascendis Health subscribes to the spirit of good corporate governance outlined in the King Code on Corporate Governance 2016 (King IV) and the group continued to report in accordance with King IV during the 2021 financial year. Effective governance processes have been implemented across the business and the directors confirm the group has, in all material respects, applied the 16 principles of King IV.

The application and explanation of the group's implementation of each King IV principle, as required in terms of the JSE Listings Requirements, is reviewed and updated annually and is available on the group's website www.ascendishealth.com.

Board of directors

Board charter

The board has a formal charter detailing the scope of authority, responsibility and functioning of the board. The charter is reviewed annually by the board. In terms of the charter, the directors retain overall responsibility and accountability for the following:

- Adopting strategic plans and setting performance objectives.
- Approving financial results as well as financial objectives and targets.
- Monitoring operational performance, competency and management.
- Ensuring effective risk management and internal controls.
- Complying with legislative, regulation and governance codes.
- Ensuring the liquidity, solvency and going concern of the group.
- Overseeing of the values, ethics and integrity of the group.
- Selecting, orientating and evaluating the directors and chairman.
- Reviewing the terms of reference and composition of board committees.
- Assessing the performance of board members, chairman of the board, CEO, CFO and company secretary.
- Ensuring directors' adherence to their fiduciary duties as well duty of care and skill.
- Ensuring appropriate remuneration policies and practices that are aligned to shareholders' interests.
- Overseeing shareholder communications, stakeholder engagement and shareholder meeting resolutions.
- Determining the dividend policy.

Board composition

Ascendis Health has a unitary board structure which at year-end comprised five non-executive directors and two executive directors who are all independently minded individuals.

The five non-executive directors, including the chairman, are all classified as independent in terms of King IV and the JSE Listings Requirements. The independence of all non-executive directors is reviewed and assessed by the board annually. An independent third party assessment on the independence of the non-executive directors was conducted in February 2021. The results of the assessment confirmed the board's classification of all its non-executive directors as independent non-executive directors.

The following changes were made to the board during the year:

(i) resignation of Kieron Futter as an executive director and chief financial officer effective 30 September 2020;

(ii) resignation of Mary Bomela as an independent non-executive director on 31 October 2020;

(iii) appointment of Cheryl-Jane Kujenga as an executive director and chief financial officer on 1 December 2020; and

(iv) resignation of Dr Yoza Jekwa as an independent non-executive director, with effect from 11 March 2021.

In the period between the resignation of Kieron Futter and the appointment of Cheryl-Jane Kujenga as the chief financial officer, the company received dispensation from the JSE from the provisions of the Listings Requirements to have a full-time position of chief financial officer to fulfil the duties and responsibilities of a financial director.

In terms of the group's governance structure, the roles of the chairman and the CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the human capital committee.

All non-executive directors are subject to retirement by rotation and re-election by the shareholders at least once every three years, as determined in the company's memorandum of incorporation.

The age, tenure, status and experience of each director is detailed on page 40.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Key governance issues addressed by the board

The board addressed the following key governance-related issues during the financial year:

- Negotiated a forbearance by the senior lenders in respect of the non-payment of interest and certain other events of default in respect of the group's outstanding debt.
- Successfully concluded the recapitalisation and restructure of the group's debt with the senior lenders.
- Held an extraordinary number of formal board meetings and informal board sessions to discuss and deliberate on pertinent issues regarding the group recapitalisation and negotiations with the senior lenders.
- Restructured the head office to align it with the needs of the smaller, post recapitalisation South African-only business and the interests of shareholders.
- Oversaw the continued disposal of assets in support of the reduction of the group's unsustainable gearing levels.
- Continued monitoring of the group's liquidity and cash flow requirements.
- Negotiated extended terms with vendors on deferred payments.
- Reassessed and reengineered the long-term incentive scheme into a retention scheme to retain key personnel during and post the group recapitalisation.
- Appointed a new CFO.
- Responded decisively to the Covid-19 pandemic, with the group enforcing a work from home policy to ensure the safety and welfare of staff, and provided ongoing support to employees and family members affected by Covid-19.
- Procured a formal, independent assessment of the independence of the board.

Annual general meeting 2020

At the annual general meeting (AGM) held on 1 December 2020, shareholders representing more than 25% of the votes exercised at the AGM voted against the resolution to approve the company's remuneration policy in a non-binding advisory vote. The remuneration implementation report was supported by more than the required 75% of votes. Following the AGM, shareholders who voted against the approval of the remuneration policy were requested to submit their concerns and reasons for voting against the resolution. Management engaged with the dissenting shareholders who raised their concerns and provided feedback to the human capital committee and the board. The feedback from these discussions, together with the group's response, is included in part 1 of the remuneration report on pages 44 to 53.

Company secretary

The company secretary ensures that board procedures and all regulations and governance codes are applied. The company secretary provides guidance to directors on governance, compliance and their fiduciary duties and assists in the orientation of new directors.

Directors have unrestricted access to the advice and services of the company secretary.

The board undertook an annual formal evaluation of the company secretary in terms of the JSE Listings Requirements. The directors are satisfied that the company secretary has the competence, qualifications and experience to perform the role. The company secretary is not a director of the group and has an arm's length relationship with the board.

Board committees

The directors have delegated specific functions to committees to assist the board in meeting its oversight responsibilities. The committees all have formal charters and the directors confirm that the committees have functioned in accordance with these terms of reference during the financial year.

During the reporting period the board reviewed and amended the committee composition following the resignations of Mary Bomela, who was the chair of the social, ethics and transformation committee as well as a member of the audit and risk committee, and Dr Yoza Jekwa, who was a member of the audit and risk committee. Details of these changes are set out below.

Audit and risk committee

Composition

Chair: Sango Ntsaluba

The committee comprises three independent non-executive directors. During the year, Mary Bomela and Dr Yoza Jekwa stepped down from the committee by virtue of their respective resignations as non-executive directors. With effect from 1 November 2020, Sango Ntsaluba took over from Bharti Harie as chair of the committee and George Sebulela was appointed as a member of the committee. Sango Ntsaluba resigned as a director on 29 October 2021. The board has commenced a process to secure a replacement. All the members are elected by shareholders at the AGM each year.

The external auditor, internal auditor, executive directors and key management attend meetings by invitation.

The committee has implemented an audit and risk charter which has been approved by the board and is reviewed annually.

Role and responsibilities of the audit and risk committee

- Ensure the group has adequate and appropriate financial reporting procedures and operating controls.
- Maintain oversight of financial results and integrated reporting and monitor sustainability reporting.
- Assess the liquidity and solvency of the group.
- Confirm the adoption of the going concern basis of accounting.
- Ensure that significant business, financial and other risks are identified and managed.

- Ensure satisfactory standards of governance, reporting and compliance in conformance to the Companies Act, King IV, International Financial Reporting Standards, other accounting standards, tax regulations and other related regulations.
- Review the findings and recommendations of the internal and external auditors.
- Approve the audit plans and fees for both internal and external audits.
- Recommend the appointment of the external auditor to the shareholders for approval at the AGM.
- Monitor the fraud and litigation register and reporting, ensuring policies and procedures are in place to mitigate these risks.
- Consider the appropriateness of the expertise and experience of the CFO and the finance department.
- Ensure appropriate risk management policies and mitigation measures are adopted by management.
- Measure the risk profiles of all business divisions as well as the group, through regular updates of risk registers.
- Ensure management has implemented systems of internal control and effective risk-based internal audits.
- Monitor borrowings, interest rate exposure movement and interest rate hedging policies.
- Ensure appropriate insurance cover is purchased on all material risks above pre-determined self-insured limits.
- Ensure adequate disclosure of risks to shareholders.
- Review the combined assurance plan and business continuity plan.
- Review the IT infrastructure and governance, and monitor cyber security awareness.

Human capital committee

The human capital committee is responsible for matters pertaining to remuneration and nominations, including the remuneration policy and remuneration implementation report which are presented to the shareholders at the AGM for non-binding votes.

Composition

Chair: Dr Kinesh Pather

The committee comprises three independent non-executive directors.

The CEO attends meetings by invitation and is recused when discussions relate to his performance and remuneration.

The committee has implemented a board approved charter which is reviewed annually.

Refer to the remuneration report on pages 44 to 53.

Role and responsibilities of the human capital committee

- Ensure the group has a remuneration policy which is aligned with the company's strategic objectives and goals, is competitive in the marketplace, and aligned to shareholders' interests.
- Review and approve the remuneration of executive directors and senior managers.
- Review and approve payments in terms of the annual short-term incentive scheme, based on performance measures.
- Review and approve long-term incentive schemes.
- Propose annual fees for non-executive directors for approval at the AGM.
- Determine a long-term strategy for the retention and development of executives and key personnel.
- Ensure effective succession planning is in place for executives and senior managers.
- Ensure the board and its committees have an appropriate balance of skills, experience, gender and diversity.
- Identify and nominate candidates for appointment to the board and committees.
- Co-ordinate the annual board and committee evaluation process.
- Review the performance of the chairs and members of the board and committees annually, as well as the CEO, CFO, and company secretary.
- Co-ordinate the induction programme for new directors and continuing development for all directors.
- Recommend to shareholders the annual re-election of non-executive directors by rotation and the appointment of audit and risk committee members.

Social, ethics and transformation committee

Composition

Chair: Bharti Harie

The committee comprises three independent non-executive directors. Bharti Harie replaced Mary Bomela as the chair with effect from 1 November 2020.

The human resources manager and the transformation manager regularly attend meetings at the invitation of the committee.

The committee has implemented a social, ethics and transformation committee charter which has been approved by the board and is reviewed annually.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Role and responsibilities of the social, ethics and transformation committee

- Assist the board in determining the impact of the business on the environment, society and the economy.
- Monitor the group's activities relating to social and economic development, the environment, and health and public safety.
- Advise the board on factors impacting on the long-term sustainability of the business.
- Monitor adherence to corporate citizenship principles and ethical behaviour.
- Ensure the group's interactions with stakeholders are guided by legislation and regulation.
- Provide guidance on empowerment and transformation, labour and employment.
- Oversee corporate social investment projects.

Refer to the social, ethics and transformation committee report on pages 54 to 56.

Board and committee attendance

	Board	Board update sessions	Audit and risk	Human capital	Social, ethics and transformation
Number of meetings	**13**	**16**	**7**	**4**	**3**
Andrew Marshall	13/13[1]	15/16[1]	–	4/4	3/3
Bharti Harie	13/13	15/16	7/7	–	3/3[1]
Dr Kinesh Pather	13/13	16/16	–	4/4[1]	3/3
Mary Bomela[2]	2/2	2/3	3/3	–	1/1[1]
Dr Yoza Jekwa[3]	7/7	6/7	5/5	–	–
George Sebulela	11/13	15/15	3/4	4/4	–
Sango Ntsaluba[6]	12/13	11/15	7/7[1]	–	–
Mark Sardi[7]	13/13	15/15	7/7	4/4	3/3
Kieron Futter[4]	2/2	1/1	3/3	–	–
Cheryl-Jane Kujenga[5]	11/11	11/11	2/3	2/2	1/1

[1] *Chair*
[2] *resigned 31 October 2020*
[3] *resigned 11 March 2021*
[4] *resigned 30 September 2020*
[5] *appointed 1 December 2020*
[6] *resigned 29 October 2021*
[7] *resigned with effect from 31 December 2021*

Risk management

The board is responsible for the governance and oversight of the risk management process and is assisted in this process by the audit and risk committee. The group's chief risk officer is responsible for ensuring an efficient and effective enterprise risk management process operates across the group for compiling and overseeing the implementation of the group risk management policy and reports to the audit and risk committee and board on risk management and mitigation measures.

The implementation of the business strategy is dependent on management taking calculated risks that are in the best interests of the company and Its stakeholders and ensure that adequate controls are in place to mitigate the level of risk. Sound management of risk enables Ascendis Health to anticipate and respond to changes in the healthcare industry and take informed decisions under conditions of uncertainty.

The board has approved a risk appetite statement for the company. The audit and risk committee review this statement annually and makes recommendations for changes to the board.

The purpose of the risk management policy is to identify, assess, manage and monitor the risks to which the business is exposed. Risk registers are maintained and reviewed bi-annually in all the group's businesses as well as for the group as a whole. Information technology governance forms an integral part of the group's risk management process, with the audit and risk committee assisting the board in meeting its responsibilities in this regard.

Management has implemented systems of internal controls and effective risk-based internal audits aimed at:

- Safeguarding assets and reducing the risk of loss, error, fraud and other irregularities.
- Ensuring the accuracy and completeness of accounting records and reporting.
- Preparing timely and reliable financial statements and information in compliance with relevant legislation.
- Complying with generally accepted accounting policies and practices.
- Increasing the probability of anticipating unpredictable risk.
- Mitigating key risk exposures.

The board confirms that the group's risk management, mitigation and monitoring processes have been effective in limiting the impact of risks on the business in the past financial year. The board also ensures that its risk management is aligned to the King IV principles.

Accountability and compliance

Details of the internal audit function and systems of internal controls, as well as the external audit function, are contained in the audit and risk committee report in the audited annual financial statements for the year ended 30 June 2021, available on the group's website: www.ascendishealth.com

Legislative compliance

Legislative and regulatory compliance is monitored by the company secretary and the group's internal legal department. A regulatory universe process has been implemented and is managed with the divisional heads. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on the group or any of its directors or officers during the year.

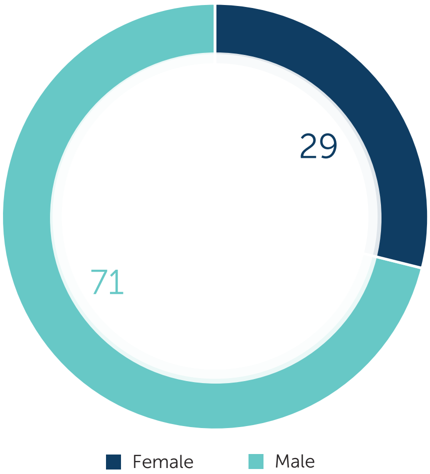
Ethics management

The board considers the ethics of the group as critical to the successful operation of its businesses. Ethical practices and good corporate governance are key values of the Ascendis Health culture and are constantly promoted and measured in the regular activities of the employees and management. To this extent, Ascendis Health has established a code of ethics and policies on, among others, conflicts of interests, fraud, bribery and corruption, and sanctions. A hotline facility is accessible to all employees, is administered by an external service provider and ensures absolute anonymous protection and follow up on matters that are reported.

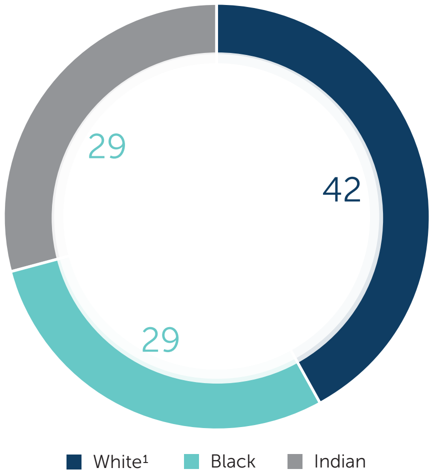
CORPORATE GOVERNANCE REPORT (CONTINUED)

The following graphics have been prepared as at 30 June 2021.

Board gender diversity (%)

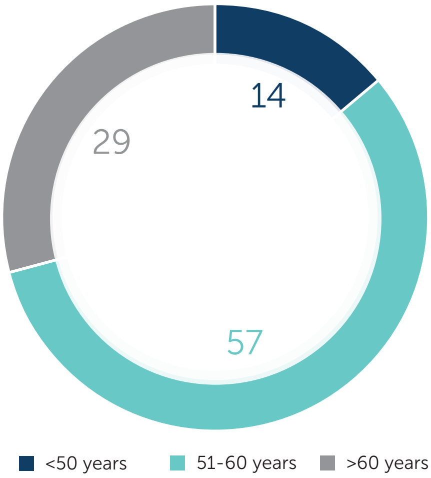


Board race diversity (%)

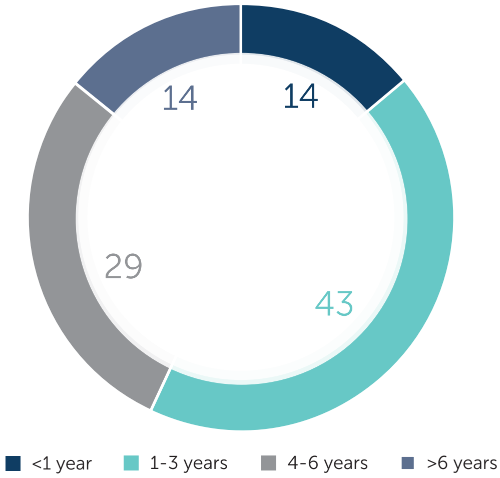


[1] *As a non-South African, CJ Kujenga is not included in the classification of black directors and for the purposes of B-BBEE legislation is reflected in the percentage of white directors.*

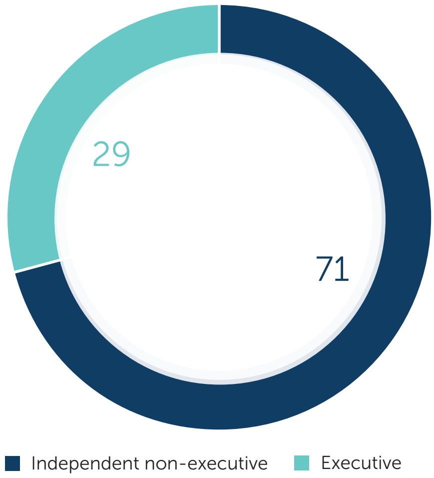
Board ages (%)



Board tenure (%)



Split of non-executive and executive directors (%)



BOARD OF DIRECTORS
(at 30 June 2021)

Andrew Marshall (66)

B Com (Hons)
Independent non-executive chairman
Member of human capital, and social, ethics and transformation committees
Appointed to the board in 2019

Andrew is a highly experienced corporate executive and former CEO of JSE listed companies, having spent 10 years as the CEO of the Oceana Group and then five years as the CEO of Nampak. He is the chairman of Ster-Kinekor Theatres and is an independent non-executive director of EOH Holdings.

Mark Sardi (52)

B Bus Sc (Hons), CA (SA)
Executive director and chief executive officer
Appointed to the board in 2019. Resigned with effect from 31 December 2021

Mark has a strong track record in senior strategic, operational turnaround and financial management roles in large, complex, multi-jurisdictional, listed and unlisted companies. He was joint head and managing director of investment banking at Nedbank Capital, CFO of Truworths International, deputy CEO at Cipla SA and CEO of the House of Busby.

Cheryl-Jane Kujenga (42)

CA (Z), CA (SA), Executive MBA (UCT), Business, International Relations and the Political Economy (LSE)
Executive director and chief financial officer
Appointed to the board in December 2020

CJ was a partner at Ernst & Young from 2008 to 2017 during which time she served as an audit partner and the strategic growth markets leader for Africa. In 2017 she joined Adcorp Holdings as the group CFO, leading the company's balance sheet restructuring process and later served as interim CEO from October 2019 to May 2020. CJ joined Ascendis in December 2020.

Bharti Harie (51)

BA, LLB, LLM
Lead independent non-executive director
Chairman of social, ethics and transformation committee and member of audit and risk committee
Appointed to the board in 2013

Bharti is an admitted attorney, notary and conveyancer. She spent 14 years at the Industrial Development Corporation of South Africa where she last headed the corporate funding and international finance departments. She is a director of EOH Limited, Lenmed Health Limited, Bell Equipment Sales SA, Stefanutti Stocks and St David's Marist Inanda School.

Dr Kinesh Pather (56)

BDS (Wits), MBA

Independent non-executive director

Chairman of human capital committee and member of social, ethics and transformation committee

Appointed to the board in 2016

Kinesh is the chairman of Kilimanjaro Capital, Tsiko Africa Group, Tosaco Energy, National Security, Tubatse Platinum and Likamva Resources. He has extensive experience in the trade union investment arena and has been instrumental in several significant B-BBEE transactions in the health and pharmaceutical, petroleum, mining and services sectors.

George Sebulela (51)

BA (Com), Advanced Management Programme – INSEAD (France), Leveraged Finance – Fitch (UK), Principles of Business Management – Wits Business School

Independent non-executive director

Member of the human capital and audit and risk committees

Appointed to the board in 2018

George is an experienced leader and entrepreneur with many years' experience in business strategy execution and investment banking in South Africa and internationally. He is the president and CEO of Sebvest Holdings and a director of Avuke Energy Group, Sanlam Private Wealth and Brand South Africa. George is the founder and president of South African United Business Confederation and served on the JSE steering committee of the CEO's initiative.

Sango Ntsaluba (61)

B Com, B Compt (Hons), H Dip Tax Law, M Com, CA (SA)

Independent non-executive director

Chairman of audit and risk committee

Appointed to the board in April 2020. Resigned 29 October 2021

Sango is the founder and CEO of Aurelian Capital, a boutique investment company. He co-founded SNG-Grant Thornton, one of the largest auditing firms in South Africa. He has diverse experience over 30 years in public practice, as an executive and as an entrepreneur in industries including investments, transport and logistics, ICT, industrial and mining. He is a non-executive director of Kumba Iron Ore and Clicks Group and is chairman of Thungela Resources. He has served on the boards of listed companies, public sector entities and was a member of the Black Economic Empowerment Commission.

Board gender and diversity policy

The board believes that its diversity in terms of a broad range of skills, experience, gender, race, background and outlook is essential to be effective. The human capital committee considers suitability for the role, independent judgement, compliance with King IV principles as well as all aspects of diversity when making recommendations for appointments to the board.

The board acknowledges that gender and race are important aspects of diversity and at 30 June 58% of the directors were black. Prior to the resignations of Mary Bomela and Dr Yoza Jekwa during the year, 44% of the directors were black females. At 30 June 29% of the directors were black females. The board has an established gender and race diversity policy in accordance with the JSE Listings Requirements.

REMUNERATION REPORT

PART 1: BACKGROUND INFORMATION

Remuneration philosophy

The group's remuneration policy is aimed at creating a performance-based culture and strategy. The primary objective of the policy is to motivate management and employees to contribute to the group's strategic growth by achieving operational and financial objectives and effectively managing operating expenditures.

The remuneration policy is based on the philosophy that the growth and sustainability of the group's business is dependent on its ability to motivate and retain employees with competent skills and commitment to their scope of responsibilities, within a performance-based culture, and with ethical and responsible corporate citizenship.

Impact of the group recapitalisation on the remuneration framework for 2021 and 2022

Following the proposal of a long-term incentive (LTI) scheme to shareholders in the 2020 remuneration report, there was a shift in the organisation's medium to long-term objectives as a result of the implementation of the group recapitalisation. This dictated that the approach to incentivising management had to be aligned with the new direction agreed by the board, senior lenders and shareholders.

In adapting to the changed environment driven by the group recapitalisation, the human capital committee (the committee) acknowledged that the successful conclusion of the group recapitalisation would require a stable and engaged management team during this high intensity period. It therefore became apparent that the LTI proposed to shareholders was no longer appropriate and a new incentive programme, comprising a retention scheme together with an incentive element, needed to be proposed.

The committee believes that the compensation approach needs to be relevant and competitive while aligning the required outcomes of the business with strategic value creation. The objectives of this alignment are to:

- ensure a continued focus on operational performance;
- ensure the group remains liquid and solvent;
- drive the successful completion of the group recapitalisation;
- unlock optimal shareholder value post the group recapitalisation; and
- continue to retain key talent within the group.

As a result, certain amendments have been made to the policy to ensure that key executives are incentivised to meet the requirements of the group recapitalisation transaction and to retain these executives post the completion of the transaction, in order to drive shareholder value creation at optimal values and time frames.

Remuneration governance

The board is responsible for the remuneration policy and has delegated responsibility to the committee for the group's remuneration practices.

The committee comprises three independent non-executive directors, namely Dr Kinesh Pather (chairman), Andrew Marshall and George Sebulela, and conforms to the King IV guidelines. The committee is governed by a formal charter which is reviewed and approved annually by the board.

The committee meets at least three times a year and additional meetings can be held to discuss specific issues arising in the business. The meetings are aligned to the review and approval of the budgeted remuneration for each year, as well as the performance bonuses awarded to executives and senior management under the approved performance incentive scheme.

The executive directors are responsible for the implementation of the remuneration policy and ensuring that performance metrics are cascaded appropriately through the organisation.

The fees for non-executive directors are reviewed annually by the committee and presented to the board for approval. These fees are then presented to shareholders for approval at the annual general meeting (AGM).

During the financial year, the committee addressed the following key matters:

- Reviewed the mitigation plan for Covid-19 and received regular reports on the impact of the pandemic on staff.
- Provided oversight of the implementation of the 2020 short-term incentive (STI) scheme as presented to shareholders.
- Considered the implications of the dissenting shareholders who voted against the non-binding resolutions on the 2020 remuneration policy and implementation report and considered the sufficiency of the follow up and responses provided by management.
- Oversaw the appointment of Cheryl-Jane Kujenga as the group chief financial officer (CFO), with effect from 1 December 2020.
- Provided oversight of the implementation of the head office restructure that was commenced in April 2021 with a view to materially reduce the head office costs and align them with the needs of the smaller post recapitalisation South African-only business.
- Determined and recommended to the board that there will be no increase in the non-executive directors' (NED) fees for the 2022 financial year. This is in line with the salary freeze adopted by the company for staff, including executive directors and key management, due to the current economic environment and the liquidity challenges faced by the company. Instead, recommended to the board the approval of a one-off, additional fee for the non-executive directors for the

increased workload and number of meetings relating to the extraordinary group recapitalisation. This additional fee is discussed under page 51 and will be proposed to shareholders for approval at the forthcoming annual general meeting (AGM).

- Accepted the resignation of Mary Bomela from the board and as chair of the social, ethics and transformation committee with effect from 30 October 2020, and the resignation of Dr Yoza Jekwa from the board and as member of the audit and risk committee, with effect from 11 March 2021. Neither of these directors was replaced on the board.
- Reviewed and confirmed the adequacy of the structure and performance of the board and its committees in light of these resignations.
- Revised the LTI plan and developed a retention plan aligned with the current group strategy and group recapitalisation, with the conclusion of retention agreements with key personnel, including the CEO and the CFO. More details of the retention plan are disclosed in the remuneration policy on page 48 to 49.
- Reviewed and approved the remuneration policy and implementation report for inclusion in the 2021 integrated annual report and presentation at the next AGM for shareholders' approval as non-binding resolutions.

This remuneration report focuses on the remuneration of the executive directors and non-executive directors for the period ended 30 June 2021.

Shareholder engagement and voting

Ascendis Health encourages proactive engagement on remuneration-related issues with shareholders to ensure that informed decisions are made when voting on the group's remuneration policy and implementation report.

The remuneration policy and the implementation report are subject to separate non-binding advisory votes at the AGM each year, in accordance with the recommendations of King IV. In line with the requirements of King IV, should either the remuneration policy or the implementation report receive 25% or more dissenting votes, management will engage directly with these shareholders to determine the reasons for the dissenting votes and take reasonable measures to address legitimate concerns. The steps taken to address legitimate and reasonable concerns will be disclosed in the following year's integrated report.

At the AGM held in December 2020, 62.24% of shareholders (February AGM: 43.73%) voted in favour of the remuneration policy and 92.93% of shareholders (February AGM: 48.86%) supported the implementation report in these non-binding advisory votes. While this was a remarkable improvement from the previous year's vote, the committee acknowledges that the vote for the remuneration policy fell below the threshold set by King IV.

As the remuneration policy received the support of less than 75% of shareholders voting at the December AGM, the group initiated the required engagement process with dissenting shareholders to determine the reasons for voting against the non-binding advisory endorsements and to consider their concerns.

The key concerns raised by shareholders and the company's response to these issues are as follows:

Key shareholder concerns	Company response
The awards granted under the LTI scheme will vest in less than three years	This was structured to align with the strategy of the business, which was focused on returning value to shareholders through the disposal of the business units. A similar approach has been adopted with the proposed 2021/2022 retention plan with payment being made in three tranches: 50% on the conclusion of a consensual group recapitalisation, 25% 12 months thereafter and 25% 24 months thereafter. However, if there is earlier completion of the disposal of the remaining South Africa business units or the group is voluntarily delisted from the JSE or taken private prior to the due date for payment of any vested award, the portion that remains outstanding shall be immediately payable.
Performance hurdles need to be an integral part of the LTI scheme	The revised remuneration policy is set out in more detail on page 46 and includes strict performance hurdles, aggregate baseline values for the remaining SA assets, penalties for delays in achieving the vesting milestones relating to the group recapitalisation and business unit disposals, and clawbacks for bad leaver* circumstances

* *The retention agreements define a bad leaver as an employee whose employment is terminated for one or more of the following reasons: (i) misconduct dismissal; (ii) poor performance dismissal; (iii) any termination of employment initiated and/or approved by the company, other than on the basis of good leaver status; (iv) early retirement; and (v) resignation*

A good leaver is defined as an employee whose termination of employment was initiated by the company for its operational requirements and/or the employee's medical incapacity and/or the death of the employee and/or by mutual agreement between the parties, save insofar as such mutual agreement is initiated for reasons related to allegations of the employee's misconduct and/or poor performance

REMUNERATION REPORT (CONTINUED)

More recently, shareholders have enquired why the management incentives are not linked to the Ascendis Health share price. This was a matter that was historically deliberated by the committee, and it was felt that issuing shares to management at the currently discounted share price, dilutes returns for shareholders and provides potentially excessive upside remuneration in the event the share price increases. Instead, the committee believes the current policy ultimately drives shareholder value incentivised on the following basis:

- Short-term value optimisation through the short-term incentive scheme that is structured to ensure a continued focus on operational performance.
- Mid-term value optimisation through:
  - ensuring the successful implementation of the group recapitalisation; and
  - ensuring that optimal value is derived by the shareholders from the remaining assets post the group recapitalisation, namely, Medical Devices, Pharma and Consumer Health (new Ascendis Health).

Part 2: REMUNERATION POLICY

Remuneration principles

The key principles embedded in the remuneration policy are designed to:

- align remuneration practices with the delivery of the group's strategy and ensure that remuneration of executive management is fair and responsible in the context of overall employee remuneration;
- ensure that executive reward schemes are aligned with shareholders' interests and are subject to performance conditions;
- develop and retain employees in the health care industry who contribute to the group's sustained business growth;
- establish remuneration packages that comprise annual guaranteed pay, performance-based bonuses and other appropriate benefits;
- recognise and reward employees by promoting a performance-based culture which incorporates both short-term and long-term objectives;
- ensure the group's remuneration structures are competitive in the market;
- ensure internal equity among employees;
- grant annual increases which are performance-based and in line with the responsibilities of the job, excluding trade union negotiated increases;
- benchmark and review job positions annually using the internationally recognised Hay benchmarking system;
- encourage career path aspirations and develop succession planning within the group; and
- ensure compliance with applicable legislation and regulatory codes.

Fair and responsible remuneration

As a responsible corporate citizen, the group is aware of the societal tensions relating to minimum wages and the wage gap and is committed to adopting fair and responsible remuneration practices.

The committee is required to ensure that executive remuneration is justifiable in the context of overall employee remuneration. The group is committed to applying measures that will realise the principle of fair and reasonable remuneration, including:

- equal pay for equal work;
- compliance with trade union agreements;
- performance reviews and 360° leadership assessments;
- annual salary benchmarking surveys (using a hybrid of the Hay and the South African Medical Device Industry Association (SAMED) models to ensure that the survey is industry specific);
- annual assessment of competitive remuneration packages for key personnel;
- position grade and development curve placement inform the benchmark percentile to ensure market competitive remuneration;
- increased investment in training and leadership development to facilitate promotional opportunities;
- internal talent pipeline development programmes facilitated through personal development programmes established on a blended learning model;
- discretionary and promotional increase programmes based on measurable performance and development metrics; and
- total payroll movement percentage determined by the board, as guided by the annual increase in the consumer price index and economic and employment market conditions.

Remuneration practices

Basic salaries are benchmarked annually to the Hay and SAMED models as well as comparisons to JSE listed companies with similar market profiles as Ascendis Health.

The complexities of the group's business model are considered together with the regulatory environment within the healthcare sector in which the group operates. The pay policy aims to pay employees on the 50th percentile on average. Skilled positions where it is difficult to source talent are paid at levels to retain the best skills and are generally paid between the 50th and 75th percentile.

Attrition savings are applied where necessary, to align human resource costs to business performance. Staff turnover is measured monthly and reported to the committee and the social, ethics and transformation committee, and the underlying reasons assessed in terms of risk to the company.

Diversity and gender-based appointments continue to improve employment equity and employee diversity.

Prescribed officers

The prescribed officers of Ascendis Health in terms of the Companies Act are the executive directors and their remuneration is disclosed annually in the implementation report.

Executive directors' remuneration structure and design

The remuneration structure of the executive directors is closely linked to the achievement of the group's operating and financial objectives primarily aimed at maintaining robust operational performance, while ensuring successful implementation of the group recapitalisation and ensuring that optimal value is derived by the shareholders from the new Ascendis Health post the group recapitalisation.

The remuneration packages of the executive directors include the following components:

- Annual guaranteed pay and company benefits.
- Variable pay based on a combination of short-term incentives and long-term incentives.

The committee has designed the remuneration mix for executives in a way that avoids over-dependence on variable stretch and variable long-term components. This results in a high requirement for on-target performance, aligns with the group recapitalisation requirements and discourages any excessive risk-taking behaviour.

The committee ensures that performance criteria are cascaded through the organisational structures appropriately to ensure alignment and a performance culture.

The performance of the CEO is evaluated by the committee while the performance of the CFO is assessed by the audit and risk committee, and both assessments confirmed by the board.

Executive directors have standard terms and conditions of employment in line with all group employees. The notice period of the CEO and the CFO is three months. There are no provisions for special termination benefits.

REMUNERATION REPORT (CONTINUED)

Guaranteed pay		
Core component of remuneration. It is set to reflect the market value of the role within a 50th to 75th percentile.		**Encourages achievement of mid- to long-term targets**
Base salary	**Benefits**	**Short-term incentives ("STI")**

Market related salary based on role and performance.	Benefits include medical aid, provident fund, disability, life cover and access to an employee assistance programme (EAP).	The STI incentivises achievement of strong operational results. Targets are based on a 12-month view aligned with the reporting period and taken in the context of the longer-term goals of the group. Targets are both financial and non-financial. The financial targets constitute 70% of the STI and are based on 95% achievement of ROIC, EBITDA and Net working capital targets, weighted as follows:
		• 40% on EBITDA.
		• 30% on ROIC.
		• 30% on net working capital.
		• 30% of the STI is based on personal KPIs which include:
		  • setting and implementation of the business strategy;
		  • internal and business controls development; and
		  • talent management.
		STIs are capped at a maximum of 150% of 75% and 50% of the CEO and CFO's total annual guaranteed pay respectively.
		Further details of the STI results for the 2021 financial year are provided in the implementation report.

Variable pay	
Retention awards	**Long-term incentives ("LTI")**
The retention awards, or management incentive plan (MIP), have been established as a mechanism to incentivise and retain key executives during the period of the group recapitalisation and for the period subsequent to the implementation of the group recapitalisation transaction. The retention awards are subject to performance targets related to the group recapitalisation. Due to the timing of these awards in relation to the progress that had been made on the Animal Health transaction, the committee also incorporated finalisation of this transaction. The vesting criteria related to the group recapitalisation and Animal Health disposal are as follows: • Agreed financial improvements: this criterion comprises 10% of the award and required agreed financial improvements to be implemented by 31 March 2021. • The Animal Health disposal: this criterion comprises 20% of the award and required the execution of the Animal Health SPA by 31 March 2021 (subject to repayment of such portion of the award if the disposal is not completed by 8 October 2021). • The group recapitalisation: this criterion comprises 70% of the award under the MIP and requires successful conclusion of the group recapitalisation transaction by 8 October 2021. This component is reduced by 30% in the event of an unfavourable vote or if the group recapitalisation transaction is not implemented for any other reason. If a vesting milestone is not achieved within the required timeframe, the relevant portion of the award is reduced by 5% for each month of slippage. The retention award is capped at 200% and 100% of the CEO and CFO's total annual guaranteed pay, respectively. The vesting and payment profile is set to encourage performance and retention. Retention awards will be paid in cash as follows: 50% on meeting the relevant vesting milestone; 25% 12 months later, and the remaining 25% 24 months later. However, if there is earlier completion of the disposal of the remaining South Africa business units or the group is voluntarily delisted from the JSE prior to the due date for payment of any vested award, the portion that remains outstanding shall be immediately payable. Good leaver, bad leaver clawbacks are applicable.	Similar to the LTI previously proposed to shareholders, the 2022 incentive scheme is cash based and linked to the disposal of identified business units. The LTI encourages the management team to maximise the enterprise value on disposal and ensures that executives are only rewarded after predetermined baseline values for the individual businesses are achieved. If the actual sale price achieved is greater than the predetermined base value, 15% of the difference will be allocated towards an incentive pool. This is in line with the LTI presented last year. Incentive pool allocations will be split between key head office (33%) and business unit (67%) individuals. In the event of a management buy-out 100% of the pool is allocated to head office. The head office team includes the CEO, CFO and other identified key individuals. To avoid issues created from relative size of business units and potentially overly generous individual incentives, the Committee introduced a cap based on a multiple of a participant's salary per sale of business unit. The LTI is capped at 200% and 150% of the CEO and CFO's total annual guaranteed pay respectively for any single disposal, and 200% and 150% of the CEO and CFO's total annual guaranteed pay respectively on a total cumulative basis. The committee has discretion to apply its mind to the final amounts payable and make adjustments as considered appropriate in the circumstances. The board sets the disposal timelines in line with the strategy. If a disposal timeline is not achieved within the required timeframe, the relevant portion of the award is reduced by 5% for each month of slippage. The vesting and payment profile is set to encourage performance and the creation of a self-funding pool. These awards vest on signing of an SPA and are paid on successful completion of a disposal. Good leaver, bad leaver clawbacks are applicable.

REMUNERATION REPORT (CONTINUED)

Other management and staff

Senior managers and selected key staff receive an annual guaranteed salary, which includes retirement and health care benefits as well as a variable portion based on a performance based annual bonus. Salaries may include premiums of up to 25% for scarce and critical skills and positions. An annual salary increase is applied which is performance based and market related and is dependent on the financial position of the company.

Non-executive directors

In the annual review of the non-executive directors' fees, the committee takes into consideration external benchmarking surveys such as the Institute of Directors SA Non-Executive Directors' Fees Guide. In addition, the proposed directors' fees consider the level of responsibility and activity of each director in the meetings of the board and its committees.

The non-executive directors are paid a quarterly fee for their services as directors as well as for serving on the board committees. The fees are based on the number of meetings planned for the year as well as regulatory and governance responsibilities.

In accordance with best corporate governance practices, non-executive directors do not participate in the group's incentive schemes, nor do they have employment contracts with the group.

PART 3: IMPLEMENTATION REPORT 2021

Details of the remuneration paid to executive and non-executive directors for the financial year ended 30 June 2021 are provided in this section of the report. The committee is satisfied that the remuneration policy has been consistently applied in the 2021 financial year and that there have been no deviations from this policy.

Total directors' remuneration

	2021	2020
Executive directors	**19 041**	8 254
Non-executive directors		
• fees	**3 375**	2 959
• other services	**–**	1 758
• one off fees	**750**	–
Total	**23 166**	12 971

Increases

In accordance with the shareholder approval obtained at the AGM held in December 2020, non-executive directors' remuneration was increased by 5% from the prior year (FY2020: no increase). The committee approved a 7% increase in the CEO's fixed remuneration for the 2021 financial year. The committee has taken a decision to apply zero increases in the 2022 financial year.

Executive directors' emoluments 2021

The Committee has assessed achievement of the financial and personal KPIs of the CEO and CFO for the year ended 30 June 2021. The remuneration is set out below:

	STI Target[1]	**STI Achieve-ment**	**Guaranteed salary**	**Retirement/ medical benefits**	**Other benefits**	**STI[1]**	**Retention award[3]**	**LTI[3]**	**Termination costs**	**Total**
MJ Sardi[6]	75%	77%	4 847	503	78	4 245	1 017	475	–	11 165
CJ Kujenga[2]	50%	51%	1 992	286	22	1 171	380	238	–	4 089
K Futter[4]	–	–	901	25	4	–	–	–	2 857[5]	3 787
Total			**7 740**	**814**	**104**	**5 416**	**1 397**	**713**	**2 857**	**19 041**

[1] The STIs are scaled and capped at 150% of 75% and 50% for the CEO and CFO respectively
[2] Reflects the guaranteed salary from the start date of 1 December 2020. The STI has been pro-rated accordingly
[3] Based on the vested portion of these awards. These amounts are subject to the incentive clawback provisions set out under the remuneration policy
[4] Resigned 30 September 2020
[5] Termination costs comprise leave and notice pay and the STI payment for FY20, payable in Q1 FY21
[6] Resigned with effect from 31 December 2021

Executive directors' emoluments 2020

R'000	Basic salary	Short-term incentives	Retirement/ medical benefits	Other benefits	Total
Executive directors					
MJ Sardi[1]	3 273	–	330	29	3 632
K Futter	3 466	1 018	96	42	4 622
Total executive directors	**6 739**	**1 018**	**426**	**71**	**8 254**

[1] *Appointed 14 October 2019*

Non-executive directors' fees

In preparing for a successful execution of the group recapitalisation, the frequency of formal board meetings increased, coupled with weekly board update calls with advisors and management from February 2021. Based on this additional time commitment, the committee has proposed an additional one-off fee for non-executive director participation in these extraordinary meetings. This proposal will be presented to shareholders at the AGM.

2021

Non-executive directors	Fees	Other services	Proposed additional fee (to be approved at the AGM)	Total
AB Marshall	1 124	–	150	1 274
B Harie	557	–	150	707
MS Bomela[1]	151	–	–	151
Dr KS Pather	452	–	150	602
Dr NY Jekwa[2]	247	–	–	247
JG Sebulela	389	–	150	539
SS Ntsaluba	455	–	150	605
Total non-executive directors	**3 375**	**–**	**750**	**4 125**

[1] *Fees paid for four months of the 2021 financial year*
[2] *Fees paid for 8.5 months of the 2021 financial year*

No additional emoluments were paid to the non-executive directors during the 2021 year.

2020

Non-executive directors	Fees	Other services	Total
AB Marshall[1]	724	1 458	2 182
B Harie	510	–	510
MS Bomela	430	–	430
Dr KS Pather	475	–	475
Dr NY Jekwa	395	300	695
JG Sebulela	340	–	340
SS Ntsaluba[2]	85	–	85
Total non-executive directors	**2 959**	**1 758**	**4 717**

[1] *Fees paid for 8.5 months of the year*
[2] *Appointed 7 April 2020*

REMUNERATION REPORT (CONTINUED)

The following emoluments were paid to non-executive directors during the 2020 year in addition to their fees for serving as directors:

- R300 000 Dr NY Jekwa for consulting on a large disposal project for the group for the period 1 July to 30 September 2019.
- R1 458 331 AB Marshall for compensation for serving as acting CEO of the group for the period 1 July to 13 October 2019. During his tenure as acting CEO, Mr Marshall did not receive non-executive directors' fees.

Non-executive directors' fees

Shareholders approved the proposed non-executive directors' fees for 2021 at the AGM held on 1 December 2020.

Fees paid in 2021	R'000
Chairman of the board	998
Lead independent non-executive director	350
Member of the board	263
Chairman of the audit and risk committee	242
Member of the audit and risk committee	95
Chairman of the human capital committee	126
Member of the human capital committee	63
Chairman of the social, ethics and transformation committee	95
Member of the social, ethics and transformation committee	63

The fees payable to non-executive directors for the 2021 financial year comprised an annual fee based on the positions fulfilled by each director, with the expectation of attendance at a pre-determined regular number of meetings per annum: board (four meetings); audit and risk committee (four meetings); human capital committee (three meetings); and social, ethics and transformation committee (three meetings). All travel and accommodation expenses incurred by directors to attend board and committee meetings are paid by the company, however, due to the pandemic and the resulting lockdown restrictions, all meetings were held virtually and therefore no travel expenses were incurred.

The non-executive directors' fees were determined taking into account the size of the group, the complexity of the business in terms of geographic diversity, currency exposure and varying business models, and the challenges relating to the high gearing levels and the group recapitalisation.

In recognition of the extraordinary volume of board and committee meetings that were held in 2021 well in excess of the annual set number and industry standard, an additional flat fee of R150 000 will be proposed to shareholders for approval at the AGM to be held in November 2021. The proposed fee shall be payable to each non-executive director (including the chairman) upon approval by the shareholders.

Taking into consideration the group's strategy to maximise the value of the remaining businesses post the group recapitalisation and the anticipated involvement of the board in the successful execution thereof, shareholders will be asked to approve a slightly amended fee structure to remunerate the non-executive directors. The following fees for the 2022 financial year will be proposed to the shareholders at the AGM to be held on 29 November 2021:

1. An annual base fee based on the role fulfilled by each director. This fee includes attendance for a set number of predetermined meetings per annum, being:
   - (four) board meetings;
   - 4 (four) audit and risk committee meetings;
   - 3 (three) human capital committee meetings; and
   - 3 (three) social, ethics and transformation committee meetings.

   The annual base fee proposed for the financial period 2022 encompasses no annual increase to the fees that were paid during the preceding year; plus
2. An additional fee for each extraordinary meeting (board or committee). The purpose of this fee is to recognise the additional time and workload as a result of the number of ongoing processes that require board and committee input, considerations and approvals. Accordingly, it is necessary to remunerate non-executive director for the additional time spent in preparing for and attending the additional meetings over and above the annual regular meetings. The fees for these extraordinary meetings will be capped.

Position of NED	Proposed base fee for FY22 R'000s	Proposed fee per extraordinary meeting attended R'000s	Cap on proposed additional fee R'000s
Board			
Chair	998	12.1	146
Lead independent non-executive	350		
Member	263		
Audit and risk committee			
Chair	242	3.2	13
Member	95		
Social, ethics and transformation committee			
Chair	95	1.5	5
Member	63		
Human capital committee			
Chair	126	1.8	4
Member	63		

The proposed additional fee per meeting is calculated based on the average annual fee of the board/committee chair and member, divided by 52 weeks to arrive at a fee that accounts for the preparation and attendance of the extraordinary meeting.

Directors' and associates' shareholdings (at 30 June 2020 and 2021)

Director	Direct beneficial shares		Indirect beneficial shares		Indirect non-beneficial shares		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
B Harie	**3 548**	3 548	**189 600**	190 783	**12 535**	12 535	**205 683**	206 866
Dr KS Pather	**180 933**	180 933	**20 000**	20 000			**200 933**	200 933
Dr NY Jekwa[1]		9 222						9 222
MJ Sardi[3]	**25 597**	25 597					**25 597**	25 597
K Futter[2]		296 286						296 286
Total	**210 078**	515 586	**209 600**	210 783	**12 535**	12 535	**432 213**	738 904

[1] *resigned 11 March 2021*
[2] *resigned 30 September 2020*
[3] *Resigned with effect from 31 December 2021*

No changes to the above shareholdings occurred between the end of the financial year end and the date of approval of this report.

CORPORATE GOVERNANCE

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The board's social, ethics and transformation committee (the committee) is a statutory committee which assists in monitoring the group's corporate citizenship, transformation, sustainability and ethics. The committee is governed by terms of reference which detail its duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities delegated to it by the board.

This report is presented in accordance with the requirements of the Companies Act.

Role and responsibilities of the committee

The committee acts in terms of the delegated authority of the board and assists in monitoring the group's activities and disclosures in terms of legislation, regulation and codes of best practices relating to:

- social and economic development
- ethics practices
- good corporate citizenship
- consumer relationships
- labour and employment
- transformation, empowerment, gender and diversity
- the impact of the group's products or services on the environment, society and the economy
- health and safety standards

The committee also advises the board on any social, ethical or transformation issues that may impact the long-term sustainability of the business. The committee monitors functions required in terms of the Companies Act and its regulations and ensures appropriate short-, medium- and long-term targets are set by management.

Composition and functioning

The committee comprises three independent non-executive directors, namely, Bharti Harie (chairman), Dr Kinesh Pather and Andrew Marshall. Mary Bomela stepped down as committee chair effective 31 October 2020 when she resigned as a director of the board of the company and was replaced by Bharti Harie. Executive and operational management, including the group transformation manager and group human resources manager, attend meetings at the invitation of the committee.

The effectiveness of the committee is assessed as part of the annual board and committee evaluation process.

Activities

The committee met three times during the year and continued to monitor and measure the company's development in the areas of human resources, training, good corporate citizenship, employment equity, B-BBEE and transformation, black management development, leadership programmes, and compliance with environmental, health and safety regulations. In response to Covid-19 the committee ensured the implementation of all the necessary health and safety protocols, including, amongst other things, the distribution of personal protective equipment to all staff.

The activities are summarised below and are disclosed as recommended by the King IV principles.

Empowerment and transformation

Elements	Total points	Points FY20	Points FY21	Comments
Ownership	25	25	**25**	Despite points remaining unchanged, BEE % shareholding dropped from 51% to 48%
Management control	19	14	**10**	Drop due to divestments and resignation of black female board members
Skills development	20	14	**14**	
Enterprise and supplier development	27	19	**24**	Increased awareness of procuring from compliant suppliers (PP plans) and improvement on collection of BEE certificates
Socio-economic development	05	05	**05**	
Score achieved	109	92	**93**	
Level Excl. YES initiative		3	**3**	
Level Incl YES initiative		1	**1**	

The committee has set objectives for each of the five elements of the revised DTI Codes of Good Practice on Black Economic Empowerment (B-BBEE codes) and maintains the responsibility for monitoring and reviewing all aspects of the group's B-BBEE strategies.

Despite a challenging year operationally, the group was steadfast in its B-BBEE efforts, maintaining a level one contributor status (2020: level one). This achievement was made possible by the group's continued efforts in the elements of skills development and preferential procurement and the continued implementation of the government's Youth Employment Service (YES) initiative.

Through enterprise and supplier development projects, the group continued to support the development of emerging entrepreneurs. In collaboration with the WDB Growth Fund, Ascendis Health supported the increased participation of youth and women entrepreneurs in South Africa's economy by offering them access to capital backing business growth, high impact post-investment support and specialised mentors.

The Ascendis Health learnership programme, established in 2016, continued to thrive. The programme offers 12-month learnerships in business administration, chemical operations, project management and business management. In the 2021 financial year, the group expanded its skills development interventions to support 212 learners who were previously unemployed with study fees and expenses. These learners have since studied towards qualifications including chemical operations, basic pharmacy, automated packaging and retail supervision. There are also currently 143 Ascendis employees who have been awarded learnerships in the fields of chemical operations, digital marketing, human resources and automated packaging

By participating in the YES initiative, the group provided 45 unemployed youth from across the country a one-year work experience opportunity within Ascendis Health. On completion of the programme, these young men and women are equipped with credible work experience and skills to enter the job market or become entrepreneurs. Ascendis Health has retained 15 of these young men and women, offering them permanent employment within the Medical Devices division.

Corporate social investment

Ascendis Health remains committed to creating positive social impact through a corporate social investment (CSI) strategy aligned to both our core business strategy and the national development priorities of South Africa. The key focus areas are on improving education and wellness with the theme of "making tomorrow healthier". The group's approach to CSI emphasises partnership and collaboration and Ascendis regularly collaborates with and supports other like-minded government, non-profit and community-based organisations to pool resources and strengthen outcomes.

The group strives to make a meaningful difference through our involvement and support of the following initiatives:

Donation of stock

As part of our commitment to the development and support of underprivileged communities, the group partnered with various non-profit organisations to donate vitamins and immunity-boosting supplements to rural communities that were affected by the economic impact of Covid-19.

The Feenix Trust

Ascendis Health donated R300 000 to support the Feenix Trust, a registered public benefit organisation that raises grant funding to pay the tuition fees of students who lack the financial means to pay for their tertiary studies, with all funds paid directly to universities.

Environmental, health and safety

The group's environmental, health and safety (EHS) development goals and objectives continue to be centred around identifying opportunities for environmental sustainability and development and energy saving.

Following the outbreak of the Covid-19 pandemic, the group has actively responded to the additional health and safety requirements introduced by government for the protection of staff.

Covid-19

Since the start of the national lockdown on 27 March 2020, Ascendis Health has implemented workplace safety protocols and measures across the group to ensure that employees can work in a safe and healthy environment. A Covid-19 response team was formed consisting of senior management and workplace integration plans were rolled out across the group.

Employees have been trained on these safety protocols and continue to receive ongoing communication on Covid-19 awareness. Staff receive weekly updates and newsletters with information and tips on working from home, mental and physical health awareness and communication on Covid-19. Physical and social distancing is practiced with strict rules on wearing face masks and other personal protective equipment before entering Ascendis premises. Temperature readings and other precautionary measures, including employee and visitor declarations, have been effectively implemented. Facilities are deep cleaned, sanitised and decontaminated by approved service providers. Any legal and regulatory developments related to Covid-19 are communicated by the legal department.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT (CONTINUED)

Employees who have tested positive for Covid-19 are required to self-isolate immediately and contact their doctor or health care practitioner for medical assistance. They also have access to the employee health and wellness programme, ICAS, which has a toll-free hotline for support or advisory services regarding Covid-19. The majority of the workforce continues to work from home, where possible, with the company providing the relevant hardware and software to facilitate this working arrangement.

Culture of safety

Ascendis Health's EHS department continues to monitor and evaluate incidents on a regular basis and report its findings to the committee.

Emphasis was placed on ensuring that all mandatory legal training was completed.

The group's South African companies are audited internally by the EHS department annually, as measured against local legislation and ISO standards (9001, 14001 and 45001).

Basic internal legal compliance assessments show that compliance across all business is above 90%.

The group also demonstrated its commitment to ensuring the health and wellbeing of its employees by creating a safe and healthy work environment and conserving the natural environment through the implementation of an EHS policy, which is communicated and displayed at all sites.

A detailed EHS Framework (with set procedures, documents, registers and forms) was created, placing the focus on managing EHS through legal compliance and risk management.

Recycling and waste management

The group continues to monitor and measure waste management against internal objectives to reduce and re-use non-toxic material and recycle at source, with all group companies actively sorting recycling waste. The Medical Devices business has a well-established waste sorting and separation facility with efforts focused on the recycling of cardboard, paper, plastic and tetrapack which has resulted in the equivalent of a saving of approximately 23 megawatts (2020: 7MW) of energy, 17m^3 landfill (2020: 92m^3) space and 91 kilolitres (2020: 73kL) of water.

Health and wellness

As Ascendis Health operates in the health care industry, the company recognises the long-term benefits of healthy living and actively promotes programmes that are focused on enhancing the health and wellbeing of its employees.

As part of the motto in "making tomorrow healthier", the company continues to implement and promote internal programmes that cover a wide range of activities including fitness development, health awareness topics, occupational health and safety training, provision of medical benefits, a smoke-free workplace, weekly physical exercise classes (which have continued on virtual platforms during the work from home environment) as well as a quarterly "12-week challenge" focused on nutrition and mental wellbeing. Employees also benefit from the annual Discovery Wellness Day where testing and screenings are undertaken to ensure monitoring and awareness of their health status.

The company employee assistance programme, ICAS, is available to provide counselling and intervention for those suffering from issues such as stress and depression, particularly during this difficult time of Covid-19.

Conclusion

The committee has been able to discharge its responsibilities effectively and believes the group is meeting the social, ethics and transformation requirements in terms of the Companies Act and King IV. Based on the size and resources of the group, the committee is of the opinion that steady progress is being made across the multiple dimensions of good corporate citizenship. Ascendis Health remains committed to its corporate citizenship and transformation goals, despite the short-term challenges brought about by the Covid-19 pandemic, through its support of and involvement in the social, environmental and transformation initiatives outlined in this report.

The committee confirms that the company is in compliance with the provisions of the Companies Act, specifically in relation to it incorporation and that it is operating in conformity with its Memorandum of Incorporation.

Bharti Harie
Chairman
Social, ethics and transformation committee

FINANCIAL AND SHAREHOLDER INFORMATION

BASIS OF PREPARATION AND APPROVAL

The summarised consolidated financial results for the year ended 30 June 2021 of Ascendis Health Limited have been extracted from the group's audited consolidated annual financial statements and have been prepared in accordance with and contain information required by:

- International Financial Reporting Standards (IFRS) including IAS 34 Interim Financial Reporting;
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- the Listings Requirements of the JSE Limited; and
- the South African Companies Act No. 71 of 2008.

The consolidated annual financial statements for the year ended 30 June 2021 have been prepared in compliance with IFRS and interpretations for year ends commencing on or after 1 January 2020.

The accounting policies applied in the preparation of the summarised consolidated annual financial statements are consistent with those applied for the consolidated annual financial statements in the current and previous year, except for the mandatory adoption of amendments to IFRS effective for 1 January 2020. The impact on the group's financial results, disclosures or comparative information as a result of these amendments is not significant.

The summarised consolidated financial statements appearing in this announcement have been accurately extracted from the full set of consolidated annual financial statements and have been prepared under the supervision of the chief financial officer, CJ Kujenga CA (SA). The summarised consolidated financial results of Ascendis Health Limited for the year end 30 June 2021 are the responsibility of the directors and were approved by the board on 30 September 2021.

The summarised consolidated financial statements 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 (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), and normalised operating profit and normalised headline earnings per share (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).

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 there has been full compliance with the JSE's practice note 4/2019 as it relates to the PMs presented. For detailed disclosure of the performance measures please visit: https://ascendishealth.com/wp-content/uploads/2020/09/Ascendis-Health-Performance-Measures-30-June-2020.pdf

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2021

	Notes	2021 R'000	Restated [1] 2020 R'000
Continuing operations			
Revenue	7	2 229 085	2 203 027
Cost of sales		(1 298 406)	(1 356 871)
Gross profit		**930 679**	**846 156**
Other income		55 282	19 379
Selling and distribution costs		(167 189)	(149 238)
Administrative expenses		(670 778)	(569 996)
Net impairment loss on financial assets		(22 203)	(14 264)
Other operating expenses		(212 593)	(339 041)
Once off costs [2]		(274 293)	(226 579)
Net impairment loss on assets		(89 365)	(462 705)
Operating loss		**(450 460)**	**(896 288)**
Finance income		4 824	4 017
Finance costs		(1 085 139)	(792 341)
Loss before taxation		**(1 530 775)**	**(1 684 612)**
Tax (expense)/credit		(85 350)	122 947
Loss from continuing operations		**(1 616 125)**	**(1 561 665)**
Profit from discontinuing operations		561 158	546 600
Loss for the period		**(1 054 967)**	**(1 015 065)**
Loss attributable to:			
Owners of the parent		(1 090 804)	(965 808)
Continuing operations		(1 651 962)	(1 512 408)
Discontinued operations		561 158	546 600
Non-controlling interest		35 837	(49 257)
		(1 054 967)	**(1 015 065)**
Loss per share from continuing operations			
Basic and diluted loss per share (cents)	8	(343.1)	(316.7)
Total loss per share			
Basic and diluted loss per share (cents)	8	(226.5)	(202.3)

[1] The comparatives have been restated for the change in discontinued operations, correction of the deferred tax prior period error and the trade payables prior period error. Refer to Note 2 for further details.

[2] Once off costs have been presented seperately because these costs are considered material to the users of financial statements. The comparative has been restated to ensure consistency of the presentation.

FINANCIAL AND SHAREHOLDER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Notes	2021 R'000	Restated [1] 2020 R'000
Loss for the period		**(1 054 967)**	**(1 015 065)**
Other comprehensive income:			
Items that may be reclassified to profit and loss net of tax			
Foreign currency translation reserve		159 765	230 320
Effects of cash flow hedges		-	1 865
Fair value adjustments		-	(314)
Recycled to profit and loss		-	2 179
Income tax relating to items that may be reclassified		-	(522)
Items that will not be reclassified to profit and loss net of tax			
Revaluation of property, plant and equipment		3 640	13 768
Income tax relating to items that will not be reclassified		(1 019)	(1 721)
Other comprehensive income/(loss) for the period net of tax		**162 386**	**243 710**
Total comprehensive (loss)/profit for the period		**(892 581)**	**(771 355)**
Total comprehensive loss attributable to:			
Owners of the parent		(928 418)	(722 098)
Continuing operations		(1 652 612)	(1 503 615)
Discontinued operations		724 194	781 517
Non-controlling interest		35 837	(49 257)
		(892 581)	**(771 355)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021

	Notes	2021 R'000	Restated[1] 2020 R'000	Restated[1] 1 July 2019 R'000
ASSETS				
Property, plant and equipment		200 505	1 038 999	1 104 503
Right-of-use assets		157 675	319 953	-
Intangible assets and goodwill		363 666	5 674 700	5 335 329
Other financial assets		13 951	15 849	52 315
Deferred tax assets		68 356	101 749	127 476
Trade and other receivables		-	34 514	-
Non-current assets		**804 153**	**7 185 764**	**6 619 623**
Inventories		454 049	1 582 747	1 533 106
Trade and other receivables		407 344	2 321 597	1 890 343
Other financial assets		14	5 057	6 439
Current tax receivable		25 895	49 696	79 197
Derivative financial assets		-	961	134
Cash and cash equivalents		365 980	393 131	464 110
		1 253 282	4 353 189	3 973 329
Assets classified as held for sale		8 577 531	703 929	699 049
Current assets		**9 830 813**	**5 057 118**	**4 672 378**
Total assets		**10 634 966**	**12 242 882**	**11 292 001**
EQUITY				
Stated capital		6 017 784	5 975 703	5 975 703
Reserves		465 516	243 226	(137 221)
Accumulated loss		(6 136 763)	(4 925 308)	(3 927 302)
Equity attributable to equity holders of parent		**346 537**	**1 293 621**	**1 911 180**
Non-controlling interest		167 232	127 138	168 693
Total equity		**513 769**	**1 420 759**	**2 079 873**
LIABILITIES				
Borrowings and other financial liabilities	3	8 222	6 285 087	208 226
Deferred tax liabilities		76 770	216 473	443 403
Deferred vendor liabilities	4	-	1 103 108	154 475
Lease liabilities		165 300	294 186	18 694
Contract liabilities		-	8 826	5 642
Employee benefit obligations		-	-	6 647
Non-current liabilities		**250 292**	**7 907 680**	**837 087**
Trade and other payables		522 753	1 575 387	1 387 191
Borrowings and other financial liabilities	3	6 784 252	540 123	5 544 782
Deferred vendor liabilities	4	116 808	34 499	896 798
Put-option on equity instrument		-	-	93 622
Provisions		45 904	91 087	63 217
Contract liabilities		15 241	37 294	8 423
Lease liabilities		27 973	55 192	12 747
Derivative financial liabilities		2 773	655	2 743
Current tax payable		29 146	80 683	123 963
Bank overdraft		69	49 148	66 995
		7 544 919	2 464 068	8 200 481
Liabilities classified as held for sale		2 325 986	450 375	174 560
Current liabilities		**9 870 905**	**2 914 443**	**8 375 041**
Total liabilities		**10 121 197**	**10 822 123**	**9 212 128**
Total equity and liabilities		**10 634 966**	**12 242 882**	**11 292 001**

[1] The comparatives have been restated for the correction of the deferred tax prior period error and the trade payales prior period error. Refer to Note 2 for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

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 2019 (Restated)[2]	**5 975 703**	**(3 648)**	**17 462**	**(2 215)**	**(114 407)**	**(34 413)**	**(3 927 302)**	**1 911 180**	**168 693**	**2 079 873**
IFRS 16 adjustment	-	-	-	-	-	-	899	**899**	-	899
Adjusted opening balance as at 1 July 2019 (Restated)	**5 975 703**	**(3 648)**	**17 462**	**(2 215)**	**(114 407)**	**(34 413)**	**(3 926 403)**	**1 912 079**	**168 693**	**2 080 772**
Loss for the period (restated)[2]	-	-	-	-	-	-	(965 808)	**(965 808)**	(49 257)	(1 015 065)
Other comprehensive (loss)/income	-	230 320	12 047	1 343	-	-	-	**243 710**	-	243 710
Total comprehensive (loss)/income for the period (restated)[2]	**-**	**230 320**	**12 047**	**1 343**	**-**	**-**	**(965 808)**	**(722 098)**	**(49 257)**	**(771 355)**
Dividends	-	-	-	-	-	-	4 226	4 226	(2 785)	1 441
Foreign currency translation reserve	-	(8 518)	1 886	-	(1 766)	12 796	-	4 398	8 518	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	-	-	-	-	-	692	(337)	355	(355)	-
Total contributions by and distributions to owners of the group recognised directly in equity	**-**	**(8 797)**	**1 886**	**872**	**114 407**	**28 369**	**(33 097)**	**103 640**	**7 702**	**111 342**
Balance as at 30 June 2020	**5 975 703**	**217 875**	**31 395**	**-**	**-**	**(6 044)**	**(4 925 308)**	**1 293 621**	**127 138**	**1 420 759**
(Loss)/profit for the period	-	-	-	-	-	-	(1 090 804)	(1 090 804)	35 837	(1 054 967)
Other comprehensive income/(loss)	-	159 765	2 621	-	-	-	-	162 386	-	162 386
Total comprehensive income/(loss) for the period	**-**	**159 765**	**2 621**	**-**	**-**	**-**	**(1 090 804)**	**(928 418)**	**35 837**	**(892 581)**
Release of treasury shares[1]	42 081	-	-	-	-	-	(42 081)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(2 791)	(2 791)
Foreign currency translation reserve	-	(4 493)	(1 817)	-	-	(9 072)	-	(15 382)	4 493	(10 889)
Reclassification of reserves into retained earnings	-	16 875	(4 147)	-	-	63 415	(78 854)	(2 711)	2 711	-
Disposal/deregistration of subsidiary	-	-	(278)	-	-	-	-	(278)	-	(278)
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	(451)	(451)
Statutory reserve: Farmalider	-	-	-	-	-	(579)	284	(295)	295	-
Total contributions by and distributions to owners of the group recognised directly in equity	**42 081**	**12 382**	**(6 242)**	**-**	**-**	**53 764**	**(120 651)**	**(18 666)**	**4 257**	**(14 409)**
Balance as at 30 June 2021	**6 017 784**	**390 022**	**27 774**	**-**	**-**	**47 720**	**(6 136 763)**	**346 537**	**167 232**	**513 769**

[1] Treasury shares to the value of R42.1 million have been released to equity in the current year.
[2] These amounts have been restated to correct the prior period errors, refer to Note 2 for further details.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2021

	Notes	2021 R'000	Restated [1] 2020 R'000
Cash flows from operating activities			
Cash (utilised by)/generated from operations		8 384	87 615
Cash generated from/(utilised by) operations - discontinued operations		810 672	571 635
Interest income received		4 824	4 018
Interest paid		(166 922)	(424 299)
Income taxes paid		(10 483)	(14 127)
Net cash inflow from operating activities		**646 475**	**224 842**
Cash flows from investing activities			
Purchases of property, plant and equipment		(39 201)	(43 282)
Proceeds on the sale of property, plant and equipment		390	7 153
Purchases of intangibles assets		(515)	(2 271)
Proceeds on the sale of intangible assets		23 286	-
Other financial assets advanced		-	(16 151)
Proceeds from disposal of other financial assets		2 639	-
Net cash outflow from investing activities - discontinued operations		(254 649)	109 434
Proceeds from disposal of subsidiaries - net of cash		170 205	423 996
Cash outflow from investing activities - discontinued operations [2]		(424 854)	(314 562)
Net cash (outflow)/inflow from investing activities		**(268 050)**	**54 883**
Cash flows from financing activities			
Proceeds from borrowings raised		150 649	636 592
Repayment of borrowings		(86 798)	(785 952)
Repayments on deferred vendor liabilities		(12 000)	-
Lease liabilities repaid		(36 719)	(24 756)
Net cash outflow from financing activities - discontinued operations [3]		(282 008)	(190 568)
Net cash outflow from financing activities		**(266 876)**	**(364 684)**
Net increase/(decrease) in cash and cash equivalents		**111 549**	**(84 959)**
Restricted cash balance at the beginning of the period		75 057	45 515
Other cash and cash equivalents balance at the beginning of the period		268 926	351 600
Cash and cash equivalents at beginning of period		343 983	397 115
Effect of exchange difference on cash balances		24 111	37 308
Cash and cash equivalents at the beginning of the period - assets held for sale	5	61 944	56 463
Cash and cash equivalents at end of period - assets held for sale	5	(175 675)	(61 944)
Restricted cash balance at the end of the period		60 442	75 057
Cash and cash equivalents balance at the end of the period		305 469	268 926
Cash and cash equivalents at end of period		**365 911**	**343 983**

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

[2] The deferred vendor payment have been included as part of discontinued operations cash flows.

[3] The proceeds from the disposal of subsidiaries have been included as part of the discontinued operation cash flows because the disposed subsidiaries were classified as discontinued operations in terms of the requirements of IFRS 5. The comparative has been restated to ensure consistency of presentation.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

1. Group segmental analysis

Revenue split by segment	2021 R'000	Restated(1) 2020 R'000
Consumer Health	1 867 692	2 753 486
Africa	673 220	687 559
Scitec	131 841	1 188 607
Sun Wave	1 062 631	877 320
Pharma	3 479 373	3 495 112
Africa	577 699	700 183
Remedica	2 268 070	2 176 186
Farmalider	633 604	618 743
Medical	1 969 248	1 464 111
Animal Health	571 825	488 973
Biosciences	324 578	336 258
Other	-	3 984
Less: Discontinued operations	(5 983 631)	(6 338 897)
Total revenue	**2 229 085**	**2 203 027**

Revenue by geographical location	2021 R'000	Restated(1) 2020 R'000
South Africa	4 116 570	3 677 084
Cyprus	2 268 070	2 176 186
Spain	633 604	618 743
Hungary	131 841	1 188 607
Romania	1 062 631	877 320
Other	-	3 984
Less: Discontinued operations	(5 983 631)	(6 338 897)
Total revenue	**2 229 085**	**2 203 027**

Normalised EBITDA[PM] split by segment	2021 R'000	2021 %	Restated(1) 2020 R'000	Restated(1) 2020 %
Consumer Health	408 710	22%	342 421	12%
Africa	81 964	12%	35 550	5%
Scitec	18 799	14%	61 163	5%
Sun Wave	307 947	29%	245 708	28%
Pharma	694 697	18%	750 215	21%
Africa	(6 273)	-1%	(45 488)	-6%
Remedica	611 293	27%	731 378	34%
Farmalider	89 677	14%	64 325	10%
Medical	273 512	14%	128 232	9%
Animal Health	147 484	26%	124 681	25%
Biosciences	47 264	15%	18 116	5%
Head office	(125 004)		(141 592)	
Other	(1 057)		197	5%
Less: Discontinued operations	(1 431 422)	24%	(1 291 964)	20%
Total normalised EBITDA[PM]	**14 184**	**1%**	**(69 694)**	**16%**

(1) The comparatives have been restated for the change in discontinued operations and correction of prior period errors.

1. Group segmental analysis (continued)

Reconciliation of normalised EBITDA[PM] to consolidated results	2021 R'000	Restated[(1)] 2020 R'000
Consolidated loss before taxation from continuing operations	**(1 530 774)**	**(1 684 610)**
Finance income	(4 824)	(4 018)
Finance expense	1 085 139	792 341
Total impairment, amortisation and depreciation	190 350	600 014
Total once off costs	274 293	226 579
Total normalised EBITDA[PM]	**14 184**	**(69 694)**

[(1)] The comparatives have been restated for the changes in discontinued operations and correction of prior period errors.

Statement of financial position measures applied

Assets and liabilities split by segment	2021 R'000 Assets	2021 R'000 Liabilities	Restated[(1)] 2020 R'000 Assets	Restated[(1)] 2020 R'000 Liabilities
Consumer Health	1 753 156	(319 476)	2 337 547	(5 180 375)
Africa	487 095	(145 617)	550 903	(190 044)
Scitec - held for sale	-	-	375 435	(4 625 527)
Sun Wave	1 266 061	(173 859)	1 411 209	(364 804)
Pharma	6 393 132	(2 744 363)	7 142 567	(2 435 839)
Africa	223 260	(93 641)	346 638	(235 952)
Remedica	5 575 879	(2 226 623)	6 187 940	(1 743 620)
Farmalider	593 993	(424 099)	607 989	(456 267)
Medical	1 336 852	(507 830)	1 533 248	(567 339)
Animal Health	779 659	(195 731)	741 670	(178 566)
Biosciences - held for sale	429	(726)	252 968	(161 819)
Head office	371 382	(6 353 072)	232 220	(2 298 146)
Other	356	-	2 661	(37)
Total consolidated assets and (liabilities)	**10 634 966**	**(10 121 198)**	**12 242 881**	**(10 822 121)**

[(1)] The comparatives have been restated for the correction of the deferred tax prior period error and the trade payables prior period error. Refer to Note 2 for further details.

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

Fixed assets per geographic location	2021 R'000	2020 R'000
South Africa	223 998	208 444
Cyprus	843 891	816 353
Hungary	-	-
Romania	2 314	1 599
Spain	16 424	19 254
Assets held for sale	(886 122)	(6 651)
Fixed assets per geographic location	**200 505**	**1 038 999**

FINANCIAL AND SHAREHOLDER INFORMATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

2. Restatements for the year ended 30 June 2020

Restatement of comparative results – classification of planned divestments to discontinued operations and held for sale

The groups entities listed below have been identified for divestment during the current year and hence they are classified as discontinued operations in terms of the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. As a result, the June 2020 statement of profit or loss and statement of cash flow have been restated to reflect the IFRS 5 classification. Refer to Note 5 for more details.

- Animal Health
- Respiratory Care Africa
- Farmalider group
- AHIH group (incorporating Remedica and Sun Wave)

Prior period errors

The following prior period errors were identified in the current year and were corrected in terms of the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

1. Release of deferred tax liability on impairment of intangible assets

In December 2020, it was identified that there was no release of the deferred tax liability on impairment of intangible assets that were recognised in terms of IFRS 3: Business Combinations during the compilation of the 2020 and 2019 annual financial statements. This error resulted in a material overstatement of the deferred tax expense recognised for the 2020 and 2019 financial years and a corresponding overstatement of the deferred tax liability. The error has been corrected retrospectively in terms of the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

2. Understatement of trade payable in Surgical Innovations

During the year, it was identified that trade payables were understated due to material unreconciled differences between trade payable transactions recorded in the accounting system and suppliers' statements. The material unreconciled differences arose from invoices not being recorded, interest related to creditors not being captured and the incorrect translation of invoices denominated in foreign currency.

2. Restatements for the year ended 30 June 2021 (continued)

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

		Restatements				Prior period errors		
		Discontinued operations						
2020	Reported	Animal Health	RCA	Farmalider	AHIH group	Deferred tax on impairments	Trade payables	**Restated**
Statement of profit or loss and other comprehensive income	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	6 963 376	(488 973)	(595 143)	(618 743)	(3 057 490)	-	-	**2 203 027**
Cost of sales	(3 751 732)	244 931	377 453	394 719	1 380 828	-	(3 070)	**(1 356 871)**
Gross profit	**3 211 644**	**(244 042)**	**(217 690)**	**(224 024)**	**(1 676 662)**	**-**	**(3 070)**	**846 156**
Expenses	(3 315 323)	149 939	154 022	377 628	900 045	-	(8 756)	**(1 742 445)**
Net finance cost	(855 463)	2 449	715	6 227	60 701	-	(2 952)	**(788 323)**
Income tax	56 570	16 733	9 858	(15 643)	27 231	24 060	4 138	**122 947**
Loss from continuing operations	**(902 572)**	**(74 921)**	**(53 095)**	**144 188**	**(688 685)**	**24 060**	**(10 640)**	**(1 561 665)**
(Loss)/profit from discontinued operations	(169 977)	74 921	53 095	(144 188)	688 685	44 064	-	**546 600**
Loss for the year	**(1 072 549)**	**-**	**-**	**-**	**-**	**68 124**	**(10 640)**	**(1 015 065)**
Continuing operations - Basic loss per share (cents)	**(174.0)**					-	-	**(316.7)**
Total operations - Basic headline loss per share (cents)	**(209.6)**					-	-	**(202.3)**
Loss attributable to:								
Owners of the parent						45 652	(10 640)	**(1 037 537)**
Continuing operations						24 060	(10 640)	**(1 584 137)**
Discontinued operations						21 592	-	**546 600**
Non-controlling interest						22 472	**-**	**22 472**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

2. Restatements for the the year ended 30 June 2021 (continued)

2020 Statement of financial position	Reported R'000	Prior period errors Deferred tax on impairments R'000	Accounts payable R'000	Restated R'000
Deferred tax asset	94 849	-	6 900	**101 749**
Accumulated loss	(5 031 089)	123 523	(17 742)	**(4 925 308)**
Non-controlling interest	104 666	22 472	-	**127 138**
Deferred tax liabilities	362 468	(145 995)		**216 473**
Trade and other payables	1 550 745	-	24 642	**1 575 387**

2019 Statement of financial position	Reported R'000	Prior period errors Deferred tax on impairments R'000	Accounts payable R'000	Restated R'000
Deferred tax asset	124 714	-	2 762	**127 476**
Accumulated loss	(3 998 071)	77 871	(7 102)	**(3 927 302)**
Deferred tax liabilities	521 274	(77 871)	-	**443 403**
Trade and other payables	1 377 327	-	9 864	**1 387 191**

3. Borrowings and other financial liabilities

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

	2021 R'000	2020 R'000
SFA debt		
Euro denominated term loans	3 474 268	3 402 133
Euro denominated RCF	935 445	960 140
ZAR denominated term loans	1 828 564	1 534 832
ZAR denominated RCF	478 558	413 536
Total senior debt	**6 716 835**	**6 310 641**
Other Borrowings		
Cyprus loan facility [1]	-	160 449
Loans with financial institutions - Spain [1]	-	272 155
Other facilities	75 639	81 965
Total other debt	**75 639**	**514 569**
Total borrowings and other financial liabilities	**6 792 474**	**6 825 210**

[1] Transferred to liabilities held for sale in the current year.

The split between current and non-current borrowings and other financial liabilities		
Non-current liabilities	8 222	6 285 087
Current liabilities	6 784 252	540 123
	6 792 474	**6 825 210**

SFA Euro denominated facilities

The group has the following Euro term facilities amounting to €204.6 million (R3 474 million):

- Facility A, with an outstanding balance of €192.3 million (R3 266 million) which consist of €165.9 million capital and €26.4 million of capitalised interest.
- Facility D, with an outstanding balance of €5.6 million (R95 million) which consist of €5.1 million capital and €0.5 million of capitalised interest.
- Facility E1, with an outstanding balance of €6.7 million (R113 million) which consist of €6.3 million capital and €0.4 million of capitalised interest.

In addition to the facilities above, the group has a revolving credit facility with an outstanding balance of €55.1 million (R935 million) which consist of €47.8 million capital and €7.3 million capitalised interest. The revolving credit facility was fully drawn down as at 30 June 2021.

Interest on Facility A and the revolving credit facility is charged at Euribor plus 16.5% (4% margin and 12.5% PIK) and interest on Facility D and E1 is charged at Euribor plus 12.5% (5% margin + 7.5% PIK). The cash interest is repayable quarterly, while the PIK component is capitalised quarterly and payable on 31 December 2021 (amended after year end for the terms set out in the group recapitalisation). The PIK margin was increased by 2.5% effective from 31 January 2021 as a result of a PIK strike, due to delays in meeting certain SFA mandated milestones. No cash interest was paid for the quarters ended March 2021 and June 2021 as a result of the forbearance and restructuring support agreements entered into with the lenders.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

3. Borrowings and other financial liabilities (continued)

SFA Rand denominated facilities

The group has the following ZAR term facilities amounting to R1 829 million:

- Facility B1, with an outstanding balance of R592.4 million which consist of R504.0 million capital and R88.4 million of capitalised interest.
- Facility B2, with an outstanding balance of R1 023.8 million which consist of R869.3 million capital and R154.5 million of capitalised interest.
- Facility E2, with an outstanding balance of R212.4 million which consist of R193.2 million capital and R19.2 million of capitalised interest.

In addition to the facilities above, the group has a revolving credit facility with an outstanding balance R478.6 million which consist of R409.0 capital and R69.6 million capitalised interest. The facilities are repayable by a single bullet payment on 31 December 2021 (amended after year end for the terms set out in the group recapitalisation).

Interest on Facility B1, Facility B2 and the revolving credit facility is charged at JIBAR plus 16.25% to 16.7% (3.75% - 4.2% margin and 12.5% PIK) per annum and is payable quarterly. Interest in Facility E2 is charged at JIBAR plus 12.5% (5% margin and 7.5% PIK). The cash interest is repayable quarterly, while the PIK component is capitalised quarterly and payable on 31 December 2021 (amended after year end for the terms set out in the group recapitalisation). The PIK margin was increased by 2.5% effective from 31 January 2021 as a result of a PIK strike, due to delays in meeting certain SFA mandated milestones. No cash interest was paid in for the quarters ended March 2021 and June 2021 as a result of the forbearance and restructuring support agreements entered into with the lenders.

Additional indirect credit facilities exist that include letters of credit and performance guarantees. At 30 June 2021 exposures with regards to letter of credit issued on behalf of the SA Pharma business and Medical Devices businesses were R20 million.

SFA covenants and divestment milestones

The SFA is subject to a quarterly adjusted leverage covenant test (the ratio of total net debt to normalised EBITDA). For the financial year ended 30 June 2021 the lenders required that the group maintain an adjusted leverage ratio below 6.6 (30 June 2020: 5.9). Ascendis Health achieved a ratio of 4.6 and therefore is compliant with the requirement set by the lenders.

The SFA provides for certain key milestones in respect of the disposal of specified business units (disposal milestones). The consequences of missing a disposal milestone depend on the nature of the disposal milestone. For example, if certain disposal milestones are not met (e.g., the appointment of an adviser) this is an event of default, while other disposal milestones may cumulatively lead to an increase in the PIK interest margin applicable to all facilities of 2.5%.

3. Borrowings and other financial liabilities (continued)

Facilities post group recapitalisation

Successful implementation of the group recapitalisation will results in the senior debt being repaid and replaced with the following:

- Reinstated debt of €15 million (circa R255 million). Interest on this facility will be charged at JIBAR plus 9% PIK.
- Access to new draw down facility of up to the ZAR equivalent of €20 million (circa R340 million). Interest on this facility will be charged at JIBAR + cash margin of 3.3% and 3% PIK.

Both facilities have a 2 year term.

Further, a short-term loan of R1 010 million will be instated to facilitate transfer of the disposal proceeds from RCA and Animal Health to the lenders. The term of this loan is 6 months. The group is comfortable that the disposal proceeds from RCA, Animal Health and excess cash generated in those businesses will be sufficient to ensure that this loan is fully repaid shortly after the group recapitalisation is implemented.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

4. Deferred vendor liabilities

	2021 R'000	2020 R'000
Remedica Group	724 177	801 126
Sun Wave Pharma Group	-	194 522
Klub M5 Proprietary Limited	-	34 499
Kyron Group	116 808	107 460
Transfer to held for sale	(724 177)	-
	116 808	**1 137 607**
Current	116 808	34 499
Non-current	-	1 103 108
	116 808	**1 137 607**
Deferred consideration	116 808	908 004
Contingent consideration	-	229 603
	116 808	**1 137 607**

Kyron deferred vendor liability

The outstanding balance of the deferred vendor liability as at 30 June 2021 is R116.8 million which comprises of R99.3 million capital and R18.5 million late payment penalty interest. The Animal Health disposal transaction is expected to close by 31 October 2021. Upon disposal of Animal Health entities (which include Kyron entities), Ascendis is to settle the outstanding deferred vendor balance in full.

Remedica deferred vendor liability

The Remedica group will be disposed as part of the planned group recapitalisation and the outstanding deferred vendor balance will be settled as part of the disposal transaction. The outstanding balance as at 30 June 2021 is €42.6 million (R724.2 million) which comprises of €40 million (R697.4 million) capital and €2.6 million (R26.8 million) late payment penalty interest.

5. Discontinued operations

The group recapitalisation transaction and related disposal processes has enabled the business to clearly identify segments that should be classified as discontinued operations for the year ended 30 June 2021.

The group has taken into account signed sales agreements and the group recapitalisation implementation agreement in determining the appropriate fair value less costs to sell for the discontinued operations and related measurements.

These are detailed below:

Animal Health

The Animal Health business was identified as non-core during the group's strategy and was identified for divestment. The divestment was sanctioned as part of the group recapitalisation. A binding sale agreement was signed subsequent to year end in July 2021. The disposal is subject to shareholder approval and the transaction is expected to close by 30 November 2021.

Respiratory Care Africa (RCA)

The group received an unsolicited management buy-out offer for the disposal of RCA. The group accepted the offer and a binding sale agreement was signed in May 2021. The disposal is subject to shareholder approval and the transaction is expected to close by 31 October 2021.

Farmalider

The Farmalider business was identified as non-core during the group's strategy and was identified for divestment. The sale agreement was signed in June 2021 and the transaction was concluded on 8 July 2021.

Ascendis Health International Holdings (AHIH) Group

As part of the group recapitalisation as disclosed in Commentary, the entities within the AHIH group are reclassified as discontinued operations and held for sale as at 30 June 2021. These entities include the Remedica group and the Sun Wave group.

Completed disposals

The following disposals were completed during the year ended 30 June 2021:

Ascendis Direct

The disposal of Ascendis Direct was successfully concluded on 31 August 2020 and its results are classified and incorporated in net profit or loss from discontinued operations for the current year, up to this disposal date.

Scitec

The disposal of Scitec was successfully completed on 31 July 2020 and its results are classified and incorporated in net profit or loss from discontinued operations for the current year up to this disposal date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

5. Discontinued operations (continued)

Dezzo

The disposal of certain assets and liabilities relating to Dezzo was concluded on 28 February 2021. This business formed part of the Pharma segment and due to its size, it was not classified as discontinued operations. Therefore its results up to the date of disposal are included in continuing operations.

Biosciences

Ascendis announced fulfillment of the condition's precedent to the disposal of Biosciences as at 30 June 2021, the effective disposal date for the Biosciences business. Therefore, Biosciences's results were incorporated in net profit or loss from discontinued operations for the full financial year.

5. Discontinued operations (continued)

2021

	Biosciences	Ascendis Direct	Scitec	Animal Health	Respiratory Care Africa[2]	Farmalider	AHIH Group[3]	Total
Revenue	324 578	5 003	131 841	571 825	986 078	633 604	3 330 701	5 983 631
Expenses	(186 455)	(5 602)	(114 590)	(427 712)	(777 604)	(565 985)	(2 763 264)	(4 841 212)
Profit/(loss) on sale of disposal group	34 131	(3 704)	(306 465)	-	-	-	-	(276 038)
Profit/(loss) before impairments	172 254	(4 303)	(289 214)	144 113	208 474	67 619	567 437	866 381
Impairments of assets	-	-	-	-	-	(32 695)	(23 256)	(55 951)
IFRS 5 remeasurement	(95 562)	-	-	-	-	-	-	(95 562)
Profit/(loss) before tax	**76 692**	**(4 303)**	**(289 214)**	**144 113**	**208 474**	**34 924**	**544 181**	**714 868**
Tax	(12 344)	5	(16 961)	(49 157)	(11 180)	6 587	(70 660)	(153 710)
Profit/(loss) after income tax expense of discontinued operations	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**

Restated [1]

2020

	Biosciences	Ascendis Direct	Scitec	Animal Health	Respiratory Care Africa [2]	Farmalider	AHIH Group[3]	Total
Revenue	336 258	53 683	1 188 607	488 973	595 143	618 743	3 057 490	6 338 897
Expenses	(301 757)	(77 898)	(1 163 124)	(397 319)	(532 191)	(600 444)	(2 341 573)	(5 414 306)
Profit on sale of portion of disposal group	107 036	-	-	-	-	-	-	107 036
Profit/(loss) before impairments	141 537	(24 215)	25 483	91 654	62 952	18 299	715 917	1 031 627
Impairments of assets	(31 438)	(12 160)	(267 899)	-	-	(178 130)	-	(489 627)
Profit/(loss) before tax	**110 099**	**(36 375)**	**(242 416)**	**91 654**	**62 952**	**(159 831)**	**715 917**	**542 000**
Tax	1 676	(1 508)	(1 453)	(16 733)	(9 858)	59 707	(27 231)	4 600
Profit/(loss) after income tax expense of discontinued operation	**111 775**	**(37 883)**	**(243 869)**	**74 921**	**53 094**	**(100 124)**	**688 686**	**546 600**
Total comprehensive income/(loss)	**111 775**	**(37 883)**	**(243 869)**	**74 921**	**53 094**	**(100 124)**	**688 686**	**546 600**

[1] 30 June 2020 has been restated to reflect restating Animal Health, Respiratory Care Africa, Farmalider and AHIH Group which is classified as held for sale and a discontinued operation in terms of the requirement of IFRS 5.
[2] RCA is included as part of Medical segment in the segment reporting and it has been disclosed as a discontinued operation because it is a major separate line of business.
[3] AHIH disposal group includes the following segments as per the segments note: Remedica and Sun Wave.

FINANCIAL AND SHAREHOLDER INFORMATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

5. 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:

	2021 R'000					2020 R'000				
R'000	**Animal Health**	**Respiratory Care Africa**	**Farmalider**	**AHIH Group**	**Total**	**Bio-sciences**	**Ascendis Direct**	**Scitec**	**Dezzo Trading 392 (Pty) Ltd**	**Total**
Property, plant and equipment	6 408	17 086	16 428	846 205	886 127	6 651	-	-	-	6 651
Intangible assets & goodwill	525 075	101 475	132 672	3 902 656	4 661 878	44 167	-	-	-	44 167
Right-of-use asset	21 521	97	37 253	51 385	110 256	24 303	-	-		24 303
Deferred tax asset	10 461	-	65 440	330	76 231	12 896	8 528	8 637	5 652	35 713
Inventories	130 827	112 104	132 857	590 152	965 941	93 555	-	170 779	51 163	315 497
Current income tax receivable	160	6 678	23 556	5 874	36 268	5 161	839	4 699	-	10 699
Trade and other receivables	77 354	138 800	144 511	1 246 340	1 607 006	60 632	1 726	142 338	-	204 696
Cash and cash equivalents	7 817	4 601	29 498	163 877	205 793	5 240	7 722	48 982	-	61 944
Other financial assets	35	1	11 779	16 217	28 031	259	-	-	-	259
Assets held for sale	**779 659**	**380 842**	**593 993**	**6 823 037**	**8 577 531**	**252 864**	**18 815**	**375 435**	**56 815**	**703 929**
Borrowings	-	-	(253 822)	(74 531)	(328 353)	(197)	-	-	-	(197)
Deferred vendor liabilities	-	-	-	(724 177)	(724 177)	-	-	-	-	-
Lease liabilities	(19 635)	-	(34 279)	(51 438)	(105 352)	(23 821)	(2 384)	(85 001)	-	(111 206)
Deferred tax liability	(83 507)	(1 190)	-	(177 462)	(262 159)	(17 164)	-	(71 438)	(1 341)	(89 943)
Trade and other payables	(67 480)	(82 400)	(126 330)	(515 485)	(791 695)	(65 093)	(4 547)	(137 374)	(27 907)	(234 921)
Provisions	(10 708)	(6 150)	-	(15 217)	(32 074)	(5 582)	(1 270)	(4 350)	(566)	(11 768)
Current Income tax payable	(14 401)	-	(9 667)	(27 991)	(52 059)	(15)	(114)	(2 211)	-	(2 340)
Bank overdraft	-	-	-	(30 118)	(30 118)	-	-	-	-	-
Liabilities held for sale	**(195 731)**	**(89 740)**	**(424 098)**	**(1 616 418)**	**(2 325 986)**	**(111 872)**	**(8 315)**	**(300 374)**	**(29 814)**	**(450 375)**
Net assets	**583 928**	**291 102**	**169 895**	**5 206 619**	**6 251 544**	**140 992**	**10 500**	**75 061**	**27 001**	**253 554**

6. Disposal of subsidiaries

During the current year, the group sold its investment and interests in the following disposal groups:

- Scitec – 31 July 2020;
- Ascendis Health Direct – 31 August 2020; and
- Biosciences – 30 June 2021

In addition to the above disposals, certain assets and liabilities were disposed on 28 February 2021 from Dezzo, which formed part of the Pharma segment.

The carrying amount of assets and liabilities that were reclassified to non-current assets held for sale and subsequently sold were:

	2021 R'000				
	Biosciences	**Dezzo**	**Ascendis Direct**	**Scitec**	**Total**
Property, plant and equipment	-	73	18	-	91
Intangible assets and goodwill	3 164	1	-	-	3 165
Right-of-use assets	409	-	-	-	409
Deferred tax assets	10 849	1 341	8 581	1 402	22 174
Current income tax receivable	11 300	-	839	-	12 139
Inventories	63 244	66 864	-	183 518	313 626
Trade and other receivables	54 457	-	1 845	180 158	236 460
Other financial assets	6 972	-	-	-	6 972
Cash and cash equivalents	4 523	-	2 579	18 488	25 590
Total assets	**154 919**	**68 279**	**13 862**	**383 566**	**620 626**
Lease liabilities	(22 976)	-	(2 176)	(87 457)	(112 609)
Deferred tax liability	(23 578)	-	(47)	(70 457)	(94 082)
Trade and other payables	(52 090)	(33 289)	(3 329)	(128 866)	(217 574)
Provisions	(9 296)	(182)	(1 433)	(4 658)	(15 569)
Current income tax payable	-	-	(114)	(6 196)	(6 310)
Total liabilities	**(107 940)**	**(33 471)**	**(7 099)**	**(297 634)**	**(446 144)**
Carrying amount of net (liabilities)/assets	**46 979**	**34 808**	**6 763**	**85 932**	**174 482**
Foreign exchange differences reclassified	-	-	7 196	310 456	317 652
Total disposal consideration - cash	**81 110**	**14 506**	**10 255**	**89 923**	**195 794**
Gain/(loss) on disposal	**34 131**	**(20 302)**	**(3 704)**	**(306 465)**	**(296 340)**
Net cash					
Cash received	81 110	14 506	10 255	89 923	195 794
Less: Cash and cash equivalents balance of disposed subsidiaries	(4 523)	-	(2 579)	(18 488)	(25 590)
Net cash received on sale	**76 587**	**14 506**	**7 676**	**71 435**	**170 204**

FINANCIAL AND SHAREHOLDER INFORMATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

7. Revenue

Revenue	2021 R'000	Restated [1] 2020 R'000
Revenue from contracts with customers[2]		
Sale of goods - wholesale (in-country)	1 994 142	1 677 348
Sale of goods - wholesale (export)	31 769	-
Sale of equipment	82 164	86 130
Rendering of service	10 298	18 951
	2 118 373	**1 782 429**
Timing of revenue: revenue from contracts with customers		
Products transferred at a point in time	2 108 075	1 763 478
Services transferred over time	10 298	18 951
	2 118 373	**1 782 429**
Rental income	**110 713**	**420 598**
Total revenue	**2 229 085**	**2 203 027**

(1) The comparatives have been restated for the change in discontinued operations.

(2) Disaggregation of revenue from contract with customers is based on the type of revenue which is different from the disaggregation included in the segment reporting because the disaggregation in the segment note is for the total revenue including rental income.

8. Earnings per share

	2021 R'000			Restated[1] 2020 R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(a) **Basic loss per share**						
Loss attributable to owners of the parent	(1 651 962)	561 158	(1 090 804)	(1 512 406)	546 598	(965 808)
Loss	**(1 651 962)**	**561 158**	**(1 090 804)**	**(1 512 406)**	**546 598**	**(965 808)**
Weighted average number of ordinary shares in issue			481 493 990			477 514 891
Basic loss per share (cents)	**(343.1)**	**116.5**	**(226.5)**	**(316.7)**	**114.5**	**(202.3)**
(b) **Headline loss per share**						
Loss attributable to owners of the parent	(1 651 962)	561 158	(1 090 804)	(1 512 406)	546 598	(965 808)
Adjusted for:						
Net (profit)/loss on the sale of property, plant and equipment	1 385	3 550	4 935	(771)	–	(771)
Tax effect	(388)	59	(329)	202	–	202
(Profit)/loss on disposal of subsidiary	–	296 338	296 338	(408)	(107 036)	(107 444)
Tax effect	–	–	–	91	4 796	4 887
Goodwill, intangible asset and tangible asset impairment	89 365	151 513	240 878	462 704	487 753	950 457
Tax effect	(957)	–	(957)	(59 213)	(22 550)	(81 763)
Impairment of investment	(6 665)	–	(6 665)	14 324	–	14 324
Non-controlling interest portion allocation	–	–	–	–	257	257
Headline (loss)/earnings	**(1 569 222)**	**1 012 618**	**(556 604)**	**(1 095 477)**	**909 818**	**(185 659)**
Weighted average number of shares in issue			481 493 990			477 514 891
Headline (loss)/earnings per share (cents)	**(325.9)**	**210.3**	**(115.6)**	**(229.4)**	**190.5**	**(38.9)**

[1] The comparatives have been restated for the change in discontinued operations, correction of the deferred tax prior period error and the trade payables prior period error. Refer to Note 2 for further details.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021 **(CONTINUED)**

8. Earnings per share (continued)

	2021 R'000			Restated[(1)] 2020 R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Reconciliation of normalised headline earnings						
Headline (loss)/earnings	**(1 569 222)**	**1 012 618**	**(556 604)**	**(1 095 477)**	**909 818**	**(185 659)**
Adjusted for						
Acquisition of businesses related costs	–	–	–	661	23 564	24 225
Disposal of businesses related costs	185 987	177 476	363 463	68 509	2 584	71 093
Debt/capital restructuring costs	60 836	–	60 836	142 852	12 429	155 281
Restructuring and retrenchment costs	34 134	–	34 134	233	9 749	9 982
Product litigation costs	–	–	–	–	–	–
Tax effect thereof	(26 592)	–	(26 592)	(41 674)	(2 267)	(43 941)
Normalised headline (loss)/earnings	**(1 314 857)**	**1 190 094**	**(124 763)**	**(924 896)**	**955 877**	**30 981**
Weighted average number of shares in issue			481 493 990			477 514 891
Normalised headline (loss)/earnings per share (cents)	**(273.1)**	**247.2**	**(25.9)**	**(193.7)**	**200.2**	**6.5**

(1) The comparatives have been restated for the change in discontinued operations, correction of the deferred tax prior period error and the trade payables prior period error. Refer to Note 2 for further details.

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.

9. Events after reporting period

Reckitt Benckiser South Africa (Pty) Ltd (Reckitt) claim

During 2016 the Ascendis group acquired 100% of Akacia Healthcare Holdings, registration no: 1994/009657/07, which owned 100% of Akacia Healthcare (Pty) Ltd (Akacia Healthcare). Akacia Healthcare then changed its name to Ascendis Pharma (Pty) Ltd (Ascendis Pharma) on 23 August 2016. Ascendis Pharma at that time had an existing co-packaging agreement with Reckitt, whereby Ascendis Pharma was contracted to perform agreed upon services on behalf of Reckitt. Subsequently in October 2016, Reckitt cancelled the contract with Ascendis Pharma and proceeded to issue a claim for alleged damages totalling R54 million against Ascendis Pharma in early 2019.

Ascendis Pharma has conceded on certain merits of the case, and Reckitt in turn, conceded on the levels of undelivered stock that would have a diminishing impact on the quantum of an element to its original claim. The matter has been concluded and an amount of R18 million was paid in July 2021 as the full and final settlement.

Group Recapitalisation

On 27 August 2021, the group and its forbearance creditors (being Blantyre and L1 Health) signed a primary restructuring implementation deed (implementation deed) and is now bound by its terms and conditions. The implementation deed sets out the detailed steps that must be taken for the implementation of the group recapitalisation and the conditions to which the group recapitalisation is subject. The implementation deed supplements the restructuring support agreement (RSA), details of which are outlined under the going concern note. The group recapitalisation is a category 1 transaction and approved by shareholders at the general meeting held on 4 October 2021.

Group strategy post the group recapitalisation

Post the group recapitalisation, the group will comprise of the three South African businesses namely Medical Devices (excluding RCA), Pharma and Consumer Health ("New Ascendis Health" or "continuing operations"). The option of remaining a listed group, whilst still being reviewed, is challenged by the significantly reduced scale of New Ascendis Health, the costs associated with remaining listed and limited capital availability in relation to various growth opportunities in the remaining businesses. In light of this, the Board has engaged with the various interested parties in the remaining assets and is forming a perspective on the viability and value proposition of a sale of the remaining businesses in the group over the short-to-medium term, including the option of taking the remaining group private. At the time of approval of these financial statements, these engagements are, however, all at "initial, indicative" stage. Should the recapitalisation be successfully implemented, the group will continue engagements with interested parties and will make a final evaluation of the preferred option as soon as possible.

Farmalider disposal

The group disposed its 49% controlling interest in Farmalider. The effective date of the disposal transaction was 8 July. The business was sold for €5 million (R84 million).

Animal Health disposal

The group is disposing 100% of shares of entities within the Animal Health Segment. The SPA was signed in July 2021 and the transaction is expected to close by 31 October 2021.

Other

During the year, the board was able to successfully resolve and settle previously reported matters regarding a former employee of the group and shareholders. There are no residual matters in this regard.

FINANCIAL AND SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

as at 30 June 2021

	30 June 2021		30 June 2020	
Spread of ordinary shareholders	**Number of shares**	**Percentage of shares**	**Number of shares**	**Percentage of shares**
Public shareholders	**419 069 606**	**85.6**	415 089 324	84.8
Non-public shareholders				
– Directors and associates of the company	**737 721**	**0.2**	738 904	0.2
– Treasury shares (own holdings)	**7 975 969**	**1.6**	11 955 068	2.4
– Strategic holdings (more than 10%)	**61 686 663**	**12.6**	61 686 663	12.6
Total	**489 469 959**	**100.0**	489 469 959	100.0

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 2% or more of the issued share capital at 30 June 2021:

	30 June 2021		30 June 2020	
Major beneficial shareholders holding 2% or more	**Number of shares**	**Percentage of shares**	**Number of shares**	**Percentage of shares**
International Finance Corporation	**61 686 663**	**12.6**	61 686 663	12.6
Kefolile Health Investments (Pty) Ltd	**33 414 481**	**6.8**	33 414 331	6.8
Coast2Coast Capital (Pty) Ltd	**23 945 813**	**4.9**	23 945 813	4.9
Mr Charalambos Pattihis[1]	**23 766 421**	**4.9**	23 766 421	4.9
WDB Investment Holdings (Ply) Ltd			27 228 305	5.6
Mineworkers Investment Company			25 874 633	5.3
Government Employees Pension Fund			41 404 331	8.5

[1] *Formerly represented as Coutts & Co*

	30 June 2021		30 June 2020	
Major fund managers managing 2% or more	**Number of shares**	**Percentage of shares**	**Number of shares**	**Percentage of shares**
Old Mutual Investment Group	**15 123 571**	**3.1**	16 940 113	3.5
Laurium Capital	**12 256 648**	**2.5**	16 917 113	3.5

	30 June 2021		30 June 2020	
	Number of shares	**Percentage of shares**	**Number of shares**	**Percentage of shares**
Major fund managers no longer managing over 2%		**shares**	shares	shares
Mergence Investment Managers			39 326 335	8.0
Public Investment Corporation			21 974 839	4.5

30 June 2021 **Distribution of registered shareholdings**	**Number of shareholders**	**Percentage of shareholders**	**Number of shares**	**Percentage of shares**
1 – 1 000	**9 078**	**65.1**	1 669 020	0.3
1 001 – 10 000	**3 007**	**21.6**	11 334 250	2.3
10 001 – 100 000	**1 388**	**10.0**	49 594 497	10.1
100 001 – 1 000 000	**399**	**2.9**	120 582 200	24.6
1 000 001 shares and over	**65**	**0.5**	306 289 992	62.6
	13 937	**100.0**	**489 469 959**	100.0

SHAREHOLDERS' DIARY

Annual general meeting	29 November 2021
Results and reporting:	
Interim results to December 2021	March 2022
Annual results to June 2022	September 2022
Publication of 2022 integrated annual report	September 2022

FINANCIAL AND SHAREHOLDER INFORMATION

CORPORATE INFORMATION

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	Mpeo Nkuna (BCom, LLB) mpeo.nkuna@ascendishealth.com
Directors	AB Marshall (Chairman)[1] B Harie[2] Dr KS Pather[1] J Sebulela[1] SS Ntsaluba[1] MJ Sardi (CEO)[4] CJ Kujenga (CFO)[3]

[1] *Independent non-executive*
[2] *Lead independent non-executive*
[3] *Appointed 1 December 2020*
[4] *Resigned with effect from 31 December 2021*

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