Ascendis HEALTH LIMITED

Group Annual Financial Statements

For the year ended 30 June 2024

Contents

Group company secretary’s certification	1
Directors’ responsibilities and approval	2
CEO and FD’s certification	3
Independent auditor’s report	4 - 7
Audit committee report	8 - 13
Directors’ report	14 - 19
Group statement of profit or loss and comprehensive income	20 - 21
Group statement of financial position	22
Group statement of changes in equity	23
Group cash flow statement	24
Accounting policies	25 - 28
Notes to the group annual financial statements	29- 97
Company annual financial statements	98 - 117
Appendix A: Interests in subsidiaries	118 - 119
Appendix B: Shareholders’ information	120
Administration	121 - 122

Group company secretary's certification

Declaration by the group company secretary in respect of Section 88(2)(e) of the Companies Act 71 of 2008, as amended ("Companies Act")

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that, to the best of my knowledge, for the year ended 30 June 2024, Ascendis Health Limited and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Joseph Fine (B Soc Sci LLB)
Group company secretary
Johannesburg
04 October 2024

Directors' responsibilities and approval

The directors are responsible for the preparation, integrity and fair presentation of the group annual financial statements of Ascendis Health Limited ("Ascendis" or "company" and its subsidiaries ("group")).

The directors consider that in preparing the group annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards (IFRS®) considered applicable have been followed. The directors also consider compliance with the Companies Act of South Africa.

The directors are satisfied that the information contained in the group annual financial statements fairly present the results of operations for the year and the financial position of the group at year end. The directors also prepared the other information included in the Integrated Annual Report and are responsible for both its accuracy and its consistency with the group annual financial statements and company financial statements. The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group to enable the directors to ensure that the group annual financial statements comply with the relevant legislation.

The preparation of the group annual financial statements in conformity with IFRS® requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the group annual financial statements and the reported expenses during the reporting period. Whilst estimates reflect management's best estimate, the actual results thereof could differ from those estimates.

Ascendis and its subsidiaries operate in a sound control environment, which is regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. Management provides comfort to the audit and risk committee and the board of directors that the systems of risk management and internal control as designed are adequate and effective. The Ascendis Code of Conduct has been adhered to during the year.

The board is also responsible for the controls over, and the security of the Company's website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission, assuring that reports disseminated electronically agree with the signed off reports.

The board is satisfied that the company and group, and all companies within the group, are and will be able to continue as a going concern (except for the group companies that are in the process of deregistration) in the foreseeable future and has therefore continued to adopt the going concern basis in preparing the group annual financial statements. Refer to detailed information on the going concern assumption in the audit and risk committee report on page 8, directors' report on page 14 and accounting policy note on page 25.

The group's external auditor, Nexia SAB&T, audited the group and company annual financial statements and its report is presented on pages 4 to 7. The group and company annual financial statements, as set out on pages 14 to 122, were prepared under the supervision of the chief executive officer, AC Neethling CA (SA) and approved for issue by the board on 04 October 2024 and are signed on its behalf by:

B Harie
Independent non-executive chairman
Johannesburg
04 October 2024

AC Neethling
Chief executive officer
Johannesburg
04 October 2024

CEO and FD's Responsibility Statement

In line with paragraph 3.84(k) of the JSE Limited ("JSE") Listings Requirements ("JSE Listing Requirements"), the chief executive officer (CEO) hereby confirm after due, careful and proper consideration that:

a. The annual financial statements set out in pages 14 to 122, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS®;
b. To the best of my knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled my role and function as executive director with primary responsibility for implementation and execution of controls
e. where I am not satisfied, I have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
f. I am not aware of any fraud involving directors.

AC Neethling
Chief executive officer
Johannesburg
04 October 2024

Independent auditor's report

To the Shareholders of Ascendis Health Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Ascendis Health Limited (the group and company) set out on pages 20 to 117, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ascendis Health Limited as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Group loan restructuring and impairment assessment of loans to related parties recognised at amortised cost (Company only)	
A resolution was taken to consolidate all the subsidiary loans as at 30 June 2024, by way of ceding the loans to Ascendis Health SA Holdings (Pty) Ltd which resulted in a single loan between Ascendis Health Limited and Ascendis Health SA Holdings (Pty) Ltd. Refer to note 5 of the company financial statements. This resolution resulted in a transfer of a financial asset in accordance with IFRS 9 which requires a derecognition of the financial asset at its carrying amount at the date of derecognition (30 June 2024) and recognizing the new financial asset at the fair value as of the same date. The application of IFRS 9 requirements related to the restructuring of the group loans, together with the credit loss allowances, are considered to be a key audit matter due to the significant degree of judgement required in assessing the fair value and credit loss allowances of the financial asset. These judgements include amongst others, the classification of the financial asset and fair value determination on initial recognition and assessing the default rates in determining the impairment of the financial asset.	Our audit procedures focused on the following: • We obtained an understanding of the transaction and intention of the restructuring transaction through inspection of the minutes of meeting and discussions with management. • We confirmed the derecognition of the restructured group loans in compliance with IFRS 9, being the carrying value. • Reviewed the company’s business model assessment to confirm the financial asset is correctly classified on initial recognition. • Obtained an understanding of the company’s process for estimating the credit loss allowance on the restructured group loans in determining the fair value, as well as the credit loss allowances for the remainder of the group loans. • Confirmed that the restructured group loans were correctly recognised at fair value at the date of recognition in terms of IFRS 9. • Assessed the financial health of the underlying entities to determine the reasonability of the present value of anticipated future cash flows. • Assessed the impact of including forward-looking assumptions in the credit loss allowance calculation. • Recalculated the credit loss allowance of the group loans in accordance with IFRS 9. We found that the recognition of the related party loans were correctly accounted and appropriately disclosed in terms of IFRS 9. We found the recorded credit loss allowance to be appropriate. We considered the credit loss allowance for loans to related parties carried at amortised cost to be appropriately disclosed.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Ascendis Health Limited Group and Company Annual Financial Statements for the year ended 30 June 2024”, which includes the Directors’ Report, the Audit Committee’s Report and the Group Company Secretary’s Certification as required by the Companies Act of South Africa and the CEO and FD’s Certification as required by the JSE Limited Listing Requirements, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we do receive and read the Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor’s report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’s and the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Ascendis Health Limited for 2 years.

NexiaSAB&T

____

Nexia SAB&T
Sunette Prinsloo
Director
Registered Auditor
04 October 2024

Audit committee report

1. Introduction

The Ascendis audit and risk committee ("the committee") is a statutory committee established in terms of the JSE Listing Requirements, Companies Act and King IV principles. The committee functions within an annually reviewed and approved formal charter and complies with all relevant legislation, regulation and governance codes.

The objective of the committee is to provide the board with additional assurance regarding the accuracy and reliability of the financial information used by the directors and to assist them in the discharge of their duties.

The committee is also responsible for reviewing the internal controls applied within the Ascendis group of companies, assessing the results of the external audit reports, and making recommendations to the board for improvements to such business controls.

This report is presented to stakeholders in compliance with the Companies Act and the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

2. Purpose and activities of the committee

The committee performed the following functions during the year:

- Reviewed the interim, condensed and annual results to ascertain that the financial results are valid, accurate and fairly represent the group's performance.
- Had oversight of integrated reporting and confirmed the integrity of the integrated annual report, as well as any other form of public reporting or announcements containing financial information.
- Reviewed the group annual financial statements, ensuring they are compliant with accounting standards and legal requirements, and recommended them for approval by the board.
- Ensured that the ongoing corporate activity is appropriately accounted for and disclosed in the annual financial statements and other forms of public reporting or announcements containing financial information.
- Reviewed the audit and risk committee charters.
- Reviewed and monitored the implementation of the policy relating to non-audit services by the external auditor.
- Ensured that the scope of non-audit services did not compromise the independence of the external auditor. Please also refer to point 6 below in this regard.
- Had oversight of the activities and co-ordination of the external audits.
- Received feedback from management on systems of internal control.
- Reviewed and received assurances on the independence and objectivity of the external auditor.
- Reviewed the competence of the external auditors.
- Considered the implication of the decision to maintain the reduced internal audit involvement during the current year, due to the state of transition the group found itself in, and the effectiveness of the related mitigating activities by management.

2. Purpose and activities of the committee (continued)

- Had oversight of IT development with ongoing feedback on progress to the committee.
- Received feedback on follow up matters arising from the FY2023 external audit management letter.
- Conducted an annual assessment of the committee and its members.
- Considered the expertise and experience of the interim CFO and the finance department.
- Reviewed the group insurance cover in place and ensured that the group was sufficiently covered.
- Reviewed and updated the levels of authority framework.
- Monitored the progress made to improve tax processes, controls and compliance across the group, and considered whether the correct tax treatment had been applied.
- Ensured that the group has established appropriate financial reporting procedures and that those procedures are operating effectively.

3. Composition of the committee

The committee comprises of three financially literate non-executive directors and two of them are independent. During the financial period, SL Mulaudzi retired at the annual general meeting (AGM) on the 30 November 2023. The committee members are elected by shareholders at the (AGM) and the board then appoints one of these members as the chairman of the committee.

The following directors served on the committee during the year under review:

Directors	Office	Qualifications	Changes
A Chetty	Chairman	B Com, PG Dip Bus Mngmt and MBA	
B Harie	Member/Invitee	BA LLB (Natal), LLM (Wits)	
SL Mulaudzi	Member	National Diploma Information Technology Post-graduate Diploma in Computer Auditing	Retired at AGM on 30 November 2023
K Wellner	Member	Masters degree in Economics Doctorate (PhD) in international economics (magna cum laude) Guest lecturer at MBA school of University of Stellenbosch from 2010 – 2015	

3. Composition of the committee (continued)

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

Audit and risk committee meetings held and attended during the year under review:

A Chetty (chairman)	4/4
K Wellner	4/4
B Harie (invitee)	4/4

The external audit partner (Nexia SAB&T), the executive directors and key finance and risk staff regularly attend meetings at the invitation of the committee. The external auditors have unfettered access to the committee over the course of the year.

4. External auditor

The committee has assessed the independence, expertise and objectivity of the external auditor, Nexia SAB&T, as well as the fees paid to the external auditor.

The committee has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they do not own shares in Ascendis.

Meetings were held with the auditor where management was not present and the auditor was free to raise any matters of concern.

The external auditor is invited to and attends all committee meetings. A schedule of findings by the external auditor arising from the statutory audit is tabled and presented at a committee meeting following the audit. The committee endorses action plans for management to mitigate concerns noted. The external auditor has expressed an unmodified opinion on the group annual financial statements for the year ended 30 June 2024.

The committee has reviewed the performance of the external auditor and has assessed the suitability of Nexia SAB&T as auditors based on the documents presented to it in terms of paragraph 3.84 (g) (ii) of the Johannesburg Stock Exchange (JSE) Listings Requirements – in relation to registration, inspections, firm internal control and investigations in respect of Nexia as a firm and the designated auditor, Mrs. S Prinsloo.

5. External audit: Key audit matters

The committee notes the following key audit matters set out in the independent auditor's report, which was also a matter of concern for the committee during the year.

Presentation and disclosure of discontinued operations

During the prior period, the Group commenced a process to wind down its Supply Chain business and the associated manufacturing capacity which has been successfully outsourced to a third party. The items that were identified were disposed of in the current period were classified as held for sale in terms of IFRS 5 as at 30 June 2023.

The committee is satisfied that management has treated the disposals and the proposed divestment and held for sale and discontinued operations as per IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (IFRS 5) requirements and this is supported by the independent external auditors who noted no exceptions in this regard.

Loss of control over subsidiary

During the prior year the group resolved to voluntarily commence business rescue proceedings for one of its wholly owned subsidiaries, Surgical Innovations (Pty) Ltd ("Surgical Innovations"), as envisaged in terms of Section 129(1) of the Companies Act, with effect from 12 May 2023. As a consequence of the business rescue proceedings, with effect from 12 May 2023, the group ceased to consolidate Surgical Innovations due to the loss of control over the subsidiary, resulting in the deconsolidation of Surgical Innovations' net asset value and the recognition of a profit from the loss of control amounting to R73 million. In the period subsequent to year end, the business rescue plan was successfully approved by creditors and implemented by the Business Rescue Practitioner. A final distribution to creditors was settled on 29 September 2023 upon which Surgical Innovations successfully exited the business rescue process. The group reassumed control from the 29 September 2023 resulting in the reconsolidation of Surgical Innovations' net asset value and the recognition of a gain from the reacquisition amounting to R85 million.

The committee is satisfied that management has treated the loss of control and the deconsolidation as per the IFRS 10 requirements and this is supported by the independent external auditors who noted no exceptions in this regard.

Impairment assessment of loans to related parties recognised at amortised cost (Company only)

As at 30 June 2024, the company recognised loans to related parties carried at amortised cost valued of R259 million (2023: R3.1 billion) and expected credit loss allowances on loans to related parties valued at R 3 million (2023: R2.4 billion) as disclosed in note 5 to the company financial statements. As described in the notes to the financial statements, the impairment loss is determined in accordance with IFRS 9 - Financial Instruments. The application of IFRS 9's requirements related to credit loss allowances is considered to be a key audit matter due to the significant degree of judgement required in assessing the impairment of financial instruments.

The committee is satisfied that management has treated the impairment assessment and credit loss allowance as per the IFRS 9 requirements and this is supported by the independent external auditors who noted no exceptions in this regard.

6. Non-audit services

The non-audit services policy was reviewed and revised by the committee to clearly define the type of non-audit services that the external auditors are permitted to provide, and the threshold of fees allowed from these services to ensure the independence of the auditors is upheld. In 2021, a new category of services was included, ‘special audit services’; that encompasses services that are not required to be performed by the auditors but where there are compelling circumstances that exist to support their engagement. As a part of the revised policy, the committee implemented an additional control mechanism that requires approval at board level for these special audit services should they exceed 50% of the annual approved statutory audit fee. These metrics are still relevant in the current year.

The committee approved fees for the 2024 audit amounting to R5.4 million (2023:R4.5 million). Included in the above fee is R0.39 million (2023: R0.35 million), related to reacquisition, discontinued and / or disposed entities. The committee continued to monitor the level of non-audit services to ensure that these services are maintained at an acceptable level. The policy requires the external auditor to satisfy the committee that the delivery of non-audit services does not compromise their independence in performing regular audit services, regardless of the fees associated with such services.

7. Appointment of the interim Chief Financial Officer

The committee has reviewed the expertise, experience and adequacy of the acting Chief Financial Officer, AC Neethling CA (SA), and his work together with the group finance team. Subsequent to year end, on 30 July 2024 the shareholders with the support of the Audit and Risk Committee approved the appointment of L Mbele as the interim Chief Financial Officer. The committee has confirmed that L Mbele is suitably qualified and has the appropriate experience and expertise to assume the role and responsibility of interim Chief Financial Officer.

8. Application of King IV

The committee reviews annually the progress and development being made by Ascendis on the application of King IV principles. We consider continued compliance with and application of the King IV principles as a journey and we aim to continue improving on our application of all the principles. The latest King IV schedule has been published on our website. Ascendis is committed to complying with each of the 16 principles of King IV code in its business operations.

9. Group and company annual financial statements

The committee assists the board with all financial reporting and reviews the group and company annual financial statements as well as trading statements, preliminary results announcements and interim financial information. The committee has considered the report on proactive monitoring of financial statements, and where necessary those of previous periods, and taking appropriate action to respond to these findings when preparing the annual financial statements for the year ended 30 June 2024.

In light of the requirements of the JSE in respect of financial reporting, the committee carefully considered the disclosure in the trading update, results announcement and the financial statements to also ensure a fair, balanced and transparent depiction of information for economic decision making.

The committee is satisfied that appropriate financial reporting procedures exist and are operational in all entities in the group and company to effectively prepare, and report on, the group and company annual financial statements. Appropriate resources were insourced to assist in the completion of all outstanding subsidiary financial statements relating to prior years.

The committee has reviewed the group and company annual financial statements as well as trading statements, preliminary results announcements and interim financial information of the group and the company and is satisfied that they comply with International Financial Reporting Standards, JSE Listings Requirements and the Companies Act of South Africa, where applicable.

10. Conclusion

The committee therefore recommended the group and company annual financial statements of Ascendis Health Limited for approval to the board. At the forthcoming annual general meeting the group and company annual financial statements will be presented to shareholders.

On behalf of the committee:

A Chetty
Chairman of the audit and risk committee
Johannesburg
04 October 2024

Directors' report

The directors are pleased to submit their report on the group and company annual financial statements of Ascendis Health Limited and the group for the year ended 30 June 2024.

1. Nature of business and overview of the disposals

Ascendis is a health and wellness investment holding company listed in the healthcare sector of the JSE. The group mainly focuses on supplying health and wellness products, as well as clinical and diagnostic medical devices. Ascendis holds controlling investments in a diverse portfolio of Wellness and Consumer Brands, and medical device distribution businesses, listed below by segment.

Medical Devices:
Surgical Innovations
The Scientific Group
Ortho-Xact
InterV-Med
Cardio-Tech

Consumer Brands:
Ascendis Consumer Brands
Chempure
The Compounding Pharmacy of South Africa

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

The portfolio is supported by the group's head office which has been materially reduced in size and cost together with the ACN Capital team which acts as the Group's investment manager.

The following notes in the financial statements provide information that may be relevant in understanding the group corporate activity and its performance for the year:

- Note 1 - Going concern
- Note 2 - Net debt
- Note 3 - Borrowings and other financial liabilities
- Note 4 - Non-Current of Assets Held for Sale and Discontinued operations
- Note 5 - Disposal of subsidiaries
- Note 6 - Reacquisition of control over subsidiary
- Note 7 - Group segmental analysis
- Note 8 - Earnings per share

2. Review of financial activities

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations as issued by the IASB IC and comply with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act.

The accounting policies have been applied consistently compared to the prior year.

Revenue:

The group faced a challenging operating environment, resulting in a 4.1% reduction in revenue compared to the previous period. This decline was primarily driven by a 14.8% reduction in revenue from The Scientific Group, a 10% reduction in revenue from The Compounding Pharmacy, and the challenges encountered by Surgical Innovations during its business rescue process.

While the overall revenue declined, the performance varied significantly across the group's subsidiaries. The decline in revenue from The Scientific Group and The Compounding Pharmacy can be attributed to internal operational challenges and the broader macroeconomic environment in South Africa, which continues to exert pressure on consumer spending. On the other hand, businesses such as; Cardaxes, InterV-Med, Chempure and Ascendis Consumer brands demonstrated modest growth, supported by new agency acquisitions, enhanced revenue models and focused sales initiatives.

The varying performance across the business units underscores the importance of strategic focus, continuous sales excellence and market responsiveness.

Cost Management

Despite the challenging revenue environment, Ascendis was able to slightly improve its gross profit margin to 39.8%, up from 39.4% in the prior year. This improvement reflects the group's ongoing efforts to mitigate cost inflation pressures, particularly within its medical devices segment, through focusing on logistic costs, sales mix and strategic supplier partnerships. The group incurred once off cost during the year that mainly resulted from the delisting process. Refer to note 10 for further info.

Cost control remained a focal point in 2024, with continued reductions across various expense categories. These savings were achieved through a combination of headcount reductions, streamlining of operations, and the optimisation of processes across the group, specifically at Head Office. Refer to note 10 for further details.

Balance Sheet and Cash Flow

The group's balance sheet remains robust, with tangible net asset value growing by 15.8% to R571 million (R493 million in the prior year). This growth is primarily attributed to the reacquisition of control of Surgical Innovations. Despite the once-off improvement in net asset value, several underlying portfolio companies remain unable to generate an acceptable return on their assets.

From a liquidity perspective, cash generation remains a key focus area of management with the cash position of the group deteriorating during the year despite no longer having external debt obligations.

The group faces cash flow pressure from increases in net working capital – due to the acquisition of new agencies as well as delayed payments from government hospitals in the medical device's businesses. The decline in revenue together with once-off cash costs related to the proposed delisting transaction further contributed to the negative cash generation. At year-end, the group had no long-term borrowings and maintained a positive cash balance with access to working capital facilities.

Restructuring

During the year under review, the restructuring and business rescue of Surgical Innovations was successfully finalised, leading to material annualised savings in rental expense as well as once off savings in historic interest and penalties imposed by SARS. Whilst the business still faces structural head winds – management is confident that it is better placed to navigate these challenges going forward.

Management has also finalised the closure of the group's nutraceutical manufacturing business, Ascendis Supply Chain, and is currently evaluating its options in respect of the remaining property and assets.

Outlook

Ascendis' historic challenges have been addressed through immense and concerted efforts on the part of the various subsidiary management teams working together with group management and the transition team (ACN Capital team) over the past few years. These efforts have positioned the individual businesses and the Group as a whole to capitalise on future growth and investment opportunities.

The group will also continue to invest in its growing businesses where it is value-accretive, and it is considering select acquisition opportunities in line with its strategy. Maintaining a conservative capital structure remains a priority, and the board may consider raising additional equity from shareholders to capitalise on emerging opportunities in the near term.

Full details of the financial results are set out in these group annual financial statements and accompanying notes for the year ended 30 June 2024.

3. Stated capital

Authorised number of shares	30 June 2024	30 June 2023
Ordinary shares	2 000 000 000	2 000 000 000

Issued and fully paid up number of shares	30 June 2024	30 June 2023
Ordinary shares	632 469 959	632 469 959

Refer to note 25 for detail on the movement of authorised and issued share capital.

4. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
AC Neethling	Chief executive officer	Executive	
B Harie	Chairman	Independent non-executive	
HA Nolte	Member	Independent non-executive	Appointed on the 19 March 2024
K Wellner	Member	Independent non-executive	
A Chetty	Member	Independent non-executive	
T de Bruyn	Member	Non-executive	
SL Mulaudzi	Member	Non-executive	Retired at AGM on the 30 November 2023

5. Directors' interests in shares

As at 30 June 2024, the directors of the group held direct and indirect beneficial interests in 30.9% (2023: 33.4%) of its issued ordinary shares, as set out in the table below.

An indirect interest constitutes shares that are not held in the director's name, but is disclosed for the reason of being held by a close relation to the director. The determination of a beneficial and non-beneficial interest is in accordance with the definition of a beneficial owner as prescribed by the JSE Listings Requirements.

The register of interests of directors and others in shares of the company is available to the shareholders on request. The directors' interests as at the date of the directors' report is as follows:

2024 Directors	Direct beneficial shares	Indirect beneficial shares[1]	Indirect non-beneficial shares[2]	Total
SL Mulaudzi	-	-	-	**-**
AC Neethling	9 097 350	58 233 058	-	**67 330 408**
K Wellner	1 278 124	-	2 365	**1 280 489**
B Harie	4 200	245 923	-	**250 123**
T De Bruyn	-	126 493 990	-	**126 493 990**
A Chetty	-	-	-	**-**
HA Nolte	-	-	-	**-**
	-	-	-	**-**
Total	**10 379 674**	**184 972 971**	**2 365**	**195 355 010**

Subsequent to the reporting period, a change in AC Neethling shares was noted as follows:
(Direct beneficial shares Nil; Indirect beneficial Shares 92 731 867).

2023 Directors				
SL Mulaudzi*	-	56 321 482	-	**56 321 482**
AC Neethling	9 097 350	65 947 438	-	**75 044 788**
K Wellner	1 278 124	-	2 365	**1 280 489**
B Harie	4 602	245 923	-	**250 525**
T De Bruyn	-	78 072 509	-	**78 072 509**
Total	**10 380 076**	**200 587 352**	**2 365**	**210 969 793**

*SL Mulaudzi retired at AGM on 30 November 2023

(1) Shares not registered in the name of the director but rather through a trust or an investment holding company in which the director holds any or all of the voting rights and/or is a beneficiary of the trust and the director is not a beneficial owner, but it is recorded because the shares are held by a close relation to the director.
(2) Shares that are not held in the director's name, nor is the director a beneficial owner, but it is recorded because the shares are held by a close relation to the director.

6. Going concern

The group annual financial statements have been prepared on a going concern basis and the directors are satisfied that the group will continue its operations and meet its obligations for the foreseeable future. The Directors have evaluated the group's financial position, cash flow outlook, and available financing resources, considering various scenarios and potential risks. As of the statement of financial position date, the Directors believe that the Company's operational cash flows and available funding sources are sufficient to enable it to fulfill its commitments. Refer to note 1 for detailed disclosure on how the going concern was assessed and concluded.

7. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in Appendix A to the annual financial statements.

8. Assessment of macro-economic factors

Load shedding – The group has sought to mitigate the detrimental impact of load shedding through ensuring alternative back up power supplies are in place in its various locations. Notwithstanding, load shedding has resulted in material increased operating costs for the group and has had a knock-on effect to our customers and consumers which has hampered growth. At reporting date, load shedding has significantly reduced which reflects a positive indicator for the economy.

Rising inflation and exchange rate fluctuations– A material part of the portfolio's operations is dependent on imports of products in hard currencies – leaving the businesses exposed to the impact of foreign cost inflation and a weakening exchange rate. The group has a hedging policy in place to mitigate this risk but over time the businesses are dependent on being able to pass cost increases through to our customers which has proven challenging in the current environment. Management is continuously investigating innovative solutions and partnerships with our suppliers and customers in order to ensure mutually beneficial accounts and address the detrimental consequences.

The board will continue to monitor the impact of the above factors on the operations of the group.

9. Events after the reporting period

Refer to note 33 in the group annual financial statements for details regarding events after reporting date.

10. Secretary

Joseph Fine (B Soc Sci LLB) was formally appointed as the company secretary with effect from 29 September 2023.

11. Dividends

The board of directors did not declare any interim or final dividend for the year ended 30 June 2024 (2023: Rnil).

12. Special Resolutions

The following special resolution was approved at the AGM held on 30 November 2023:

- Special Resolution Number 1 – Approval of non-executive directors' remuneration for the 2024 financial year.

13. Performance Measures

Performance measures (PM's) are not defined or specified per the requirements of IFRS but are derived from the financial statements prepared in accordance with IFRS. They are consistent with how the group's performance is measured and reported internally to assist in providing meaningful analyses. The PM's are used to improve comparability of information between reporting periods and segments by adjusting for infrequent items. The key PM's used by the group are normalised EBITDA (refer to note 7), normalised operating profit and normalised headline earnings per share (refer to note 8) and adjusted EBITDA. PM's disclosed may not be comparable with similar labelled measures and disclosures provided by other entities and users should not use them in isolation or as a substitute for other measures. They are not intended to be projections or forecasts of future results. 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.

Group statement of profit or loss

for the year ended 30 June 2024

	Notes	2024 R'000	2023 R'000
Continuing operations			
Revenue	9	1 472 044	1 535 437
Cost of sales		(886 864)	(930 906)
Gross profit		**585 180**	**604 531**
Other income [(1)]	10	100 413	86 329
Selling and distribution costs	10	(88 799)	(102 770)
Administrative expenses	10	(361 223)	(474 122)
Net impairment loss on financial assets	10	(11 491)	(3 232)
Other operating expenses	10	(131 322)	(173 083)
Transaction and restructuring related costs	10	(17 445)	(34 848)
Net impairment loss on assets	10	(28 924)	(128 813)
Operating profit/(loss)		**46 389**	**(226 008)**
Finance income	11	6 459	9 519
Finance costs	11	(12 479)	(68 118)
Profit/(loss) before taxation		**40 369**	**(284 607)**
Tax income /(expense)	12	1 201	(1 635)
Profit/(loss) from continuing operations		**41 570**	**(286 242)**
Profit from discontinued operations	4	15 720	361 564
Profit for the period		**57 290**	**75 322**
Profit attributable to:			
Owners of the parent		57 290	75 322
Continuing operations		41 570	(286 242)
Discontinued operations		15 720	361 564
Non-controlling interest		-	-
		57 290	**75 322**
Profit/(loss) per share from continuing operations			
Basic and diluted earnings/(loss) per share (cents)	8	6.6	(47.2)
Total profit per share			
Basic and diluted earnings per share (cents)	8	9.2	12.4

1) Other income includes the gain of R85.1m related to the reacquisition of Surgical Innovations.

Group statement of comprehensive income

for the year ended 30 June 2024

	Notes	2024 R'000	2023 R'000
Profit for the period		**57 290**	**75 322**
Other comprehensive income:			
Items that may be reclassified to profit and loss net of tax			
Foreign currency translation reserve		(75)	3 288
Items that will not be reclassified to profit and loss net of tax[(1)]			
Revaluation of property, plant and equipment		-	(23 683)
Income tax relating to items that will not be reclassified		-	4 637
Other comprehensive loss for the period net of tax		**(75)**	**(15 758)**
Total comprehensive profit for the period		**57 215**	**59 564**
Total comprehensive loss attributable to:			
Owners of the parent		57 215	59 564
Continuing operations		41 495	(302 000)
Discontinued operations		15 720	361 564
Non-controlling interest		-	-
		57 215	**59 564**

[1)] These items were incorrectly included in the “Items that may be reclassified to profit and loss” category in the prior year. This has been corrected in the current financial statements, and it does not affect any other line item.

Group statement of financial position

at 30 June 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Property, plant and equipment	13	196 617	119 507
Right-of-use assets	14	43 534	17 548
Intangible assets and goodwill	15	9 171	37 587
Other financial assets	16	730	4 132
Deferred tax assets	17	44 289	44 031
Non-current assets		**294 341**	**222 805**
Inventories	18	396 893	365 938
Trade and other receivables	19	321 511	269 232
Other financial assets	16	2 712	1 847
Current tax receivable	28	4 729	5 224
Derivative financial assets		-	872
Cash and cash equivalents	20	42 664	102 231
		768 509	745 344
Assets classified as held for sale	4	-	2 562
Current assets		**768 509**	**747 906**
Total assets		**1 062 850**	**970 711**
EQUITY			
Stated capital	25	6 156 825	6 156 825
Reserves		(16 546)	(16 472)
Accumulated loss		(5 522 009)	(5 577 456)
Total equity		**618 270**	**562 897**
LIABILITIES			
Borrowings and other financial liabilities	3	-	3 431
Deferred tax liabilities	17	891	8 099
Lease liabilities	24	33 441	15 875
Derivative financial liabilities	29	1 376	-
Non-current liabilities		**35 708**	**27 405**
Trade and other payables	21	364 357	313 841
Borrowings and other financial liabilities	3	-	26 376
Provisions	22	13 509	10 635
Contract liabilities	23	11 490	16 638
Lease liabilities	24	15 881	4 855
Derivative financial liabilities	29	545	-
Current tax payable	28	3 090	8 064
Current liabilities		**408 872**	**380 409**
Total liabilities		**444 580**	**407 814**
Total equity and liabilities		**1 062 850**	**970 711**

Group statement of changes in equity

for the year ended 30 June 2024

R'000	Stated capital	Foreign currency translation reserve	Revaluation reserve	Other reserves	Retained income/ (Accumulated loss)	Total attributable to equity holders of the group	Total equity
Balance as at 1 July 2022	**6 036 471**	**(1 058)**	**19 046**	**(18 702)**	**(5 633 954)**	**401 803**	**401 803**
Profit for the period	-	-	-	-	73 480	**73 480**	73 480
Other comprehensive loss	-	3 288	(19 046)	-	-	**(15 758)**	(15 758)
Total comprehensive (loss)/income for the period	**-**	**3 288**	**(19 046)**	**-**	**73 480**	**57 722**	**57 722**
Proceeds from rights offer[(1)]	101 530	-	-	-	-	101 530	101 530
Release of treasury shares[(2)]	18 824	-	-	-	(18 824)	-	-
Total contributions by and distributions to owners of the group recognised directly in equity	**120 354**	**-**	**-**	**-**	**(18 824)**	**101 530**	**101 530**
Balance as at 30 June 2023	**6 156 825**	**2 230**	**-**	**(18 702)**	**(5 579 299)**	**561 055**	**561 055**
Profit for the period	-	-	-	-	57 290	57 290	57 290
Other comprehensive loss	-	(75)	-	-	-	(75)	(75)
Total comprehensive profit for the period	**-**	**(75)**	**-**	**-**	**57 290**	**57 215**	**57 215**
Total contributions by and distributions to owners of the group recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 30 June 2024	**6 156 825**	**2 155**	**-**	**(18 702)**	**(5 522 009)**	**618 270**	**618 270**

[(1)] On 19 August 2022, the Rights Offer was concluded resulting in the group raising R101.53 million.
[(2)] Treasury shares to the value of R18.8 million have been released to equity in the prior year.

Group cash flow statement

for the year ended 30 June 2024

	Notes	2024 R'000	2023 R'000
Cash flows from operating activities			
Cash generated from/(utilised by) operations	27	7 905	(88 224)
Cash utilised by - discontinued operations		-	(8 873)
Interest income received		4 505	9 519
Interest paid		(11 660)	(40 196)
Income taxes paid	28	(8 858)	(12 613)
Net cash outflow from operating activities		**(8 108)**	**(140 387)**
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(37 093)	(35 726)
Proceeds on the sale of property, plant and equipment		5 974	29 678
Purchases of intangibles assets	15	(8 707)	(123)
Proceeds on the sale of intangible assets		54	-
Proceeds from disposal of other financial assets		-	49 692
Investment in other financial assets		(2 484)	-
Proceeds from acquisition/disposal of subsidiaries-net of cash acquired		21 928	432 203
Net cash (outflow)/inflow from investing activities		**(20 327)**	**475 724**
Cash flows from financing activities			
Proceeds from issue of shares	25	-	101 530
Repayment of borrowings	3	(20 293)	(540 124)
Lease liabilities repaid	24	(10 840)	(11 797)
Net cash outflow from financing activities - discontinued operations		-	(137)
Net cash outflow from financing activities		**(31 132)**	**(450 528)**
Net decrease in cash and cash equivalents		**(59 567)**	**(115 191)**
Restricted cash balance at the beginning of the period		18 709	64 060
Other cash and cash equivalents balance at the beginning of the period		83 522	148 960
Cash and cash equivalents at beginning of period		102 231	213 020
Cash and cash equivalents at the beginning of the period - assets held for sale	4	-	4 402
Restricted cash balance at the end of the period		-	18 709
Cash and cash equivalents balance at the end of the period		42 664	83 522
Cash and cash equivalents at end of period	20	**42 664**	**102 231**

Corporate information

Ascendis is a health and wellness investment holding company listed in the healthcare sector of the JSE. The group mainly focuses on supplying health and wellness products, as well as clinical and diagnostic medical devices. Ascendis holds controlling investments in a diverse portfolio of wellness and consumer brands, and medical device distribution businesses, listed below by segment:

Medical Devices which consists of:

- Surgical Innovations
- The Scientific Group
- Ortho-Xact
- InterV-Med
- Cardio-Tech (Cardaxes)

Consumer Brands:

- Ascendis Consumer Brands
- Chempure
- The Compounding Pharmacy of South Africa

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

Basis of preparation

The group annual financial statements as at 30 June 2024 comprise of the Company and its subsidiaries (together referred to as the “group”).

The group annual financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements, and the requirements of the Companies Act of South Africa (No 71 of 2008). The JSE Listings Requirements require annual financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS®), the Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

The group annual financial statements have been prepared on the historical cost basis, except for certain financial instruments and land and buildings that have been measured at fair value, where applicable, and assets held for sale that are measured at the lower of carrying amount and fair value less cost to sell.

The group annual 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 these financial statements are set out below and in the related notes to the group annual financial statements. The principal accounting policies are consistent with those applied in the prior year except for the mandatory adoption of amendments to IFRS® effective 1 January 2023. The impact on the group's financial results, disclosures or comparative information as a result of these amendments is not significant.

Consolidation of subsidiaries

Consolidation of a subsidiary begins when the group obtains control (acquisition date) over the subsidiary and ceases when the group loses control (disposal date) over the subsidiary. The group controls an entity when it is exposed or has rights to the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether control exists, the group considers all existing substantive rights that result in the current ability to direct relevant activities.

All intercompany transactions, balances and unrealised gains and losses on transactions between the group companies are eliminated on consolidation.

The financial results of the subsidiaries, including those with a different reporting period, are prepared for the same reporting period as the group, using consistent accounting policies. Accounting policies of subsidiaries have been changed, where necessary, to align any differences in the accounting policies with those of the group.

Non-controlling shareholders are treated as equity participants, therefore all acquisitions of non-controlling interest or disposals by the group of its interest in subsidiaries, where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of non-controlling interest purchased or disposed of, is recorded in equity.

Foreign currency

Translations and balances

Foreign currency transactions are translated into functional currency using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The exchange rates relevant to the group are disclosed in note 29.

Principal accounting policies (continued)

Employee benefits

Salaries and wages, including non-monetary benefits and accumulated leave pay that are expected to be settled wholly within 12 months after the end of the year in which employees render the related service, are recognised as a liability and are measured at the amounts expected to be paid when the liabilities are settled.

The group has adopted a single policy for remuneration. The employee benefits form part of the cost to company and is therefore seen as a 100% company contribution. The group contributes to pension/provident funds, medical aid, medical insurance cover and the company's employee assistance partner.

The group recognises a provision for the bonuses payable in terms of an incentive bonus arrangement where the group is contractually obliged or where past practice has created a constructive obligation to pay bonuses.

Management estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on the carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

The standards and amendments listed below will be effective in future reporting periods. It is anticipated that the group will adopt the standard or amendment on their respective effective dates i.e., the group does not plan on early adoption unless otherwise stated.

- ***Classification of Liabilities as Current or Non-current***
  Amendments to IAS 1: *Presentation of Financial Statements.* This is effective for accounting periods commencing on or after 1 January 2024.

- ***Lease liability in a Sale and Leaseback – Amendments to IFRS 16***
  Amendments to IFRS 16: *Leases on sale and leaseback.* This is effective for accounting periods commencing on or after 1 January 2024.

- ***Non-current Liabilities with covenants – Amendments to IAS 1***
  Amendments to IAS 1: *Presentation of Financial Statements.* This is effective for accounting periods commencing on or after 1 January 2024.

- ***IAS 7 Statement of Cash Flows –*** Amendments regarding supplier finance arrangements disclosures – Effective for accounting periods commencing on or after 1 January 2024

- ***IFRS 7 Financial Instruments: Disclosure*** – Amendments regarding supplier finance arrangements disclosures – Effective for accounting periods commencing on or after 1 January 2024

- ***IFRS 18 Presentation and Disclosure in Financial Statements –*** IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies:
  • Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses-operating, investing and financing-to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit.
  • Enhanced transparency of management-defined performance requirement for companies to disclose explanations of those company-specific measures that are related to the income statement.
  • More useful grouping of information in the through guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses. This Standard replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged
  Effective for accounting periods commencing on or after 1 January 2027

- ***IFRS 19 Subsidiaries without Public Accountability: Disclosures -*** IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing financials maintaining the usefulness of the information for users of their financial statements. • Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders.
  Effective for accounting periods commencing on or after 1 January 2027

The above amendments are unlikely to have a material impact on the group.

1. 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 2024.

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 and the group solvency position.

Review of Trading

In the 12 months ended 30 June 2024 the group recorded an operating profit of R46.4 million and a net profit from continuing operations of R41.6 million. The return to profitability for the group is the product of its strategy to restructure and optimise its operations and have started yielding results.

The group continues to face cash flow challenges which have been exacerbated by several factors, including the decline in revenue, an increase in net working capital following the acquisition of new agencies and significant delays in the receipt of payments from government hospitals, as well as once-off cash costs related to the proposed delisting transaction, Refer to note 10 for further information. These challenges continue to receive the full attention of management.

Solvency and Liquidity

As at 30 June 2024, the group's assets exceeded liabilities by R618.3 million whilst current assets exceeded current liabilities by R359.6 million (with cash in hand of R42.6 million). The group maintains access to a working capital facility and, notwithstanding cash flow pressures, management is confident that it has access to adequate liquidity to ensure the settlement of creditors as they fall due.

Conclusion

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 material uncertainties that cast significant doubt on the group's ability to continue as a going concern and the going concern assumption is appropriate.

2. Net debt

Net debt is calculated as the sum of borrowing and other financial liabilities, deferred vendor liabilities and lease liabilities less cash and cash equivalents.

	2024 R'000	2023 R'000
Cash and cash equivalents	42 664	102 231
Debt repayable within one year including bank overdrafts	(15 881)	(31 231)
Debt repayable after one year	(33 441)	(19 306)
Net debt[PM]	**(6 658)**	**51 694**
Cash and cash equivalents	42 664	102 231
Gross debt - fixed interest rate	(49 322)	(50 537)
Net debt[PM]	**(6 658)**	**51 694**

Net debt[PM] reconciliation

R'000	Cash and cash equivalents	Leases	Borrowings	Total
Net debt[PM] as at 30 June 2022	213 020	(151 089)	(543 669)	**(481 738)**
Cashflows - principal / capital portion	(110 789)	11 797	498 164	**399 172**
Foreign exchange adjustments	-	(2 831)	(828)	**(3 659)**
Deemed disposal of business[(1)]	-	123 888	-	**123 888**
Other adjustments / movements [(2)]	-	(2 495)	16 526	**14 031**
Net debt[PM] as at 30 June 2023	**102 231**	**(20 730)**	**(29 807)**	**51 694**
Cashflows - principal / capital portion	(59 567)	10 840	20 293	(28 434)
Foreign exchange adjustments	-	17	-	17
Deemed acquisition of subsidiary	-	(28 231)	-	(28 231)
Other adjustments / movements [(3)]	-	(11 219)	9 514	(1 705)
Net debt[PM] as at 30 June 2024	**42 664**	**(49 322)**	**-**	**(6 658)**

(1) Relates to the loss of control and subsequent reacquisition of Surgical Innovations. Refer to note 6 for more information.

(2) This mainly relates to the settlement of the TRS shares and distribution liability (refer to note 3) and interest that has been capitalised to the liability account.

3. Borrowings and other financial liabilities

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

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

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

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

The fair value is determined using the discounted cash flow models and approximates the carrying value. The key valuation inputs in the fair value assessment are the interest rate (unobservable) and credit risk (unobservable), making this a level 3 fair value assessment. More information on the fair value estimation and hierarchy are provided in note 30.

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

	2024 R'000	2023 R'000
Other Borrowings		
Other facilities	-	29 807
Total other debt	**-**	**29 807**
Total borrowings and other financial liabilities	**-**	**29 807**
The split between current and non-current borrowings and other financial liabilities		
Non-current liabilities	-	3 431
Current liabilities	-	26 376
	-	**29 807**

3. Borrowings and other financial liabilities (continued)

As at 30 June 2024, the group did not have any outstanding senior debt.

Other facilities

The group also has no material borrowings as at 30 June 2024:

TRS liability

The original TRS (total return swap) liability with ABSA Bank Limited consisted 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 R18.7 million as at 30 June 2023. The remaining outstanding tranche was settled on 5 July 2023. The tranche carried a fixed interest rate of 9.91% per annum.

Distribution liability

During November 2022, the group renegotiated the terms of payment on the distribution liability within the medical devices segment 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 is R nil (30 June 2023: R11.1 million).

Reconciliation of borrowings	**2024 R'000**	**2023 R'000**
Capital portion of loans outstanding at beginning of period	29 807	543 669
Capitalised fees[1]	(10 334)	-
Other facilities	(20 293)	(17 850)
Senior Debt - Rand term loans	-	(498 164)
Foreign currency translation	-	828
Capital portion of loans outstanding at period end	**(820)**	**28 483**
Interest accrued	820	1 324
Total loans outstanding at period end	**-**	**29 807**

[1]The amortised portion refers to the derecognition of the remaining distribution liability to the statement of profit and loss.

4. Non-Current Assets Held for Sale and Discontinued Operations

The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a disposal transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations represents a component of and entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographic area of operations.

In the group statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period, income and expenses from discontinued operations are reported separately from the income and expenses from continuing activities, down to the level of profit after taxes, even when the parent retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss and other comprehensive income.

Discontinued operations represents separate major lines of business for the Group which have been disposed of, or are in process of being disposed of.

4. Non-Current Assets Held for Sale and Discontinued Operations (continued)

Disposal of Pharma

During the prior 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.

Disposal of manufacturing assets relating to the Supply Chain business

During the prior period, the group commenced a process to wind down its Supply Chain business and the associated manufacturing capacity which has been successfully outsourced to a third party. Certain plant, machinery and equipment was successfully disposed of prior to 30 June 2023 whilst the remaining identified assets were disposed of in the subsequent period to 31 December 2023. These items were classified as held for sale in terms of IFRS 5 as at 30 June 2023. The earnings or losses from the manufacturing business are reflected as discontinued operations.
The group still retains ownership of the building that was not classified as held for sale.

R'000	2024 Supply Chain	2023 Pharma
Revenue		141 062
Expenses		(122 149)
Profit on sale of disposal group	15 720	350 184
Profit before tax	**15 720**	**369 097**
Tax expense		(7 533)
Profit after income tax expense of discontinued operations	**15 720**	**361 564**
Other comprehensive income	-	-
Total comprehensive income	**15 720**	**361 564**

Assets and liabilities classified as held for sale

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

R'000	2023 Supply chain R'000
Property, plant and equipment	2 562
Assets held for sale	**2 562**
Net assets	**2 562**

5. Disposal of subsidiaries

During the prior year, the group sold its investment and interests in the Pharma business unit effectively on 31 October 2022.

The carrying amount of assets and liabilities that were disposed were:

	2024 R'000 Supply Chain	2023 R'000 Pharma
Property, plant and equipment	2 562	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	**2 562**	**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	2 562	93 414
Total disposal consideration - cash	18 282	443 598
Gain on disposal	**15 720**	**350 184**
Net cash		
Cash received	18 282	443 598
Less: Cash and cash equivalents balance of disposed subsidiaries	-	(2 621)
Net cash received on sale	**18 282**	**440 977**

6. Reacquisition of control over subsidiary

Pursuant to a decision taken by the directors of Surgical Innovations Pty Ltd ("Surgical Innovations") to initiate business rescue proceedings during the prior financial year - the Group was required to recognise a deemed loss of control in terms of IFRS given that the Group no longer met the requirements for control over Surgical Innovations as at the 2023 financial year end.

In the period subsequent to year end, the business rescue plan was successfully approved by creditors and implemented by the Business Rescue Practitioner. A final distribution to creditors was settled on 29 September 2023 upon which Surgical Innovations successfully exited the business rescue process.

The Group accordingly reassumed control, in terms of IFRS 10, as from 29 September 2023 and has accordingly accounted for the reacquisition and consolidation of Surgical Innovations as from this date.

The total revenue generated by Surgical Innovations for the 3 months, before the deemed reacquisition, was R86.8million.

The carrying amount of assets and liabilities on the date when control was reassumed/lost over Surgical Innovations were:

	2024 R'000 Surgical Innovations Reacquisition of control	2023 R'000 Surgical Innovations Loss of control
Property, plant and equipment [1]	89 720	(33 203)
Right-of-use assets	28 114	(83 999)
Current income tax receivable	1 413	(5 213)
Inventories	64 710	(64 403)
Trade and other receivables	48 822	(67 586)
Cash and cash equivalents	21 928	(8 774)
Total assets	**254 707**	**(263 178)**
Lease liabilities	(28 299)	123 888
Trade and other payables	(137 427)	208 931
Provisions	(3 783)	3 716
Total liabilities	**(169 509)**	**336 535**
Carrying amount of net asset reacquired/disposed	85 198	73 357
Total disposal consideration - cash/ debt set off	-	-
Gain on reacquisition/disposal	**(85 198)**	**(73 357)**
Net cash		
Cash received	-	-
Less: Cash and cash equivalents balance of disposed subsidiaries	(21 928)	8 774
Net cash received on purchase/sale	**(21 928)**	**8 774**

[1)]The acquisition value indicated above for property, plant and equipment is an initial estimate based on the net carrying amount. The company is still in the process of determining the fair value of property, plant and equipment, which is expected to be finalised in the next financial year. The adjustment will be accounted for retrospectively once completed.

7. Group segmental analysis

The group has two reportable segments, namely its Medical Devices and Consumer Health segments. These are the reportable segments that are used by the group executive committee as Chief Operating Decision Maker (CODM) to make key operating decisions, allocate resources and assess performance. The CODM also reviews the discontinued operations until they have been disposed to ensure their performance is still assessed and resources allocated accordingly (Refer to note 4 for more details on discontinued operations). The reportable segments take into account the nature of the products, production process, distribution channels, types of customers and the regulatory environment in which the business units operate.

The operating and reportable segments are as follows:

- **Consumer Health**, incorporating Ascendis over-the-counter (OTC) and complementary and alternative consumer products as well as scripted compounding products from the Compounding Pharmacy. The brand offering within the Consumer Health segment include, Solal, Solal Skincare, Chela-Preg, Bettaway, Chela-fer, Jungle-Vites,Vitaforce and Menacal7.
- **Medical Devices**, incorporating the supply of medical devices and consumables. The segment is operating predominantly in the South African market.

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

There was no material inter-segment revenue.

7. Group segmental analysis (continued)

Revenue split by segment	2024 R'000	2023 R'000
Consumer Health	496 310	468 954
Pharma [(1)]	-	141 062
Medical Devices	975 734	1 066 483
Less: Discontinued operations	-	(141 062)
Total revenue	**1 472 044**	**1 535 437**

Revenue by geographical location		
Africa	1 472 044	1 676 499
Less: Discontinued operations	-	(141 062)
Total revenue	**1 472 044**	**1 535 437**

[(1)] **Pharma Africa segment:** The segment has been disclosed as a discontinued operation in the previous financial year and was divested on 31 October 2022.

Revenue by customer destination		
Africa	1 472 044	1 675 500
South Africa	1 365 584	1 585 394
Rest of Africa	106 460	90 106
Europe	-	941
Other	-	941
United Kingdom	-	58
Less: Discontinued operations	-	(141 062)
Total revenue	**1 472 044**	**1 535 437**

Expenses by segment	2024 000	2023 000
Consumer Health	228 969	134 736
Medical Devices	326 796	387 539
Head Office	37 070	230 932
	592 835	**753 207**

7. Group segmental analysis (continued)

The revenue presented by geographic location represents the domicile of the entity generating the revenue and revenue by customer destination represents the domicile of the customer.

34% Of the group's revenue is generated through the wholesale and retail market (2023: 36%), and 19% (2023: 20%) of the group's revenue is generated from government institutions. There is no customer concentration risk.

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

	2024		2023	
Normalised EBITDA^{PM} split by segment	**R'000**	**%**	**R'000**	**%**
Consumer Health	21 771	4%	(7 747)	-2%
Pharma	-	0%	33 875	24%
Medical Devices	69 071	7%	2 070	0%
Head office	(26 234)		(53 626)	
Less: Discontinued operations	-		(33 874)	24%
Total normalised EBITDA^{PM}	**64 607**	**4%**	**(59 302)**	**-4%**

		2024	2023
Reconciliation of normalised EBITDA^{PM} to consolidated results	**Notes**	**R'000**	**R'000**
Consolidated profit/(loss) before taxation from continuing operations		**40 369**	**(284 607)**
Finance income	11	(6 459)	(9 519)
Finance expense	11	12 479	68 118
Total amortisation and depreciation (3)	10	57 047	76 402
Total impairment on assets	10	28 924	128 813
EBITDA		**132 360**	**(20 793)**
Total transaction and restructuring related costs (1)	10	17 445	34 848
Restructuring, disposal and retrenchment costs (2)	6	(85 198)	(73 357)
Total normalised EBITDA^{PM} attributable to the parent		**64 607**	**(59 302)**

(1) Transaction and restructuring related costs relate to the debt restructuring, disposals and delisting processes.
(2) Refers to the loss of control of subsidiary and subsequent reacquisition note 6 for further details regarding the deemed disposal of Surgical Innovations.
(3) The prior year includes R6 million of depreciation that is included in cost of sales within the Consumer Brands segment.

7. Group segmental analysis (continued)

Net finance cost split by segment	2024 R'000 Finance income	2024 R'000 Finance expense	2023 R'000 Finance income	2023 R'000 Finance expense
Consumer Health	2 566	(1 060)	55	(3 215)
Pharma	-	-	89	(286)
Africa	-	-	89	(286)
Medical Devices	1 321	(4 968)	238	(34 459)
Head Office	2 573	(6 451)	9 222	(30 444)
Less: Discontinued operations	-	-	(85)	286
Total finance income/(cost)	**6 459**	**(12 479)**	**9 519**	**(68 118)**

Tax expense split by segment	2024 R'000	2023 R'000
Consumer Health	(26 902)	1 039
Africa	(26 902)	1 039
Pharma	-	7 533
Africa	-	7 533
Medical Devices	25 423	832
Head office	278	(236)
Less: Discontinued operations	-	(7 533)
Total consolidated tax (credit)/expense	**(1 201)**	**1 635**

Depreciation and amortisation split by segment	2024 R'000	2023 R'000
Consumer Health	36 863	23 964
Pharma	-	689
Medical Devices	48 815	51 184
Head office	292	1 254
Less: Discontinued operations	-	(689)
Total consolidated depreciation and amortisation	**85 970**	**76 402**

Impairment split by segment	2024 R'000	2023 R'000
Consumer Health	27 332	52 669
Medical Devices	1 592	76 143
Total consolidated impairment	**28 924**	**128 812**

7. Group segmental analysis (continued)

Statement of financial position

Assets and liabilities split by segment	2024 R'000 Assets	2024 R'000 Liabilities	2023 R'000 Assets	2023 R'000 Liabilities
Consumer Health	261 930	(73 701)	323 017	(107 014)
Medical Devices	769 032	(321 762)	581 992	(229 423)
Head office	31 888	(49 117)	65 702	(71 377)
Total consolidated assets and (liabilities)	**1 062 850**	**(444 580)**	**970 711**	**(407 814)**

8. Earnings per share

Earnings per share

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

Diluted earnings per share

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

Headline earnings per share

The calculation of headline earnings per share is based on the profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the period. The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Listings Requirements and in accordance with the SAICA Circular 1/2023.

Weighted average number of shares

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

The earnings per share from discontinued operations are not disclosed on the statement of profit or loss as this is not considered a KPI for the existing shareholders since the business is being sold or has been sold already.

8. Earnings per share (continued)

		2024 R'000			2023 R'000		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(a)	**Basic profit/(loss) per share**						
	Profit/(Loss) attributable to owners of the parent	41 569	15 720	57 289	(286 242)	361 564	75 322
	Profit/(Loss)	**41 569**	**15 720**	**57 289**	**(286 242)**	**361 564**	**75 322**
	Weighted average number of ordinary shares in issue			626 045 476			606 241 387
	Basic profit/(loss) per share (cents)	**6.6**	**2.5**	**9.2**	**(47.2)**	**59.6**	**12.4**
(b)	**Headline (loss)/earnings per share**						
	Profit/(loss) attributable to owners of the parent	41 569	15 720	57 289	(286 242)	361 564	75 322
	Adjusted for:						
	Net loss/(profit) on the sale of property, plant and equipment	639	-	639	(9 172)	-	(9 172)
	Tax effect	(173)	-	(173)	2 476	-	2 476
	(Profit) on reacquisition or loss of control over of subsidiary	(85 198)	-	(85 198)	(73 357)	(350 184)	(423 541)
	Goodwill, intangible asset and tangible asset impairment	28 924	-	28 924	128 812	-	128 812
	Tax effect	-	-	-	(14 314)	-	(14 314)
	Loss of subsidiary/disposal of an investment asset	3 527	-	3 527	-	-	-
	Impairment of loan	-	-	-	2	-	2
	Headline earnings/(loss)	**(8 914)**	**15 720**	**6 806**	**(251 795)**	**11 380**	**(240 415)**
	Weighted average number of shares in issue			626 045 476			606 241 387
	Headline earnings/(loss) per share (cents)	**(1.4)**	**2.5**	**1.1**	**(41.5)**	**1.9**	**(39.7)**
	Diluted Headline earnings/(loss) per share (cents)	**(1.4)**	**2.5**	**1.1**	**(41.5)**	**1.9**	**(39.7)**

9. Revenue

Revenue for the group consists of revenue from contracts with customers and income from rental of medical equipment.

1. Revenue from contracts with customers

The group generates revenue in the normal course of business through the following types of transactions:

The Consumer Heath segments receive consideration for the sale of products on an exclusive or semi-exclusive basis through selected distributors or directly to individual customers.

Medical Devices segments receive consideration for the sale of products by means of a contract with customers to deliver products on a continuous basis. These contracts are often awarded by means of a tender process.

1.1 Sale of goods – wholesale

The group manufactures via a third party manufacturer and sells a range of medicines in the wholesale market. This policy applies to both in-country and export sales. Revenue is recognised at a point in time when the control of the products has transferred, being when the products are delivered to the wholesaler. The wholesaler has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the wholesaler's acceptance of products. Delivery occurs when the products have been shipped to the wholesaler's specified location, risk of obsolescence and loss have been transferred to the wholesaler or when the wholesaler has accepted the products in accordance with the contract. Delivery for export sale is not a separate performance obligation as it is highly dependent on the sale of the products to the wholesaler hence it is not separately identifiable.

The products are sold with volume discounts, early settlement discount and rebates and revenue is recognised based on the price specified in the contract net of estimated discounts and rebates. The discounts and rebates are measured based on the expected value method using accumulated experience and revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for the expected discounts and rebates payable to the customers in relation to sales made until the end of the reporting period.

As per the group's standard contract terms, customers have the right of return within seven days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the group has the right to recover the product when the customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of sales recognised in profit or loss. The group uses the accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The transaction price is the relative stand-alone selling price of the products net of any variable consideration which is determined above.

9. Revenue (continued)

1.2 Sale of goods – wholesale (continued)

A receivable is recognised by the group when the products are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

1.3 Sale of goods – equipment

The group sells medical equipment directly to end customers. Revenue is recognised at a point in time, when control of the equipment has transferred, being when the equipment is delivered to the customer.

As per the group's standard contract terms, customers have the right of return within seven days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for equipment expected to be returned. At the same time, the group has the right to recover the product when the customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of sales recognised in profit or loss. The group uses the accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The transaction price is the relative stand-alone selling price of equipment net of any variable consideration which is determined above.

1.4 Sale of services – maintenance of equipment

The group provides maintenance services for the equipment that has been purchased by the customer as a separate service. Alternatively, the group offers an assurance-type warranty for the maintenance of the purchased equipment. Maintenance is considered to be a distinct service as it is both regularly supplied by the group to customers on a standalone basis and is available for customers from other providers in the market. A portion of the transaction price is allocated to maintenance service based on the standalone selling prices of the components. The group recognises a contract liability for the services that have not been performed at year end. Refer to note 23 for the balance of the warranty liability as at 30 June 2024.

Revenue relating to maintenance service is recognised over time. Revenue from maintenance is based on the input method and takes into account the services provided over time along with the consumables utilised as part of the maintenance. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Significant judgement and estimates in revenue recognition

Management has to apply estimation in the determination of discounts and return assets and liabilities. The items are estimated based on the historical experience and expected value method. Management applies significant judgement and estimation in the determination of the transaction price. The amount of revenue recognised is based on the transaction price, which is the amount of consideration the group expects to be entitled to for supplying the product or service. Variable consideration is estimated based on the most likely amount to be received (or paid) and to the extent that it does not result in a significant reversal of revenue.

9. Revenue (continued)

Financing component

The group does not consider contracting on settlement terms exceeding 12 months as aligned to its risk policy and the absence of commercial sense to do so. Arrangements of this nature would be assessed and accepted on a case by case basis in the event of presenting themselves to the group.

The group did not have any adjustments in relation to a financing component during the current and prior year.

2. Revenue from rental income

The group enters into operating lease arrangements where it places medical equipment at the customer for no cost and the customer is required to purchase the consumables from the group to be used exclusively with the capital equipment. The company recognises revenue from the use of equipment as operating lease income. There are no minimum purchase quantity arrangements in place and as such, all revenue received from the sale of consumables is recognised as rental income when the risks and rewards over all the consumables have been transferred to the customer. Due to the variable nature of the rental income, a maturity analysis of the rental income receivable in future periods is not disclosed.

The related medical equipment is included as part of property, plant and equipment as per the accounting policy.

The breakdown of revenue from all activities is as follows:

Revenue	2024 R'000	2023 R'000
Revenue from contracts with customers		
Sale of goods - wholesale	1 313 896	1 311 057
Sale of equipment	53 122	108 097
Rendering of service	17 591	19 725
	1 384 609	**1 438 879**
Timing of revenue: revenue from contracts with customers		
Consumer Health		
Products transferred at a point in time	496 310	468 953
Medical		
Products transferred at a point in time	870 709	950 201
Services transferred over time	17 591	19 725
	1 384 609	**1 438 879**
Rental income - Medical segment (1)	**87 435**	**96 558**
Total revenue	**1 472 044**	**1 535 437**

(1) The group enters into operating lease arrangements where it places medical equipment which consists of mainly plant and equipment at the customer for no cost and the customer is required to purchase the consumables from the group to be used exclusively with the capital equipment. The company recognises revenue from the use of equipment as operating lease income.

10. Other income and expenses by nature

Operating loss includes other income and expenses as detailed in this note.

Other income is recognised when the risks and rewards of ownership of the assets and services rendered is transferred to the counterparty. This includes any income relating to profit on disposal of property, plant and equipment, intangible assets and businesses as well as any foreign exchange gains, bad debt recoveries, tax refunds and services rendered.

Other income	2024 R'000	2023 R'000
Rental income[1]	240	732
Profit on the disposal of property, plant and equipment	-	9 399
Other income	14 975	2 841
Profit on loss of control over Surgical Innovations[2]	85 198	73 357
	100 413	**86 329**

Expenses by nature	R'000	R'000
Administration costs	98 855	83 993
Advertising and promotions	55 697	51 763
Depreciation and amortisation	57 047	70 305
Distribution costs	35 424	38 578
Employee benefit expenses	269 432	323 948
Net impairment loss on financial assets	11 491	3 232
Foreign exchange loss	-	17 083
Travelling costs	11 999	13 098
SARS VAT dispute	-	53 046
Loss on the disposal of property, plant and equipment	639	
Other expenses	18 831	52 453
Selling costs	33 420	45 708
	592 835	**753 207**
Cost of goods sold	**886 864**	**930 906**
Selling and distribution costs	88 799	102 770
Administrative expenses	361 223	474 122
Impairment loss on financial assets	11 491	3 232
Other operating expenses	131 322	173 083
Operating expenses	**592 835**	**753 207**
Transaction and restructuring related costs[3]	17 445	34 848
Impairment loss on assets[4]	28 924	128 813
	46 369	**163 661**

(1) Rental income relates to other items that are being leased other than medical equipment as per Note 9.

(2) Refer to Note 6 for further details regarding the deemed disposal (prior year) and reacquisition (current year) of Surgical Innovations.

(3) Transaction and restructuring related costs relate to the debt restructuring, disposals and delisting processes.

(4) Refer to the plant and machinery note 13 and intangible asset note 15, for further details regarding impairment of non-financial assets.

11. Finance income and costs

Finance costs

Finance costs comprise interest expense on interest bearing financial instruments, lease liabilities, debt facilities, deferred vendor liabilities, amortisation of debt capitalisation fees. All borrowing costs are recognised in profit or loss using the effective interest method.

Finance income

Finance income comprises of interest income on interest bearing financial instruments, and other financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

	instrument class	2024 R'000	2023 R'000
Finance cost			
Interest on term debt facilities	Amortised cost	341	26 566
Lease liabilities	Amortised cost	5 005	17 204
Other finance costs	Amortised cost	6 774	5 652
SARS interest	Amortised cost	359	18 696
		12 479	**68 118**
Finance income			
Bank interest	Amortised cost	4 273	6 335
Other finance income	Amortised cost	2 186	3 184
		6 459	**9 519**
Net finance costs		**6 020**	**58 599**

12. Income tax expense

Income tax expense comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity.

Current tax is the expected tax payable on taxable income for the year using the tax rates enacted or substantively enacted at the end of the financial year in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and recognises a liability or provision were appropriate on the basis of amounts expected to be paid to tax authorities. The evaluation requires judgements and estimation as the ultimate tax position is uncertain during the ordinary course of business.

Major components of the tax expense	2024 R'000	2023 R'000
Current Tax		
Current tax on profits for the period	8 299	2 343
Recognised in current tax for prior periods	(2 033)	11 717
	6 266	**14 060**
Deferred Tax		
Originating and reversing temporary differences	(4 802)	(12 907)
Measurement period adjustment	(2 665)	482
	(7 467)	**(12 425)**
Total income tax (credit)/expense	**(1 201)**	**1 635**

Income tax expense attributable to:	R'000	R'000
(Loss)/profit from continuing operations	(1 201)	1 635
Profit from discontinued operations	-	7 533
	(1 201)	**9 168**

	2024	2023
Tax at the South Africa corporate tax rate	**27.00%**	**27.00%**
Amortisation	4.13%	-2.86%
Impairment (1)	15.31%	-12.22%
Prior year over/under provisions	-11.64%	1.34%
Utilisation of tax losses/ deferred tax raised on prior year assessed losses(2)	-41.83%	-19.04%
Donations	0.11%	-0.05%
Learnerships	-3.15%	0.16%
Other non-deductible expenses (3)	17.84%	1.83%
Other non-taxable income	-5.86%	-4.54%
Recoupments	10.51%	0.00%
Profit on disposal of assets	-15.39%	6.98%
Fines and penalties	0.00%	1.09%
Change in tax rate	0.00%	-0.26%
Average effective tax rate	**-2.97%**	**-0.57%**

(1) Relates to the impairment of intangible assets amounting to R22.8m
(2) Relates to the limitation of deferred tax assets on tax losses of R62.5 million (30 June 2023: R200.7 million). This limitation arises due to the company's accumulated tax losses and the expectation that future taxable income will be available to utilize these losses.
(3) This includes various potentially disallowable costs.

13. Property, plant and equipment

Land and buildings are shown at fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the assets.

All other plant and equipment are measured at historical cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment or computers is capitalised as part of that equipment or computer depending on the underlying asset.

Property, plant and equipment under construction (capital work in progress) are measured at initial cost and depreciation commences from the date the assets are ready for use as intended by management and transferred to an appropriate category of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

i) Measured at fair value (land and buildings only)

Increases in the carrying amount due to revaluation are credited to other comprehensive income and shown as a reserve in equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against the reserve. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued amount charged to the income statement and the depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

ii) Measured at historical cost (plant and equipment)

Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values over the estimated useful lives. Useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

Residual values, useful lives and depreciation method of each asset are reviewed at the end of each reporting year. Items of plant and equipment are assessed for impairment when an impairment indicator exists.

13. Property, plant and equipment (continued)

Significant estimation is applied by management when determining the residual values of property, plant and equipment. The following factors are considered when determining residual values:

- External residual value information (if available) and
- Internal technical assessments for complex plant and machinery.

Assessment of the useful lives is based on the management's estimates taking into account historical experience with similar assets, expected usage of the asset, physical wear and tear, technical and commercial obsolescence and legal restrictions on the use of the assets. Due to the unique nature of the medical equipment the residual value thereof is mostly nil, following from legal restrictions in selling the used medical equipment. Land is not depreciated.

The useful lives of each category of property, plant and equipment have been assessed as follows:

Asset Category	2024 Years	2023 Years
Buildings	**25 – 50**	25 – 50
Land[1]	**indefinite**	indefinite
Plant and machinery – owned	**5 – 16**	5 – 16
Office furniture	**5 – 7**	5 – 7
Motor vehicles – owned	**3 – 6**	3 – 6
Computers	**3 – 7**	3 – 7
Leased assets[2]	**2 – 10**	2 – 10
Leasehold improvements[3]	**3 – 10**	3 – 10

(1) Land is not subject to depreciation.

(2) Leased assets are disclosed separately as right of use assets, refer to note 14.

(3) Depreciated over the shorter of useful life and lease period.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within other income in the statement of profit or loss. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

R'000	Land and buildings	Plant and machinery	Office furniture	Motor vehicles	Computers	Leasehold improvements	Capital work in progress	Total
Opening balance								
Cost or revaluation	35 000	130 677	22 234	691	8 129	9 135	3 410	209 276
Accumulated depreciation and impairment	-	(67 820)	(13 352)	(662)	(5 665)	(2 270)	-	(89 769)
Net book value as at 30 June 2023	**35 000**	**62 857**	**8 882**	**29**	**2 464**	**6 865**	**3 410**	**119 507**
Additions	-	22 658	7 231	1 079	475	4 849	800	37 092
Acquired subsidiary [(1)]	-	80 966	2 170	107	4 590	1 750	-	89 583
Disposals	-	(6 204)	(93)	-	(140)	(177)	-	(6 614)
Impairments and scrapping	(4 948)	(1 591)	-	-	-	-	(910)	(7 449)
Transfers between asset categories [(2)]	-	491	-	-	-	-	-	491
Depreciation	(52)	(20 960)	(7 499)	237	(4 987)	(2 732)	-	(35 993)
Net book value as at 30 June 2024	**30 000**	**138 217**	**10 691**	**1 452**	**2 401**	**10 555**	**3 300**	**196 617**
Made up as follows:								
Cost or revaluation	30 000	317 273	20 582	4 835	9 122	16 188	4 210	402 210
Accumulated depreciation and impairment	-	(179 056)	(9 891)	(3 383)	(6 721)	(5 633)	(910)	(205 594)
Net book value as at 30 June 2024	**30 000**	**138 217**	**10 691**	**1 452**	**2 401**	**10 555**	**3 300**	**196 617**

[(1)] Relates to deemed re-acquisition of Surgical Innovations following conclusion of the business rescue process.
[(2)] Transfer of demonstration equipment from inventory to plant and machinery in the Surgical Innovations and Cardio-Tech businesses, once its been placed as rental equipment. Inventory is reclassified to plant and machinery at the carrying value.

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2023

R'000	Land and buildings	Plant and machinery	Office furniture	Motor vehicles	Computers	Leasehold improvements	Capital work in progress [1]	Total
Opening balance								
Cost or revaluation	62 041	389 248	32 125	831	13 764	9 603	12 126	519 736
Accumulated depreciation and impairment	(522)	(259 062)	(18 814)	(457)	(4 656)	(4 836)	-	(288 349)
Net book value as at 30 June 2022	**61 519**	**130 186**	**13 311**	**374**	**9 108**	**4 767**	**12 126**	**231 391**
Additions	-	18 080	3 114	-	1 328	13 204	-	35 726
Revaluation	(19 044)	-	-	-	-	-	-	(19 044)
Loss of control over business [2]	-	(22 714)	(2 577)	(140)	(5 340)	(2 432)	-	(33 203)
Disposals	-	(12 534)	(48)	-	(12)	(302)	(7 611)	(20 507)
Impairments and scrapping [3]	(7 293)	(63 350)	-	-	-	-	-	(70 643)
Transfers between asset categories	-	7 886	-	-	-	(6 781)	(1 105)	-
Transfers from inventory [4]	-	35 878	-	-	-	-	-	35 878
Transferred to disposal group classified as assets held for sale	-	(2 562)	-	-	-	-	-	(2 562)
Depreciation	(182)	(28 013)	(4 918)	(205)	(2 620)	(1 591)	-	(37 529)
Net book value as at 30 June 2023	**35 000**	**62 857**	**8 882**	**29**	**2 464**	**6 865**	**3 410**	**119 507**
Made up as follows:								
Cost or revaluation	35 000	130 677	22 234	691	8 129	9 135	3 410	209 276
Accumulated depreciation and impairment	-	(67 820)	(13 352)	(662)	(5 665)	(2 270)	-	(89 769)
Net book value as at 30 June 2023	**35 000**	**62 857**	**8 882**	**29**	**2 464**	**6 865**	**3 410**	**119 507**

[1] Capital work in progress relates to manufacturing assets that are not yet available for use.

[2] Relates to the loss of control over Surgical Innovations. Refer to note 6 for more information.

[3] Refer to note 15 for detailed impairment disclosure.

[4] Transfer of demonstration equipment from inventory to plant and machinery in the Surgical Innovations business, once its been placed as rental equipment. Inventory is reclassified to plant and machinery at the carrying value.

13. Property, plant and equipment (continued)

Fair value of land and buildings

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown as ‘revaluation reserves’ in shareholders equity. These land and building valuations are all classified as level 3 as per the fair value hierarchy.

As a result of the wind down of the internal manufacturing operations of Ascendis Supply Chain, management has performed an internal fair value assessment as at 30 June 2023, resulting in a downward revaluation of the land and buildings as noted below. A further impairment was recorded during the financial period on various asset classes with the building.

The following table analyses the land and buildings that are carried at fair value.

	2024 R'000	2023 R'000
Opening balance	35 000	61 518
Impairment	(4 948)	(7 292)
Revaluation loss	-	(19 044)
Depreciation for the period	(52)	(182)
Closing balance	**30 000**	**35 000**

The table below represents the key unobservable inputs included in the revaluation of property in 2024 as well as the carrying amount that would have been recognised had the assets been carried under the cost model.

Property	Rent/m²	Growth rate	Capitalisation rate	2024 R'000 Carrying value under cost model	2023 R'000 Carrying value under cost model
Consumer Health Africa - Erf 1114 & 1115	R2 321 - R2 650	3%	14%-16%	30 000	33 905

14. Right-of-use assets

The group's leases include manufacturing buildings, warehouse, office buildings and office equipment. Rental periods are typically fixed periods varying between one to ten years but may have renewal options which were taken into account when determining the total period of the lease.

At inception of a contract the group assessed whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

The group recognises right-of-use assets and lease liabilities (Note 24) at the lease commencement date for most leases. However, the group has elected not to recognise right-of-use assets and lease liabilities for some of the low value lease assets and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The group defines low value leases as leases of assets for which the value of the underlying asset when it is new is R50 000 or less and is not considered fundamental to the group's operations. The group recognises the lease payments associated with these leases as an expense directly in the income statement. Refer to other operating expenses in note 10.

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

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

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. The useful lives of right-of-use asset ranges from 2 to 10 years.

14. Right of use of assets (continued)

Reconciliation of right of use of assets - 30 June 2024

R'000	Land and buildings	Plant and machinery owned	Office furniture	Motor vehicles owned	Total
Opening balance					
Cost or revaluation	19 992	38 799	285	-	59 076
Accumulated depreciation and impairment	(7 712)	(33 577)	(239)	-	(41 528)
Net book value as at 1 July 2023	**12 279**	**5 222**	**46**	**-**	**17 548**
Additions	11 111	-	-	741	11 852
Disposals	-	(502)	(0)	-	(502)
Reacquisition of control over subsidiary[1]	28 114	-	-	-	28 114
Depreciation	(11 607)	(1 800)	(46)	(25)	(13 479)
Net book value as at 30 June 2024	**39 898**	**2 920**	**-**	**716**	**43 534**
Made up as follows:					
Cost or revaluation	60 151	7 791	-	741	68 683
Accumulated depreciation and impairment	(20 253)	(4 871)	-	(25)	(25 149)
Net book value as at 30 June 2024	**39 898**	**2 920**	**-**	**716**	**43 534**

[1] Relates to the reacquisition of control of Surgical Innovations. Refer to note 6 for more information.

14. Right of use of assets (continued)

Reconciliation of right of use of assets - 30 June 2023

R'000	Land and buildings	Plant and machinery owned	Office furniture	Motor vehicles owned	Total
Opening balance					
Cost or revaluation	156 360	39 946	994	-	197 300
Accumulated depreciation and impairment	(49 845)	(31 297)	(726)	-	(81 868)
Net book value as at 1 July 2022	**106 515**	**8 649**	**268**	**-**	**115 432**
Additions	5 416	2 467	-	-	7 883
Remeasurement	-	-	(113)	-	(113)
Disposals	-	(3 457)	-	-	(3 457)
Loss of control over business[1]	(83 999)	-	-	-	(83 999)
Depreciation	(15 653)	(2 437)	(109)	-	(18 199)
Net book value as at 30 June 2023	**12 279**	**5 222**	**46**	**-**	**17 548**
Made up as follows:					
Cost or revaluation	19 992	38 799	285	-	59 076
Accumulated depreciation and impairment	(7 712)	(33 577)	(239)	-	(41 528)
Net book value as at 30 June 2023	**12 279**	**5 222**	**46**	**-**	**17 548**

[1] Relates to the loss of control of Surgical Innovations. Refer to note 6 for more information.

15. Intangible assets and goodwill

(a) Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is measured at cost less accumulated impairment losses and is not amortised but tested for impairment annually or more frequent if events and changes in circumstances indicate a potential impairment. Impairment losses are recognised immediately as an expense in the statement of profit or loss and is not subsequently reversed.

Goodwill is allocated to each of the Cash Generating Units (CGU), or groups of CGUs expected to benefit from the business combination in which goodwill arose. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

The useful lives for the various categories of intangible assets are as follows:

Classes	Description	Useful life considerations
Brands and trademarks	Marketing-related trade names which are words, names or symbols used in trade to indicate the source of a product and to distinguish it from the service or products of other entities.	5 - 30 years
Computer software and license agreements	Acquired computer software and licenses.	2 – 5 years
Customer relationships	Customer relationships acquired as part of a business combination.	10 – 30 years
Contractual agreements	Rights acquired to co-market or manufacture certain third party products are capitalised to intangible assets.	5 – 25 years
Drug master files	Technical know-how relating to the drug master files. The assets generate the right to use the drug master file by customers while the group retains the assets.	25 – 30 years

15. Intangible assets and goodwill (continued)

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are allocated first to goodwill to reduce the carrying amount of any goodwill allocated to the CGU and then allocated to all other assets on a pro-rata basis.

Any impairment loss is subsequently reversed only to the extent that the asset or the CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of impairment loss on intangible assets is recognised immediately in profit or loss. Goodwill impairment is not subsequently reversed.

Intangible assets and goodwill - 2024

R'000	Goodwill [1]	Brands and trademarks	Licences and computer software	Customer relationships	Contractual agreements	Total
Opening balance						
Cost	609 777	81 775	40 654	198 203	16 496	946 906
Accumulated amortisation and impairment	(609 777)	(76 009)	(28 589)	(178 447)	(16 496)	(909 319)
Carrying value as at 1 July 2023	**-**	**5 766**	**12 065**	**19 756**	**-**	**37 587**
Additions	-	35	53	-	8 620	8 707
Disposals	-	-	(54)	-	-	(54)
Transfers between categories	-	-	(8 019)	-	-	(8 019)
Amortisation	-	(362)	(3 931)	(2 087)	(1 197)	(7 577)
Impairment[2]	-	(5 486)	-	(15 987)	-	(21 473)
Carrying value as at 30 June 2024	**-**	**(47)**	**113**	**1 682**	**7 423**	**9 171**
Made up as follows:						
Cost	609 777	66 902	16 553	191 553	25 116	909 901
Accumulated amortisation and impairment	(609 777)	(66 949)	(16 440)	(189 871)	(17 693)	(900 730)
Carrying value as at 30 June 2024	**-**	**(47)**	**113**	**1 682**	**7 423**	**9 171**

[1] The reduction in cost and accumulated impairment of Goodwill relates to fully impaired Goodwill disposed during the prior year.
[2] Impairment of Brands and Trademarks as well as Customer relationships relates to the Consumer segment. As a result of an internal valuation due to loss in customer contracts, an accelerated impairment of brands and trademarks and customer relationships was recognised.

15. Intangible assets and goodwill (continued)

Intangible assets and goodwill - 2023

R'000	Goodwill [1]	Brands and trademarks	Licence and computer software	Customer relationships	Contractual agreements [2]	Total
Opening balance						
Cost	876 413	85 819	40 638	307 886	16 496	1 327 252
Accumulated amortisation and impairment	(876 413)	(60 956)	(22 042)	(235 036)	(16 496)	(1 210 943)
Carrying value as at 1 July 2022	**-**	**24 862**	**18 596**	**72 850**	**-**	**116 311**
Additions	-	107	16	-	-	123
Amortisation	-	(3 729)	(6 547)	(10 398)	-	(20 673)
Impairment [3]	-	(15 474)	-	(42 696)	-	(58 170)
Carrying value as at 30 June 2023	**-**	**5 766**	**12 065**	**19 756**	**-**	**37 587**
Made up as follows:						
Cost	609 777	81 775	40 654	198 203	16 496	946 906
Accumulated amortisation and impairment	(609 777)	(76 009)	(28 589)	(178 447)	(16 496)	(909 319)
Carrying value as at 30 June 2023	**-**	**5 766**	**12 065**	**19 756**	**-**	**37 587**

[1] The reduction in cost and accumulated impairment of Goodwill relates to fully impaired Goodwill disposed during the year.
[2] Contractual agreements have been fully amortised and impaired, therefore there is no amortisation disclosed.
[3] Impairment of Brands and Trademarks relates to the Consumer segment. The impairment of the Customer Relationships relates to the Medical segment.

Individually material intangible assets

The carrying values and remaining useful lives for individually material intangible assets are disclosed below per CGU and segment to which they belong:

			Carrying value		Remaining useful life	
			2024	2023	2024	2023
CGU	Reporting Segment	Intangible Asset	R'000	R'000		
Chempure	Consumer Health	Customer relationships	46	17 087	7	8
The Scientific Group	Medical Devices	Customer relationships	1 636	2 669	10	11
Ortho-Xact	Medical Devices	Contractual agreements	7 422	-	3	-

Impairment tests for CGUs (Goodwill and Individually material intangible assets)

The group impaired assets of R28.9 million which is made up of R21.5 million intangible assets and R7.4 million property, plant and equipment.

The table below illustrates the total impairment for goodwill and intangible assets for each CGU:

30 June 2024 CGU	Reporting Segment	Carrying value R'000	Recoverable amount R'000	Impairment amount R'000
Chempure	Consumer Health Africa	21 841	367	21 474
Total impairments				**21 474**

30 June 2023 CGU	Reporting Segment	Carrying value R'000	Recoverable amount R'000	Impairment amount R'000
The Scientific Group	Medical Devices	45 364	2 669	42 696
Total impairments				**42 696**

15. Intangible assets and goodwill (continued)

Significant estimate: key assumptions used for value-in-use calculations

As the group has already fully impaired all previously recognised goodwill, no further impairment assessment was performed. Details relating to the impairment assessment in the comparative period, specific to Chempure is detailed below.

Impairment recognised with regards to Chempure CGU was based on the calculation of the recoverable amount which was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management with a further four years of cash flows projected using a combination of forecast GDP growth and expected inflation rates in the respective geographies, tailored for management's specific expectations. A long-term growth rate is applied to the cash flows arising in the fifth year in order to estimate a terminal value for the CGU.

All assets and liabilities for the CGU have been considered when determining impairment. Ascendis has a robust budgeting process and the revenue growth rates have been assessed on a prudent basis with a key focus on cash generation. Cash flows in the budget and forecast years have been adjusted for the reversal of lease payments in terms of IFRS 16 Leases in the underlying budgets and notional capital expenditures estimated using the depreciation associated with the right-of-use assets have been included in the cash flows to accommodate either the renewal of the leases or the acquisition of the underlying assets.

Management applies judgement in determining a discount rate for each geography using published risk-free rates, a peer company systemic risk factor (beta) and a range of equity market risk premiums. Small stock premiums are applied to individual CGUs on an iterative basis. The group’s cost of debt is an important element in determining the discount rate used. The peer companies’ five-year average capital structure is applied to the individual elements of the discount rate. For CGUs impacted by IFRS 16 Leases, an adjustment is made to the discount rate to accommodate the incremental borrowing rate.

Assumptions

1. Sales growth - this is the expected average annual growth rate used in the determination of the five year sales forecast. It is CGU specific and based on current industry trends, including inflation forecasts for the different geographies in which business is conducted.
2. Other operating costs growth - these costs are those that do not vary significantly with sales volumes or prices and are based on current structures and ignore future unplanned restructurings or cost-saving measures. Their growth rate is based on current industry trends, including inflation forecasts for the different geographies in which business is conducted.
3. Annual capital and research and development expenditure - these are based on a short/medium term expenditure plan and the cash flows are included in the CGUs forecasts. In accordance with the value-in-use model, it is assumed these expenditures will not generate additional revenue or result in additional costs.
4. Long-term growth rate - this is the expected growth rate used to determine cash flows beyond the budget and forecast period, which is used to and reflect the weighted annual growth rate.
5. Discount rates - these are CGU specific and reflect the specific risks relating to the relevant segments and the geographies in which they operate.

The main assumptions applied for Chempure in 2024 and The Scientific Group in 2024 relates to forecasts from 2024 to 2028.

15. Intangible assets and goodwill (continued)

2023	Sales volume & growth %	Other operating costs growth	Annual capex & research and development (% of Sales)	Long-term growth rate %	Pre-tax discount rate %
The Scientific Group	6.0%	4.5%	2.7%	4.8%	23.4%

16. Other financial assets

Other financial assets are initially measured at fair value and subsequently at amortised cost. Other financial assets are held within the business with the objective to collect contractual cash flows and the cash flows are solely payments of principal and interest on the principal outstanding. Other financial assets are not reclassified unless the group changes its business model.

The fair value of other financial assets equals its carrying value due to their short term in nature or carry interest at market related interest rates where recoverability is expected in excess of 12 months.

The other financial assets are denominated in South African Rands.

	2024 R'000	2023 R'000
Other financial assets measured at amortised cost		
Previous owners of Chempure t/a Solal	9 521	9 521
Investment Fund	730	4 132
Loans to external parties	-	5 193
Loans to employees	2 712	1 847
Less: Expected credit loss allowance	(9 521)	(14 714)
	3 442	**5 979**
Current other financial assets	2 712	1 847
Non-current other financial assets	730	4 132
Other financial assets	**3 442**	**5 979**

16. Other financial assets (continued)

Other financial assets consist of the following receivables:

Previous owners of Chempure t/a Solal: Relates to amounts paid on behalf of the previous owners, Solal Trust and SA Academy, including PAYE on retrenchments and restraint of trade. This amount remains due and payable and bears no interest. The full balance is currently credit-impaired as the counter-party is in default.

Investment Fund: During the current year the WDB investment was disposed of for R3.1mil, the current investment relates to a 6% in a venture capital company, nReach Capitis (Pty) Ltd.

Loans to employees: Relates to loans issued to key management staff.

Refer to the financial instruments credit risk disclosure, note 29.4 for further details on the credit risk management policies.

17. Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their accounting carrying amounts in the group annual financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from an asset or liability in a transaction (other than a business combination) and that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (where applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. Management applies judgement in determining whether sufficient future taxable profit will be available after considering factors such as historical profits, forecasts cash flows and budgets. Deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

17. Deferred Tax (continued)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024 R'000	2023 R'000
The gross movement on deferred tax is as follows:		
Gross movement in the deferred income tax assets account:		
Deferred tax asset	44 031	48 281
Deferred tax liability	(8 099)	(24 774)
Opening balance at the beginning of the year	35 932	23 507
Acquisition of entities	-	-
Deferred tax expense for the year	7 467	12 425
Transferred to assets and liabilities held for sale	-	-
Closing balance at end of year	**43 399**	**35 932**
Deferred tax assets[(1)]	44 289	44 031
Deferred tax liabilities	(891)	(8 099)
Net deferred tax asset	**43 399**	**35 932**
The deferred tax balance is attributable to the following items:		
Capital allowances	1 935	(5 002)
Intangible assets	(15)	-
Lease liability	9 480	4 735
Right-of-use asset	(9 092)	(4 271)
Expected credit loss allowance	-	-
Provisions	23 692	15 092
Taxation losses	16 826	23 581
Contract liability/ Deferred income	286	-
Other	287	1 797
	43 399	**35 932**

[(1)] The group has recognized deferred tax assets to the extent of the expected future taxable profits in excess of the profits arising from the reversal of existing taxable temporary difference. Deferred tax assets of R702 million (30 June 2023 - R888.2 million) relating to accumulated tax losses have not been raised based on the assumption that there won't be sufficient taxable profits in the future against which to utilize the accumulated losses. The deferred tax asset recoverability assessment considers the probability of forecasted future taxable income, which may include future tax planning strategies.

18. Inventories

Inventories are comprised of raw materials, finished goods, work in progress and goods in transit.

Inventories are measured at the lower of cost or net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The carrying values of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

The cost of inventories is assigned using the weighted average cost formula or standard costing. The same cost formula is used for all inventories having a similar nature and use to an entity.

Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Management is also required to exercise judgement in estimating the net realisable value. Such judgement would consider the following:

- change in technology
- stock nearing expiry dates, and
- regulatory requirements.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Management's estimate on stock obsolescence provision is based on the following elements:

Provision in respect of raw materials and packaging stock - all materials, that have passed their expiry date and where there is no intention to extend that date; or that are not included in the coming year's production plan; or which are in excess of the 12 - 18 month needs of the planned production process. Calculations are determined on actual product line level.

Provision in respect of finished goods - all inventories, which are part of a discontinued inventory keeping unit or product line; or for which no sale has been made for a period of time. This period is between 12 and 24 months and is determined by the nature of the product and the estimated time over which future sales can be reasonably predicted. Calculations are determined on actual product line level.

Provision in respect of defined life finished goods - all inventories, which are within a certain period of its expiry date. This period differs by product line, customer requirements and monthly demand but is between 1 and 12 months of its expiry date. Calculations are determined on actual product line level.

The group does not have inventory that has been pledged as security.

18. Inventories (continued)

	2024 R'000	2023 R'000
Raw materials, components	1 849	34 501
Finished goods	380 383	307 970
Work in progress	67	8 240
Goods in transit	14 594	15 227
Total inventories net of provision for impairment	**396 893**	**365 938**

[1] The gain relates to the reacquisition of Surgical Innovations following the loss of control in the prior year. Refer to note 6 for more information.

Amounts recognised in profit or loss

Inventories written down for the year ended 30 June 2024 amounted to R34.5 million (2023: R3.6 million restated). These were recorded in cost of sales. Refer to note 10.

Transfer of demonstration equipment from inventory to plant and machinery in the Surgical Innovations and Cardio-Tech businesses, once its been placed as rental equipment. Inventory is reclassified to plant and machinery at the carrying value.

No reversals of previous inventory write-down's occurred during the year ended 30 June 2024.

19. Trade and other receivables

Trade and other receivables are amounts due from customers for goods or services sold or rendered in the ordinary course of business. Trade and other receivables are initially measured at transaction price and subsequently measured at amortised cost where relevant.

The fair value of trade and other receivables equals its carrying value due to their short term in nature. The trade and other receivables are predominantly denominated in South African Rands and United States Dollar.

	2024 R'000	2023 R'000
Financial assets		
Trade receivables	**302 574**	**233 034**
Less: provision for impairment of trade receivables	(21 927)	(8 184)
Less: provision for credit notes	(351)	(528)
Trade receivables - net	**280 296**	**224 322**
Deposits	5 256	1 580
Other receivables[1]	12 545	18 133
Right of return asset	1 785	1 102
	-	-
Non-financial assets		
VAT	10 101	8 749
Prepayments	11 528	15 346
Trade and other receivables	**321 511**	**269 232**

1) Included in this balance is R12.1 million (30 June 2023: R17.6 million), that relates to accrued revenue for inventory sold but not yet invoiced.

The group considers a receivable amount in default when the debtor has exceeded their standard credit terms (30 to 90 days). The group assesses the recoverability of the individual debt and calculates expected credit loss allowance (ECL) percentage in terms of IFRS 9, refer to the credit risk section for further details on the credit risk management policies (Note 29).

20. Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost.

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are presented as current liabilities on the statement of financial position unless, the group has a current legally enforceable right to net off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously, in which case it is netted off against cash and cash equivalents on the statement of financial position.

20. Cash and cash equivalents (continued)

Cash and cash equivalents consist of the following:

	2024 R'000	2023 R'000
Rand denominated bank balances	42 552	85 935
Foreign denominated bank balances	92	16 261
Cash on hand	20	35
Cash and cash equivalents	**42 664**	**102 231**
Restricted cash included in cash and cash equivalents balance		
Total return swap cash	-	18 709
Cash backed ancillary facilities	-	-
	-	**18 709**

Restricted cash includes cash that was being held as collateral for the total return swap (TRS) and ancillary facilities relating to the prior year. The TRS cash is used to settle the liability at each due date as outlined in Note 3.

During the prior year, the group entered into a banking arrangement with Rand Merchant Bank whereby the group was granted various facilities, including a general banking facility of R50 million, corporate and fuel card facilities of R7 million and a foreign hedging facility of R25 million. During the year, Rand Merchant Bank granted a further increase in the general banking facility of R43 million which brought the general banking facility to R93 million.

The above facilities are secured by a group cross suretyship in the amount of R114.5 million and a cession and pledge of any and all rights in and to the debtors, credit balances held with RMB and other receivables of the following entities:

- Ascendis Consumer Brands (Pty) Ltd
- Ascendis Financial Services (Pty) Ltd
- Ascendis Health Limited
- Cardio Tech (Pty) Ltd
- Chempure (Pty) Ltd
- Interv Med (Pty) Ltd
- Ortho-Xact (Pty) Ltd
- The Compounding Pharmacy of South Africa (Pty) Ltd
- The Scientific Group (Pty) Ltd
- Surgical Innovations (Pty) Ltd

21. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are presented as current liabilities unless payment is due 12 months after the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The fair value of trade and other payables equals its carrying value due to their short term in nature. The trade and other payables are predominantly denominated in South African Rands and United States Dollar and Euros.

	2024 R'000	2023 R'000
Financial liabilities		
Trade payables	266 543	189 439
Other payables[1]	9 732	23 513
Accrued expenses[2]	29 623	29 307
Ascendis Supply Chain advance payment[3]	-	18 282
Non-financial liabilities		
VAT	31 224	33 856
Accrued payroll expenses	27 235	19 444
Trade and other payables	**364 357**	**313 841**

[1] Included in this balance is R4.8 million (2023: R5 million) relates to insurance financed through a group insurance financing arrangement.

[2]Included in accrued expenses are commission related costs of R2.2 million (2023: R2.7 million) , Goods in Transit accruals of R8.0 million (2023: R6.3million), consulting fees related to the delisting process R6 million (2023: nil) and audit fees R5.3 million (2023: R4.3 million)

[3] Advance payment received with regards to the Ascendis Supply Chain plant and machinery disposed after year end.

22. Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase of the provision due to the passage of time is recognised as a finance cost.

2024 R'000	Opening balance	Additions	Unused provision reversed	Utilised	Deemed business Reacquisition	Foreign currency translation	Closing balance
Other provisions	1 645	253	(81)	(500)	-	-	**1 317**
Leave pay provision	8 990	2 709	-	(3 679)	3 783	389	**12 192**
	10 635	**2 962**	**(81)**	**(4 179)**	**3 783**	**389**	**13 509**

2023 R'000	Opening balance	Additions	Unused provision reversed	Utilised	Deemed business disposal	Transfer to assets held for sale	Closing balance
Other provisions	1 835	185	(49)	(326)	-	-	**1 645**
Leave pay provision	16 369	5 910	(515)	(9 266)	(3 261)	(247)	**8 990**
	18 204	**6 095**	**(564)**	**(9 592)**	**(3 261)**	**(247)**	**10 635**

Other provisions
Other provisions consist of provisions for legal and consulting fees relating to the delisting process. The group has recognised provisions in respect of these matters based on estimates and the probability of outflow of economic benefits. The provision is expected to be utilised within the next 12 months.

Leave pay
Leave pay provision is recognised for all amounts related to leave not taken by employee during the financial period. The provision is measured based on the amount that would be payable to all employees who have outstanding leave as at reporting date. The provision is expected to be utilised over the next 12 months.

23. Contract liability

Maintenance and rebate contract liability

Maintenance and rebate contract liabilities are an assurance-type liability which is recognised at the date of sale of the relevant goods and services. They consist of maintenance obligations that are disclosed separately as they relate to revenue to be recognised over a period of time and not at a point in time.

Rebate provisions are recognised as a result of a contract with customers for marketing and sale of over-the-counter medicine.

2024 R'000	Opening balance	New contracts entered	Liability reversed	Revenue recognised	Transfer to assets held for sale	Closing balance
Maintenance and rebates liability	8 130	-	(3 409)	-	-	**4 721**
Rebates and other allowances (IFRS 15)	8 508	43 706	(850)	(44 595)	-	**6 769**
	16 638	**43 706**	**(4 259)**	**(44 595)**	**-**	**11 490**

2023 R'000	Opening balance	New contracts entered	Liability reversed	Revenue recognised	Transfer from assets held for sale	Closing balance
Maintenance and rebates liability	11 779	525	-	(4 188)	14	**8 130**
Rebates and other allowances (IFRS 15)	5 013	37 123	(3 115)	(30 519)	7	**8 508**
	16 791	**37 648**	**(3 115)**	**(34 707)**	**21**	**16 638**

The following table represents the split between current and non-current contract liabilities:	2024 R'000	2023 R'000
Current liabilities[(1)]	11 490	16 638
	11 490	**16 638**

[1)] It is expected that the full balance will be utilised in the next financial year.

24. Lease liabilities

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the group uses its incremental borrowing rate as the discount rate. The group determines the incremental borrowing rate by obtaining the government bond rates matching the term of the lease and makes specific adjustments to the rate applicable to the lease. Adjustments to the rate applied entail taking into consideration the terms of borrowing that would be likely to be afforded to the group if it were to acquire and debt finance the acquisition of the underlying asset. This includes taking into consideration a probability of default factor specific to the lease-holding entity, loss give of default percentage and transaction or finance origination costs usually levied on such arrangements.

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

Renewal and termination options

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

Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Management applies judgement in assessing whether it is likely that options will be exercised. Factors considered include how far in the future an option occurs, significance of related leasehold improvements and history of terminating/not renewing leases. The assessment is reviewed if a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

24. Lease liabilities (continued)

Lease and non-lease components

A number of lease contracts include both lease and non-lease components (e.g. maintenance). The group allocates the consideration in each contract to each lease and non-lease component based on their relative stand-alone selling prices, where applicable. The stand-alone selling prices of each component are based on available market prices.

The group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

The table below sets out the lease obligations held by the group.

	2024 R'000	2023 R'000
Current	15 881	4 855
Non-current	33 441	15 875
Total lease liabilities	**49 322**	**20 730**

		2024	2023
Amounts recognised in the income statement		**R'000**	**R'000**
Continuing Operations			
Total finance costs	11	5 004	17 204
Expense relating to short-term and low value leases included in other operating expenses	10	462	3 092
Discontinued Operations			
Expense relating to short-term and low value leases included in other operating expenses		-	2 916
Amounts recognised in the statement of cash flows			
Continuing Operations			
Interest paid	11	5 004	17 204
Repayments of lease liabilities		10 840	11 797
Cash outflow on leases		**15 844**	**29 001**
Discontinued Operations			
Cash outflow on leases		**-**	**-**
Total cash outflow on leases		**15 844**	**29 001**

Refer to note 29 for the maturity analysis.

25. Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction (net of tax) from proceeds.

Treasury shares

The unissued shares are under the control of the directors of the group subject to the provisions of the Companies Act, and the JSE Listings Requirements. The reserve for the group's treasury shares comprises the cost of the company's shares held by the group.

	2024 R'000	2023 R'000
Opening balance	6 156 825	6 036 471
Issue of ordinary shares	-	101 530
Treasury shares released during the year[1]	-	18 824
Closing balance	**6 156 825**	**6 156 825**

[1] During the prior year, treasury shares from the TRS transaction were released. This resulted in a cash movement from restricted cash to normal cash, the related liability was also released.

Number of shares	2024 '000	2023 '000
Authorised shares (no par value)	2 000 000	2 000 000
Issued shares *(fully paid up)*	632 470	632 470

Reconciliation of number of shares in issue net of treasury shares	2024 '000	2023 '000
Ordinary shares - opening balance	626 046	481 379
Issued during the year	-	143 000
Ordinary shares - closing balance	626 046	624 379
Treasury shares movement in the year[1]	-	1 667
Held at the beginning of the period	6 424	8 091
Held at the end of the period	(6 424)	(6 424)
Net closing balance	**626 046**	**626 046**

[1]Treasury shares are held by Elixr Brands (Pty) Ltd and Ascendis Financial Services (Pty) Ltd.

26. Other reserves

Other reserves - 30 June 2024

R'000	Common control reserve[1]	Total other reserves
Balance as at 1 July 2023	(18 702)	(18 702)
Total contributions by and distributions to owners of the group recognised directly in equity	-	-
Balance as at 30 June 2024	(18 702)	(18 702)

(1) Reserves from restructuring of CGU's within the Ascendis group.

Other reserves - 30 June 2023

R'000	Common control reserve(1)	Total other reserves
Balance as at 1 July 2022	(18 702)	(18 702)
Total contributions by and distributions to owners of the group recognised directly in equity	-	-
Balance as at 30 June 2023	(18 702)	(18 702)

(1) Reserves from restructuring of CGU's within the Ascendis group.

27. Cash generated from operations

	Notes	2024 R'000	2023 R'000
Profit/(loss) after tax from continuing operations		**41 569**	**(286 242)**
Adjustments for:			
Tax from continuing operations		(1 201)	1 635
Depreciation and amortisation	13, 14,15	57 048	76 402
Impairment of intangible assets	15	21 473	58 170
Impairment of property, plant and equipment	13	7 449	70 643
Net (profit)/loss on sale of assets		639	(9 170)
Gain on reacquisition/disposal[1]	6	(81 697)	(73 530)
Net loss on foreign exchange		5 780	6 660
Provisions and contract liability raised		594	5 234
Net movement in trade and other receivables estimated credit losses		11 491	3 232
Finance income	11	(6 459)	(9 519)
Finance expense	11	12 479	68 118
Remeasurement of lease liabilities		(132)	(745)
Impairment of other financial assets	16	3 132	4 127
Changes in working capital:			
Inventories[2]		33 402	(94 353)
Trade and other receivables		(16 687)	4 639
Trade and other payables		(73 391)	99 215
Provisions		(7 587)	(12 740)
Cash generated from operations		**7 905**	**(88 224)**

(1) The profit relates to the deemed disposal and subsequent reacquisition of Surgical Innovations (refer note 6), as well as the clearing of the balance sheets of deregistered entities.

2) The obsolete stock allowance has been offset against inventories for the current and prior period.

28. Tax paid

	2024 R'000	2023 R'000
Balance at the beginning of the period	(2 840)	6 307
Prior period adjustments	(1 477)	-
Adjusted balance at the beginning of the period	(4 317)	6 307
Current tax for the period recognised in profit or loss	(6 266)	(14 060)
Reacquisition/(loss of control) over subsidiary[1]	1 413	(5 213)
Transfer to discontinued operations	-	
Accrued interest	1 951	(2 487)
Balance at the end of the period	1 639	(2 840)
Current tax receivable	4 729	5 224
Current tax payable	(3 090)	(8 064)
Tax paid	**(8 858)**	**(12 613)**

(1) Relates the reacquisition of Surgical Innovations in the current year and loss of control in the prior year. Refer to note 6 for further information.

29. Financial instruments

Accounting for financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The group recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

Financial instruments comprise other financial assets, trade and other receivables (excluding non-financial trade and other receivables), cash and cash equivalents, borrowings, other liabilities (excluding non-financial liabilities), bank overdrafts, derivatives and trade and other payables.

Initial recognition and classification

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component (or for which the group has not applied the practical expedient), the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are not reclassified unless the group changes its business model. In rare circumstances where the group does change its business model, reclassifications are done prospectively from the date that the group changes its business model.

Financial liabilities are classified as measured at amortised cost, except for those derivative liabilities that are measured at fair value through profit or loss.

29. Financial instruments (continued)

Impairment

The group assessed on a forward-looking basis such as cyclical payment behavior and customer insight, the expected credit loss allowance (ECL) on all financial assets that are not held at fair value though profit or loss and the group recognises an allowance for ECL. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive. ECLs are discounted at the original effective interest rate (EIR) of the financial asset.

ECL are measured on either a 12-month or lifetime basis depending on whether there has been a significant increase in credit risk since initial recognition or whether the asset is considered credit-impaired. ECL are the discounted product of the probability of default (PD) and exposure at default (EAD).

- The PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining life (lifetime PD) of the obligation.
- The EAD is based on the amounts the group expected to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining life (lifetime EAD).
- The group calculates loss given default (LGD) as discounted EAD.

The group recognises in profit or loss, as an impairment loss or reversal, the amount of ECL that is required to adjust the loss allowance at the end of the reporting period. When a receivable is uncollectible, it is written off against the allowance for impairment for that receivable. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

Definition of default

The group defines a financial instrument in default when the counterparty fails to make contractual payments within 30 to 90 days of when they fall due.

Write-off policy

The group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. This is the point when the group’s collection activities are unable to recover outstanding balances.

Significant increase in credit risk in terms of general impairment model

The group considered financial assets subject to assessment for ECL in terms of the general impairment model to have experienced a significant increase in credit risk since the time of initial recognition when one or more of the following criteria have been met:

29. Financial instruments (continued)

- **Quantitative**
  - Where the counterparty has not met its minimum contractual obligations.
- **Quantitative criteria**
  - The group considered available reasonable and supportive forward-looking information incorporating the following indicators, where applicable:

    (i) Expected delay in payment

    (ii) Changes in the amount of financial support available to the counterparty

    (iii) Changes in the general economic and/or market conditions

    (iv) Internal and external credit ratings

29.1 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. This note presents information about the group's exposure to each of the risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group considers natural hedges that may exist and, in addition, where possible, uses derivative financial instruments such as forward exchange contracts to hedge exposures.

The audit and risk committee has oversight of group risk management and the group treasury function manages various financial risks in accordance with the policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. The group treasury function identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The group treasury risk management objective is to protect all foreign exposures using foreign exchange contracts. Please refer to Note 30 and the sensitivity on foreign currency exposure for the quantification of the instruments.

29. Financial instruments (continued)

29.2. Categories of financial instruments

2024 R'000	Amortised cost[1] Continuing operations	Amortised cost[1] Disposal groups	Fair value through profit or loss Continuing operations	Fair value through profit or loss Disposal groups
Financial assets				
Non-current				
Other financial assets	730	-	-	-
Current				
Trade and other receivables	299 822	-	-	-
Other financial assets	2 712	-	-	-
Cash and cash equivalents	42 664	-	-	-
	345 928	**-**	**-**	**-**
Financial liabilities				
Non-current				
Derivative financial instruments	-	-	1 376	-
Current				
Derivative financial instruments	-	-	545	-
Trade and other payables [2]	305 898	-	-	-
	305 898	**-**	**1 921**	**-**

[1] Refer to Note 30 for further details on fair value estimation and hierarchy.

[2] Balances shown exclude prepayments, refund assets, provisions, VAT and specific accruals that are not financial instruments as defined.

2023 R'000	Amortised cost[1] Continuing operations	Amortised cost[1] Disposal groups	Fair value through profit or loss Continuing operations	Fair value through profit or loss Disposal groups
Financial assets				
Non-current				
Other financial assets	4 132	-	-	-
Current				-
Trade and other receivables [2]	245 137	-	-	-
Other financial assets	1 847	-	-	-
Derivative financial instruments	-	-	872	-
Cash and cash equivalents	102 231	-	-	-
	353 347	**-**	**872**	**-**
Financial liabilities				
Non-current				
Borrowings and other financial liabilities	3 431	-	-	-
Current				
Borrowings and other financial liabilities	26 376	-	-	-
Trade and other payables[3]	260 541	-	-	-
	290 348	**-**	**-**	**-**

[1] Refer to Note 30 for further details on fair value estimation and hierarchy.

[2] The trade and other receivables amount has been rectified for the prior period to reflect the correct split on financial assets.

[3] The trade and other payables amount has been rectified for the prior period to reflect the correct split on financial liabilities.

29. Financial instruments (continued)

29.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The group seeks to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and refinancing risk by seeking to borrow at the most advantageous finance cost available in the market. The group has a centralised Treasury function. Group Treasury regularly reviews the maturity profile of its financial liabilities and seeks to avoid concentration of maturities through the regular replacement of facilities, by managing maturity dates and by matching liabilities to assets with a similar maturity, duration and risk nature.

Cash flow forecasting is performed in the operating entities of the group and aggregated by the group treasury function to actively manage the group's projected cash flows and prevent any potential future liquidity constraints. Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

At year end the group had the following liquid resources: trade and other receivables R321.5 million (2023: R269.2 million) (Note 19), and bank balances of R42.7 million (2023: R102.2 million) (including restricted cash of Rnil ; 2023: R18.7 million) (Note 20) to manage liquidity risk. The balance of undrawn facilities at year end is Rnil (2023: Rnil).

The table below analyses the group's derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flow. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024 R'000	Note	3 months	3 months and 1 year	1 and 2 years	2 and 5 years	Over 5 years	Total
Lease liabilities	24	4 000	14 382	20 917	13 455	1 092	53 846
Trade and other payables	21	244 410	55 209	-	-	-	299 619
Total		**248 410**	**69 591**	**20 917**	**13 455**	**1 092**	**353 465**
2023 **R'000**							
Borrowings and other financial liabilities	3	-	26 376	3 431	-	-	29 807
Lease liabilities	24	1 322	4 178	6 673	9 767	1 020	22 960
Trade and other payables	21	185 586	7 219	-	-	-	192 805
Total		**186 908**	**37 773**	**10 104**	**9 767**	**1 020**	**245 572**

29. Financial instruments (continued)

29.4 Credit risk

Credit risk or the risk of financial loss to the group is due to customers or counterparties not meeting their contractual obligations. It is managed through application of credit approvals, limits and monitoring procedures.

Credit risk arises from trade receivables, cash and cash equivalents, other financial assets carried at amortised cost, derivatives financial assets and deposits with banks and financial institutions as well as credit exposures to all customers including all outstanding receivables.

Impairment of financial assets

The group has the following types of financial assets that are subject to the expected credit loss (ECL) model:

- Trade receivables
- Cash and cash equivalents
- Other financial assets

The detailed analysis of the items above is included below:

Trade receivables

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each subsidiary is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk exposure and management within the business will be addressed in the relevant businesses.

The group applies the simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables without a significant financing component. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics, size and the days aged. Trade receivables balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay.

The credit loss allowance is measured using a combination of the simplified parameter-based approach and the provision matrix. The provision matrix is applied to the general debtors' book where each customer contributes to less than 10% of the total debtors' book. The simplified parameter-based approach is applicable to government customers and listed customers with a balance of more than 10% of the total debtors' book as at year end.

Provision matrix

ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population.The sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with the future payment expectations.

29. Financial instruments (continued)

29.4 Credit risk (continued)

The group used up to 60 months sales data to determine the payment profile of the sales. The data was divided into separate observation periods, generally of 12 months. This is considered appropriate in determining the payment profile of sales for the historic loss ratio. The group used actual write-offs where it was available as a basis for the historical write-off in order to determine the historic loss ratio. Alternatively, management has used the proxy write-off based on management's best estimate.

The historic loss ratio is then adjusted for forward-looking information i.e. macro-economic variables to determine the ECL for the portfolio of trade receivables at the reporting date to the extent that there is a strong correlation between the forward-looking information and the ECL. Macro-economic variables applied relates to the GDP factor. Management has applied the presumption that a customer is in default when 90 days past due. Customer behavioral patterns such cyclical payments and individual customers profiles are used to assess forward looking information. Refer to Quantitative Criteria for a further breakdown on forward looking information.

Significant judgement

In applying the requirements of IFRS when determining the ECL for trade receivables, analysis of empirical evidence of historical defaults and losses was done. Significant judgement is applied and generally includes the relevant country’s benchmark data. The measurement of risk is projected forward based on macroeconomic forecasts. Macro-economic forecast is applied with a probability average of the forecasts and scenarios. For customers that were identified as individually significant, i.e. government and public listed customers, a specific risk was applied by applying the published credit ratings.

Estimation was applied in determining the correlation of macro-economic variables to defaults. The basis of the correlations applied was based on the Moody’s Analytics Impairment Calculation. Moody’s Analytics produces a set of macroeconomic forecasts for South Africa that considers the historical accuracy of various forecasters to identify reliable sources. These are incorporated into their GCorr macroeconomic forecast set. Moody’s Analytics use the Baseline, Stronger Near-Term Rebound (S1) (“Bullish”), and Moderate Recession (S3)(“Bearish”) forecast sets weighted 40%, 30%, 30% respectively for a forward looking adjustment for the purposes of IFRS 9. GDP is the main macro-economic factor that is taken into account and for the current year, the GDP growth is forecast to be 1.6%.

The loss allowance as at 30 June 2024 for trade receivables to which the provision matrix had been applied is determined as follows:

2024 **R'000**	**Gross carrying amount**	**Impairment**	**Average ECL/ impairment ratio**
Current	104 567	(1 112)	1.06%
Up to 30 days aged	42 701	(748)	1.75%
Up to 60 days aged	8 471	(3 592)	42.40%
More than 60 days past due	13 439	(4 439)	33.03%
	169 178	(9 891)	**5.85%**

29. Financial instruments (continued)

29.4 Credit risk (continued)

2023 R'000	Gross Carrying Amount	Impairment	Average ECL/ Impairment ratio
Current	60 049	(1 378)	2.29%
Up to 30 days aged	36 671	(681)	1.86%
Up to 60 days aged	9 869	(779)	7.89%
More than 60 days past due	2 602	(674)	25.90%
	109 191	**(3 512)**	**3.22%**

Simplified parameter-based approach

ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) i.e. (PD x LGD x EAD = ECL). The PD and LGD was measured using Moody's Analytics RiskCals's respective PD and LGD modules (RiskCalc South Africa Version 3.2 for PD and LossCalc version 4.0). Exposures are segmented by customer size relative to the amount of the total debtors' book. Management applied judgement and assumption segmenting the customers i.e.; for individual customers making up at least 10% of the debtors book were excluded, but taken into consideration in terms of the matrix approach above. The probability of default as well as the realised loss with defaulted accounts have been determined using historical data for 12 months. The effective interest rate represents a weighted average rate which is representative of the portfolio of customers and incorporates a risk-free rate plus a risk premium, where relevant, on initial recognition of the trade receivable.

The customers include all government and public listed customers to the extent that the relevant information is available.

The balance of trade receivables to which the simplified parameter-based approach has been applied as follows:

2024 R'000	Gross carrying amount	Expected credit loss allowance	Net carrying amount
Government customers [(1)]	83 385	(11 582)	71 803
Public listed customers	50 011	(454)	49 557
	133 396	**(12 036)**	**121 360**
2023 R'000			
Government customers	63 113	(2 294)	60 819
Public listed customers	60 729	(2 378)	58 351
	123 842	**(4 672)**	**119 170**

[(1)] The increase in credit allowance refers to the Gauteng Government receivable which was recorded as overdue at year end.

29. Financial instruments (continued)

29.4 Credit risk (continued)

The opening to closing movement in allowances for trade receivables as at 30 June are as follows:

	2024 R'000	2023 R'000
Opening loss allowance	**8 184**	**13 917**
Increase/(decrease) in loss allowance[1]	13 758	(2 704)
Receivables written off during the year as uncollectible	(15)	(3 756)
Transferred from discontinued operation	-	727
As at 30 June	**21 927**	**8 184**

[1] The increase in the expected credit loss in the current year was as a result of the increase in the probability of default.

Net impairment loss recognised in the statement of profit or loss amounted to R11.5 million (2023: R3.2 million).

Other financial assets

Included in other financial assets are amounts receivable from related parties. There is no external credit rating for other financial assets.

Internally, it was assessed that the credit risk with regards to the amount receivable on the loans to key management, directors, previous key management and directors and previous owners of Chempure t/a Solal has increased significantly. The group is doubtful that the amount will be received in full. For the loans to key management, directors, previous key management and director the group has recognised ECL allowance on the amounts owed because the group is in the process of finding ways to recover the amounts.The loans to previous owners of Chempure t/a Solal, the amount owed is past due and the counterparty is now in default. Therefore, a specific lifetime ECL has been applied and a provision of R9.5 million (2023: R14.7 million) recognised. The receivable is credit impaired. The gross carrying amount of other financial assets is R13 million (2023: R20.7 million).

The remaining other financial assets were assessed internally as performing. These other financial assets are considered to have low credit risk as the probability of default is very low and ECL is considered immaterial. The assessment of low credit risk is based on the counter parties performance thus far taking into consideration it is not in default and fully performing.

Cash and cash equivalents

The group determines appropriate internal credit limits for each counterparty. In determining these limits, the group considers the counterparty's credit rating established by accredited ratings agency. The group manages its exposure to a single counterparty by spreading transactions among approved financial institutions.

Cash credit risk is the risk of the institutions with which cash resources are held are unable to meet their obligations and unable to return the cash assets held with them.

The risk rating grade of cash and cash equivalents are set out in the table below. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The credit risk is assessed as low on cash and cash equivalents and the ECL is not material.

29. Financial instruments (continued)

29.4 Credit risk (continued)

Credit rating of financial institutions	2024 R'000	2023 R'000
Continuing operations		
Ba2	42 664	102 231
	42 664	**102 231**
	-	**-**

29.5 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign currencies will affect the group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Interest rate risk

Interest rate risk is the risk that arises in an interest-bearing asset or liability, due to variability of interest rates.

The group's interest rate risk arises from cash and cash equivalents and borrowings.

Currently, the group aims to maintain its mix of fixed and floating rate debt within the internally determined parameters, however, this depends on the market conditions where the group operates. Due to interest rates increasing during the current year, the group has also decided not to enter into any interest rate hedges at the moment. Refer to Note 3 for disclosure on borrowings and other financial liabilities.

The table below illustrates the interest rate charged on the financial instruments:

R'000	2024 Fixed rate instruments	2024 Variable rate instruments	2023 Fixed rate instruments	2023 Variable rate instruments
Non-current financial assets				
Other financial assets	730	-	4 132	-
	730	**-**	**4 132**	**-**
Current financial assets				
Other financial assets	12 233	-	16 561	-
Cash and cash equivalents	42 338	326	83 020	19 211
	54 571	**326**	**99 581**	**19 211**
Non-current financial liabilities				
Borrowings and other financial liabilities	-	-	3 431	-
	-	**-**	**3 431**	**-**
Current financial liabilities				
Borrowings and other financial liabilities	-	-	26 376	-
	-	**-**	**26 376**	**-**

Sensitivity analysis

The group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an increase or decrease by 1% (100 basis points) in market interest rates, from the rate applicable as at 30 June 2024, for each class of financial instruments with other variables remaining constant. The group is mainly exposed to fluctuations in the following market interest rates: JIBAR and money market rates. Changes in market interest rate affect the interest income or expense of floating rate financial instruments. A change in the above-mentioned market interest rates at the reporting date would have increased/decreased profit before tax by the amount shown below:

The analysis has been performed for illustrative purposes only, as in practice market rates rarely change in isolation. The analysis has been performed based on of the change occurring at the start of the reporting period and assumes that all the other variables remain constant. The analysis is carried out in relation to JIBAR-based instruments only:

JIBAR R'000	Change in interest rate	Decrease/Increase in profit before tax Upward change in interest rate	Downward change in interest rate
2024	1%	3	(3)
2023	1%	192	(192)

Foreign exchange risk

Foreign currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The group is exposed to foreign exchange risk arising from commercial transactions relating to the import of raw materials and the export of finished goods denominated in US dollars, Euros, and the UK pound sterling.

The group treasury function has set up a policy requiring group companies to manage their respective foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions, entities in the group use forward contracts, transacted with group treasury.

During the current year, the group disposed all the foreign operations hence the group did not have any currency exposure as at year end.

29. Financial instruments (continued)

29.5 Market risk (continued)

The following exchange rates were applied in the preparation of the financial results at year end:

	2024		2023	
Currency	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
Euros	19.46	19.80	20.50	20.30
Romanian leu	3.91	3.92	4.08	4.02
Swedish Krona	1.71	1.71	1.74	1.74
UK pound sterling	22.96	23.38	23.84	23.66
US Dollar	18.16	18.40	18.83	18.73

The change in exchange rate applied in the below mentioned sensitivity analysis is based on the actual movement in exchange rates during the 2024 financial year.

2024 **Foreign denominated balances held by the group at year end:**	**R'000**	**Change in exchange rate**	**Impact on financial results R'000**
Current assets			
Euros	21	5.08%	1
US Dollars	8 335	3.56%	297
Current liabilities			
UK Pound	(77)	3.68%	(3)
Euros	(65 174)	5.08%	(3 311)
US Dollars	(29 887)	3.56%	(1 064)
Net impact from foreign denominated balances	**(86 782)**		**(4 080)**
Forward exchange contracts			
US Dollar	(1 921)	3.56%	(68)
Net impact including economic hedges on profit/loss	**(1 921)**		**(68)**

During the current year, there are no current liabilities and assets impacting equity directly.

2023 **Foreign denominated balances held by the group at year end:**	**R'000**	**Change in exchange rate**	**Impact on financial results R'000**
Current assets			
US Dollars	1 889	-15.62%	(295)
Current liabilities			
UK Pound	(22)	-20.53%	5
Euros	(73 880)	-20.46%	15 116
US Dollars	(24 502)	-15.62%	3 827
Net impact from foreign denominated balances	**(96 515)**		**18 653**
Forward exchange contracts			
US dollar	872	-15.62%	(136)
Net impact including economic hedges on profit/loss	**872**		**(136)**

29. Financial instruments (continued)

29.6 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Refer to the going concern assessment for the group for more information with regards to capital management.

The group manages its capital by either maintaining or adjusting the amount of the dividends paid to the shareholders, return capital to shareholders or issue new shares.

In addition, the group has long-term and short-term borrowings in place to meet the anticipated funding requirements. Borrowings are monitored based on the gearing ratio, which is consistent with others in the industry. This ratio is calculated as net debt divided by total capital. Net debt (refer note 2) is calculated as total borrowings (including current and non-current borrowings and other financial liabilities' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The table below serves to illustrate the group's gearing ratio at year end.

	Notes	2024 R'000	2023 R'000
Borrowings and other financial liabilities	3	-	29 807
Total borrowings		**-**	**29 807**
Cash and cash equivalents	20	(42 664)	(102 231)
Net debt		**(42 664)**	**(72 424)**
Total equity		618 270	562 895
Total capital		**575 606**	**490 471**
Gearing ratio		**-7%**	**-15%**

30. Fair value estimation and hierarchy

A number of group accounting policies and disclosures require the measurement of fair values. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The classification of assets and liabilities into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Fair value based on inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The carrying amount of cash and cash equivalents, bank overdrafts, trade receivables and trade payables approximates the fair value due to their short-term maturity nature. The fair value disclosure for these items is therefore not required.

The following table presents the group's financial assets and liabilities fair value hierarchy:

2024 **R'000**	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Continuing operations					
Measured at fair value on a recurring basis					
Foreign exchange contracts		-	1 921	-	1 921
Total liabilities		**-**	**1 921**	**-**	**1 921**
Measured on a recurring basis					
Land and buildings	13	-	-	30 000	30 000
Total assets		**-**	**-**	**30 000**	**30 000**

2023 **R'000**	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value on a recurring basis					
Foreign exchange contracts		-	872	-	872
Total liabilities		**-**	**872**	**-**	**872**
Measured on a recurring basis					
Land and buildings		-	-	35 000	35 000
Total assets		**-**	**-**	**35 000**	**35 000**

30. Fair value estimation and hierarchy (continued)

There were no transfers between level 1, 2 or 3 for the group during the year. The remeasurement made and interest accrued are treated in the cashflow statement as non-cash measurement items.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the respective fair values:

Deferred vendor liabilities

This relates to contingent consideration on business combination transactions. The fair values have been estimated using the discounted cash flow model. The discounted method was used to capture the present value of the expected future economic benefits that will flow out of the group arising from the contingent consideration. The significant unobservable inputs in relation to the contingent consideration incudes EBIT margin and EBITDA margin. A slight increase in these inputs in isolation would result in a significant increase in the fair value, however in respect of these liabilities, all contingent consideration has already been determined per the underlying agreements. Therefore, no sensitivity analysis was performed on the fair value of deferred vendor liabilities as all contingent consideration has been determined.

Derivative financial instruments

The group enters into derivative financial instruments with various financial institutions. Derivative financial instruments are valued using valuation techniques which employ the use of observable inputs. The future cash flows on forward exchange contracts and interest rate swaps are estimated based on the forward exchange rates and forward interest rates at the end of the period discounted at a rate that reflects the credit risk of various counterparties.

Borrowings and other financial liabilities

The group had borrowing facilities with various financial institutions in the prior year and none in the current year. The key valuation inputs in the fair value assessment are the interest rate (unobservable) and non-performance risk (unobservable).

Assets and liabilities classified as held for sale

Assets and liabilities held for sale constitute the disposal groups held for sale and discontinued operations (please refer to note 4 for details thereof). The key valuation inputs consist unobservable inputs being the obtainable selling prices negotiated and potentially achievable for the various disposal groups. Advisors are appointed to the disposal process in accordance with the milestones illustrated in the refinancing agreement to commence with the process of identifying a buyer a purchase proceeds level attainable.

Land and buildings

Please refer to note 13 where the fair value considerations of land and buildings are provided.

31. Related parties

Related party transactions constitute the transfer of resources, services or obligations between the group and a party related to the group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

31. Related parties (continued)

Key management compensation 2024

R'000	Basic Salary	Travel Allowance	Incentives	Retirement/ medical benefits	Other benefits and costs ^^	Termination cost ^	Non executive Directors fees	Non executive Directors other services	Total
Executive directors									
AC Neethling	2 158	-	-	-	31	-	-	-	2 189
Total executive	**2 158**	**-**	**-**	**-**	**31**	**-**	**-**	**-**	**2 189**
Key management	13 149	592	1 490	2 424	253	1 000	-	-	18 908
Total executive and key management	**15 307**	**592**	**1 490**	**2 424**	**284**	**1 000**	**-**	**-**	**21 097**
Non-executive directors									
B Harie	-	-	-	-	-	-	1 095	-	1 095
K Wellner	-	-	-	-	-	-	607	-	607
A Chetty	-	-	-	-	-	-	743	-	743
HA Nolte[(1)]	-	-	-	-	-	-	75	-	75
T De Bruyn	-	-	-	-	-	-	189	-	189
	-	-	-	-	-	-	-	-	-
Total non-executive	**-**	**-**	**-**	**-**	**-**	**-**	**2 709**	**-**	**2 709**
Total	**15 307**	**592**	**1 490**	**2 424**	**284**	**1 000**	**2 709**	**-**	**23 806**

[(1)] Appointed as Non-Executive Director on 19 March 2024

^ Termination costs relate to a legacy mutual separation agreement.

^^ SDL & UIF legislative costs and cost reimbursements.

31. Related parties (continued)

The Ascendis Health Ltd directors and subsidiaries' directors are considered to be prescribed

Key management compensation 2023

R'000	Basic Salary	Travel Allowance	Incentives	Retirement/ medical benefits	Other benefits and costs ^^	Termination cost ^	Non executive Directors fees	Executive Directors other services	Total
Executive directors									
AC Neethling[(1)]	-	-	-	-	-	-	-	-	-
CJ Kujenga[(2)]	235	-	-	124	9	3 333	-	-	3 701
Total executive	**235**	**-**	**-**	**124**	**9**	**3 333**	**-**	**-**	**3 701**
Key management	6 337	40	5 754	1 118	150	548	-	-	13 947
Total executive and key management	**6 572**	**40**	**5 754**	**1 242**	**159**	**3 881**	**-**	**-**	**17 648**
Non-executive directors									
B Harie	-	-	-	-	-	-	773	-	773
H Smit	-	-	-	-	-	-	406	-	406
K Wellner	-	-	-	-	-	-	418	-	418
SL Muladzi[(4)]	-	-	-	-	-	-	294	-	294
A Chetty							615		615
AC Neethling[(3)]	-	-	-	-	-	-	81	-	81
T De Bruyn	-	-	-	-	-	-	161	-	161
Total non-executive	**-**	**-**	**-**	**-**	**-**	**-**	**2 748**	**-**	**2 748**
Total	**6 572**	**40**	**5 754**	**1 242**	**159**	**3 881**	**2 748**	**-**	**20 396**

[(1)] Appointed effective 30 September 2022.

[(2)] Resigned effective 30 September 2022.

[(3)] Relates to fees received as non-executive director before appointed as the group CEO.

[(4)] Retired on AGM on 30 November 2023.

^ Termination costs relate to a legacy mutual separation agreement.

^^ SDL & UIF legislative costs and cost reimbursements.

31. Related parties (continued)

Summary of directors' appointments, resignations and retirements

(1)	Appointed	
HA Nolte	19 March 2024	
(2)	**Appointed**	**Retired**
SL Mulaudzi	20 October 2021	30 November 2023

Directors' interest in shares

The direct and indirect interests of the directors in the issued share capital of the company are reflected in the below:

	Number of shares		
	Direct	**Indirect**	**Total**
AC Neethling	9 097 350	58 233 058	67 330 408
K Wellner	1 278 124	2 365	1 280 489
B Harie	4 200	245 923	250 123
T De Bruyn	-	126 493 990	126 493 990
30 June 2024	**10 379 674**	**184 975 336**	**195 355 010**

Subsequent to the reporting period, a change in AC Neethling shares was noted as follows: (Direct beneficial shares Nil; Indirect beneficial Shares 92 731 867).

	Number of shares		
	Direct	**Indirect**	**Total**
SL Mulaudzi*	-	56 321 482	56 321 482
AC Neethling	9 097 350	65 947 438	75 044 788
K Wellner	1 278 124	2 365	1 280 489
B Harie	4 602	245 923	250 525
T De Bruyn	-	78 072 509	78 072 509
30 June 2023	**10 380 076**	**200 589 717**	**210 969 793**

*SL Mulaudzi retired at AGM on 30 November 2023

The independent non-executive directors' interests in the issued share capital of the company represent less than 0.0% (2023: 0.0%) of the total issued share capital of the company at 30 June 2024. The collective interests held by the independent non-executive directors do not constitute a material shareholding in the company. Accordingly, their continued participation as directors is deemed not to be impaired.

Loans to and from related parties

Loans to directors of subsidiaries	2024 R'000	2023 R'000
As at 1 July	-	7 224
Loan reclassified from external party during the year	-	-
Loan reclassified to external party during the year (1)	-	(7 224)
As at 30 June	**-**	**-**

(1) The loan reclassified to external parties consist of a loan to an Ascendis director that has been ceded to an external party.

32. 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 three material disputes: (a) with a former advisor on a previous engagement; (b) with a shareholder of the group concerning a loan that the shareholder alleges was guaranteed by Ascendis; and (c) with a service provider regarding certain services provided to the group. The group is in consultation with its legal counsel, assessing the potential outcome of these disputes on an ongoing basis. The group does not foresee any material or significant exposure based on advice from legal representatives currently. As these disputes progress, management makes provision in respect of legal proceedings where appropriate.

33. Events after reporting period

Transition to Investment Entity Reporting

In line with our decentralisation strategy to transition Ascendis from a conglomerate to a cost effective and decentralised investment holding company, Ascendis has undertaken extensive efforts to simplify its internal group and operating structure. This has included the elimination of shared services and centralised functions as well as instilling a culture of ownership and accountability within each business.

A key step as part of the transition to an investment holding company has been to appoint an investment manager to perform the investment management functions. ACN Capital IHC (Pty) Ltd (a related party), has been appointed as the investment manager of the Group ("Investment Manager") on an interim basis until the next annual general meeting at which point the appointment will be formalised. The total cost of the engagement does not exceed 0.25% of the total market capitalisation of Ascendis, immediately prior to the conclusion of the relevant agreement.

Going forward, the group will receive strategic advice, financial support and management services from the Investment Manager, in order to maximise the investment return received by Ascendis shareholders from the underlying investees.

The Investment Manager will furthermore assume responsibility for directing capital allocation and will provide investment management and support services to shareholders of Ascendis under the supervision and guidance of the Board, with the ultimate objective being to invest; grow and unlock value in the form of investment income and capital appreciation of its underlying investees companies.

Accordingly, Ascendis will prospectively apply the investment entity exemption in terms of IFRS10.30 from 01 July 2024 and will measure its investments in its subsidiaries at fair value through profit or loss in accordance with IFRS 9. The board believes this change of the Ascendis' management and reporting structure will provide more relevant and valuable information to all stakeholders and will result in greater alignment with its strategy and objectives. It is further anticipated that this will simplify the Group's internal financial reporting structures and further reduce costs.

After the reporting period, there has been significant movement in interest in Directors' shares, AC Neethling shares was noted as (Direct beneficial shares Nil; Indirect beneficial Shares 92 731 867). There are no material events which occurred after the reporting date and up to the date of this report.

Ascendis
HEALTH LIMITED

Company Annual Financial Statements

For the year ended
30 June 2024

Company statement of profit or loss and comprehensive income

for the year ended 30 June 2024

	Note	2024 R'000	2023 R'000
Expected credit losses allowance on loans to related parties	5	(446 064)	(2 042 836)
Other operating expenses	1	(2 963)	(5 697)
Operating loss		**(449 027)**	**(2 048 533)**
Finance income	2	6	986
Finance costs	2	(352)	(725)
Loss before taxation		**(449 373)**	**(2 048 272)**
Taxation credit	3	-	-
Loss for the year		**(449 373)**	**(2 048 272)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(449 373)**	**(2 048 272)**

Company statement of financial position

at 30 June 2024

	Notes	2024 R'000	2023 R'000
Investments in subsidiaries	4	522 751	522 751
Non-current assets		**522 751**	**522 751**
Loans to related parties	5	259 778	711 258
Cash and cash equivalents	6	650	794
Current assets		**260 428**	**712 052**
TOTAL ASSETS		**783 179**	**1 234 803**
Stated capital	8	6 237 888	6 237 888
Accumulated loss		(5 456 420)	(5 007 048)
Equity		**781 468**	**1 230 840**
Trade and other payables	7	1 590	1 555
Current income tax liabilities	11	-	2 408
Loans from related parties	5	120	-
Current liabilities		**1 710**	**3 963**
TOTAL LIABILITIES		**1 710**	**1 234 803**
TOTAL EQUITY AND LIABILITIES		**783 178**	**1 234 803**

Company statement of changes in equity

for the year ended 30 June 2024

R'000	Note	Stated capital	Accumulated loss	Total equity
Balance as at 1 July 2022		**6 136 358**	**(2 958 807)**	**3 177 551**
Loss for the year		-	(2 048 272)	**(2 048 272)**
Total comprehensive loss for the year		**-**	**(2 048 272)**	**(2 048 272)**
Issue of ordinary shares		101 530	-	**101 530**
Contribution to a subsidiary[(1)]		-	31	**31**
Balance as at 30 June 2023		**6 237 888**	**(5 007 048)**	**1 230 840**
Loss for the year		-	(449 371)	**(449 371)**
Total comprehensive loss for the year		**-**	**(449 371)**	**(449 371)**
Balance as at 30 June 2024	8	**6 237 888**	**(5 456 419)**	**781 469**

[(1)] This relates to a common control transaction where the company transferred investments to Ascendis Health SA Holdings (Pty) Ltd.

Company statement of cash flows
for the year ended 30 June 2024

	Notes	2024 R'000	2023 R'000
Cash utilised by operations	10	(5 685)	31
Interest income received	2	6	986
Net cash (outflow)/inflow from operating activities		**(5 679)**	**1 017**
Loans advanced to related parties		(1 325)	-
Repayment of loans advanced to related parties		6 740	-
Net cash inflow from investing activities		**5 415**	**-**
Cash flows from financing activities			
Loans received from related parties	5	120	-
Proceeds from issue of shares	9	-	101 530
Repayment of loans received from related parties	5	-	(124 962)
Net cash (outflow) / inflow from financing activities		**120**	**(23 432)**
Net (decrease) / increase in cash and cash equivalents		**(144)**	**(22 415)**
Cash and cash equivalents at beginning of year		794	23 209
Cash and cash equivalents at end of year	6	**650**	**794**

Corporate information

Ascendis Health Limited is incorporated and domiciled in South Africa, where its ordinary shares are publicly traded on the Securities Exchange of the JSE Limited. Ascendis Health Limited is the ultimate parent company of the group.

Basis of preparation

The financial statements for Ascendis Health Limited have been prepared in accordance with applicable International Financial Reporting Standards (IFRS®).

Principal accounting policies

The principal accounting policies applied in the preparation of the company financial statements are the same as those presented in the consolidated group financial statements, to the extent that the group's transactions and balances are applicable to the company financial statements.

The accounting policies, which are additional to those applied by the group as set out below and in the related notes to the company financial statements. The principal accounting policies are applied consistently with those adopted in the prior year.

Financial Instruments

Financial instruments comprise cash and cash equivalents, trade and other payables and related party loans.

Financial assets and liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has not applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified unless the company changes its business model. In rare circumstances where the company does change its business model, reclassifications are done prospectively from the date that the company changes its business model. Financial liabilities are classified as measured at amortised cost except for those derivative liabilities that are measured at fair value through profit or loss.

Financial Instruments (continued)

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the company obtaining a new financial asset, the company shall recognise the new financial asset fair value.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. The net difference between extinguished original debt instrument and recognition of new debt instrument is recorded in profit or loss. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in derecognition of the existing instrument.

The company assessed on a forward-looking basis, the expected credit loss allowance (ECL) on all financial assets that are not held at fair value though profit or loss. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive. ECLs are discounted at the original effective interest rate (EIR) of the financial asset. ECL are measured on either a 12-month or lifetime basis depending on whether there has been a significant increase in credit risk since initial recognition or whether the asset is considered credit-impaired. ECL are the discounted product of the probability of default (PD) and exposure at default (EAD).

The PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining life (lifetime PD) of the obligation

The EAD is based on the amounts the company expected to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining life (lifetime EAD).

The company calculates loss given default (LGD) as discounted EAD.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company recognises in profit or loss, as an impairment loss or reversal, the amount of ECL that is required to adjust the loss allowance at the end of the reporting period. When a receivable is uncollectible, it is written off against the allowance for impairment for that receivable. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

The company defines a financial instrument in default when the counterparty fails to make contractual payments within 90 days of when they fall due.

The company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. This is the point when the company’s collection activities are unable to recover outstanding balances.

The company considered financial assets subject to assessment for ECL in terms of the general impairment model to have experienced a significant increase in credit risk since the time of initial recognition when one or more of the following criteria have been met:

Financial Instruments (continued)

Quantitative

Where the counterparty has not met its minimum contractual obligations.

Quantitative criteria

The company considered available reasonable and supportive forward-looking information incorporating the following indicators, where applicable:

- Expected delay in payment
- Changes in the amount of financial support available to the counterparty.
- Changes in the general economic and/or market conditions.
- Internal and external credit ratings.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Any potential impairment is determined on a basis consistent with the accounting policy on the impairment of intangible assets as presented in note 4 of the financial statements.

Stated capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Significant estimates and accounting judgements

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

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

Significant estimates and judgements were made on the following items:

Key estimates

- Recoverability of deferred tax assets (Note 9).

1. Other operating expenses

Operating expenses primarily comprise of all costs that the company incurs as part of its normal operations. These include but are not limited to, audit fees, bank charges, listing fees, foreign exchange losses and other costs.

	2024 R'000	2023 R'000
Audit fees	1 395	897
Bank charges	10	16
Listing fees	811	2 365
(Gain)/Loss on exchange differences	-	(2 243)
Project costs	594	4 632
Loss on disposal of investments	17	3
Other operating expenses/(reversals)	135	27
	2 962	**5 697**

Directors appointed in Ascendis Health Limited are remunerated through subsidiary entities and has been adequately disclosed in the Group results in note 31 as part of the key management compensation.

2. Finance income and costs

Finance income

Finance income comprises of interest income on bank balances. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs

Finance costs comprise interest expense arising from tax liabilities to SARS, bank overdrafts and unwinding of deferred vendor liabilities. All borrowing costs are recognised in profit or loss using the effective interest method.

	Financial class	2024 R'000	2023 R'000
Finance costs			
Interest on debt facilities	Amortised cost	(340)	-
SARS	Amortised cost	(12)	(725)
		(352)	**(725)**
Finance income			
Interest received on bank	Amortised cost	6	986
		6	**986**
Net finance income / (costs)		**(346)**	**261**

3. Income tax expense

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

The current income tax charge is calculated based on the tax laws that are enacted or substantially enacted at the reporting date in South Africa where the company operates and generates taxable income. Management periodically evaluates positions taken in our tax returns with regards to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the South African Revenue Service ("SARS").

Major components of the tax expense

	2024 R'000	2023 R'000
Current Tax		
Current tax on profits for the period	-	-
Prior years under provision of tax	-	-
	-	**-**
Deferred		
Current deferred tax charge	-	-
	-	**-**
Income tax expense	**-**	**-**
Tax at the South Africa tax rate	**(27.0%)**	**(27.0%)**
Disallowable charges- foreign restructuring expenses	0.0%	0.1%
Non - deductible consulting fees	27.0%	0.0%
Disallowable charges- provisions	0.0%	26.9%
Average effective tax rate	**0.0%**	**0.0%**

At year end there were no deferred tax assets or liabilities recognised and therefore there are no long-term effect of the tax rate change. The unrecognized tax loss is R191.7 million at 27%, being R51.8 million.This relates to the amount of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognised in the statement of financial position.

4. Investments in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying value net of impairment, of the investments in the financial statements:

Name of subsidiary	CGU	2024 % of ordinary shares held	2023 % of ordinary shares held	2024 R'000 Investment value	2023 R'000 Investment value
Ascendis Health SA Holdings (Pty) Ltd[(1)]	Head Office	100%	100%	522 751	522 751
Total				**522 751**	**522 751**

[(1)] During the 2023 financial year, additional shares were issued of R185 million by Ascendis Health SA Holdings (Pty) Ltd to which the entity subscribed.

Impairment tests for investments in subsidiaries

No impairment tests were performed during the current year because there were no indicators triggering impairment as there were no major changes in the financial conditions of the investee.

5. Loans to / (from) related parties

Loans to / (from) related parties constitute the transfer of funds between the company and a party related to the Ascendis group of companies, based on agreed terms of repayment and interest rates as stated in the loan agreements.

2024 Loans receivable	Basis for loss allowance[1]	Gross carrying amount R'000	Expected credit loss allowance R'000	Net carrying amount R'000
Ascendis Health SA Holdings (Pty) Ltd	Lifetime ECL	259 750	-	259 750
Ascendis Financial Services (Pty) Ltd	Lifetime ECL	28	-	28
Marltons Pets & Products (Pty) Ltd	Lifetime ECL	3 000	(3 000)	-
		262 778	**(3 000)**	**259 778**

During the financial period the group performed a consolidation of its internal loans, as a result Ascendis Health Limited ceded its loans receivables to Ascendis Health SA Holdings with no linked repayment terms. The loan receivable with Ascendis Health SA Holdings was subsequently remeasured to a recoverable carrying value.

2023 Loans receivable	Basis for loss allowance [1]	Gross carrying amount R'000	Expected credit loss allowance R'000	Net carrying amount R'000
Ascendis Health SA Holdings (Pty) Ltd	Lifetime ECL	98 712	-	98 712
Anti-Aging Technologies (Pty) Ltd	Lifetime ECL	17	(17)	-
Ascendis Consumer Brands (Pty) Ltd	Lifetime ECL	25 656	(25 656)	-
Ascendis Financial Services (Pty) Ltd	Lifetime ECL	2 717 294	(2 131 781)	585 513
Ascendis Management Services (Pty) Ltd	Lifetime ECL	134 613	(134 613)	-
Ascendis Supply Chain properties (Pty) Ltd (K766)	Lifetime ECL	34 010	(6 977)	27 033
Chempure (Pty) Ltd	Lifetime ECL	30 008	(30 008)	-
Elixr Brands (Pty) Ltd	Lifetime ECL	9 425	(9 425)	-
K2013126193 (South Africa) (Pty) Ltd	Lifetime ECL	62 152	(62 152)	-
Marltons Pets & Products (Pty) Ltd	Lifetime ECL	3 000	(3 000)	-
		3 114 887	**(2 403 629)**	**711 258**

5. Loans to / (from) related parties (continued)

	2024 R'000	2023 R'000
Non-current	-	-
Current	259 778	711 258
Net loans receivable	**259 778**	**711 258**

Reconciliation of expected credit loss allowance	2024 R'000	2023 R'000
Opening balance	(2 403 629)	(360 793)
Reversal of impairment/(impairment)	2 400 629	(2 042 836)
Fair value adjustment on loan balance	2 846 691	-
Changes in risk profile	(446 062)	(2 042 836)
As at 30 June	**(3 000)**	**(2 403 629)**

The company's loans to and from its subsidiaries have no fixed repayments terms and bear no interest.

The carrying value of the loans receivable and payable closely approximates the fair value due to the short term nature thereof.

Loans payable	2024 R'000	2023 R'000
Ascendis Management Services (Pty) Ltd	120	-
	120	**-**

The loans are unsecured, bear no interest and have no fixed terms of repayment.

Loans payable movement:	2024 R'000	2023 R'000
As at 1 July	-	234 396
Loans advanced in cash during the year	120	5 625
Loans repaid in cash during the year	-	(130 587)
Other loan advances during the current year(2)	-	19 516
Reclassification to loans receivable	-	(58 942)
Other charges(1)	-	(70 008)
As at 30 June	**120**	**-**

(1)Other charges are made up of non-cash settlements which were part of the Group restructure.

(2)These are non-cash because it relates to payments made by other group companies on behalf of the company.

6. Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost.

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

In the statement of cash flows, cash and cash equivalents includes cash on hand and cash held in bank accounts.

Cash and cash equivalents consists of:	2024 R'000	2023 R'000
Bank current account	650	601
Bank foreign currency accounts	-	193
Cash and cash equivalents per the cash flow statement	**650**	**794**

7. Trade and other payables

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

	2024 R'000	2023 R'000
Trade payables	825	840
Accrued expenses [1]	765	715
	1 590	**1 555**

[1] Accrued expenses comprise audit fees and project costs.

8. Stated capital

	2024 R'000	2023 R'000
Issued ordinary shares	6 237 888	6 237 888

Number of shares	'000	'000
Authorised shares (no par value)	2 000 000	2 000 000
Reconciliation of number of shares in issue *(fully paid up)***:**		
Ordinary shares - opening balance	632 470	489 470
Issued during the year	-	143 000
Ordinary shares - closing balance	**632 470**	**632 470**

9. Deferred tax

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (where applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. Management applies judgement in determining whether sufficient future taxable profit will be available after considering factors such as historical profits, forecasts cash flows and budgets. Deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets of R51.7m (30 June 2023 – R51.7m) relating to accumulated tax losses have not been raised based on the assumption that there won't be sufficient taxable profits in the future against which to utilize the accumulated losses.

10. Cash flow from operating activities

		2024 R'000	2023 R'000
Loss before taxation		(449 371)	(2 048 272)
Adjustments for:			
Net finance cost	2	346	(261)
Foreign exchange differences	1	-	(2 271)
Profit on investment disposal	1	17	3
Expenses paid on behalf of company (1)		(2 778)	7 767
Expected credit loss allowance on loans to related parties	5	446 067	2 042 836
Changes in working capital:			
Trade and other payables	7	35	229
Cash utilised by operations		**(5 685)**	**31**

1) The Expenses paid on behalf of company refers to expenses paid by Ascendis Management Services (Pty) Ltd on behalf of the company.

11. Tax paid

	2024 R'000	2023 R'000
Balance at the beginning of the year	(2 407)	(13 457)
Other charges and penalties	-	(725)
Tax payments made on behalf of the company(1)	2 407	11 775
Balance at the end of the year	**-**	**(2 407)**

(1) These payments are capitalised to the loans payable to related parties.

12. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Categories of financial instruments

2024	Amortised cost R'000	Total carrying amount[1] R'000
Financial assets		
Loans to related parties	262 778	259 778
Cash and cash equivalents	650	650
	263 428	**260 428**
Financial liabilities		
Loans from related parties	120	120
Trade and other payables	1 590	1 590
	1 710	**1 710**

2023	R'000	R'000
Financial assets		
Loans to related parties	711 258	711 258
Cash and cash equivalents	794	794
	712 052	**712 052**
Financial liabilities		
Trade and other payables	757	757
	757	**757**

[1] The carrying amount of the financial assets and liabilities closely approximates the fair value.

Liquidity risk

The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024	3 months R'000	Total R'000
Loans from related parties	120	120
Trade and other payables	68	68
Total	**188**	**188**

2023	3 months R'000	Total R'000
Trade and other payables	83	83
Total	**83**	**83**

Credit risk

Balances held by the company that are exposed to credit risk are as follow:

	2024 R'000	2023 R'000
The company is exposed to the following financial assets:		
Loans to related parties	262 778	711 258
Cash and cash equivalents - Ba3	650	687
Cash and cash equivalents - Ba2	-	107
	263 428	**712 052**

Credit risk is mitigated to the extent that the majority of receivables consist of related party receivables.

Impairment of financial assets

Credit risk or the risk of financial loss to the company is due to customers or counterparties not meeting their contractual obligations. It is managed through application of credit approvals, limits and monitoring procedures. Credit risk arises from cash and cash equivalents, other financial assets carried at amortised cost, derivatives financial assets and deposits with banks and financial institutions as well as credit exposures to all customers including all outstanding receivables.

In applying the requirements of IFRS when determining the ECL for financial assets, analysis of empirical evidence of historical defaults and losses was done. Significant judgement is applied and generally includes the relevant country's benchmark data. Material and concentrated exposures were assessed separately. The measurement of risk is projected forward based on macroeconomic forecasts. Macro-economic forecast is applied with a probability average of the forecasts and scenarios. For customers that were identified as individually significant, i.e. government and public listed customers, a specific risk was applied by applying the published credit ratings.

Estimation was applied in determining the correlation of macro-economic variables to defaults. The basis of the correlations applied was based on the Moody's Analytics Impairment Calculation.

Simplified parameter-based approach

The company applies the following credit risk grading:

Stage 1 - applies when the counterparty has a low risk of default and does not have any past-due amounts. 12-month ECL is used as basis for recognising ECL;

Stage 2 - applies when the receivable is more than 30 days past due or when there has been significant increase in credit risk since initial recognition. The receivable is not credit-impaired and lifetime ECL is used as basis for recognising ECL; and

Stage 3 - applies when the receivable is 90 days past due or when there is evidence indicating that the receivable is credit impaired. The receivable is credit-impaired and lifetime ECL is used as basis for recognising ECL;

12. Financial risk management (continued)

2024	Gross R'000	Impaired R'000	Net R'000
Loans to related parties	262 778	(3 000)	259 778
2023			
Loans to related parties	3 114 887	(2 403 629)	711 258

During the financial period the group performed a consolidation of its internal loans, as a result Ascendis Health Limited ceded its loans receivables to Ascendis Health SA Holdings with no linked repayment terms. The loan receivable with Ascendis Health SA Holdings was subsequently remeasured to a recoverable carrying value.

The loans to related parties are assessed as stage 2 and lifetime ECL has been applied in calculating the allowance.

The opening to closing in allowances for loans from related parties as at 30 June is as follows.

	2024 R'000	2023 R'000
Opening loss allowance	(2 403 629)	(360 793)
Movement in loans balance	–	–
Changes in risk parameters	(446 063)	(2 042 836)
As at 30 June	**(2 849 692)**	**(2 403 629)**

Cash and cash equivalents

The credit ratings of the financial institution with whom the company holds its bank accounts is as follows:

Financial institution	Rating
Standard Bank South Africa	Ba3
Rand Merchant Bank	Ba2

Interest rate risk

The company is not exposed to material interest rate risk, it currently does not have any external debt instruments.

Capital risk management

The company is not significantly exposed to capital risk. The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company manages its capital by either maintaining or adjusting the amount of the dividends paid to the shareholders, return capital to shareholders or issue new shares.

Appendix A: Interests in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the company; plus
- Any costs directly attributable to the purchase of the subsidiary.

The following companies were deregistered during the year:

- Anti-Aging Technologies (Pty) Ltd
- Ascendis Medical Supplies (Pty) Ltd

The table below lists all entities which are controlled by the group, either directly or indirectly through subsidiaries:

	Ordinary shares held by the group (%)	
	2024	**2023**
CONSUMER HEALTH		
Ascendis Consumer Brands (Pty) Ltd	100%	100%
Ascendis Supply Chain (Pty) Ltd	100%	100%
Chempure (Pty) Ltd	100%	100%
K2013197766 (Pty) Ltd	100%	100%
K2013126193 (South Africa) (Pty) Ltd	100%	100%
The Compounding Pharmacy of South Africa (Pty) Ltd	100%	100%
MEDICAL		
Ascendis Medical Supplies (Pty) Ltd (Namibia)~	0%	100%
Anti-Aging Technologies (Pty) Ltd~	0%	100%
Cardio Tech Pty Ltd t/a Cardaxes	100%	100%
Interv Med (Pty) Ltd	100%	100%
Ortho-Xact (Pty) Ltd	100%	100%
Surgical Innovations (Pty) Ltd°	100%	0%
The Scientific Group (Pty) Ltd	100%	100%
HEAD OFFICE		
Ascendis Financial Services (Pty) Ltd	100%	100%
Ascendis Health SA Holdings (Pty) Ltd	100%	100%
Ascendis Management Services (Pty) Ltd	100%	100%
Elixr Brands (Pty) Ltd	100%	100%
Ascendis Health Spain Holdings SL	100%	100%
PHARMA		
Ascendis Pharma Holdings (Pty) Ltd	0%	100%
BIOSCIENCES		
Ascendis Biosciences (Pty) Ltd	100%	100%
Klipspringer Products (Pty) Ltd	100%	100%

~entity deregistered during the year
° Surgical Innovations was reacquired in the current year and reported as a loss of control in the prior year

Appendix B: Shareholders' information

Spread of ordinary shareholders	30 June 2024 Number of shares	30 June 2024 Percentage of shares	30 June 2023 Number of shares	30 June 2023 Percentage of shares
Public shareholders[1]	430 396 360	68.1%	415 075 683	65.6%
Non-public shareholders				
- Directors, associates and associates of the company	195 355 010	30.9%	210 969 793	33.4%
- Treasury shares (own holdings)	6 718 589	1.1%	6 424 483	1.0%
Total	**632 469 959**	**100.0%**	**632 469 959**	**100.0%**

[1] Represents 14 821 public shareholders

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 5% or more of the issued share capital at 30 June 2024:

Major beneficial shareholders holding 5% or more	30 June 2024 Number of shares	30 June 2024 Percentage of shares	30 June 2023 Number of shares	30 June 2023 Percentage of shares
Calibre Investment Holdings (Pty) Ltd	126 493 990	20.0%	78 072 509	12.3%
International Finance Corporation	61 686 663	9.8%	61 686 663	9.8%
Kefolile Health Investments (Pty) Ltd	56 321 482	8.9%	56 321 482	8.9%
Alpvest Equities (Pty) Ltd	47 802 918	7.6%	47 802 918	7.6%
Cresthold (Pty) Ltd	48 187 648	7.6%	44 087 648	7.0%
Dendrobium Capital (Pty) Ltd	38 006 922	6.0%	36 741 922	5.8%

30 June 2024 Distribution of registered shareholdings	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1 - 1 000	12 228	82.5%	1 529 831	0.2%
1 001 - 10 000	1 853	12.5%	6 223 837	1.0%
10 001 - 100 000	568	3.8%	19 184 581	3.0%
100 001 - 1 000 000	120	0.8%	35 556 858	5.6%
1 000 001 shares and over	52	0.4%	569 974 852	90.1%
	14 821	**100.0%**	**632 469 959**	**100.0%**

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	Nexia SAB&T
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	Joseph Fine (B Soc Sci LLB) Joe.fine@ascendishealth.com
Directors	B Harie (Chairman)* K Wellner* T De Bruyn~ HA Nolte* A Chetty* AC Neethling (CEO) ** Independent non-executive* *~ Non-executive* *SL Mulaudzi retired at AGM on 30 November 2023* *HA Nolte was appointed Non-executive Director on 19 March 2024* *TJM Mbele was appointed Interim Chief Financial Officer on 30 July 2024*

ASCENDIS

1 Carey Street
Wynberg
Gauteng
2191

Phone
+27 (0)11 036 9600

Email
info@ascendishealth.com

Website
www.ascendishealth.com