Ascendis HEALTH LIMITED

UNAUDITED INTERIM RESULTS

For the six months ended 31 December 2022

Contents

Key features
(continuing operations for period ended 31 December 2022)

Revenue maintained at R777 million

Gross profit margin 9% lower at R312 million

Operating loss more than halved to R123 million

Net finance costs reduced by R354 million

Headline loss per share improved by 75% to -29.4 cents

Net asset value per share increased by 34%* following the disposal of Ascendis Pharma for R444 million

Raised R101.5 million in oversubscribed rights offer

Senior debt fully repaid post period end

Solvency ratio improved by 51%*
Liquidity ratio improved by 55%*

** Compared to 30 June 2022*

Commentary

Overview

During the first half of the 2023 financial year Ascendis Health Limited ("**Ascendis**") and its subsidiaries ("**the group**") have undergone fundamental change across the business and the team has worked to stabilise the balance sheet, optimise operating structures and enhance shareholder value.

The group's leadership and governance structures have been enhanced with the appointment of a new chief executive officer and portfolio management team (transition team) effective from August 2022, together with a new independent non-executive chairman effective from December 2022.

In this period the shareholder base has been strengthened and consolidated, with 59% of issued shares now held by six investors and approximately 45% owned by reputable new shareholders who have affirmed their commitment and support to the group's strategy and management team.

The new management has dedicated significant time and energy over a short period to stabilising the group's balance sheet and underlying operations in a challenging macroeconomic environment. Despite inheriting a business facing structural headwinds in a significantly more distressed position than anticipated, the team has made material progress in turning around the under-performing businesses and optimising the group's cost structures through decisive actions.

Following the end of the reporting period, the group repaid the balance of its outstanding senior debt, marking the first time since listing in 2013 that Ascendis has an unleveraged and unencumbered balance sheet. Notwithstanding this, as a result of transaction related costs and delayed collections on government debtors, the group continues to experience near term liquidity pressure within certain businesses and following negotiations with its banking partners has received approval for a working capital facility..

During the current period, Ascendis Pharma **("Pharma")** was sold for a net cash consideration of R444 million effective 31 October 2022, with the transition team negotiating an additional R57 million on the original purchase price and ultimately realising net proceeds of R69 million more than the initial proposed transaction.

A rights offer was successfully undertaken in August 2022, raising R101.5 million to enable the group to manage its liquidity needs while repaying the outstanding debt. The rights offer was oversubscribed and evidenced the strong support the group enjoys from its new shareholders of reference.

The head office cost reduction programme had not progressed as anticipated by August 2022 and the group continued to carry significant head office payroll and operating costs despite the drastic reduction in the size and complexity of the group in recent years. Accelerating the wind down of these costs was a key focus area of the team and accordingly the core head office payroll headcount has been reduced from 34 individuals on 30 June 2022 to 14 individuals by March 2023. This remains an area of continued focus.

While it is too early for many of the strategic initiatives to reflect in the group's financial performance, management is confident that its operational interventions have salvaged material value for shareholders and are delivering promising early signs of improvement.

Commentary

Strategic focus areas

Encouraging progress has been made by the transition team in optimising and stabilising the group's operations to avert material value destruction for shareholders. The following focus areas have been central to the team's approach over the past few months:

- **Accelerating the rightsizing of the head office cost structure and transitioning to a higher value add investment holding company structure.** While this has inevitably led to additional once-off costs, it will result in longer term savings which will start to reflect from the second half of the 2023 financial year. As part of this, there are ongoing efforts to shift mindsets and behaviours across the portfolio to that of "business owner" (entrepreneurship; accountability and ownership) as opposed to "corporate employee" (working with someone else's money).

- **Decentralising head office functions and business unit operations to eliminate costly shared services and empower business units to function independently.** Material annualised cost savings have already been achieved with the wind down of Medical Devices shared services and the decentralisation of treasury management. It is anticipated that further savings will be realised as this workstream continues.

- **Optimising business unit operating models following the operating pressures in recent years - shifting the focus away from EBITDA to EBIT, ROIC and free cash generation.** This is a multi-faceted process driven through an investment holding company portfolio management approach (with experienced professionals and capital allocators supporting and advising accountable and capable business management).

  Key initiatives underway across the portfolio include:

  - Driving greater visibility and accountability for return on invested capital across divisions within businesses, and shifting away from lower margin, capital intensive to higher margin, capital light business (leveraging existing sales team infrastructure).
  - Optimising cost structure and net working capital management ("**NWC**") (significant gains have been made with respect to net working capital already and the next phase involves better leveraging information systems and technology to derive further improvements).
  - Building a partnership mindset with key suppliers (to share the investment in capital through improved credit terms and capital investment solutions) and customers (to more fairly share in revenue generated on placed equipment or to facilitate customer's directly owning equipment themselves).
  - More proactive and data driven management of gross profit margins (particular in the current challenging macro environment).

- **Implementing a sustainable group capital structure and access to working capital facilities for business units.** The group has seen a material improvement in its solvency and liquidity position and has re-established relationships with major bank lenders.

- **Focusing on cash generation and managing group liquidity while settling the outstanding senior debt facilities.** The group has navigated a very challenging six months from a liquidity perspective while decentralising its treasury management function. Despite this progress, several businesses still face liquidity challenges that necessitate very active management and ongoing intervention.

Leadership changes

In line with the group's objective of transitioning to an investment holding company with decentralised underlying investments, the leadership and shared service structures within the Medical Devices and Consumer Health segments have been collapsed and several management changes have been made within head office and in several underlying businesses.

Commentary

The transition team has assumed a pivotal interim management role across the group and has overseen various business model and operational interventions aimed at building resilience and enhancing the returns generated by specific businesses.

Head office cost reduction

The team has found that the wind down of the head office cost structure was not sufficiently prioritised in the past. The group entered into this period with a large staff complement with significant retention and separation agreements at a material cost to shareholders.

This has necessitated decisive action by management to ultimately reduce core head office headcount from 34 individuals at 30 June 2022 to 20 individuals by 31 December 2022 and further to 14 individuals by 31 March 2023 leading to a 49% reduction in head office payroll costs. The group has plans to reduce this further as the decentralisation of head office functions continues.

Head office operating costs have materially reduced on a run-rate basis and the impact is not fully reflected in the interim results. It is envisaged that certain costs which are still centrally incurred will be transferred to the business units to enhance greater accountability over the coming period. The group's move from the rented Bryanston head office to premises owned by the group in Wynberg will result in an annual saving of R12 million while other cost reduction measures include internalising the management of all corporate finance activity and strategic projects to limit the use of external advisors as well as reviewing group insurance, systems and software related costs.

Being listed on the JSE comes at a significant direct and indirect cost to shareholders as certain regulatory and statutory reporting structures are required within the head office to support a JSE listing. These structures and costs are challenging to justify for a group of Ascendis' scale and management will continue to explore options that will enable shareholders to unlock maximum value.

Financial performance

The group is reporting the financial results from continuing operations following the disposal of Pharma effective 31 October 2022.

Group revenue of R777 million was consistent with the prior period. The Medical Devices businesses increased revenue by 13% to R541 million supported by promising growth from the Surgical Innovations, CardaXes and Ortho-Xact businesses. The Consumer Health businesses were impacted by several external and internal factors which contributed to revenue declining by 21% to R236 million. Pressure on consumer discretionary spend, the continued consumer shift to private label products and supply chain challenges were compounded by liquidity constraints, under-investment in marketing and disruption from the disposal of the Skin and Body business which previously formed part of Consumer Brands. Management's decision to retain the Medical Devices businesses has enabled the group to benefit from diversified revenue streams at a time when consumers are under extreme pressure.

The group's gross margin came under pressure mainly due to increased costs of doing business, with supplier price increases, higher raw material input costs and product mix changes causing a decline to 40.1% (H1 2022: 43.9%).

The group realised operating cost savings of R74.3 million in the current period. This is attributable to a reduction in payroll costs, operating efficiencies and reduced expenditure on advisors and other professional fees.

These savings were offset by:

- A dispute between Surgical Innovations and SARS in respect of VAT for the 2018 - 2020 tax periods. Although the group is actively disputing the assessment, management has prudently provided for the full balance of R53 million assessed tax and R14.3 million of arrear interest.
- An increase of R9.7 million in foreign exchange losses arising from the depreciation of the Rand.
- An increase of R5.5 million in audit fees incurred from overruns.
- An increase of R7.7 million in fuel costs (due to loadshedding and increasing fuel prices) and travel expenditure (as the business units resume overseas travel and face to face engagement and training with agencies).

Commentary

Finance costs reduced significantly from R402 million to R51 million for the half year (including R14.3 million of interest provided for the dispute with SARS in Surgical Innovations). This was mainly attributable to a R355 million reduction in interest payments on the term debt facilities as well as more favourable interest terms from the group's lenders.

The group reported a headline loss from continuing operations of R172 million compared to a loss of R554 million in the prior period, with a headline loss per share of 29.4 cents (H1 2022: loss of 115.9 cents).

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

Segmental performance

The group comprises eight businesses operating within the health and wellness market in South Africa:

Medical Devices	Consumer Brands
Surgical Innovations	Ascendis Consumer Brands
CardaXes	Supply Chain
The Scientific Group	Chempure
Ortho-Xact	Compounding Pharmacy

Surgical Innovations, the largest division within the Medical Devices segment, is a distributor of surgical and interventional devices across a range of therapeutic areas. The business represents leading global agencies including Olympus, Bayer and the Getinge Group and works closely with all major hospital groups. Surgical Innovations has shown continued strong sales growth (12% like-for-like), although the gross profit margin has faced pressure (declining by 5 percentage points) owing to supply chain constraints and Euro-based price increases from suppliers which have not been fully recovered from customers.

The business remains capital intensive (installs equipment at hospitals and sells consumable items used in the equipment) and unprofitable (due in part to an onerous shared services cost structure including above market long term rental agreements). Furthermore, it has been the subject of various SARS audits on historic periods which most notably has led to the R67 million provision raised in the group income statement, referred to above under Financial Performance.

Management are actively engaging with SARS on a resolution to ongoing tax matters, and the business continues to make headway in optimising operating expenditure and adjusting its business models (to reduce invested capital, raise productivity of its assets and drive higher margins).

CardaXes, which focuses on interventional cardiology (representing the Phillips and Microport agencies) and previously formed part of Surgical Innovations, delivered strong sales growth of 40% and continued to build scale as a stand-alone business. The business successfully improved its margin by 3 percentage points and, despite the impairment of legacy stock, is now close to breaking even.

The Scientific Group, a key player in the niche clinical diagnostics, life sciences and point of care markets, reported lower than expected sales growth mainly due to temporary delays in the roll-out of the National Health Laboratory Service contract and ongoing funding challenges in Zambia. The business has continued to operate profitably despite experiencing pressure on its margins (5.4 percentage point decline) which was adversely impacted by changes in the product mix, foreign exchange losses and supplier price increases.

The Scientific Group represents Qiagen, Becton Dickinson, Horiba and Ortho Clinical among its major agencies and provides critical diagnostic equipment and reagents to major public and private pathology laboratories and research institutions.

As the business is largely tender driven, management is currently actively exploring opportunities to drive greater sales at sustainable margins with a focus on stable annuity revenue.

Ortho-Xact, operating within the orthopaedic trauma and sports medicine markets, has delivered robust sales growth of 25% and has a strong sales pipeline with exceptional growth prospects. The business has consistently delivered attractive gross profit margins and is operating profitably.

Management is encouraged by the progress of the recently launched sports medicine business, representing the Rejoin agency, which is already gaining traction and continues to capitalise on various growth opportunities. While the business has experienced rapid growth, it faces challenges in managing working capital as approximately 75% of sales are to government hospitals where there have been delays in payments in some provinces. In an effort to manage this, management have successfully negotiated 180-day payment terms with its leading supplier to more closely match its government debtor days.

Ascendis Consumer Brands (“ACB”), the owner of the Solal, Bettaway, Vitaforce and MenaCal brands among others, has experienced an exceptionally challenging period with sales declining by 25% and reducing profitability at EBITDA level to breakeven. Revenue was impacted by the constrained consumer spending environment as well as sales challenges experienced in the market (including the public boycott of Dis-Chem and overselling in the previous financial period).

Operationally the business was disrupted by the disposal of the Skin and Body business in the previous financial year and management is now focused on restoring stability to the operating structure and brand portfolio. Performance has also been impacted by liquidity constraints, which resulted in a delay in new product launches and under-investment in marketing, and supply chain in-fill challenges across the business.

Fortunately, the business started to recover in the latter part of the 2022 calendar year and management’s interventions have started to bear fruit.

Supply Chain revenue slowed due to lower demand from Ascendis Consumer Brands while softer overall industry demand impacted the profitability of the business. The lack of liquidity to replace and repair ageing machinery has made the business less competitive and this has been compounded by loadshedding. Production staff overheads are high relative to the size and capacity utilisation of the facility and the state of the business has necessitated urgent intervention to mitigate the cash flow drain on the group. Management has been actively engaged in exploring solutions and after the period end, in March 2023, Supply Chain signed a beneficial manufacturing and asset sale agreement with Nautilus Pharma (Vital Health Group) in respect of Ascendis Consumer Brands’s manufacturing volumes. This agreement will ensure that Supply Chain is wound down and optimised in an orderly manner and management estimates that post transaction and after settlement of creditors the transaction will have a positive cash flow impact on the group. Supply Chain will also retain ownership of the Wynberg land and buildings previously valued at approximately R60 million.

Chempure is a leading importer and distributor of active pharmaceutical ingredients to local brands. Sales have declined by 12% due to lower consumer spending, reduction in sports nutrition demand (specifically whey protein) and key customers prioritising cost savings. Macroeconomic factors have impacted profitability while costs are being tightly managed to offset the lower sales and gross profit. Capital expenditure is required to invest in better stock control systems to improve net working capital and optimise cashflow and this will be prioritised in the near term.

Compounding Pharmacy revenue was in line with the prior year and a positive shift in the product mix, and the ability to share price increases with customers, boosted the gross profit margin. The condition of some of the equipment has been negatively impacted by load shedding and this is being addressed through further operating expenditure in the second half of the year. The business remains highly cash generative, owing to favourable payment terms from debtors, the short stock holding cycle and close management of creditors, and the management team is working hard, in combination with the transition team, on numerous growth initiatives to unlock value within this business.

Borrowings

The group’s senior debt totalled R498 million at 30 June 2022. The proceeds of the disposal of Pharma were applied against the group’s outstanding debt facility which was paid down to a balance of R50 million. In terms of an amended agreement with the senior lender, the remaining debt was fully settled by end February 2023.

Commentary

Outlook

The group's balance sheet has been strengthened following the divestment of Pharma and repayment of all senior debt. While management's interventions across the portfolio have gone a long way to stabilising the group's operating base, certain businesses are not yet profitable and do not generate adequate returns to compensate shareholders for the cost of their invested capital.

In an effort to offset further pressure on returns management will continue to invest significant effort in enhancing these business models (through partnerships with suppliers and customers to find innovative ways to preserve and grow margin while reducing invested capital) to build more robust and higher returning businesses. Where this is not possible management will continually evaluate whether it is in the best interest of shareholders to retain or divest these businesses.

Material cost savings are anticipated across the group as transaction and restructuring related costs are expected to normalise following an extensive period of divestments necessitated by the group's historically excessive debt levels. Good progress has already been made with the rationalisation of head office costs which are expected to be reduced to a sustainable level (in the listed environment) by the end of the 2023 financial year.

The group currently faces macroeconomic headwinds with persistent increases in the cost of imported goods and pressures on the local consumer expected to continue placing strain on the group's margins. This is compounded by operating cost pressures which are driven by increased distribution costs and pricing pressure from service providers. The repayment of the group's senior debt has come at a time where many small businesses are grappling with high interest rates and Ascendis is therefore comparatively well placed to capitalise on opportunities that may arise.

Ascendis is fortunate to have a diverse portfolio of businesses operating in largely defensive sectors of the economy. Management remains confident that a number of these businesses present attractive growth prospects together with opportunities to enhance cash generation and return on invested capital through initiatives focused on optimising cost structures, growing revenue within high margin business segments and improving working capital management.

In the near term, management will continue to build resilience in the underlying operations through focusing on the operational optimisation of the business units while continuing to transition the group to a lean and value accretive investment holding company. Given the size of the remaining portfolio and the costs and complexities involved with being listed, together with the associated lack of liquidity and operational flexibility, management will continue to explore alternative pathways to unlock value for shareholders.

Bharti Harie
Independent non-executive chairman

Carl Neethling
Chief executive officer and acting chief financial officer

Johannesburg
24 March 2023

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. 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

Condensed group statement of profit or loss
for the six months ended 31 December 2022

	Notes	Six months ended 31 December 2022 Unaudited R'000	Restated[1] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Continuing operations				
Revenue	6	777 214	777 651	1 559 458
Cost of sales		(465 319)	(436 524)	(921 724)
Gross profit		**311 895**	**341 127**	**637 734**
Other income		1 649	6 273	17 234
Selling and distribution costs		(52 980)	(54 890)	(113 897)
Administrative expenses	7	(229 033)	(237 436)	(472 356)
Net impairment loss on financial assets		(2 602)	(679)	(1 110)
Other operating expenses	7	(132 319)	(63 676)	(134 185)
Transaction and restructuring related costs [2]		(19 375)	(75 844)	(81 062)
Net impairment loss on assets		-	(169 800)	(169 800)
Operating loss		**(122 765)**	**(254 925)**	**(317 442)**
Finance income		5 529	2 693	6 699
Finance costs	8	(50 548)	(401 956)	(484 649)
Loss before taxation		**(167 784)**	**(654 188)**	**(795 392)**
Tax (expense)/credit		(4 142)	(8 121)	37 303
Loss from continuing operations		**(171 926)**	**(662 309)**	**(758 089)**
Profit from discontinuing operations	3	361 797	983 967	1 208 235
Profit for the period		**189 871**	**321 658**	**450 146**
Profit/(loss) attributable to:				
Owners of the parent		189 871	320 712	449 200
Continuing operations		(171 926)	(663 255)	(759 035)
Discontinued operations		361 797	983 967	1 208 235
Non-controlling interest		-	946	946
		189 871	**321 658**	**450 146**
Loss per share from continuing operations [3]				
Basic and diluted loss per share (cents)	5	(29.4)	(138.7)	(158.2)
Total profit per share[3]				
Basic and diluted profit per share (cents)	5	32.5	67.1	93.6

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

[2] Previously presented as once off costs.

[3] The comparative reporting period WANOS has been restated following the rights offer which was concluded in August 2022. Refer to Note 9.

Condensed group statement of comprehensive income

for the six months ended 31 December 2022

	Six months ended 31 December 2022 Unaudited R'000	Restated [1] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Profit for the period	**189 871**	**321 658**	**450 146**
Other comprehensive income:			
Items that may be reclassified to profit and loss net of tax			
Foreign currency translation reserve	109	(295 146)	(17 397)
Disposal and deregistration of foreign operations	-	-	(373 683)
Other comprehensive income/(loss) for the period net of tax	**109**	**(295 146)**	**(391 080)**
Total comprehensive income for the period	**189 980**	**26 512**	**59 066**
Total comprehensive income/(loss) attributable to:			
Owners of the parent	189 980	25 566	58 120
Continuing operations	(171 817)	(583 205)	(757 460)
Discontinued operations	361 797	608 771	815 580
Non-controlling interest	-	946	946
	189 980	**26 512**	**59 066**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

Condensed group statement of financial position

at 31 December 2022

	Notes	Six months ended 31 December 2022 Unaudited R'000	Restated[(1)] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
ASSETS				
Property, plant and equipment		237 873	203 116	231 391
Right-of-use assets		105 887	134 934	115 432
Intangible assets and goodwill		106 466	124 560	116 308
Other financial assets		7 875	13 015	7 622
Deferred tax assets		46 188	62 812	48 281
Non-current assets		**504 289**	**538 437**	**519 034**
Inventories		439 531	399 293	371 866
Trade and other receivables		307 863	339 284	339 174
Other financial assets		18	73 282	51 017
Current tax receivable		19 513	21 561	20 909
Derivative financial assets		-	-	3 065
Cash and cash equivalents		125 040	224 544	213 020
		891 965	1 057 964	999 051
Assets classified as held for sale	3	-	233 349	159 513
Current assets		**891 965**	**1 291 313**	**1 158 564**
Total assets		**1 396 254**	**1 829 750**	**1 677 598**
EQUITY				
Stated capital	9	6 138 001	6 015 664	6 036 471
Reserves		(605)	95 220	(714)
Accumulated loss		(5 444 083)	(5 612 012)	(5 633 954)
Equity attributable to equity holders of parent		**693 313**	**498 872**	**401 803**
Total equity		**693 313**	**498 872**	**401 803**
LIABILITIES				
Borrowings and other financial liabilities	2	4 162	37 063	22 131
Deferred tax liabilities		23 647	83 226	24 774
Lease liabilities		133 881	154 521	140 272
Non-current liabilities		**161 690**	**274 810**	**187 177**
Trade and other payables		367 385	333 079	423 560
Borrowings and other financial liabilities	2	58 199	563 650	521 538
Provisions		82 940	22 873	18 204
Contract liabilities		9 923	14 496	16 792
Lease liabilities		11 940	20 034	10 817
Current tax payable		10 864	17 071	14 602
		541 251	971 203	1 005 513
Liabilities classified as held for sale	3	-	84 865	83 105
Current liabilities		**541 251**	**1 056 068**	**1 088 618**
Total liabilities		**702 941**	**1 330 878**	**1 275 795**
Total equity and liabilities		**1 396 254**	**1 829 750**	**1 677 598**

(1) The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

Condensed group statement of changes in equity

for the six months ended 31 December 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 2021	**6 017 784**	**390 022**	**27 774**	**47 720**	**(6 136 763)**	**346 537**	**167 232**	**513 769**
Profit for the period	-	-	-	-	320 712	**320 712**	946	321 658
Other comprehensive loss	-	(295 146)	-	-	-	**(295 146)**	-	(295 146)
Total comprehensive (loss)/income for the period	**-**	**(295 146)**	**-**	**-**	**320 712**	**25 566**	**946**	**26 512**
Appraisal rights payments [1]	(2 120)	-	-	-	-	(2 120)	-	(2 120)
Foreign currency translation reserve	-	-	193	564	(1 491)	(734)	-	(734)
Reclassification of reserves into retained earnings	-	-	(8 921)	(66 986)	205 530	129 623	-	129 623
Disposal of non-controlling interest	-	-	-	-	-	-	(168 178)	(168 178)
Total contributions by and distributions to owners of the Group recognised directly in equity	**(2 120)**	**-**	**(8 728)**	**(66 422)**	**204 039**	**126 769**	**(168 178)**	**(41 409)**
Balance as at 31 December 2021	**6 015 664**	**94 876**	**19 046**	**(18 702)**	**(5 612 012)**	**498 872**	**-**	**498 872**
Profit for the period	-	-	-	-	128 488	**128 488**	-	128 488
Other comprehensive loss	-	(95 934)	-	-	-	**(95 934)**	-	(95 934)
Total comprehensive (loss)/income for the period	**-**	**(95 934)**	**-**	**-**	**128 488**	**32 554**	**-**	**32 554**
Release of treasury shares[2]	20 807	-	-	-	(20 807)	-	-	-
Reclassification of reserves into retained earnings	-	-	-	-	(129 624)	(129 624)	-	(129 624)
Total contributions by and distributions to owners of the group recognised directly in equity	**20 807**	**-**	**-**	**-**	**(150 430)**	**(129 623)**	**-**	**(129 623)**
Balance as at 30 June 2022	**6 036 471**	**(1 058)**	**19 046**	**(18 702)**	**(5 633 954)**	**401 803**	**-**	**401 803**
Profit for the period	-	-	-	-	189 871	189 871	-	189 871
Other comprehensive income	-	109	-	-	-	109	-	109
Total comprehensive income for the period	**-**	**109**	**-**	**-**	**189 871**	**189 980**	**-**	**189 980**
Issue of Ordinary Shares - Rights Offer [3]	101 530	-	-	-	-	101 530	-	101 530
Total contributions by and distributions to owners of the group recognised directly in equity	**101 530**	**-**	**-**	**-**	**-**	**101 530**	**-**	**101 530**
Balance as at 31 December 2022	**6 138 001**	**(949)**	**19 046**	**(18 702)**	**(5 444 083)**	**693 313**	**-**	**693 313**

[1] Buyback of shares from dissenting shareholders pursuant to a s164 appraisal rights process.

[2] Treasury shares to the value of R20.8 million were released to equity in the prior year.

[3] On 19 August 2022, the Rights Issue was concluded resulting in the group raising R101.53 million through the issue of 143 million new shares.

Condensed group statement of cash flows

for the six months ended 31 December 2022

	Notes	Six months ended 31 December 2022 Unaudited R'000	Restated[1] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Cash flows from operating activities				
Cash utilised by operations		(137 057)	(117 400)	(102 871)
Cash (utilised by)/generated from operations - discontinued operations		(15 543)	107 427	124 026
Interest income received		5 529	2 693	5 615
Interest paid		(15 860)	(27 477)	(106 671)
Income taxes (paid)/refunded		(2 341)	1 796	(13 688)
Net cash outflow from operating activities		**(165 272)**	**(32 961)**	**(93 589)**
Cash flows from investing activities				
Purchases of property, plant and equipment		(17 275)	(18 944)	(55 549)
Proceeds on the sale of property, plant and equipment		1 619	1 508	6 896
Purchases of intangible assets		(57)	(114)	(254)
Other financial assets advanced		-	(2 290)	-
Proceeds from disposal of other financial assets		50 749	-	-
Net cash inflow from investing activities - discontinued operations		440 977	988 987	1 093 716
Proceeds from disposal of subsidiaries	3	440 977	1 067 248	1 188 993
Cash outflow from investing activities - discontinued operations		-	(78 261)	(95 277)
Net cash inflow from investing activities		**476 013**	**969 147**	**1 044 809**
Cash flows from financing activities				
Proceeds from issue of shares		101 530	-	-
Payments made to acquire treasury shares		-	(2 120)	(2 120)
Proceeds from borrowings raised		-	1 100 014	48 730
Repayment of borrowings		(502 375)	(2 747 113)	(1 135 679)
Repayments on deferred vendor liabilities		-	(120 947)	(120 947)
Lease liabilities repaid		(2 141)	(14 630)	(26 686)
Net cash inflow/(outflow) from financing activities - discontinued operations		(137)	544 436	(36 729)
Net cash outflow from financing activities		**(403 123)**	**(1 240 360)**	**(1 273 431)**
Net decrease in cash and cash equivalents		**(92 382)**	**(304 174)**	**(322 211)**
Restricted cash balance at the beginning of the period		64 060	60 442	60 442
Other cash and cash equivalents balance at the beginning of the period		148 960	305 469	305 469
Cash and cash equivalents at beginning of period		213 020	365 911	365 911
Effect of exchange difference on cash balances		-	4 363	(1 953)
Cash and cash equivalents at the beginning of the period - assets held for sale		4 402	175 675	175 675
Cash and cash equivalents at end of period - assets held for sale		-	(17 231)	(4 402)
Restricted cash balance at the end of the period		41 531	41 560	64 060
Cash and cash equivalents balance at the end of the period		83 509	182 984	148 960
Cash and cash equivalents at end of period		**125 040**	**224 544**	**213 020**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

Basis of preparation and approval

Corporate information

Ascendis Health Limited is a health and wellness investment holding company listed in the healthcare sector of the JSE. Following the divestment of Pharma (refer to note 3), the group operates eight distinct businesses within the broader South African health and wellness sector.

The remaining businesses are broadly classified into the following reportable segments:

1. **Medical Devices which consists of:**
   - Surgical Innovations
   - The Scientific Group
   - CardaXes
   - Ortho-Xact
2. **Consumer Brands which consists of:**
   - Ascendis Consumer Brands
   - Chempure
   - The Compounding Pharmacy of South Africa
   - Ascendis Supply Chain

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

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 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 condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2022, which have been prepared in accordance with International Financial Reporting Standards **("IFRS").** The condensed consolidated interim financial statements and any forward looking information have not been externally reviewed or audited.

The unaudited condensed interim financial statements for the six months ended 31 December 2022 have been prepared under the supervision of the chief executive officer and acting chief financial officer, Carl Neethling CA (SA). The condensed consolidated interim financial results are the responsibility of the directors and were approved by the board on 24 March 2023.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the measurement of certain financial instruments and land and buildings at fair value. The interim financial statements are prepared on a going concern basis using accrual accounting.

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.

Principal accounting policies

The principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied for the consolidated annual financial statements for the year ended 30 June 2022, except for the mandatory adoption of amendments to IFRS effective for 1 January 2022. The impact on the group's financial results, disclosures or comparative information as a result of these amendments is not significant.

Notes to the condensed group interim financial statements
for the six months ended 31 December 2022

1. Restatement of comparative results

Change in plan to sell Medical Devices businesses

In May 2022, the group announced the change in plan to sell its Medical Devices businesses which were classified as a discontinued operation and held for sale in terms of the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. As a result, the December 2021 statement of profit or loss, statement of financial position and statement of cash flow have been restated to reflect the change in plan.

The impact of the restatements are set out below:

31 December 2021 **Statement of profit or loss and other comprehensive income**	**Reported** **R'000**	**Medical** **R'000**	**Restated** **R'000**
Revenue	298 382	479 269	**777 651**
Cost of sales	(175 955)	(260 569)	**(436 524)**
Gross profit	**122 427**	**218 700**	**341 127**
Expenses	(215 927)	(380 125)	**(596 052)**
Net finance cost	(389 138)	(10 125)	**(399 263)**
Income tax	(7 876)	(245)	**(8 121)**
Loss from continuing operations	**(490 514)**	**(171 795)**	**(662 309)**
Profit from discontinued operations	725 336	258 631	**983 967**
Profit for the year	**234 822**	**86 836**	**321 658**

1. Restatement of comparative results (continued)

31 December 2021 **Statement of financial position**	Reported R'000	Medical R'000	Restated R'000
Property, plant and equipment	125 765	77 351	**203 116**
Right-of-use assets	25 038	109 896	**134 934**
Intangible assets and goodwill	54 739	69 821	**124 560**
Other financial assets	13 015	-	**13 015**
Deferred tax assets	570	62 242	**62 812**
Non-current assets	**219 127**	**319 310**	**538 437**
Inventories	151 442	247 851	**399 293**
Trade and other receivables	163 654	175 630	**339 284**
Other financial assets	68 253	5 029	**73 282**
Current tax receivables	7 624	13 937	**21 561**
Cash and cash equivalents	223 358	1 186	**224 544**
	614 331	**443 633**	**1 057 964**
Assets classified as held for sale	909 456	(676 107)	**233 349**
Current assets	**1 523 787**	**(232 474)**	**1 291 313**
Accumulated loss	(5 698 848)	86 836	**(5 612 012)**
Borrowings and other financial liabilities	18 269	18 794	**37 063**
Deferred tax liabilities	69 053	14 173	**83 226**
Lease liabilities	20 475	134 046	**154 521**
Non-current liabilities	**107 797**	**167 013**	**274 810**
Trade and other payables	137 389	195 690	**333 079**
Borrowings and other financial liabilities	563 650	-	**563 650**
Provisions	8 590	14 283	**22 873**
Contract liabilities	10 839	3 657	**14 496**
Lease liabilities	13 615	6 419	**20 034**
Current tax payables	17 071	-	**17 071**
	751 154	**220 049**	**971 203**
Liabilities classified as held for sale	471 927	(387 062)	**84 865**
Current liabilities	**1 223 081**	**(167 013)**	**1 056 068**

2. Borrowings and other financial liabilities

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

	Six months ended 31 December 2022 Unaudited R'000	Restated[(1)] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Senior debt			
Euro denominated term loans	-	65 780	-
ZAR denominated term loans	36 032	479 601	498 164
Total senior debt	**36 032**	**545 381**	**498 164**
Other Borrowings			
Other facilities	26 329	55 332	45 505
Total other debt	**26 329**	**55 332**	**45 505**
Total borrowings and other financial liabilities	**62 361**	**600 713**	**543 669**
The split between current and non-current borrowings and other financial liabilities			
Non-current liabilities	4 162	37 063	22 131
Current liabilities	58 199	563 650	521 538
	62 361	**600 713**	**543 669**

[(1)] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

Senior Debt

The group's senior debt consists of a ZAR denominated term loan facility repayable by February 2023.

During November 2022, the proceeds from the divestment of Pharma were applied against the group's outstanding debt facility which was subsequently paid down to a balance of R50 million.

The group entered into an amended agreement with the senior lender whereby the remaining debt of R50 million would be settled in three instalments by end of February 2023. The terms of the amended agreement were not substantially different from the original agreement and hence did not give rise to a substantial modification in terms of IFRS 9.

Covenants

The senior facility agreement is subject to a monthly liquidity covenant requiring the group to maintain a liquidity headroom (unrestricted bank balances and undrawn committed facilities) of at least R10 million. The liquidity headroom as at 31 December 2022 was R83.5 million.

2. Borrowings and other financial liabilities (continued)

Other facilities

Included in other facilities is an exclusivity arrangement with a supplier of medical equipment, training and support. In terms of the original arrangement the group was to pay a total of €1.8 million (circa R30.6 million) in six, half-yearly instalments of €0.3 million (circa R5.1 million) each, to retain the exclusivity rights.

During November 2022, the group renegotiated the terms of payment on the distribution liability which resulted in the extension of final payment date from June 2024 to January 2025. The amendments to the terms of the distribution agreement did not result in a substantial modification in terms of IFRS 9. The balance included in other borrowings at period end is R9.3 million (30 June 2022: R9.0 million).

The TRS (total return swap) liability with ABSA Bank Limited consists of three tranches, the nominal amount of which was R81.7 million. Partial settlement took place in the period to 31 December 2020, July 2021 and July 2022 reducing the outstanding balance to R18.3 million as at 31 December 2022. One tranche remains outstanding and is payable on 5 July 2023. The tranches carry a fixed interest rate between 9.33% and 9.91% per annum. Interest is paid bi-annually.

3. Disposal of subsidiary and discontinued operations

3.1 Disposal of Ascendis Pharma

During the current period, the group completed the divestment of Ascendis Pharma which was classified as a discontinued operation and held for sale in terms of IFRS 5. The transaction was completed on 31 October 2022 for net cash consideration of R443.6 million.

31 December 2022 R'000	Pharma
Revenue	141 062
Expenses	(121 916)
Profit on sale of disposal group	350 184
Profit before tax	**369 330**
Tax	(7 533)
Profit after tax	**361 797**
Total comprehensive income	**361 797**

3. Disposal of subsidiary and discontinued operations (continued)

3.1 Disposal of Ascendis Pharma (continued)

The carrying amount of assets and liabilities that were classified to assets held for sale and subsequently sold were:

	Pharma
Property, plant and equipment	462
Intangible assets and goodwill	51 243
Deferred tax assets	3 124
Current income tax receivable	205
Inventories	40 145
Trade and other receivables	67 694
Other financial assets	78
Cash and cash equivalents	2 621
Total assets	**165 572**
Trade and other payables	(60 281)
Provisions	(3 580)
Current income tax payable	(8 297)
Total liabilities	**(72 158)**
Carrying amount of net asset disposed	**93 414**
Total disposal consideration - cash	**443 598**
Gain on disposal	**350 184**
Net cash	
Cash received	**443 598**
Less: Cash and cash equivalents disposed	**(2 621)**
Net cash received on sale	**440 977**

3.2 Change of plan to sell

In May 2022, the group changed its plan to sell the Medical Devices group of businesses which were classified as held for sale in the comparative reporting period.

The Medical Devices businesses had previously met the classification criteria under IFRS 5 and the sale of these businesses was highly probable at the time given that the group had triggered a mandatory prepayment provision in its facilities agreement with the senior lenders. The group subsequently entered into a sale agreement for the proposed divestment of the Medical Devices businesses. However, following a change in business strategy and the refinancing of the group debt during May 2022, the group resolved to terminate the sale agreement and to abandon the plan to sell the Medical Devices businesses. This decision was made after careful evaluation of the asset's contribution to the group and its future potential relative to the disposal proceeds.

As a result of this change in plan, the Medical Devices businesses are no longer classified as held for sale and have been reclassified accordingly as subsidiaries in the income statement, balance sheet and related financial reports. On the date of the change in plan to sell, the assets and liabilities of the businesses were re-measured in terms of IFRS 5.

3. Disposal of subsidiary and discontinued operations

Restated [1]

31 December 2021 R'000	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Pharma	Ascendis Skin and Body	Total
Revenue	266 560	193 990	-	999 848	**181 399**	**41 261**	**1 683 058**
Expenses	(217 287)	(152 763)	-	(885 095)	(154 630)	**(36 951)**	**(1 446 726)**
Profit/(loss) on sale of disposal group	126 593	181 464	(39 465)	497 939	**-**	**-**	**766 531**
Profit/(loss) before tax	**175 866**	**222 691**	**(39 465)**	**612 692**	**26 769**	**4 310**	**1 002 863**
Tax	(1 139)	9 204	-	(23 654)	(4 300)	**993**	**(18 896)**
Profit/(loss) after tax	**174 727**	**231 895**	**(39 465)**	**589 038**	**22 469**	**5 303**	**983 967**
Total comprehensive income/(loss)	**174 727**	**231 895**	**(39 465)**	**589 038**	**22 469**	**5 303**	**983 967**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

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

	31 December 2021 Unaudited R'000			30 June 2022 Audited R'000
R'000	**Pharma**	**Ascendis Skin and Body**	**Total**	**Pharma**
Property, plant and equipment	766	537	1 303	788
Intangible assets & goodwill	52 811	1 668	54 479	52 638
Right-of-use asset	-	3 229	3 229	-
Deferred tax asset	5 450	4 476	9 926	3 029
Inventories	34 754	17 904	52 658	27 904
Current income tax receivable	200	-	200	200
Trade and other receivables	76 341	15 455	91 796	70 359
Cash and cash equivalents	15 314	1 917	17 231	4 523
Other financial assets	2 527	-	2 527	72
Assets held for sale	**188 163**	**45 186**	**233 349**	**159 513**
Borrowings	(25)	-	(25)	(137)
Deferred vendor liabilities	-	-	-	-
Lease liabilities	-	(3 493)	(3 493)	-
Deferred tax liability	-	-	-	-
Trade and other payables	(66 089)	(8 676)	(74 765)	(78 612)
Provisions	(2 916)	(1 156)	(4 072)	(3 347)
Current Income tax payable	(2 221)	(289)	(2 510)	(887)
Bank overdraft	-	-	-	(122)
Liabilities held for sale	**(71 251)**	**(13 614)**	**(84 865)**	**(83 105)**
Net assets	**116 912**	**31 572**	**148 484**	**76 408**

4. Group segmental analysis

Revenue split by segment	Six months ended 31 December 2022 Unaudited R'000	Restated[1] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Consumer Health	235 837	781 802	1 079 772
Africa	235 837	339 643	637 613
Sun Wave	-	442 159	442 159
Pharma	141 062	739 088	941 466
Africa	141 062	181 399	383 777
Remedica	-	557 689	557 689
Medical Devices	541 377	673 259	1 189 545
Animal Health	-	266 560	266 560
Less: Discontinued operations	(141 062)	(1 683 058)	(1 917 885)
Total revenue	**777 214**	**777 651**	**1 559 458**
Revenue by geographical location			
South Africa	918 276	1 460 861	2 477 495
Cyprus	-	557 689	557 689
Romania	-	442 159	442 159
Less: Discontinued operations	(141 062)	(1 683 058)	(1 917 885)
Total revenue	**777 214**	**777 651**	**1 559 458**

Normalised EBITDA[PM] split by segment	Six months ended 31 December 2022 Unaudited R'000	%	Restated[1] Six months ended 31 December 2021 Unaudited R'000	%	Year ended 30 June 2022 Audited R'000	%
Consumer Health	(2 425)		206 474	26%	242 968	22%
Africa	(2 425)	-1%	38 283	11%	74 712	12%
Sun Wave	-	0%	168 191	38%	168 256	38%
Pharma	33 147	0%	182 864		188 159	18%
Africa	33 147	23%	29 354	16%	52 926	14%
Remedica	-	0%	153 510	28%	135 233	24%
Medical Devices	38 301	7%	97 281	14%	92 107	8%
Animal Health	-	0%	68 506	10%	68 378	6%
Biosciences	-	0%	(2)	0%	-	0%
Head office	(46 807)	0%	(46 083)	0%	(95 565)	0%
Less: Discontinued operations	(33 877)	24%	(471 720)	24%	(482 799)	25%
Total normalised EBITDA[PM]	**(11 661)**	**-3%**	**37 320**	**5%**	**13 248**	**1%**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

4. Group segmental analysis (continued)

Reconciliation of normalised EBITDA^PM to consolidated results	Six months ended 31 December 2022 Unaudited R'000	Restated(1) Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Consolidated loss before taxation from continuing operations	**(167 784)**	**(654 188)**	**(795 392)**
Finance income	(5 529)	(2 693)	(6 699)
Finance expense	50 548	401 956	484 649
Total impairment, amortisation and depreciation	38 508	216 401	249 628
EBITDA	**(84 257)**	**(38 524)**	**(67 814)**
Total once off costs (2)	72 596	75 844	81 062
Total normalised EBITDA^PM	(11 661)	37 320	13 248
Non-controlling interest proportionate share	-	-	-
Total normalised EBITDA^PM attributable to the parent	**(11 661)**	**37 320**	**13 248**

(1) The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

(2) This includes transaction and restructuring related costs and the costs related to the assessment received from SARS on Surgical Innovations VAT. The group is in the process of disputing the assessment.

Statement of financial position measures applied

Assets and liabilities split by segment	Six months ended 31 December 2022 R'000		Six months ended 31 December 2021 R'000		Year ended 30 June 2022 R'000	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Consumer Health Africa	429 842	(90 102)	529 469	(127 830)	453 485	(93 417)
Pharma Africa	117	(15)	191 315	(71 252)	160 889	(83 123)
Medical Devices	867 021	(489 405)	775 816	(389 769)	784 830	(455 284)
Biosciences	127	(581)	428	(726)	-	-
Head office	99 147	(122 838)	332 722	(741 301)	278 394	(643 971)
Total consolidated assets and (liabilities)	**1 396 254**	**(702 941)**	**1 829 750**	**(1 330 878)**	**1 677 598**	**(1 275 795)**

5. Earnings per share

	Six months ended 31 December 2022 Unaudited R'000			Restated[1] Six months ended 31 December 2021 Unaudited R'000			Year ended 30 June 2022 Audited R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(a) **Basic earnings/(loss) per share**									
Loss attributable to owners of the parent	(171 926)	361 797	189 871	(663 255)	983 967	320 712	(759 035)	1 208 235	449 200
Loss	**(171 926)**	**361 797**	**189 871**	**(663 255)**	**983 967**	**320 712**	**(759 035)**	**1 208 235**	**449 200**
Weighted average number of ordinary shares in issue[2]			585 093 524			478 147 727			479 808 959
Basic earnings/(loss) per share (cents)	**(29.4)**	**61.8**	**32.5**	**(138.7)**	**205.8**	**67.1**	**(158.2)**	**251.8**	**93.6**
(b) **Headline earnings/(loss) per share**									
Loss attributable to owners of the parent	(171 926)	361 797	189 871	(663 255)	983 967	320 712	(759 035)	1 208 235	449 200
Adjusted for:									
Net (profit)/loss on the sale of property, plant and equipment	(127)	-	(127)	(449)	38	(411)	2 369	(207)	2 162
Tax effect	35	-	35	126	(69)	57	(739)	-	(739)
(Profit)/loss on disposal of subsidiary	-	(350 184)	(350 184)	51	(766 531)	(766 480)	51	(1 012 901)	(1 012 850)
Tax effect	-	-	-	(18)	4 514	4 496	(18)	4 514	4 496
Goodwill, intangible asset and tangible asset impairment	-	-	-	169 800	-	169 800	169 800	-	169 800
Impairment of investment	-	-	-	(60 191)	-	(60 191)	127	-	127
Headline earnings/(loss)	**(172 018)**	**11 613**	**(160 405)**	**(553 936)**	**221 919**	**(332 017)**	**(587 445)**	**199 641**	**(387 804)**
Weighted average number of ordinary shares in issue[2]			585 093 524			478 147 727			479 808 959
Headline earnings/(loss) per share (cents)	**(29.4)**	**2.0**	**(27.4)**	**(115.9)**	**46.4**	**(69.4)**	**(122.4)**	**41.6**	**(80.8)**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

[2] The comparative weighted average number of shares has been restated for the Rights Issue that was completed during the current period.

5. Earnings per share (continued)

	Six months ended 31 December 2022 Unaudited R'000			Restated[1] Six months ended 31 December 2021 Unaudited R'000			Year ended 30 June 2022 Audited R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Reconciliation of normalised headline earnings									
Headline (loss)/earnings	**(172 018)**	**11 613**	**(160 405)**	**(553 936)**	**221 919**	**(332 017)**	**(587 445)**	**199 641**	**(387 804)**
Adjusted for									
Disposal of businesses related costs	1 394	14 139	**15 533**	94 028	60 471	154 499	4 930	254 107	259 037
Debt/capital restructuring costs	3 913	-	**3 913**	-	-	-	16 252	-	16 252
Restructuring and retrenchment costs	14 067	-	**14 067**	42 007	-	42 007	59 754	-	59 754
Abnormal expenses [3]	67 143	-	**67 143**	-	-	-	-	-	-
Tax effect thereof	(4 855)	-	**(4 855)**	(11 762)	-	(11 762)	(21 282)	-	(21 282)
Normalised headline (loss)/earnings	**(90 356)**	**25 752**	**(64 604)**	**(429 663)**	**282 390**	**(147 273)**	**(527 791)**	**453 748**	**(74 043)**
Weighted average number of ordinary shares in issue[2]			**585 093 524**			478 147 727			479 808 959
Normalised headline (loss)/earnings per share (cents)	**(15.4)**	**4.4**	**(11.0)**	**(89.9)**	**59.1**	**(30.8)**	**(110.0)**	**94.6**	**(15.4)**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.
[2] The comparative weighted average number of shares has been restated for the Rights Issue that was completed during the current period.
[3] Costs related to a provision raised for a SARS VAT dispute.

6. Revenue

Revenue	Six months ended 31 December 2022 Unaudited R'000	Restated [1] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Revenue from contracts with customers			
Sale of goods - wholesale	657 969	672 766	1 338 317
Sale of equipment	57 666	44 887	104 775
Rendering of service	7 545	7 997	16 627
	723 180	**725 650**	**1 459 719**
Timing of revenue: revenue from contracts with customers			
Products transferred at a point in time	715 635	717 653	1 443 092
Services transferred over time	7 545	7 997	16 627
	723 180	**725 650**	**1 459 719**
Rental income	**54 034**	**52 001**	**99 739**
Total revenue	**777 214**	**777 651**	**1 559 458**

[1] The comparative reporting period has been restated pursuant to the change in plan to divest the Medical Devices businesses. Refer to Note 1.

7. Analysis of material expenses

Loss for the half-year includes the following items that are deemed material due to their nature, size or incidence:

	Six months ended 31 December 2022 Unaudited R'000	Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Administration expense			
Salaries and wages	169 310	176 203	337 424
Audit fees	9 238	3 741	13 622
Insurance costs	7 059	6 311	11 554
Licence costs	8 287	8 434	16 532
Other expenses			
Foreign exchange loss	19 659	9 955	13 457
SARS VAT Dispute Provision [1]	53 221	-	-
Depreciation and amortisation	35 674	42 937	73 513
Travelling expenses	8 059	3 109	8 724
Motor Vehicle expenses	8 575	5 804	12 719

[1] During the current period, Surgical Innovations received an assessment from SARS in respect of VAT for the period 2018-2020. The group has engaged with its advisors in this regard and is in the process of disputing this assessment with a formal objection having been lodged. Management has nonetheless deemed it prudent to provide for the full balance as initially assessed by SARS.

8. Finance costs

	Six months ended 31 December 2022 Unaudited R'000	Restated[(1)] Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Interest on term debt facilities	25 789	381 948	427 108
Incurred up to group recapitalisation	-	366 367	361 609
Facilities F,G1,G2 & G3	-	14 834	15 667
Apex/PharmaQ Facility	-	-	31 769
Default interest	-	747	10 034
Austell Facility	25 789	-	8 029
Debt raising fees	-	-	18 975
Lease liabilities	9 243	11 488	22 662
SARS VAT Dispute	14 394	-	-
Other finance costs	1 122	4 381	11 765
Interest on deferred vendor liabilities	-	4 139	4 139
	50 548	**401 956**	**484 649**

9. Stated capital

	Six months ended 31 December 2022 Unaudited R'000	Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2022 Audited R'000
Opening balance	6 036 471	6 017 784	6 017 784
Issue of Ordinary Shares - Rights Offer	101 530	-	-
Treasury shares released during the period	-	-	20 807
Treasury shares acquired during the period[(1)]	-	(2 120)	(2 120)
Closing balance	**6 138 001**	**6 015 664**	**6 036 471**

[(1)] During the prior year shares were acquired by Ascendis that relate to the repurchase of shares pursuant to the exercise of appraisal rights by dissenting shareholders.

Rights Offer

The group raised R101.5 million equity capital by way of a rights offer to qualifying shareholders that concluded in August 2022. 143 million shares were offered for subscription to the qualifying shareholders at a subscription price of R0.71 per rights offer share.

10. 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 various disputes including a dispute with a former advisor on a previous engagement. The group is in consultation with its legal counsel and continues to assess the potential outcome of these disputes on an ongoing basis. As these disputes progress, management makes provision in respect of legal proceedings where appropriate.

11. Going concern

The group interim financial statements for the period ended 31 December 2022 have been prepared on a going concern basis.

On 31 December 2022 the group's assets exceeded its liabilities by R693 million (solvency ratio of 1.99) whilst current assets exceeded current liabilities by R351 million (liquidity ratio of 1.65). Consolidated cash and cash equivalents totalled R125 million (including restricted cash of R42 million).

Management has made significant progress with the stabilisation of the balance sheet and there has been a material improvement in the group's solvency and liquidity position following targeted interventions over the past 6 months. In determining the appropriate basis of preparation, the directors have duly considered the group solvency and liquidity position, the year-to-date performance of the underlying operations and the group's plans and strategies for the future, including its ability to obtain financing, manage its working capital requirements, and respond to changes in market conditions.

The group has successfully settled all outstanding senior debt due to Austell (subsequent to 31 December 2022) and has an ungeared balance sheet with the expectation of gaining access to credit facilities in the near term to support its operations and growth plans. The group is currently engaging with its banking partners to implement working capital facilities within the business on commercially appropriate terms.

Alongside the implementation of various efficiency measures groupwide and a focus on operational excellence, group management continues to actively monitor the liquidity requirements on a consolidated and business level to mitigate any risk to the group's ability to continue operating as a going concern.

Outlook

The group has successfully stabilised its balance sheet and management has made significant progress with the rationalisation of head office costs which are expected to be at a sustainable level by the 2023 financial year end. Material cost savings are anticipated across the group as transaction and restructuring related costs are expected to normalise following an extensive period of divestments necessitated by the group's historically excessive debt levels.

The next step in management's strategy is to focus on the operational optimisation of the remaining operations whilst continuing to transition the group to function as a lean and value accretive investment holding company.

Having successfully navigated a tumultuous period within the Ascendis group, the remaining business units have proven their resilience whilst operating in a cash constrained environment. A number of these businesses present opportunities to enhance cash generation and return on invested capital through various initiatives focussed on optimising cost structures, growing revenue within high margin business segments and improving working capital management. These initiatives are well under way and good progress has been made to date.

Management's objective remains to ensure that maximum value is created and unlocked for shareholders and accordingly will continue to evaluate its investments in these businesses through the application of sound capital allocation and investment principles.

The future is inherently uncertain, and there are always risks and uncertainties that could negatively impact the group's liquidity position. These risks broadly include, but are not limited to, depreciation of the Rand, macroeconomic pressure on consumers, dependence on government hospitals for timely payment, loss of key agencies and other unforeseen events. Management will continue to monitor these risks and take appropriate measures to manage them as they arise.

Conclusion

Notwithstanding specific interventions that may be required within certain business units, the group has sufficient liquidity and access to financing to meet its obligations as they fall due, and at this stage the directors have no reason to believe that this will change in the foreseeable future. The directors are satisfied that there are no longer any material uncertainties that cast significant doubt on the group's ability to continue as a going concern and the going concern assumption is appropriate.

12. Events after reporting period

Settlement of Senior Debt

On 27 February 2023, the group made the final repayment of its outstanding debt to its lender in accordance with the amended senior facility agreement. The group has accordingly repaid all outstanding senior debt and is wholly unencumbered.

Administration

Country of Incorporation and domicile	South Africa
Registration number	2008/005856/06
Income tax number	9810/017/15/3
JSE and A2X 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	Valeo Capital Proprietary Limited
Auditors	PricewaterhouseCoopers Inc. (terminated 17 March 2023)
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 (acting)	Joseph Fine (B Soc Sci LLB) investor.relations@ascendishealth.com
Directors	B Harie (Chairman)*# SL Mulaudzi K Wellner* A Chetty* T De Bruyn^ AC Neethling (CEO and acting CFO) ** Independent non-executive* *^ Appointed 19 October 2022* *# Appointed as Chairman 9 December 2022* HJ Smit ceased to be an independent non-executive director and chairman on 30 November 2022 CJ Kujenga resigned as an executive director on 30 September 2022

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