Ascendis
HEALTH LIMITED

SUMMARISED CONSOLIDATED FINANCIAL RESULTS

For the year ended 30 June 2022

Contents

Key Features (continuing operations)

Revenue -15% to R1.6 billion

Gross profit margin +291 bps to 40.9%

Normalised EBITDA^{PM} of R13.2 million compared to Normalised loss before interest, tax, depreciation and amortisation^{PM} of R24.2 million

Normalised operating loss +32% to -R317 million

Headline loss per share 63.6% improvement at 121.8 cents

Normalised headline loss per share of 109.4 cents

Profit on disposals of R1 013 million

Commentary

Overview

In the past year the group has gone from being burdened with mounting debt of almost R8 billion and facing the strong possibility of entering into business rescue, to successfully completing the group recapitalisation, undertaking further debt restructuring and corporate activity to enter the 2023 financial year with a near complete debt solution.

During the reporting period the group concluded the following disposals:

- Farmalider: The transaction was concluded on 8 July 2021. The business was disposed for €5 million (R86 million).
- AHIH Group (group recapitalisation): The group concluded the group recapitalisation on 21 October 2021. The AHIH group, with a net asset value of R5.6 billion was disposed in exchange for the repayment of debt with a carrying value of R6.5 billion and extinguishing the Remedica deferred vendor liability of R758 million.
- Respiratory Care Africa (RCA): The transaction was concluded on 6 October 2021. The business was disposed for an effective consideration of R439 million. The disposal proceeds were applied towards repayment of the senior debt as part of the group recapitalisation.
- Animal Health: The transaction was concluded on 30 November 2021. The business was disposed for an effective consideration of R738 million. The disposal proceeds were applied to repay the deferred vendor liability of R129 million while the balance was applied to reduce the senior debt as part of the group recapitalisation.
- Ascendis Skin and Body (Nimue): The transaction was concluded on 31 May 2022. The business was disposed for R102 million. The net disposal proceeds were applied to reduce the Austell facility.

These transactions have enabled the group to substantially reduce the outstanding senior debt, with the closing balance at 30 June 2022 of R498 million compared to R6.7 billion at 30 June 2021. Further, the transition of funders from L1 Health and Blantyre ultimately to Austell resulted in more favourable debt terms, with the effective interest rate of 16.62% (post group recapitalisation) reducing to an effective interest rate of 12.41% by year end.

At 30 June 2022, the group had three business segments remaining, namely Pharma, Medical Devices and Consumer Health ("Total Operations"). However, the disposal of Pharma is at an advanced stage, with the shareholder vote scheduled to take place in October 2022. The proceeds from this disposal will be set off against the Austell facility.

The results of the disposed entities i.e., the offshore divisions, Animal Health, RCA (which formed part of Medical Devices) and Ascendis Skin and Body, are included until the effective dates of disposal and are classified as discontinued operations in line with IFRS 5: *Non-current held for sale and discontinued operations*.

Financial Performance

The total existing operations produced a resilient performance against the constrained economic backdrop, with total revenue improving 4% to R1 943 million, and normalised EBITDA^{PM} improving to R66 million.

Commentary (continued)

Financial Performance (continued)

The Pharma business continued to reflect a positive earnings trajectory as it was well positioned to take advantage of a post Covid-19 normalisation, with the return of the annual flu season. Strong performances experienced in the key brands Reuterina, Sinuend and Sinucon contributed to sales growth of 23% to R384 million, and 2,2x normalised EBITDA^{PM} improvement to R53 million.

The current period results reflect the results of Pharma under discontinuing operations in line with the requirements of IFRS 5: *Non-current assets held for sale and discontinued operations*, and those of Medical Devices and Consumer Health as continuing operations. The comparative results disclosed for the period ended 30 June 2021 ("the prior corresponding period") have been restated accordingly.

The reconciliation below provides a high-level overview of the impact of the reclassification of discontinued operations:

Continuing operations	Revenue	Normalised EBITDA^{PM}	Loss from continuing operations before tax	Loss from continuing operations after tax	Loss per share	Headline loss per share (cents)	Normalised headline earnings per share (cents)
	R'm	R'm	R'm	R'm	Cents	Cents	Cents
As reported in FY2021	2 229	14	(1 546)	(1 616)	(343.1)	(325.1)	(273.1)
Transfer to discontinued operations	(404)	(39)	15	(39)	(8.0)	(8.8)	(9.3)
Restated FY21	1 825	(24)	(1 531)	(1 655)	(351.1)	(334.7)	(282.4)

Continuing operations:

Group revenue from continuing operations decreased by 15% from R1 825 million (restated) in the prior year to R1 559 million for the current year, driven by lower revenue performance in Consumer Health and The Scientific Group (which forms part of the Medical Devices segment). Consumer Health was impacted by a reduction in vitamin and supplement sales following a solid performance during Covid-19. The Scientific Group was negatively impacted by the change in use of NGO funding in the rest of Africa from COVID related diagnostics.

Despite the reduction in revenue, the group improved its gross profit margin from 38.0% to 40.9%, driven by a favourable sales mix in Medical Devices together with the positive impact of the disposal of the low margin business, Dezzo, during the 2022 financial year.

Operating expenses decreased by 29% to R802.6 million and include transaction-related once-off costs of R81.1 million (2021: R270.9 million - restated). The 2022 financial year saw the group continue with its transition from a global business with eight segments to a local group with three segments, enabling further reduction in head office costs to R95.6 million (2021: R125 million).

Commentary (continued)

Continuing operations (continued)

The group reported a loss after tax from continuing operations for the year of R758 million, which is an improvement on the prior year's loss after tax from continuing operations of R1 655 million (restated), on a like-for-like basis. The improvement in the loss from continuing operations was driven predominantly by a reduction in once-off costs related to the various disposal and restructuring transactions as well as lower finance costs.

Once-off costs included in continuing operations amounted to R81.1 million as compared to R270.9 million (restated) in the prior year. Finance costs decreased to R485 million (2021: R1 084 million) largely as a result of the reduction in debt during the current year.

The loss per share from continuing operations closed at -157.3 cents (2021: -351.1 cents) and normalised headline loss per share closed at -109.4 cents (2021: -282.4 cents).

Discontinued operations:

Profit from discontinued operations that were classified as discontinued operations in the prior year (historical discontinued operations) increased by 100% to R1 122 million (2021: R561.2 million). The profit reported constitutes the profit on disposal of R944.3 million and R177.7 million relating to the normal operations up to the respective dates of disposal. Profit from discontinued operations that were classified as discontinued operations in the current year (new discontinued operations) increased by 123% to R86.4 million (2021: R38.7 million). The profit reported constitutes profit on disposal of Ascendis Skin and Body of R68.6 million and R17.8 million relating to the normal operations for the current year.

Once-off costs included in discontinued operations amounted to R254.1 million as compared to R180.8 million (restated) in the prior year. These costs include R195.0 million (2021: R142.0 million) incurred on the group recapitalisation up to October 2021. The balance of R59.1 million relates to the other disposed entities.

Total operations:

Profit after tax from total operations is R450 million (2021: loss after tax of R1 055 million). Normalised EBITDA^{PM} from total operations decreased by 66% to R496 million (2021: R1 446 million).

The profit per share from total operations was 93.1 cents (2021: -226.5 cents) and normalised headline loss per share from total operations at -15.3 cents (2021 normalised headline loss: 25.9 cents).

Commentary (continued)

Segmental performance

Continuing operations	June 2022 Revenue	June 2021 Revenue	Revenue growth (%)	June 2022 Normalised EBITDA[PM]	June 2021 Normalised EBITDA[PM]	Normalised EBITDA[PM]
	R'm	R'm	%	R'm	R'm	%
Medical Devices	996	983	1.3%	45	60	**(25.4%)**
Consumer Brands	564	574	(1.8%)	64	70	(8.4%)
Total	**1 559**	**1 557**	**0.2%**	**109**	**130**	**(16.3%)**

Medical Devices:

Medical Devices experienced a post-lockdown normalisation in elective surgery and trauma cases that resulted in improved performances by Surgical Innovations and Ortho-Xact. This was tempered by the underperformance in The Scientific Group owing to Covid-19 related sales dissipating and other areas taking longer to recover to pre-Covid levels. The Scientific Group was also impacted by the reallocation of donor funding in the rest of Africa to Covid-19 vaccine procurement and distribution, and away from diagnostic testing.

Growth in CardaXes, the incubator business established in the cardiology segment during Covid-19, was driven by the growth in the Philips agency and the launch of the Microport agency.

Encouraging progress was made on operational optimisation strategies which focused on improving warehouse operations, demand planning and introducing additional governance. Costs came under severe pressure during the year as the business was impacted by the global supply chain disruptions and raw material shortages in the post-Covid environment, with significant increases in inbound logistics costs. The war in Ukraine contributed to major inflationary pressures, particularly in fuel and inbound logistics.

Consumer Health:

Revenue was adversely affected due to port and shipping delays of raw materials and supply chain disruptions resulting in out-of-stock challenges. In addition, consumers are under increasing financial pressure leading to a declining basket value, reduced footfall into stores as well as a shift in shopping behaviour away from branded vitamins, minerals and supplements ("VMS") to white label and own brands.

We have positively leveraged two key trends; notably the pursuit of a holistic lifestyle and consumers seeking to better manage stress and sleeplessness more naturally.

- The VitaForce stress category benefited from increasing demand for natural and non-scheduled products aimed at managing stress, sleep and depression.
- The move to consolidate multiple-indication products into a single solution to support a more holistic lifestyle had a positive impact on both the Solal and VitaForce multivitamin ranges.

Commentary (continued)

Consumer Health (continued)

- During 2022 Consumer Health launched two new products in the Vitaforce and Solal ranges under the energy and immunity categories.

After encountering severe port and flight disruptions in the first half of the year, coupled with global raw material shortages and distribution turbulence, Chempure experienced good growth in purchases in the second half of the year resulting in strong growth over the prior year.

Profitability was driven by range optimisation, continuous improvement and cost reduction projects.

Borrowings and covenants

On 16 May 2022, the group entered into a new debt agreement with Austell Pharmaceuticals for the advancement of a new facility ("Austell Facility"). The new term facility amounted to R590 million and was used to settle the Apex Management Services / Pharma-Q Holdings Loan Facility and therefore the senior facilities agreement in full. The Austell Facility reduced the cost of borrowings significantly, with a cumulative saving on interest to 30 June 2022 of approximately R3.6 million. Most importantly, it provided an extension of the repayment timeline from 30 June 2022 to 17 November 2022 without the threat of enforcement. The group's total debt under the Austell Facility at 30 June 2022 was R498 million (total senior debt at 30 June 2021: R7.8 billion).

In terms of the Austell Facility, management is required to provide the lender with a quarterly covenant certificate. The certificate requires the group to report a single financial covenant ratio, being the maintenance of a monthly liquidity headroom of R10 million. This headroom requirement was met as of 30 June 2022.

Pharma disposal

On 19 July 2022, it was announced that Ascendis had concluded an agreement to dispose of Pharma to Austell for a purchase consideration of R410 million (the "Austell Pharma Disposal"), a contingent transaction only implementable in the event that shareholders do not approve the Pharma-Q/Imperial Pharma Disposal. Ascendis accepted a revised offer from Austell on the Pharma transaction, whereby the purchase consideration payable increases by R22 million (a 5.37% increase) from R410 million to R432 million. The Pharma-Q/Imperial agreement as signed on 30 January 2022 provides a purchase consideration of R375 million.

While the Pharma disposal is a Category 1 transaction requiring shareholder approval, the conclusion of these two agreements provides the board with a high level of certainty of a successful conclusion to the transaction. The Austell financing agreements cater for a set off of the gross proceeds against the debt, subject to any net working capital adjustments. Therefore, the application of these proceeds to the debt would result in a reduction of the debt as at 30 June 2022, to R66 million in an Austell Pharma Disposal transaction, and R123 million in a Pharma-Q/Imperial Pharma Disposal transaction, subject to adjustment for interest incurred up until the date the debt is settled and any closing net working capital adjustments.

Pharma disposal (continued)

Consequence of failure to implement the Pharma disposal:

The Pharma disposal is conditional upon, inter alia, the relevant resolutions being approved by shareholders at the general meeting. The board is conscious that the year-end results will be released before the outcome of the shareholder vote is known.
Therefore, in concluding on the group's going concern assertion, the board has considered the implications of the relevant shareholder resolution not being passed to enable implementation of the disposal.

If the group is unable to implement the Pharma disposal, the group will need to find an alternative mechanism to ensure the debt can be repaid in full or face the risk that the lender will enforce their security should the debt not be repaid by 17 November 2022. The board determines the likelihood of this occurring as low risk based on the following:

- There are currently two bidders committed to the acquisition of the Pharma business, one of whom is the lender, Austell.
- The board has also considered the successful outcome of the rights offer, and the resultant reduction on the remaining outstanding debt.
- Advanced discussions regarding the early release of some or all of the R50 million, plus interest, which is currently held in escrow in respect of the disposal of the Animal Health division, as detailed in the circular issued to Ascendis shareholders on 3 September 2021.

Application of the proceeds of the rights offer to the debt, together with the escrow funds, further supports the fact that the value of the group exceeds the quantum of the debt. Therefore, a combination of the successful disposal of Pharma, together with the rights offer proceeds and the escrow funds is sufficient to provide a complete solution to repay the debt.

Based on the above, the board does not believe that the historical threat of business rescue still exists.

Rights offer

On 25 July 2022, the group announced its intention to raise an amount of R101,53 million by way of a fully underwritten non-renounceable rights offer, through an offer of 143 000 000 new Ascendis shares. The rights offer was concluded on 19 August 2022, and an amount of R101.53 million was raised. This amount is ring-fenced and forms part of the solution for the repayment of the debt.

Going concern assessment

The group annual financial statements have been prepared on a going concern basis. The directors acknowledge the group's financial position and the relevance of the going concern assessment in the context of the still to be concluded Pharma disposal. The directors have considered various mitigating factors against the material uncertainty related to going concern. This includes the outcome from the rights offer in August 2022, the continued support of the lenders, shareholders, suppliers, agencies and customers and the high probability of successfully concluding the disposal of the Pharma business.

Going concern assessment (continued)

They have also considered the financial plans and forecasts, and the strategies that will enable the business to deliver against these plans. The group has commenced engagements with commercial banks to provide net working capital facilities within the group companies, at more commercially appropriate structures and rates.

Considering the above mitigating factors, the directors believe that the going concern assumption remains appropriate.

The going concern of the business is premised on the conclusion of the Pharma disposal. Accordingly, and based on the information available to them, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the group's annual financial statements.

Dividends

No dividends were declared or paid during the current or prior reporting period.

Outlook

With the prospect of balance sheet stability being restored, the board's focus is to optimise the current operations.

Medical Devices, which incorporates the three operating businesses The Scientific Group, Surgical Innovations and Ortho-Xact, has long-standing relationships and exclusive agency agreements with major multinational suppliers, and a network of blue chip and government clients.

- The Scientific Group is a diagnostic business that is focused on deepening and expanding its product portfolio as well as its geographical reach in its chosen markets in the rest of Africa. The recently awarded National Health Laboratory Service tender also provides upside potential for the business.
- Both Surgical Innovations and Ortho-Xact have reported year on year revenue growth and will focus on defending their market position, improving efficiencies and targeting profitable, cash generating growth opportunities.

The Consumer Health business is one of the largest vitamin, mineral and supplement suppliers in South Africa, with brands such as Solal, Vitaforce, Menacal, Bettaway and Junglevite being among the most established and recognized in their categories. The business also has a manufacturing capability in Gauteng, being one of only two South African Health Products Regulatory Authority accredited soft gel capsule manufacturers in the country.

- The business is making strides in taking advantage of the country-wide trend to localise manufacturing, and the growing industry trend for large retailers and pharmaceutical chains to have their own private label products. This is in conjunction with the drive to improve production and efficiencies, maximise infill rates and increase our investment into marketing and product development of existing brands.
- Innovation in the Compounding Pharmacy will see product expansion into the veterinary and skin categories to optimise the current facility, with a view to expand and scale this business over time.

Outlook (continued)

- Chempure is a leading importer and distributor of speciality ingredients used in sports nutrition, food and beverages, health and wellness as well as personal care. The business is well positioned to bridge the supply chain shortages faced by these industries through its specialist procurement model.

The finalisation of the head office rationalisation in the first half of the 2023 financial year will ensure that a sustainable cost structure is embedded in the group. Further, the conclusion of the various disposals and debt restructuring activities will mean that the group does not continue to haemorrhage costs related to various advisors.

The board has identified the need to accelerate the transition of the group into a leaner, agile and more entrepreneurial business. Carl Neethling, who joined the board in May this year, has assumed a short-term, executive position as chief transition officer and acting chief executive officer from 13 September 2022.
He has been tasked by the board to support the executive team in effecting the rapid transformation of the group, including right-sizing the business, reviewing operational and strategic assets, and finalising a disciplined process and methodology for effective capital allocation.

Harry Smit
Chairman

Cheryl-Jane Kujenga
Chief financial officer

Wynberg
28 September 2022

Audit statement

PricewaterhouseCoopers Inc. (PwC) have audited the consolidated annual financial statements of Ascendis Health Limited from which the summarised consolidated financial results have been extracted and issued an unqualified opinion with an emphasis of matter related to going concern as follows: We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss before taxation from continuing operation of R795 million during the year ended 30 June 2022 and, as of that date, the Group's current liabilities exceed current assets excluding both assets and liabilities classified as held for sale by R6 million. As disclosed in Note 1, if the Group is unable to conclude the disposal of Pharma, it will in all likelihood not have sufficient available funds to repay the lenders by 17 November 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. The details of the directors' considerations related to going concern are included in the commentary section of this announcement.

This announcement itself is not audited. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report together with the accompanying financial information, which is available on the company's website, and is available for inspection at the company's registered office.

Basis of preparation and approval

The summarised consolidated financial results for the year ended 30 June 2022 are 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 2022 have been prepared in compliance with IFRS and interpretations for year ends commencing on or after 1 January 2021.

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 2022 are the responsibility of the directors and were approved by the board on 28 September 2022.

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 (PMs) 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 PMs are used to improve comparability of information between reporting periods and segments by adjusting for infrequent items.

The key PMs used by the group are normalised EBITDA^{PM} (earnings before interest, tax, depreciation, amortisation and impairments and further adjusted for the acquisition, integration and disposal of businesses, debt and capital restructuring costs, restructuring and retrenchment costs), 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).

PMs 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. Detailed disclosure of the performance measures is included on the Ascendis Health website: https://ascendishealth.com/wp-content/uploads/2020/09/Ascendis-Health-Performance-Measures-30-June-2020.pdf

Consolidated statement of profit or loss
for the year ended 30 June 2022

	Notes	2022 R'000	Restated [1] 2021 R'000
Continuing operations			
Revenue	7	1 559 458	1 825 469
Cost of sales		(921 724)	(1 132 157)
Gross profit		**637 734**	**693 312**
Other income		17 234	55 663
Selling and distribution costs		(113 897)	(109 249)
Administrative expenses		(472 356)	(557 667)
Net impairment loss on financial assets		(1 110)	(19 129)
Other operating expenses		(134 185)	(172 716)
Transaction and restructuring related costs [2]		(81 062)	(270 931)
Net impairment loss on assets[3]		(169 800)	(85 947)
Operating loss		**(317 442)**	**(466 664)**
Finance income	8	6 699	4 680
Finance costs	8	(484 649)	(1 084 204)
Loss before taxation		**(795 392)**	**(1 546 188)**
Tax credit/(expense)		37 303	(108 678)
Loss from continuing operations		**(758 089)**	**(1 654 866)**
Profit from discontinuing operations	4	1 208 235	599 899
Profit/(loss) for the period		**450 146**	**(1 054 967)**
Profit/(loss) attributable to:			
Owners of the parent		449 200	(1 090 804)
Continuing operations		(759 035)	(1 690 703)
Discontinued operations		1 208 235	599 899
Non-controlling interest		946	35 837
		450 146	**(1 054 967)**
Loss per share from continuing operations			
Basic and diluted loss per share (cents)	6	(157.3)	(351.1)
Total profit/(loss) per share			
Basic and diluted profit/(loss) per share (cents)	6	93.1	(226.5)

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

[2] This was previously presented as once-off costs. These costs are part of administrative expenses.

[3] These costs are normally presented as part of other operating expenses.

Consolidated statement of comprehensive income

for the year ended 30 June 2022

	2022 R'000	Restated [1] 2021 R'000
Profit/(loss) for the period	**450 146**	**(1 054 967)**
Other comprehensive income:		
Items that may be reclassified to profit and loss net of tax		
Foreign currency translation reserve	(17 397)	159 765
Disposal and deregistration of foreign operations	(373 683)	-
Items that will not be reclassified to profit and loss net of tax		
Revaluation of property, plant and equipment	-	3 640
Income tax relating to items that will not be reclassified	-	(1 019)
Other comprehensive (loss)/income for the period net of tax	**(391 080)**	**162 386**
Total comprehensive income/(loss) for the period	**59 066**	**(892 581)**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	58 120	(928 418)
Continuing operations	(757 460)	(1 691 353)
Discontinued operations	815 580	762 935
Non-controlling interest	946	35 837
	59 066	**(892 581)**

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

Consolidated statement of financial position
at 30 June 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Property, plant and equipment		231 391	200 505
Right-of-use assets		115 432	157 675
Intangible assets and goodwill		116 308	363 666
Other financial assets		7 622	13 951
Deferred tax assets		48 281	68 356
Non-current assets		**519 034**	**804 153**
Inventories		371 866	454 049
Trade and other receivables		339 174	407 344
Other financial assets		51 017	14
Current tax receivable		20 909	25 895
Derivative financial assets		3 065	-
Cash and cash equivalents		213 020	365 980
		999 051	1 253 282
Assets classified as held for sale	4	159 513	8 577 531
Current assets		**1 158 564**	**9 830 813**
Total assets		**1 677 598**	**10 634 966**
EQUITY			
Stated capital		6 036 471	6 017 784
Reserves		(714)	465 516
Accumulated loss		(5 633 954)	(6 136 763)
Equity attributable to equity holders of parent		**401 803**	**346 537**
Non-controlling interest		-	167 232
Total equity		**401 803**	**513 769**
LIABILITIES			
Borrowings and other financial liabilities	2	22 131	8 222
Deferred tax liabilities		24 774	76 770
Lease liabilities		140 272	165 300
Non-current liabilities		**187 177**	**250 292**
Trade and other payables		423 560	522 753
Borrowings and other financial liabilities	2	521 538	6 784 252
Deferred vendor liabilities		-	116 808
Provisions		18 204	45 904
Contract liabilities		16 792	15 241
Lease liabilities		10 817	27 973
Derivative financial liabilities		-	2 773
Current tax payable		14 602	29 146
Bank overdraft		-	69
		1 005 513	7 544 919
Liabilities classified as held for sale	4	83 105	2 325 986
Current liabilities		**1 088 618**	**9 870 905**
Total liabilities		**1 275 795**	**10 121 197**
Total equity and liabilities		**1 677 598**	**10 634 966**

Consolidated statement of changes in equity

for the year ended 30 June 2022

R'000	Stated capital	Foreign currency translation reserve	Revaluation 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 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	-	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[3]	42 081	-	-	-	(42 081)	-	-	-
Dividends	-	-	-	-	-	-	(2 791)	(2 791)
Foreign currency translation reserve	-	(4 493)	(1 817)	(9 072)	0	(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**
Profit for the period	-	-	-	-	449 200	449 200	946	450 146
Other comprehensive loss	-	(391 080)	-	-	-	(391 080)	-	(391 080)
Total comprehensive (loss)/income for the period	**-**	**(391 080)**	**-**	**-**	**449 200**	**58 120**	**946**	**59 066**
Appraisal rights payments [1]	(2 120)	-	-	-	-	(2 120)	-	(2 120)
Release of treasury shares[2]	20 807	-	-	-	(20 807)	-	-	-
Foreign currency translation reserve	-	-	193	565	(1 492)	(734)	-	(734)
Reclassification of reserves into retained earnings	-	-	(8 921)	(66 987)	75 908	-	-	-
Disposal of non-controlling interest	-	-	-	-	-	-	(168 178)	(168 178)
Total contributions by and distributions to owners of the group recognised directly in equity	**18 687**	**-**	**(8 728)**	**(66 422)**	**53 609**	**(2 854)**	**(168 178)**	**(171 032)**
Balance as at 30 June 2022	**6 036 471**	**(1 058)**	**19 046**	**(18 702)**	**(5 633 954)**	**401 803**	**-**	**401 803**

[1]These amounts relate to the buy back of the appraisal rights from dissenting shareholders.
[2] Treasury shares to the value of R20.8 million (30 June 2021: R42.1 million) have been released to equity in the current year.

Consolidated statement of cash flows

for the year ended 30 June 2022

	Notes	2022 R'000	Restated[1] 2021 R'000
Cash flows from operating activities			
Cash (utilised by)/generated from operations		(102 871)	(4 498)
Cash generated from/(utilised by) operations - discontinued operations		124 026	821 854
Interest income received		5 615	4 681
Interest paid		(106 671)	(165 987)
Income taxes paid		(13 688)	(9 573)
Net cash (outflow)/inflow from operating activities		**(93 589)**	**646 477**
Cash flows from investing activities			
Purchases of property, plant and equipment		(55 549)	(38 565)
Proceeds on the sale of property, plant and equipment		6 896	368
Purchases of intangibles assets		(254)	(117)
Proceeds on the sale of intangible assets		-	23 286
Proceeds from disposal of other financial assets		-	2 639
Net cash inflow/(outflow) from investing activities - discontinued operations		1 093 716	(255 662)
Proceeds from disposal of subsidiaries - net of cash		1 188 993	170 205
Cash outflow from investing activities - discontinued operations		(95 277)	(425 867)
Net cash inflow/(outflow) from investing activities		**1 044 809**	**(268 051)**
Cash flows from financing activities			
Payments made to acquire treasury shares		(2 120)	-
Proceeds from borrowings raised		48 730	150 649
Repayment of borrowings		(1 135 679)	(86 798)
Repayments on deferred vendor liabilities		(120 947)	(12 000)
Lease liabilities repaid		(26 686)	(35 211)
Net cash outflow from financing activities - discontinued operations		(36 729)	(283 518)
Net cash outflow from financing activities		**(1 273 431)**	**(266 878)**
Net increase/(decrease) in cash and cash equivalents		**(322 211)**	**111 548**
Restricted cash balance at the beginning of the period		60 442	75 057
Other cash and cash equivalents balance at the beginning of the period		305 469	268 926
Cash and cash equivalents at beginning of period		365 911	343 983
Effect of exchange difference on cash balances		(1 953)	24 111
Cash and cash equivalents at the beginning of the period - assets held for sale	4	175 675	61 944
Cash and cash equivalents at end of period - assets held for sale	4	(4 402)	(175 675)
Restricted cash balance at the end of the period		64 060	60 442
Cash and cash equivalents balance at the end of the period		148 960	305 469
Cash and cash equivalents at end of period		**213 020**	**365 911**

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

1. Material uncertainty on going concern

In determining the appropriate basis of preparation of the group annual financial statements, the directors are required to consider whether the group and the company can continue to operate for the foreseeable future, being at least the 12 months following 30 June 2022.

On 30 June 2022 the group's debt was classified as current in line with the terms of the Austell Facility as outlined below. Despite this classification, the group's current assets exceed the current liabilities by R69.9 million meaning that the group is in a liquid position. However, and as outlined further below, if the group is unable to conclude the disposal of Pharma and refinance the remainder of the debt, it will not have sufficient available funds to repay the lenders by 17 November 2022. This position reflects a material uncertainty that casts significant doubt on the group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In making the going concern assessment, the directors have considered the year-to-date performance of the underlying operations, the available liquidity to support ongoing operational requirements, the outcome from the rights offer which took place in August 2022, together with progress on, and expected outcomes from the Pharma disposal and commercial refinance as described in further detail below.

The directors have also considered the group's structure and strategy for the remaining entities. The directors have concluded that the group can continue to operate as a going concern subject to the successful disposal of Pharma and refinance of the balance of the debt, and/or to provide working capital facilities.

1. Strategy and debt reduction

In October 2021, the group successfully concluded the debt restructure programme that was envisaged under the group recapitalisation programme led by the lenders, L1 Health and Blantyre. This resulted in the reduction of the debt that was outstanding on the senior facilities agreement ("SFA") and deferred vendor liabilities by €429 million (R7.3 billion). Further, L1 Health and Blantyre undertook to provide the group with new facilities. The group's total debt under these new facilities was R545 million on 31 December 2021.

On 20 December 2021, the lenders delivered a notice to the group confirming that the mandatory prepayment provision under the SFA had been triggered due to changes to the board of directors at the annual general meeting (the "2021 board changes"), and that as such, all outstanding utilisations of the facilities, together with accrued interest and all other amounts accrued and payable under the related finance documents, were immediately due and payable. As a result, the group entered into a forbearance agreement with the lenders. This ultimately culminated in the introduction of new lenders to the group as described below.

On 12 January 2022 a consortium incorporating Apex Management Services and Pharma-Q Holdings advanced a new facility in the amount of R550 million to the group, the proceeds of which were utilised to settle the debt owed to L1 Health and Blantyre ("Apex / Pharma-Q Loan Facility").

On 13 May 2022, the lenders delivered a notice to the group confirming that the mandatory prepayment provision under the SFA had been triggered due to changes to the board of directors at an extraordinary general meeting (the "2022 board changes), and that as such, all outstanding utilisations of the facilities, together with accrued interest and all other amounts accrued and payable under the related finance documents, were immediately due and payable.

On 16 May 2022, the group entered into a new debt agreement with Austell Pharmaceuticals for the advancement of a new facility ("Austell Facility"). The new term facility amounted to R590 million and was used to settle the Apex / Pharma-Q Loan Facility and therefore the SFA in full.

The Austell Facility reduced the cost of borrowings significantly, with a cumulative saving on interest to 30 June 2022 of approximately R3.6 million. Most importantly, it provided an extension of the repayment timeline from 30 June 2022 to 17 November 2022 without the threat of enforcement.

1. Material uncertainty on going concern (continued)

The disposal of Ascendis Skin and Body was implemented on 31 May 2022 and the proceeds were used to reduce the Austell Facility. Therefore, the group's total debt under the Austell Facility at 30 June 2022 was R498 million (total senior debt at 30 June 2021: R7.8 billion).

The extension of the debt repayment to November 2022, has allowed the board an opportunity to comprehensively review the prospects of the underlying operations versus the disposal valuations, and to consider the optimal strategic pathway for the group. Following this review, on 27 June 2022 it was announced that the Medical Devices disposal would not be proceeding, following a mutual agreement concluded between the parties to terminate the transaction. This allows the Board the chance to realise the potential growth opportunities it believes exist in the Medical Devices business.

On 19 July 2022, it was announced that Ascendis had concluded an agreement to dispose of Pharma to Austell for a purchase consideration of R410 million (the "Austell Pharma disposal"), a contingent transaction only implementable in the event that shareholders do not approve the Pharma-Q/Imperial Pharma disposal. The Pharma-Q/Imperial agreement as signed on 30 January 2022 provides a purchase consideration of R375 million. In September 2022, Austell increased the purchase consideration by a further R22 million from R410 million to R432 million.

Whilst the Pharma disposal is a Category 1 transaction requiring shareholder approval, the conclusion of these two agreements provides the board with a high level of certainty of a successful conclusion to the transaction. The Austell financing agreements cater for a set off of the gross proceeds against the debt, subject to any net working capital adjustments. Therefore, the application of this to the debt would result in a reduction of the debt as at 30 June 2022, to R88 million in an Austell Pharma Disposal transaction, and R123 million in a Pharma-Q/Imperial Pharma Disposal transaction, subject to adjustment for interest incurred up until the date the debt is settled and any closing net working capital adjustments.

On 25 July 2022, the group announced its intention to raise an amount of R101,53 million by way of a fully underwritten non-renounceable rights offer ("rights offer"), through an offer of 143 000 000 new Ascendis shares. The rights offer was concluded on 19 August 2022, and an amount of R101.53 million was raised. This amount is ring-fenced and forms part of the solution for the repayment of the debt and group liquidity requirements.

Advanced discussions regarding the early release of some or all of the R50 million, plus interest, which is currently held in escrow in respect of the disposal of the Animal Health division, as detailed in the circular issued to Ascendis shareholders on 3 September 2021 are underway.

As a result, it is anticipated that the combination of the Pharma disposal, application of the rights offer funds and the access to the Animal Health escrow funds, will be sufficient to extinguish the remaining debt and provide an injection of liquidity into the group.

The group has commenced engagements with commercial banks to provide net working capital facilities within the group companies at more commercially appropriate structures and rates.

2. Liquidity

Management prepares annual budgets for each business unit and head office. A revised forecast is provided for each business unit and head office quarterly. These revised forecasts take into consideration expected operational performance and working capital requirements. Group treasury manages liquidity and works closely with each business on ensuring accurate forecasting of cash inflows and cash requirements. 13-week cash flow forecasts are prepared weekly by the business units and reviewed by group treasury and are provided to the lenders monthly.

Treasury prepares a longer-term liquidity outlook covering a period of 12 months from the date of these group annual financial statements.

1. Material uncertainty on going concern (continued)

At 30 June 2022, the group's consolidated cash and cash equivalents totalled R213 million (including restricted cash of R64 million).

The group has performed detailed analysis of its liquidity requirements to 30 June 2023. In performing this analysis, the following areas relating to the budgeted performance of the continuing operations were incorporated:

- Working capital requirements
- Capital expenditure required to support the 2023 financial year budgets
- Estimated costs related to the head office restructure that is currently in progress

The Animal Health escrow funds will be used towards funding the net working capital requirements of the remaining business.

Further, various sensitivity analyses have been performed on the liquidity forecasts. These scenarios reflect that the group has sufficient liquidity for the period to 30 June 2023.

3. Covenants

In terms of the Austell Facility, management is required to provide the lender with a quarterly covenant certificate. The certificate requires the group to report a single financial covenant ratio, being the maintenance of a monthly liquidity headroom of R10 million. This headroom requirement was met as at 30 June 2022.

4. Consequence of failure to implement the Pharma disposal

The Pharma disposal is conditional upon, inter alia, the relevant resolutions being approved by shareholders at the general meeting. The board is conscious that the year-end results will be released before the outcome of the shareholder vote is known. Therefore, in concluding on the group's going concern assertion, the board has considered the implications of the relevant shareholder resolution not being passed to enable implementation of the disposal.

If the group is unable to implement the Pharma disposal, the group will need to find an alternative mechanism to ensure the debt can be repaid in full or face the risk that the lender will enforce their security should the debt not be repaid by 17 November 2022. The board determines the likelihood of this occurring as low based on:

- The fact that there are currently two bidders committed to the acquisition of the Pharma business, one of whom is the lender – Austell.
- The board has also considered the successful outcome of the rights offer, and the resultant reduction on the remaining outstanding debt.
- The group can access the majority of the R50 million Animal Health escrow funds.

Application of the amounts raised during the rights offer to the debt together with the escrow funds, supports the fact that the value of the group exceed the quantum of the debt.

Therefore, a combination of the successful disposal of Pharma, together with the rights offer proceeds and the escrow funds is sufficient to provide a complete solution to repay the debt.

Based on the above, the board does not believe that the historical threat of business rescue still exists.

Through ongoing communication and engagement with shareholders, the board, management and its transaction advisers are canvassing support to encourage shareholders to vote in favour of the Pharma disposal.

The Pharma disposal is conditional upon, inter alia, the relevant resolutions being approved by shareholders at the general meeting, as well as obtaining the relevant competition authority approval by 31 December 2022. The board is confident these conditions will be met.

1. Material uncertainty on going concern (continued)

5. Outlook

With the prospect of balance sheet stability being restored, the board's focus is to optimise the current operations.

Medical Devices, which incorporates the three operating businesses The Scientific Group, Surgical Innovations and Ortho-Xact, has long-standing relationships and exclusive agency agreements with major multinational suppliers, and a network of blue chip and government clients.

- The Scientific Group is a diagnostic business that is focused on deepening and expanding its product portfolio as well as its geographical reach in its chosen markets in the rest of Africa. The recently awarded National Health Laboratory Service tender also provides upside potential for the business.
- Both Surgical Innovations and Ortho-Xact have reported year on year revenue growth and will have a focus to defend their market position, improve efficiencies and target profitable, cash generating growth opportunities.

The Consumer Health business is one of the largest vitamin, mineral and supplement suppliers in South Africa, with brands such as Solal, Vitaforce, Menacal, Bettaway and Junglevite being among the most established and recognised in their categories. The business also has a manufacturing capability in Gauteng, being one of only two South African Health Products Regulatory Authority accredited soft gel capsule manufacturers in the country.

- The business is making strides to take advantage of the country-wide trend to localise manufacturing, and the increasing industry trend for large retailers and pharmaceutical chains to have their own private label products. This is in conjunction with the drive to improve production and efficiencies, maximise infill rates and increase our investment into marketing and product development of existing brands.
- Innovation in The Compounding Pharmacy will see product expansion into the veterinary and skin categories to optimise the current facility, with a view to expand and scale this business over time.
- Chempure is a leading importer and distributor of speciality ingredients used in sports nutrition, food and beverages, health and wellness as well as personal care. The business is well positioned to bridge the supply chain shortages faced by these industries through its specialist procurement model.

The finalisation of the head office rationalisation in the first half of the 2023 financial year will ensure that a sustainable cost structure is embedded in the group. Further, the conclusion of the various disposals and debt restructuring activities will mean that the group does not continue to haemorrhage costs related to various advisors.

The group has also considered the effects of Covid-19, Russia-Ukraine conflict and the floods in KwaZulu-Natal and these do not have any impact on the going concern because they had very low impact on the operations of the group during the current year.

6. Conclusion

The directors acknowledge the group's financial position and the relevance of the going concern assessment in the context of the still to be concluded Pharma disposal.

The directors have considered various mitigating factors against the material uncertainty related to going concern. This includes the outcome from the rights offer in August 2022, the continued support of the lenders, shareholders, suppliers, agencies and customers and the probability of successfully concluding the disposal of the Pharma business. They have also considered the financial plans and forecasts, and the strategies that will enable the business to deliver against these plans.

Considering the above mitigating factors, the directors believe that the going concern assumption remains appropriate. The going concern of the business is premised on the conclusion of the Pharma disposal. Accordingly, and based on the information available to them, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the group's annual financial statements.

2. Borrowings and other financial liabilities

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

	2022 R'000	2021 R'000
Senior debt		
Euro denominated term loans	-	3 474 268
Euro denominated RCF	-	935 445
ZAR denominated term loans	498 164	1 828 564
ZAR denominated RCF	-	478 558
Total senior debt	**498 164**	**6 716 835**
Other Borrowings		
Other facilities	45 505	75 639
Total other debt	**45 505**	**75 639**
Total borrowings and other financial liabilities	**543 669**	**6 792 474**
The split between current and non-current borrowings and other financial liabilities		
Non-current liabilities	22 131	8 222
Current liabilities	521 538	6 784 252
	543 669	**6 792 474**

The current structure consists of a syndicated facility denominated in Rand.

On 21 October 2021 the group completed the group recapitalisation transaction with its lender consortium. As part of that transaction, the group entered into an amended and restated Senior Facilities Agreement (SFA) which provided for the settlement of its previous debt facilities and the advance of new debt facilities with a two year term. The new facilities advanced were Facility F, Facility G1, Facility G2 and Facility G3.

In December 2021, the Agent on behalf of the Lenders notified the company that as a result of changes to the board of directors without lender confirmation (the “2021 Board Changes”), the facilities together with accrued interest and all other amounts accrued and payable under the SFA were immediately due and payable.

As a result of the above-described mandatory prepayment provision being triggered, the group entered into a forbearance agreement with the Lenders on 21 December 2021. Pursuant to the forbearance agreement, the lenders agreed not to take enforcement action relating to the 2021 Board Changes provided certain milestones were achieved between 29 December 2021 and 28 February 2022. This change to the terms of these facilities did not result in a substantial modification and the terms were not substantially different from the original terms in terms of the requirements of IFRS 9. Therefore, the debt was not extinguished.

On 12 January 2022, the SFA was further amended and restated so as to provide for a new facility, Facility H with a new consortium of lenders (the “2022 Lender Consortium”). Facility H retained the terms, conditions, security and interest rate of the debt facilities as applicable as at 21 December 2021 save that the maturity date was extended to 31 January 2022. Facility H was used to settle Facility F, Facility G1, Facility G2 and Facility G3. The arrangements agreed with the 2022 Lender Consortium also resulted in the forbearance agreement of December 2021 no longer being of force and effect.

2. Borrowings and other financial liabilities (continued)

On 1 February 2022, the terms of the Facility H were revised to extend the maturity date to the earlier of 30 June 2022 or the completion of the planned divestments. The interest rate was reduced by 4%. This change to the terms of these facilities did not result in a substantial modification and the terms were not substantially different from the original terms in terms of the requirements of IFRS 9. Therefore, the debt was not extinguished.

On 13 May 2022, the 2022 Lender Consortium delivered a notice to the group confirming an immediate payment of Facility H as a result of the changes to the board of directors. The group then entered into another debt agreement with Austell Pharmaceuticals 'Austell' where Austell advanced a new facility, Facility G. Facility G amounted to R590 million which was used to settle Facility H in full. The 6 month facility matures on 17 November 2022 and interest is incurred JIBAR plus 4% (cash margin) plus 3.5% (PIK margin).

Covenants

The Austell agreement is subject to a monthly liquidity covenant test. The group has to maintain a Liquidity Headroom (unrestricted bank balances and undrawn committed facilities) of at least R10 million. The Liquidity Headroom as at year end is R148.96 million and therefore the group is compliant with the requirement set by the lenders.

The Austell agreement provides for a certain key milestone in respect of the disposal of the Pharma business units (disposal milestones). If this milestone is not fulfilled, then an interest rate ratchet of 2.5% is charged by the lenders on the outstanding balance.

3. Discontinued operations

During the current year, the discontinued operations changed as follows:

Pharma

As part of its commitment to reduce the overall debt burden, the Board of Directors took a decision in November 2021 to dispose of the Pharma business. This culminated in two bidders for the business.

Pharma was classified as held-for-sale and discontinued operation from 1 December 2021. The disposal transaction is expected to be completed by 31 October 2022

On 31 January 2022, the group signed a sale and purchase agreement with a consortium comprising Pharma-Q Proprietary Limited and Imperial Logistics Limited (Pharma-Q/Imperial). The total purchase consideration for the disposal was set at R375 million.

On 17 May 2022, the group entered into a new debt arrangement with Austell Pharmaceuticals Proprietary Limited (Austell). The loan agreement includes the following as a key event of default:

"if (a) Shareholders do not approve of the sale of the Pharma business to Pharma-Q/Imperial; and (b) the group fails to execute a sale agreement for the disposal of the Pharma business unit to Austell (an Austell/Pharma Sale) within 2 Business Days thereafter".

Negotiations with Austell were well advanced at year end, and on 18 July, the group signed a sale and purchase agreement with Austell. The total purchase consideration for the disposal was set at R410 million. This sale and purchase agreement is conditional on shareholders not voting for the Pharma-Q/Imperial disposal.

Change of plan to sell

During the current year's interim reporting, the group classified Medical Devices as held-for-sale and discontinued operation. This was following the trigger of the Mandatory Prepayment Provision of the original SFA and the amended terms of the SFA for the group to be able to repay the debt advanced by the Apex and Pharma. The group entered into a sale agreement with Apex for the disposal of Medical Devices.

In May 2022, the group agreed to terminate the Medical Devices sales agreement with Apex. As a result, the business unit ceased to be held-for-sale and discontinued operation. The reclassification of the 2021 income statement amounts has been reversed. On the date of change of plan to sell, income statement and the balance sheet items were re-measured in terms of the requirements of IFRS 5.

Completed disposals

The following disposals have been completed during the year ended 30 June 2022:

Farmalider

The disposal was completed on 8 July 2021 for a consideration of €5 million (R86 million).

3. Discontinued operations (continued)

Respiratory Care Africa

The disposal was completed on 31 October 2021 for a consideration of R450 million. Total cash of R439 million was received upon completion and a further R5 million deferred and received in January 2022 in full and final settlement for the disposal transaction. The group returned R5.9 million to the buyers as part of the net working capital cash adjustment.

Animal Health

The disposal transaction was completed on 30 November 2021 for a consideration of R770 million constituting of upfront cash payment of R667 million, management short-term incentive adjustment of R3 million and contingent consideration of R100 million receivable. The contingent consideration was paid into two escrow accounts of R50 million in each account.

The amount in the first escrow account was due to be payable either to the buyers or the group depending on whether the target net working capital and capital expenditure was met. The amount was due to be paid upon completion of the external review of the take-on balances by the external auditors. The target net working capital was not met and only R18 million plus the interest earned was received at the end of January 2022.

The amount in the second escrow account is due to be payable on 30 November 2022 and it is being held as security for payment of any claims by the buyer against the group in respect of warranties and indemnities. The group recognised the R50 million in full as a receivable because it does not expect any such claims by the buyer against the group.

AHIH Group

The group concluded the group recapitalisation on 31 October 2021. The AHIH group, with a net asset value of R5.6 billion was disposed in exchange for the repayment of debt with a carrying value of R6.2 billion.

Ascendis Skin and Body (Nimue)

The disposal was concluded on 31 May 2022 for a consideration of R102 million in full and final settlement.

Refer to Disposal Note 4 for further details regarding the profit/loss on the disposals.

3. Discontinued operations (continued)

2022 R'000	Animal Health	Respiratory Care Africa[2]	Farmalider	AHIH Group [3]	Historical Discontinued Operations	Pharma	Ascedis Skin and Body [4]	New Discontinued Operations	Total
Revenue	266 560	193 990	-	999 848	1 460 398	383 777	73 710	457 487	1 917 885
Expenses	(213 271)	(152 909)	-	(901 120)	(1 267 300)	(368 151)	(67 556)	(435 707)	(1 703 007)
Profit/(loss) on sale of disposal group	126 592	181 464	(39 465)	675 751	944 342	-	68 559	68 559	1 012 901
Profit/(loss) before tax	**179 881**	**222 545**	**(39 465)**	**774 479**	**1 137 440**	**15 626**	**74 713**	**90 339**	**1 227 779**
Tax	(1 139)	9 204	-	(23 654)	(15 589)	(6 939)	2 984	(3 955)	(19 544)
Profit/(loss) after income tax expense of discontinued operations	**178 742**	**231 749**	**(39 465)**	**750 825**	**1 121 851**	**8 687**	**77 697**	**86 384**	**1 208 235**
Total comprehensive income/(loss)	**178 742**	**231 749**	**(39 465)**	**750 825**	**1 121 851**	**8 687**	**77 697**	**86 384**	**1 208 235**
Normalised EBITDA[PM]	**68 378**	**47 202**	**-**	**303 459**	**419 039**	**52 914**	**10 846**	**63 760**	**482 799**

Restated [1]

2021 R'000	Biosciences	Ascendis Direct	Scitec	Animal Health	Respiratory Care Africa [2]	Farmalider	AHIH Group [3]	Historical Discontinued Operations	Pharma	Ascedis Skin and Body [4]	New Discontinued Operations	Total
Revenue	324 578	5 003	131 841	571 825	986 078	633 604	3 330 701	5 983 630	**309 616**	**94 000**	**403 616**	**6 387 246**
Expenses	(186 455)	(5 602)	(114 590)	(427 712)	(777 604)	(565 985)	(2 763 264)	(4 841 212)	**(305 341)**	**(82 862)**	**(388 203)**	**(5 229 415)**
Profit/(loss) on sale of disposal group	34 131	(3 704)	(306 465)	-	-	-	-	(276 038)	**-**	**-**	**-**	**(276 038)**
Profit/(loss) before impairments	172 254	(4 303)	(289 214)	144 113	208 474	67 619	567 437	866 380	4 275	11 138	15 413	881 793
Impairments of assets	-	-	-	-	-	(32 695)	(23 256)	(55 951)	**-**	**-**	**-**	**(55 951)**
IFRS 5 remeasurement	(95 562)	-	-	-	-	-	-	(95 562)	**-**	**-**	**-**	**(95 562)**
Profit/(loss) before tax	**76 692**	**(4 303)**	**(289 214)**	**144 113**	**208 474**	**34 924**	**544 181**	**714 867**	**4 275**	**11 138**	**15 413**	**730 280**
Tax	(12 344)	6	(16 961)	(49 157)	(11 180)	6 587	(70 660)	(153 709)	**14 051**	**9 277**	**23 328**	**(130 381)**
Profit/(loss) after income tax expense of discontinued operation	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**	**18 326**	**20 415**	**38 741**	**599 899**
Total comprehensive income/(loss)	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**	**18 326**	**20 415**	**38 741**	**599 899**
Normalised EBITDA[PM]	**47 264**	**(3 279)**	**18 799**	**147 484**	**213 350**	**89 677**	**918 127**	**1 431 422**	**17 751**	**20 060**	**37 811**	**1 469 233**

[1] 30 June 2021 has been restated to reflect the restatement of Pharma and Ascendis Skin and Body which are 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 Devices 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.
[4] Ascendis Skin and Body is included as part of Consumer Health segment in the segment reporting and it has been disclosed as a discontinued operation because it is a major separate line of business.

3. 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:

	2022 R'000		2021 R'000				
R'000	**Pharma**	**Total**	**Animal Health**	**Respiratory Care Africa**	**Farmalider**	**AHIH Group**	**Total**
Property, plant and equipment	788	788	6 408	17 086	16 428	846 205	886 127
Intangible assets & goodwill	52 638	52 638	525 075	101 475	132 672	3 902 656	4 661 878
Right-of-use asset	-	-	21 521	97	37 253	51 385	110 256
Deferred tax asset	3 029	3 029	10 461	-	65 440	330	76 231
Inventories	27 904	27 904	130 827	112 104	132 857	590 152	965 940
Current income tax receivable	200	200	160	6 678	23 556	5 874	36 268
Trade and other receivables	70 359	70 359	77 355	138 800	144 510	1 246 341	1 607 006
Cash and cash equivalents	4 523	4 523	7 817	4 601	29 499	163 877	205 794
Other financial assets	72	72	34	1	11 779	16 217	28 031
Assets held for sale	**159 513**	**159 513**	**779 658**	**380 842**	**593 994**	**6 823 037**	**8 577 531**
Borrowings	(137)	(137)	-	-	(253 822)	(74 531)	(328 353)
Deferred vendor liabilities	-	-	-	-	-	(724 177)	(724 177)
Lease liabilities	-	-	(19 635)	-	(34 279)	(51 438)	(105 352)
Deferred tax liability	-	-	(83 507)	(1 190)	-	(177 462)	(262 159)
Trade and other payables	(78 612)	(78 612)	(67 480)	(82 400)	(126 330)	(515 483)	(791 693)
Provisions	(3 347)	(3 347)	(10 708)	(6 150)	-	(15 217)	(32 075)
Current Income tax payable	(887)	(887)	(14 401)	-	(9 667)	(27 991)	(52 059)
Bank overdraft	(122)	(122)	-	-	-	(30 118)	(30 118)
Liabilities held for sale	**(83 105)**	**(83 105)**	**(195 731)**	**(89 740)**	**(424 098)**	**(1 616 417)**	**(2 325 986)**
Net assets	**76 408**	**76 408**	**583 927**	**291 102**	**169 896**	**5 206 620**	**6 251 545**

4. Disposal of subsidiaries

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

- Farmalider – 8 July 2021
- Respiratory Care Africa – 31 October 2021
- Ascendis Health International Holdings ("AHIH group") – 31 October 2021
- Animal Health – 30 November 2021 and
- Ascendis Skin and Body – 31 May 2022

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

	2022 R'000					
	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Ascendis Skin and Body	Total
Property, plant and equipment	7 082	17 218	16 715	929 281	813	971 109
Intangible assets and goodwill	527 834	101 475	153 795	4 611 930	1 668	5 396 702
Right-of-use assets	23 109	-	37 904	54 177	3 229	118 419
Deferred tax assets	374	8 014	61 704	-	6 042	76 134
Current income tax receivable	-	6 707	23 967	10 017	160	40 851
Inventories	130 858	85 359	135 177	676 078	19 727	1 047 199
Trade and other receivables	79 810	128 026	147 089	1 371 415	8 617	1 734 957
Other financial assets	768	1	11 931	677	-	13 377
Cash and cash equivalents	19 262	7 736	30 013	124 256	3 376	184 643
Total assets	**789 097**	**354 536**	**618 295**	**7 777 831**	**43 632**	**9 583 391**
Borrowings and other financial liabilities	-	-	(258 256)	(638 295)	-	(896 551)
Deferred vendor liabilities	-	-	-	(758 173)	-	(758 173)
Lease liabilities	(19 813)	-	(34 878)	(50 581)	(3 005)	(108 277)
Deferred tax liability	(56 305)	-	-	(28 055)	-	(84 360)
Trade and other payables	(63 783)	(69 455)	(128 536)	(555 677)	(6 262)	(823 713)
Provisions	(14 366)	(27 837)	-	(15 327)	(1 006)	(58 536)
Bank overdraft	-	-	-	(61 623)	-	(61 623)
Current income tax payable	(25 994)	-	(9 836)	(26 656)	-	(62 486)
Total liabilities	**(180 261)**	**(97 292)**	**(431 506)**	**(2 134 387)**	**(10 273)**	**(1 198 995)**
Carrying amount of net asset disposed	**608 836**	**257 244**	**186 789**	**5 643 444**	**33 359**	**6 729 672**
Non controlling interest	**-**	**-**	**(167 612)**	**(566)**	**-**	**(168 178)**
Foreign exchange differences reclassified	-	-	106 247	173 865	-	280 112
Total disposal consideration - cash/ debt set off	**735 428**	**438 708**	**85 959**	**6 492 494**	**101 918**	**7 854 507**
Gain/(loss) on disposal	**126 592**	**181 464**	**(39 465)**	**675 751**	**68 559**	**1 012 901**
Net cash						
Cash received	685 428	438 708	85 959	-	101 918	**1 312 013**
Less: Cash and cash equivalents balance of disposed subsidiaries	(19 262)	(7 736)	(30 013)	(62 633)	(3 376)	**(123 020)**
Net cash received on sale	**666 166**	**430 972**	**55 946**	**(62 633)**	**98 542**	**1 188 993**

5. Group segmental analysis

Revenue split by segment	2022 R'000	Restated[(1)] 2021 R'000
Consumer Health	1 079 772	1 867 692
Africa [(2)]	637 613	673 220
Scitec	-	131 841
Sun Wave	442 159	1 062 631
Pharma	941 466	3 479 373
Africa	383 777	577 699
Remedica	557 689	2 268 070
Farmalider	-	633 604
Medical Devices [(3)]	1 189 545	1 969 248
Animal Health	266 560	571 825
Biosciences	-	324 578
Less: Discontinued operations	(1 917 885)	(6 387 247)
Total revenue	**1 559 458**	**1 825 469**

Revenue by geographical location	2022 R'000	Restated[(1)] 2021 R'000
South Africa	2 477 495	4 116 570
Cyprus	557 689	2 268 070
Spain	-	633 604
Hungary	-	131 841
Romania	442 159	1 062 631
Less: Discontinued operations	(1 917 885)	(6 387 247)
Total revenue	**1 559 458**	**1 825 469**

(1) The comparatives have been restated for the change in discontinued operations.
(2) Includes revenue relating to Ascendis Skin and Body of R74 million (2021: R94 million).
(3) Includes revenue relating to RCA of R194 million (2021: R986 million).

Normalised EBITDA[PM] split by segment	2022 R'000	2022 %	Restated[(1)] 2021 R'000	2021 %
Consumer Health	242 968	23%	408 710	22%
Africa [(2)]	74 712	12%	81 964	12%
Scitec	-		18 799	14%
Sun Wave	168 256	38%	307 947	29%
Pharma	188 159	0%	694 697	18%
Africa	52 926	14%	(6 273)	-1%
Remedica	135 233	24%	611 293	27%
Farmalider	-		89 677	14%
Medical Devices [(3)]	92 107	8%	273 512	14%
Animal Health	68 378	6%	147 484	26%
Biosciences	-		47 264	15%
Head office	(95 565)	0%	(125 004)	
Other	-		(1 057)	
Less: Discontinued operations	(482 799)	25%	(1 470 015)	25%
Total normalised EBITDA[PM]	**13 248**	**1%**	**(24 409)**	**1%**

(1) The comparatives have been restated for the change in discontinued operations.
(2) Includes R11 million (2021: R20 million) relating to Ascendis Skin and Body.
(3) Includes R47 million (2021: R214 million) relating to RCA.

5. Group segmental analysis (continued)

Reconciliation of normalised EBITDA^PM to consolidated results	2022 R'000	Restated[1] 2021 R'000
Consolidated loss before taxation from continuing operations	**(795 392)**	**(1 546 186)**
Finance income	(6 699)	(4 681)
Finance expense	484 649	1 084 204
Total impairment, amortisation and depreciation	249 628	171 322
EBITDA	**(67 814)**	**(295 341)**
Total once off costs	81 062	270 932
Total normalised EBITDA^PM	13 248	(24 409)
Non-controlling interest proportionate share	-	-
Total normalised EBITDA^PM attributable to the parent	**13 248**	**(24 409)**

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

Statement of financial position measures applied

Assets and liabilities split by segment	2022 R'000 Assets	2022 R'000 Liabilities	2021 R'000 Assets	2021 R'000 Liabilities
Consumer Health	453 485	(93 417)	1 753 156	(319 476)
Africa	453 485	(93 417)	487 095	(145 617)
Sun Wave	-	-	1 266 061	(173 859)
Pharma	160 889	(83 123)	6 393 132	(2 744 363)
Africa	160 889	(83 123)	223 260	(93 641)
Remedica	-	-	5 575 879	(2 226 623)
Farmalider	-	-	593 993	(424 099)
Medical Devices	784 830	(455 284)	1 336 852	(507 830)
Animal Health	-	-	779 659	(195 731)
Biosciences	-	-	429	(726)
Head office	278 396	(643 971)	371 382	(6 353 072)
Other	-	-	356	-
Total consolidated assets and (liabilities)	**1 677 600**	**(1 275 795)**	**10 634 966**	**(10 121 198)**

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

Fixed assets per geographic location	2022 R'000	2021 R'000
South Africa	232 179	206 924
Assets held for sale	(788)	(6 419)
Fixed assets per geographic location	**231 391**	**200 505**

Notes to the financial statements (continued)

for the year ended 30 June 2022

6. Earnings per share

	2022 R'000			Restated[1] 2021 R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(a) **Basic loss per share**						
Loss attributable to owners of the parent	(759 035)	1 208 235	449 200	(1 690 703)	599 899	(1 090 804)
Loss	**(759 035)**	**1 208 235**	**449 200**	**(1 690 703)**	**599 899**	**(1 090 804)**
Weighted average number of ordinary shares in issue			482 395 858			481 493 990
Basic loss per share (cents)	**(157.3)**	**250.5**	**93.1**	**(351.1)**	**124.6**	**(226.5)**
(b) **Headline loss per share**						
Loss attributable to owners of the parent	(759 035)	1 208 235	449 200	(1 690 703)	599 899	(1 090 804)
Adjusted for:						
Net (profit)/loss on the sale of property, plant and equipment	2 369	(207)	2 162	(450)	5 385	4 935
Tax effect	(739)	-	(739)	126	(455)	(329)
(Profit)/loss on disposal of subsidiary	51	(1 012 901)	(1 012 850)	-	296 338	296 338
Tax effect	(18)	4 514	4 496	-	-	-
Goodwill, intangible asset and tangible asset impairment	169 800	-	169 800	85 947	154 931	240 878
Tax effect	-	-	-	-	(957)	(957)
Impairment of investment	127	-	127	(6 665)	-	(6 665)
Headline (loss)/earnings	**(587 445)**	**199 641**	**(387 804)**	**(1 611 745)**	**1 055 141**	**(556 604)**
Weighted average number of shares in issue			482 395 858			481 493 990
Headline (loss)/earnings per share (cents)	**(121.8)**	**41.4**	**(80.4)**	**(334.7)**	**219.1**	**(115.6)**

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

6. Earnings per share (continued)

	2022 R'000			Restated[1] 2021 R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Reconciliation of normalised headline earnings						
Headline (loss)/earnings	**(587 445)**	**199 641**	**(387 804)**	**(1 611 745)**	**1 055 141**	**(556 604)**
Adjusted for						
Disposal of businesses related costs	**4 930**	**254 107**	**259 037**	185 987	178 221	364 208
Debt/capital restructuring costs	**16 252**	**-**	**16 252**	60 836	-	60 836
Restructuring and retrenchment costs	**59 754**	**-**	**59 754**	30 773	2 616	33 389
Tax effect thereof	**(21 282)**	**-**	**(21 282)**	(25 651)	(941)	(26 592)
Normalised headline (loss)/earnings	**(527 791)**	**453 748**	**(74 043)**	**(1 359 800)**	**1 235 037**	**(124 763)**
Weighted average number of shares in issue			**482 395 858**			481 493 990
Normalised headline (loss)/earnings per share (cents)	**(109.4)**	**94.1**	**(15.3)**	**(282.4)**	**256.5**	**(25.9)**

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

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.

7. Revenue

Revenue	2022 R'000	Restated [1] 2021 R'000
Revenue from contracts with customers[2]		
Sale of goods - wholesale	1 338 317	1 622 294
Sale of equipment	104 775	82 164
Rendering of service	16 627	10 298
	1 459 719	**1 714 756**
Timing of revenue: revenue from contracts with customers		
Products transferred at a point in time	1 443 092	1 704 458
Services transferred over time	16 627	10 298
	1 459 719	**1 714 756**
Rental income	**99 739**	**110 713**
Total revenue	**1 559 458**	**1 825 469**

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

8. Finance income and costs

	Financial instrument class	2022 R'000	Restated[1] 2021 R'000
Finance cost			
Interest on term debt facilities	Amortised cost	427 108	1 028 561
Incurred up to group recapitalisation		361 609	1 028 561
Facilities F,G1,G2 & G3		15 667	-
Apex/PharmaQ Facility		31 769	-
Default interest		10 034	-
Austell Facility		8 029	-
Debt raising fees	Amortised cost	18 975	7 305
Lease liabilities	Amortised cost	22 662	26 313
Other finance costs	Amortised cost	11 765	13 670
Interest on deferred vendor liabilities	Amortised cost	4 139	9 348
		484 649	**1 085 197**
Finance income			
Bank interest	Amortised cost	4 383	3 519
Other finance income	Amortised cost	2 316	1 161
		6 699	**4 680**
Net finance costs		**477 950**	**1 080 517**

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

9. Contingent liabilities

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

The group discloses contingent liabilities where material economic outflows are considered possible but not probable.

The group is currently involved in two disputes, including one with a former advisor on a previous engagement and another with a shareholder of the company. The group is in consultation with its legal counsel, assessing the potential outcome of these disputes on an ongoing basis. As these disputes progress, management makes provision in respect of legal proceedings where appropriate.

10. Events after reporting period

Rights Offer

On 19 August 2022, the group managed to raise R102 million by way of a fully underwritten non-renounceable rights offer, through an offer of 143 million new Ascendis shares at an issue price of 71 cents per share, in the ratio of 29.70633 rights offer shares per every 100 Ascendis shares held on the record date for participating in such rights offer.

This is a non-adjusting post balance sheet event.

Pharma disposal

On 23 September 2022, Austell increased the offer to purchase Pharma from R410 million to R432 million. The group accepted this offer.

This is a non-adjusting post balance sheet event.

Administration

Country of Incorporation and domicile	South Africa
Registration number	2008/005856/06
Income tax number	9810/017/15/3
JSE share code	ASC
ISIN	ZAE000185005
Registered office	1 Carey Street Wynberg Gauteng 2191
Postal address	PostNet Suite #252 Private Bag X21 Bryanston 2021
Contact details	+27 (0)11 036 9600 info@ascendishealth.com www.ascendishealth.com
JSE sponsor	Questco Corporate Advisory (Pty) Ltd
Auditors	PricewaterhouseCoopers Inc.
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 Private Bag X9000, Saxonwold, 2132 Telephone: +27 (0)11 370 5000
Company secretary	TM Nkuna (B Com, LLB) investor.relations@ascendishealth.com
Directors	HJ Smit (Chairman) *^ SL Mulaudzi^ K Wellner^ A Chetty*^^ B Harie*^^ AC Neethling^^ (Chief transition officer and acting CEO) CJ Kujenga (CFO) # ** Independent non-executive* *^ Appointed 20 December 2021* *^^ Appointed 11 May 2022* *# Resigned with effect from 30 September 2022* *G Shayne resigned 6 June 2022 and R Dawes resigned 28 June 2022*

ASCENDIS HEALTH

1 Carey Street
Wynberg
Gauteng
2191

Phone
+27 (0)11 036 9600

Email
info@ascendishealth.com

Website
www.ascendishealth.com