Ascendis
HEALTH LIMITED

UNAUDITED INTERIM RESULTS

For the six months ended
31 December 2021

Contents

Key Features (continuing operations)

Group Recapitalisation completed, resulting in a R7.7 billion debt reduction

Revenue from continuing operations increased by 6% (excluding Dezzo which was disposed of in February 2021)

Revenue from continuing operations including Dezzo decreased by 40%

Normalised EBITDA^{PM} from continuing operations, improved by 74% to a loss of R14 million

Normalised EBITDA^{PM} from remaining SA operations excluding head office costs, improved by 43% to R119 million

Reduction in head office costs of 30% to R46 million

Normalised operating loss improved 49% to a loss of R94 million

Basis loss per share improved 29% to 102.1 cents

Headline loss per share improved 18% to 114.6 cents

Normalised headline earnings strengthened by 23% to a loss of R438 million (including Group Recapitalisation finance costs of R366 million)

Normalised headline loss per share^{PM} improved 23% to 91 cents

Commentary

Financial performance

Ascendis Health Group is reporting normalised results from total operations which have been adjusted for once-off transaction-related and restructuring costs in the current and prior reporting periods.

The Group Recapitalisation was concluded in October 2021 and the disposals of Animal Health and Respiratory Care Africa (“RCA”), were completed shortly thereafter. Therefore, the following entities are included in these results until their respective effective dates of disposal:

- Remedica and Sunwave – effective close date 21 October 2021;
- Farmalider – effective close date 7 July 2021;
- RCA – effective close date 31 October 2021; and
- Animal Health – effective close date 30 November 2021

Post the Group Recapitalisation, the group comprised of the three South African businesses namely Medical Devices (excluding RCA), Pharma and Consumer Brands (collectively referred to as “Remaining SA Operations”).
The results of the Remaining SA Operations follow:

SA Operations	**December 2021 Revenue**	**December 2020 Revenue**	**Revenue**	**December 2021 Normalised EBITDA[PM]**	**December 2020 Normalised EBITDA[PM]**	**Normalised EBITDA[PM]**
	R’m	**R’m**	**%**	**R’m**	**R’m**	**%**
Medical Devices	479	535	(10%)	52	68	**(24%)**
Pharma*	181	348	(48%)	29	(15)	292%
Consumer Brands**	340	338	1%	38	31	24%
Total operations	**1 000**	**1 221**	**(18%)**	**119**	**83**	**43%**
Head office				**(46)**	**(67)**	**(31%)**
Net				**73**	**16**	**356%**

** The comparatives of Pharma include revenue from Dezzo of R215 million and normalised EBITDA loss of R9 million. The divestment of Dezzo was completed effective 28 February 2021.*
*** The results of Consumer Brands include revenue from Nimue Skin of R41 million (2020: R52 million) and normalised EBITDA[PM] of R9 million (2020: R14 million.*

Commentary (continued)

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

	Revenue	Normalised EBITDA[PM]	Loss from continuing operation after tax	Continuing Operation Loss per share	Continuing Operation Headline loss per share	Continuing Operation Normalised headline loss per share[PM]
	R'000	R'000	R'000	Cents	Cents	Cents
As reported 31 December 2020	**3 983**	**794**	**(303)**	**(62.7)**	**(31.1)**	**(9.0)**
Transfer to discontinuing operations	(3 487)	(850)	(390)	(81.3)	(108.9)	(109.5)
Restated 31 December 2020	**496**	**(56)**	**(693)**	**(144.0)**	**(140.0)**	**(118.5)**

The prior comparative period includes the results of Dezzo as follows: revenue of R215 million and normalised EBITDA loss of R9 million. The divestment of Dezzo was completed effective 28 February 2021.

The period under review saw a post-lockdown resurgence in elective surgery and trauma cases that has resulted in improved performances by Surgical Innovations and Ortho-Xact within Medical Devices. This was tempered by underperformance in The Scientific Group, which has been impacted by the reallocation of donor funding in the rest of Africa to Covid-19 vaccine procurement and distribution, and away from diagnostic testing.

Pharma delivered strong sales growth following a market recovery to pre-Covid-19 levels and market share gains in key brands such as Reuterina, Sinuend and Sinucon. This was further supported by positive EBITDA performance driven by improved margins and the benefits of cost cutting initiatives.

Consumer Brands encountered headwinds in contract manufacturing and the slower than expected reopening of beauty salons and some going out of business. Port strikes and global supply chain challenges also impacted the strategic procurement business, Chempure. However, a continued focus on SKU rationalisation and cost optimisation ensured that the business delivered 24% improvement in Normalised EBITDA[PM].

Operating expenses decreased by 69%, excluding once-off transaction-related and restructuring costs of R61 million (H1 2021: R118 million). These once-off costs include professional and advisory fees associated with lender agreements and planned disposal projects. Head office costs decreased by 30% to R46 million as the restructure progresses, with savings on fixed costs, decreased staff costs and lower audit fees due to the reduced size of the group.

Impairment losses totalling R257 million were recognised for the half year which all relate to discontinued operations.

Net finance costs decreased by 21% or R497 million to R391 million due to the reduced debt balance, and improved financing terms post the Group Recapitalisation.

Normalised headline earnings from continuing operations increased by 17% to a loss of R552 million (H1 2021: loss of R672 million), with a normalised headline loss per share of 114.6 cents for the first half (H1 2021: 140 cents loss per share).

The basic loss per share from continuing operations was 102.1 cents compared to the prior period basic loss per share of 62.7 cents. Headline loss per share was 114.6 cents compared to headline loss per share of 31.1 cents in the prior period.

Commentary (continued)

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

Bank debt totaled R582 million at 31 December 2021 (30 June 2021: R6.7 billion).

Recapitalisation Plan

On 12 January 2022 Apex Management Services and Pharma-Q Holdings ("New Lenders") advanced a new facility of R550 million ("New Loan") to the group, with the proceeds utilised to settle the debt owed to L1 Health and Blantyre. The New Loan was originally advanced under the existing senior facilities agreement and retained the terms, conditions, security and interest rate of the debt owed to L1 Health and Blantyre as of 29 December 2021, save that the maturity date was extended to 31 January 2022 in order to finalise a recapitalisation plan being agreed between the New Lenders and the board (the "Recapitalisation Plan").

The Recapitalisation Plan was signed on 31 January 2022 and entailed Ascendis Health SA Holdings Proprietary Limited, a wholly owned subsidiary of Ascendis Health, entering into three separate sale agreements in terms of which it will dispose of its direct and indirect interests in the entities through which the businesses known as "Ascendis Pharma", "Nimue Skin" and "Ascendis Medical", operate (collectively, "Proposed Disposals").

To facilitate the implementation of the Proposed Disposals, the following key terms were agreed in respect of the New Loan:

- The term has been extended to the earlier to occur of (i) the date on which the last of the Proposed Disposals is implemented and (ii) 30 June 2022.
- The applicable interest rate has been reduced by 4% (resulting in a rate of JIBAR plus 8.33%). In the event of a default, a ratchet of 4% will be applied retrospectively. In addition, a further 2% increase will apply prospectively if shareholders do not approve any requisite resolutions to implement the Proposed Disposals.
- The Recapitalisation Plan provides an opportunity for the group to be debt-free with excess cash for reinvestment into optimising Consumer Brands and rebuilding the group. The Recapitalisation Plan will be subject to, inter alia, shareholders voting in accordance with the Companies Act and/or the JSE Listings Requirements as applicable.

If the group is unable to implement the Recapitalisation Plan, it will need to find an alternative mechanism to ensure the debt can be repaid in full by 30 June 2022 or face the risk that the lenders will enforce their security. The enforcement action will result in a business rescue process, during which, shareholders rank behind creditors. Furthermore, in an accelerated business rescue-driven asset disposal process, it is likely that lower proceeds will be realised given the distressed circumstances in which divestments take place and additional tax liabilities and costs will be incurred which will rank ahead of the claims of shareholders.

Following the Recapitalisation Plan with the New Lenders, which was announced after the end of the reporting period, the results of Pharma, Medical Devices and Nimue (which formed part of Consumer Brands) are reported under discontinued operations.

Commentary (continued)

New Ascendis Health

Following the completion of the Recapitalisation Plan the board will focus on rebuilding the group through a sustainable growth strategy supported by stringent capital allocation metrics. The strategy will be based on the following pillars:

1. Optimising Consumer Brands: The remaining Consumer Brands business presents a compelling base for the growth prospects of the group. The current brand portfolio within Consumer Brands comprises seven key vitamin, mineral and supplement ("VMS") brands. It is one of the largest VMS suppliers in South Africa, with brands such as Solal, Vitaforce, Menacal, Bettaway and Junglevite being among the most established and recognised in their categories. Consumer Brands also has a manufacturing capability and is one of only two South African Health Products Regulatory Authority ("SAHPRA") accredited soft gel capsule manufacturers in the country.
2. Expansion through acquisitive growth: The board is exploring opportunities to acquire scalable, earnings enhancing businesses in the broader consumer products sector. These acquisitions will be funded by a combination of cash (generated through the Recapitalisation Plan), equity and debt (within the parameters of aa conservative and well-defined capital allocation framework).
3. Fit for purpose head office: Transition head office into an investment holding company model responsible for strategic, capital allocation and M&A support, with a leaner, more focused head office team.

Harry Smit
Chairman

Cheryl-Jane Kujenga CA (SA)
Interim Chief executive officer
Chief financial officer

Bryanston
17 February 2022

Performance measures

Performance measures (PM’s) are not defined or specified per the requirements of IFRS but are derived from the financial statements prepared in accordance with IFRS. They are consistent with how the group’s performance is measured and reported internally to assist in providing meaningful analyses. The PM’s are used to improve comparability of information between reporting periods and segments by adjusting for infrequent items.

The key PM’s used by the group are normalised EBITDA (earnings before interest, tax, depreciation, amortisation and impairments and further adjusted for the acquisition, integration and disposal of businesses, debt and capital restructuring costs, restructuring and retrenchment costs), and normalised operating profit and normalised headline earnings per share (calculated by excluding specific non-trading items from the group's earnings. Gains and losses excluded for normalised headline earnings purposes include restructuring costs to streamline, rationalise and structure the group. Costs incurred to restructure the debt and equity capital structure of the group that cannot be capitalised are excluded. It also includes settlement of product-related litigation and the costs incurred to acquire and integrate the business combinations into the group as well as any costs incurred to dispose of businesses. The country specific corporate tax rate and relevant tax legislation is applied to each individual normalised earnings adjustment).

PM’s disclosed may not be comparable with similar labelled measures and disclosures provided by other entities and users should not use them in isolation or as a substitute for other measures. They are not intended to be projections or forecasts of future results. The directors confirm that there has been full compliance with the JSE’s practice note 4/2019 as it relates to the PMs presented. Detailed disclosure of the performance measures is included on the Ascendis Health website: https://ascendishealth.com/wp-content/uploads/2020/09/Ascendis-Health-Performance-Measures-30-June-2020.pdf

Condensed group statement of profit or loss

for the six months ended 31 December 2021

	Notes	Six months ended 31 December 2021 Unaudited R'000	Restated (1) Six months ended 31 December 2020 Unaudited R'000	Restated (1) Year ended 30 June 2021 Unaudited R'000
Continuing operations				
Revenue (2)	8	298 382	495 937	842 897
Cost of sales		(175 955)	(344 809)	(548 660)
Gross profit		**122 427**	**151 128**	**294 237**
Other income		3 605	29 660	51 087
Selling and distribution costs		(24 394)	(25 612)	(53 537)
Administrative expenses		(112 498)	(151 582)	(281 408)
Net impairment loss on financial assets		(5)	(322)	(3 413)
Other operating expenses		(21 281)	(67 123)	(125 418)
Once off costs (3)		(61 354)	(118 842)	(269 880)
Net impairment loss on assets		-	-	(16 482)
Operating loss	9	**(93 500)**	**(182 693)**	**(404 814)**
Finance income		2 234	1 591	4 091
Finance costs	10	(391 372)	(496 931)	(1 061 420)
Loss before taxation		**(482 638)**	**(678 033)**	**(1 462 143)**
Tax expense		(7 876)	(14 872)	(53 724)
Loss from continuing operations		**(490 514)**	**(692 905)**	**(1 515 867)**
Profit from discontinuing operations	4	725 336	19 109	460 900
Profit from historical discontinued operations		956 194	176 882	561 160
Loss from new discontinued operations		(230 858)	(157 773)	(100 260)
Profit/(loss) for the period		**234 822**	**(673 796)**	**(1 054 967)**
Profit/(loss) attributable to:				
Owners of the parent		233 876	(671 898)	(1 090 804)
Continuing operations		(491 460)	(691 007)	(1 551 704)
Discontinued operations		725 336	19 109	460 900
Non-controlling interest		946	(1 898)	35 837
		234 822	**(673 796)**	**(1 054 967)**
Loss per share from continuing operations				
Basic and diluted loss per share (cents)	7	(102.1)	(144.0)	(322.3)
Total profit/(loss) per share				
Basic and diluted profit/(loss) per share (cents)	7	48.6	(140.0)	(226.5)

(1) The comparatives have been restated for the change in discontinued operations. Refer to note 4 for further details.

(2) December 2020 and June 2021 revenue includes Dezzo revenue of R215m and R274m, respectively.

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

Condensed group statement of comprehensive income

for the six months ended 31 December 2021

	Six months ended 31 December 2021 Unaudited R'000	Restated [1] Six months ended 31 December 2020 Unaudited R'000	Restated [1] Year ended 30 June 2021 Unaudited R'000
Profit/(loss) for the period	**234 822**	**(673 796)**	**(1 054 967)**
Other comprehensive income:			
Items that may be reclassified to profit and loss net of tax			
Foreign currency translation reserve	(295 146)	205 712	159 765
Non-controlling interest relating to items that may be reclassified	-	2 511	-
Revaluation of property, plant and equipment	-	-	3 640
Income tax relating to items that will not be reclassified	-	-	(1 019)
Other comprehensive (loss)/income for the period net of tax	**(295 146)**	**208 223**	**162 386**
Total comprehensive loss for the period	**(60 324)**	**(465 573)**	**(892 581)**
Total comprehensive (loss)/profit attributable to:			
Owners of the parent	(61 270)	(466 186)	(928 418)
Continuing operations	(411 410)	(695 411)	(1 552 354)
Discontinued operations	350 140	229 225	623 936
Non-controlling interest	946	613	35 837
	(60 324)	**(465 573)**	**(892 581)**

[1] The comparatives have been restated for the change in discontinued operations. Refer to note 4 for further details.

Condensed group statement of financial position
at 31 December 2021

	Notes	31 December 2021 R'000	Restated [1] 31 December 2020 R'000	30 June 2021 R'000
ASSETS				
Property, plant and equipment		125 765	1 035 654	200 505
Right-of-use assets		25 038	271 561	157 675
Intangible assets and goodwill		54 739	4 656 376	363 666
Other financial assets		13 014	46 913	13 951
Deferred tax assets		570	127 371	68 356
Non-current assets		**219 126**	**6 137 875**	**804 153**
Inventories		151 442	1 349 296	454 049
Trade and other receivables		163 654	2 279 408	407 344
Other financial assets		68 253	14 285	14
Current tax receivable		7 624	47 179	25 895
Cash and cash equivalents		223 358	358 964	365 980
		614 331	4 049 132	1 253 282
Assets classified as held for sale	4	909 456	995 067	8 577 531
Current assets		**1 523 787**	**5 044 199**	**9 830 813**
Total assets		**1 742 913**	**11 182 074**	**10 634 966**
EQUITY				
Stated capital	11	6 015 664	5 975 703	6 017 784
Reserves		95 220	530 027	465 516
Accumulated loss		(5 698 848)	(5 614 633)	(6 136 763)
Equity attributable to equity holders of parent		**412 036**	**891 097**	**346 537**
Non-controlling interest		-	127 751	167 232
Total equity		**412 036**	**1 018 848**	**513 769**
LIABILITIES				
Borrowings and other financial liabilities	2	18 269	129 888	8 222
Deferred tax liabilities		69 053	219 522	76 770
Lease liabilities		20 475	259 224	165 300
Contract liabilities		-	4 789	-
Non-current liabilities		**107 797**	**613 423**	**250 292**
Trade and other payables		137 389	1 249 584	522 753
Borrowings and other financial liabilities	2	563 650	6 758 748	6 784 252
Deferred vendor liabilities		-	926 399	116 808
Provisions		8 590	82 721	45 904
Contract liabilities		10 839	8 612	15 241
Lease liabilities		13 615	47 456	27 973
Derivative financial liabilities		-	16 973	2 773
Current tax payable		17 071	94 228	29 146
Bank overdraft		-	47 606	69
		751 154	9 232 327	7 544 919
Liabilities classified as held for sale	4	471 927	317 476	2 325 986
Current liabilities		**1 223 081**	**9 549 803**	**9 870 905**
Total liabilities		**1 330 878**	**10 163 226**	**10 121 197**
Total equity and liabilities		**1 742 914**	**11 182 074**	**10 634 966**

[1] The comparatives have been restated for the correction of the deferred tax prior period error and the trade payables prior period error. Refer to note 4 for further details.

Consolidated statement of changes in equity

for the six months ended 31 December 2021

R'000	Stated capital	Foreign currency translation reserve	Revaluation reserve	Other reserves	Retained income/ (Accumulated loss)	Total attributable to equity holders of the group	Non-controlling interest	Total equity
Balance as at 1 July 2020 (restated)	**5 975 703**	**217 875**	**31 395**	**(6 044)**	**(4 925 308)**	**1 293 621**	**127 138**	**1 420 759**
Loss for the period	-	-	-	-	(671 898)	**(671 898)**	(1 898)	(673 796)
Other comprehensive income	-	205 712	-	-	-	**205 712**	2 511	208 223
Total comprehensive income/(loss) for the period	**-**	**205 712**	**-**	**-**	**(671 898)**	**(466 186)**	**613**	**(465 573)**
Foreign currency translation reserve	-	-	(1 059)	(5 441)	-	(6 500)	-	(6 500)
Reclassification of reserves into retained earnings	-	16 875	552	-	(17 427)	-	-	-
Acquisition of subsidiary	-	-	-	70 162	-	70 162	-	70 162
Total contributions by and distributions to owners of the group recognised directly in equity	**-**	**16 875**	**(507)**	**64 721**	**(17 427)**	**63 662**	**-**	**63 662**
Balance as at 31 December 2020 (unaudited)	**5 975 703**	**440 462**	**30 888**	**58 677**	**(5 614 633)**	**891 097**	**127 751**	**1 018 848**
(Loss)/profit for the period	-	-	-	-	(418 906)	**(418 906)**	37 735	(381 171)
Other comprehensive (loss)/income	-	(45 947)	2 621	-	-	**(43 326)**	(2 511)	(45 837)
Total comprehensive (loss)/income for the period (restated)	**-**	**(45 947)**	**2 621**	**-**	**(418 906)**	**(462 232)**	**35 224**	**(427 008)**
Release of treasury shares	42 081	-	-	-	(42 081)	-	-	-
Dividends	-	-	-	-	-	-	(2 791)	(2 791)
Foreign currency translation reserve	-	(4 493)	(758)	(3 631)	0	(8 882)	4 493	(4 389)
Reclassification of reserves into retained earnings	-	-	(4 699)	63 415	(61 427)	(2 711)	2 711	-
Disposal/deregistration of subsidiary	-	-	(278)	(70 162)	-	(70 440)	-	(70 440)
Disposal of non-controlling interest	-	-	-	-	-	-	(451)	(451)
Statutory reserve: Farmalider	-	-	-	(579)	284	(295)	295	-
Total contributions by and distributions to owners of the group recognised directly in equity	**42 081**	**(4 493)**	**(5 735)**	**(10 957)**	**(103 224)**	**(82 328)**	**4 257**	**(78 071)**
Balance as at 30 June 2021	**6 017 784**	**390 022**	**27 774**	**47 720**	**(6 136 763)**	**346 537**	**167 232**	**513 769**
Profit for the period	-	-	-	-	233 876	233 876	946	234 822
Other comprehensive (loss)/income	-	(295 146)	-	-	-	(295 146)	-	(295 146)
Total comprehensive (loss)/income for the period	**-**	**(295 146)**	**-**	**-**	**233 876**	**(61 270)**	**946**	**(60 324)**
Appraisal rights payments[1]	(2 120)	-	-	-	-	(2 120)	-	(2 120)
Dividend witholding tax	-	-	-	-	(1 490)	(1 490)	-	(1 490)
Foreign currency translation reserve	-	-	193	564	-	757	-	757
Reclassification of reserves into retained earnings	-	-	(8 921)	(196 608)	205 529	-	-	-
Increase in reserve with loan capitalisation	-	-	-	129 622	-	129 622	-	129 622
Disposal of non-controlling interest	-	-	-	-	-	-	(168 178)	(168 178)
Total contributions by and distributions to owners of the group recognised directly in equity	**(2 120)**	**-**	**(8 728)**	**(66 422)**	**204 039**	**126 769**	**(168 178)**	**(41 409)**
Balance as at 31 December 2021 (unaudited)	**6 015 664**	**94 876**	**19 046**	**(18 702)**	**(5 698 848)**	**412 036**	**-**	**412 036**

[1] These amounts relate to the buy back of the appraisal rights from dissenting shareholders.

Consolidated cash flow statement

for the six months ended 31 December 2021

		Six months ended 31 December 2021 R'000	Restated [1] Six months ended 31 December 2020 R'000	Restated [1] Year ended 30 June 2021 R'000
Cash flows from operating activities				
Cash utilised by from operations		(145 907)	(230 347)	(477 530)
Cash generated from operations - discontinued operations		129 388	371 935	1 146 823
Interest income received		2 234	1 591	3 953
Interest paid		(18 413)	(3 514)	(21 164)
Income taxes paid/refund received		(263)	5 061	(5 607)
Net cash (outflow)/inflow from operating activities		**(32 961)**	**144 726**	**646 475**
Cash flows from investing activities				
Purchases of property, plant and equipment		(4 144)	(7 805)	(9 665)
Proceeds on the sale of property, plant and equipment		-	-	260
Purchases of intangibles assets		(114)	(116)	(117)
Proceeds on the sale of intangible assets		-	-	-
Other financial assets advanced		-	(4 102)	1 533
Proceeds from disposal of other financial assets		2 739	-	-
Net cash inflow/(outflow) from investing activities - discontinued operations		970 666	(116 125)	(260 061)
Proceeds from disposal of subsidiaries - net of cash		1 067 248	-	170 205
Cash outflow from investing activities - discontinued operations [2]		(96 582)	(116 125)	(430 266)
Net cash outflow from investing activities		**969 147**	**(128 148)**	**(268 050)**
Cash flows from financing activities				
Payments made to acquire treasury shares		(2 120)	-	-
Proceeds from borrowings raised		1 100 015	163 903	150 649
Repayment of borrowings		(2 742 055)	(78 172)	(86 798)
Repayments on deferred vendor liabilities		(120 947)	-	(12 000)
Lease liabilities repaid		(6 572)	(6 944)	(12 577)
Net cash inflow/(outflow) from financing activities - discontinued operations		531 319	(168 095)	(306 150)
Net cash outflow from financing activities		**(1 240 360)**	**(89 308)**	**(266 876)**
Net (decrease)/increase in cash and cash equivalents		**(304 174)**	**(72 730)**	**111 549**
Restricted cash balance at the beginning of the period		60 442	75 057	75 057
Other cash and cash equivalents balance at the beginning of the period		305 469	268 926	268 926
Cash and cash equivalents at beginning of period		365 911	343 983	343 983
Effect of exchange difference on cash balances		4 363	(7 734)	24 110
Cash and cash equivalents at the beginning of the period - assets held for sale	4	175 675	61 944	61 944
Cash and cash equivalents at end of period - assets held for sale	4	(18 417)	(14 105)	(175 675)
Restricted cash balance at the end of the period		41 560	60 414	60 442
Cash and cash equivalents balance at the end of the period		181 798	250 944	305 469
Cash and cash equivalents at end of period		**223 358**	**311 358**	**365 911**

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

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

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

Basis of preparation
for the six months ended 31 December 2021

Corporate information

Ascendis Health Limited is a health and wellness company listed in the healthcare sector of the JSE. Following the completion of the group recapitalisation transaction (refer to note 2 and note 6 for further details), the group now operates in three related areas of healthcare in the South African market comprising of Consumer Brands, Pharma and Medical Devices.

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

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 2021 are prepared in accordance with and contain information required by:

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

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements and any forward looking information have not been externally reviewed or audited.

The unaudited condensed interim financial statements for the six months ended 31 December 2021 have been prepared under the supervision of the chief financial officer, Cheryl-Jane Kujenga CA (SA). The condensed consolidated interim financial results are the responsibility of the directors and were approved by the board on 17 February 2022.

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

The condensed consolidated interim financial statements are presented in South African Rand and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

Principal accounting policies

The principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied for the consolidated annual financial statements for the year ended 30 June 2021, except for the mandatory adoption of amendments to IFRS effective for 1 January 2021. The impact on the group's financial results, disclosures or comparative information as a result of these amendments is not significant.

1. Material uncertainty on going concern

At 31 December 2021 the group's debt was classified as current in line with the terms of the Forbearance Agreement reached with lenders as outlined below. As a result, the group's current assets exceed the current liabilities by R300 million meaning that the group is in a solvent position. However, and as outlined further below, if the Recapitalisation Plan is not implemented, the group will not have sufficient funds to repay the lenders by 30 June 2022 and may be placed into business rescue. This position reflects the material uncertainty that casts significant doubt on the group's ability to continue as a going concern.

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, together with progress on, and expected outcomes from the Recapitalisation Plan as described in further detail below.

The directors have also considered the group's post-recapitalisation structure and strategy for the remaining entities. The directors have concluded that the group can continue to operate as a going concern subject to the successful implementation of the Recapitalisation Plan.

1. Financial performance

The group has benefited from a largely Covid-19-defensive portfolio with strong operational performance in both its European and South African based businesses. The half year results reflect a decrease in revenue from continuing operations of 40% to R298 million, and a decrease in normalized EBITDA from continuing operations from a profit of R38 million to a loss of R14 million.

2. Debt

In October 2021, the group successfully concluded the debt restructure program that was envisaged under the group recapitalisation program that was led by the lenders, L1 Health and Blantyre. That program resulted in the following:

- L1 Health and Blantyre took ownership of the 100% shareholding previously held in Remedica and Sunwave, with effect from 31 October 2021.
- L1 Health and Blantyre received the net disposal proceeds from the disposals of Biosciences (effective close date: 30 June 2021), Farmalider (effective close date: 31 July 2021) RCA (effective close date: 31 October 2021), and Animal Health (effective close date: 30 November 2021). These proceeds were used to reduce the short-term facility of R1 010 million that had been instated for this purpose. The balance of that facility on 31 December 2021 was R66 million, largely due to staggered escrow payments from the Animal Health transaction.
- The above transactions resulted in the reduction extinguishment of the debt that was outstanding on the senior facilities agreement ("SFA") by €429 million and all outstanding deferred vendor liabilities. Further, L1 Health and Blantyre undertook to provide the following:
  - Debt of €15 million (R252 million) was reinstated by way of a 2-year facility
  - Access to a draw down facility of up to €20 million (R336 million) to be used to support working capital requirements and payable in 2 years. As at 31 December 2021 €12 million (R219 million) had been drawn against this facility.

The group's total debt under the SFA at 31 December 2021 was R545 million (31 December 2020: R6 392 million).

1. Material uncertainty on going concern (continued)

2. Debt (continued)

2.1 Forbearance Agreement

In December 2021, the lenders delivered a notice to the group confirming that the Mandatory Prepayment Provision under the SFA had been triggered due to changes to the board of directors, and that as such all outstanding utilisations of the facilities, together with accrued interest and all other amounts accrued and payable under the related finance documents, were immediately due and payable.

As communicated to shareholders on 22 December 2021, a Forbearance Agreement was entered into with the lenders, requiring the meeting of certain milestones by the 29th of December 2021. In addition, a default interest of 4% was applied to the debt. The Forbearance Agreement was subsequently extended by the lenders to 14 January 2022.

2.2 Post balance sheet events: Change in lenders and Recapitalisation Plan

On 12 January 2022 a consortium incorporating Apex Management Services and Pharma-Q Holdings (“New Lenders”) advanced a new facility in the amount of R550 million to the group, the proceeds of which were utilised to settle the debt owed to L1 Health and Blantyre (“New Loan”). The New Loan was originally advanced under the existing SFA and retained the terms, conditions, security and interest rate of the debt owed to L1 Health and Blantyre as of 29 December 2021, save that the maturity date was extended to 31 January 2022 in order to finalise a recapitalisation plan being agreed between the Apex Management Services Proprietary Limited (“Apex Management Services”), Pharma-Q Holdings Proprietary Limited (“Pharma-Q”) and the board.

On 31 January 2022, the board agreed terms with each of Apex Management Services and Pharma-Q in respect of the disposal of some of the company’s assets with the proceeds of such disposals to be applied in full discharge of the debt advanced by Apex Management Services and Pharma-Q, as applicable, and to provide the Company with cash to reinvest in the rebuild of the Ascendis Group. The three separate sale agreements entered into contemplate disposals by Ascendis Health SA Holdings Proprietary Limited (“AHSA”), a wholly owned subsidiary of Ascendis Health of its direct and indirect interests in the entities through which the businesses known as “Ascendis Pharma”, “Nimue” and “Ascendis Medical”, operate (“Proposed Disposals” collectively).

To facilitate the implementation of the Proposed Disposals, the following key terms were agreed in respect of the New Loan:

- The term has been extended to the earlier to occur of (i) the date on which the last of the Proposed Disposals is implemented and (ii) 30 June 2022.
- The applicable interest rate has been reduced by 4% (resulting in a rate of JIBAR plus 8.33%). In the event of a default, a ratchet of 4% will be applied retrospectively. In addition, a further 2% increase will apply prospectively if Shareholders do not approve any requisite resolutions to implement the Proposed Disposals.

The Forbearance Agreement is therefore no longer of any force or effect.

The Proposed Disposals are independent of one another, are not inter-conditional and are subject to separate conditions and Shareholder approvals.

On the successful completion of the Recapitalisation Plan the group will be debt free with excess cash available for reinvestment.

1. Material uncertainty on going concern (continued)

3. Liquidity

Management prepares annual budgets for each business unit and head office. A revised forecast is performed for each business unit and head office quarterly. These revised forecasts take into consideration expected operational performance and working capital requirements. Group treasury manages liquidity and works closely with each business on ensuring accurate forecasting of cash inflows and cash requirements. It regularly updates its robust liquidity model which includes cash flow forecasts covering a period of 18 months from the date of these group annual financial statements. Cash flow forecasts are prepared weekly by the business units and reviewed by group treasury and are provided to the lenders monthly.

At 31 December 2021, the group's consolidated cash and cash equivalents totalled R242 million (including restricted cash of R42 million).

The group has performed detailed analysis of its liquidity requirements to 30 June 2022. In performing this analysis, the following areas relating to the budgeted performance of the continuing operations were incorporated:

- Working capital requirements
- Capital expenditure required to support the 2022 financial year budgets
- Estimated costs related to the head office restructure that is currently in progress

The liquidity analysis includes modelling various scenarios . These scenarios reflect that the group has sufficient liquidity for the period to 30 June 2022.

Further, various sensitivity analyses have been performed on the liquidity forecasts. These reflect that there may be a risk of breaching the new covenants should a combination of significant erosion of access to credit terms with suppliers occur simultaneously with any shortfall on the budgeted financial performance for the 2022 financial year. The board and management have put in place governance and monitoring mechanisms to guard against this worst-case scenario from materialising. These include regular, proactive review of liquidity forecasts against actual financial performance and the implementation of remediation plans for variances within set parameters.

4. Covenants

In terms of the SFA, management is required to provide the lender consortium with a quarterly covenant certificate. The certificate requires the group to report a single financial covenant ratio, being the maintenance of a monthly liquidity headroom of R50 million. As of 31 December 2021, this headroom requirement was waived as part of the Forbearance Agreement.

As part of the terms of the New Loan, this financial covenant was revised down to R10 million after 31 December 2021.

5. Consequence of failure to implement the Recapitalisation Plan

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

If the group is unable to implement the Recapitalisation Plan, the group will need to find an alternative mechanism to ensure the debt can be repaid in full, or face the risk that the lenders will enforce their security at 30 June 2022.

The enforcement action will result in a business rescue process, during which, shareholders rank behind creditors. Furthermore, in an accelerated business rescue-driven asset disposal process, it is likely that lower proceeds will be realised given the distressed circumstances in which they take place and additional tax liabilities and costs will be incurred which will rank ahead of the claims of Shareholders. If the Recapitalisation Plan fails, therefore, the business might not be a going concern and there may be no return to Shareholders.

1. Material uncertainty on going concern (continued)

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

6. Outlook

With the prospect of a debt-free Ascendis, the board's focus will be to optimise the current operations by maximising infill rates, eliminating unnecessary costs, increasing production and operational efficiencies within the business, and investing more into marketing and product development of existing brands. Further, the Head Office cost reduction program will be progressed over the next six to nine months.

This optimisation strategy will be supported by a growth strategy focused on expanding into the broader consumer products sector by acquiring earnings enhancing businesses which have a high return on equity, high operating margins and strengthen the group's market position. Acquisitions will be made using a combination of available cash, debt at a conservative level, and equity.

7. Conclusion

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

The directors have considered various mitigating factors against the material uncertainty related to going concern. This includes the continued support of the lenders, shareholders, suppliers and customers and the probability of successfully implementing the Recapitalisation Plan. They have also considered the financial plans and forecasts, and the strategies that will enable the business to deliver against these plans.

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

2. Borrowings and other financial liabilities

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

	Six months ended 31 December 2021 Unaudited R'000	Six months ended 31 December 2020 Unaudited R'000	Year ended 30 June 2021 Audited R'000
SFA debt			
Euro denominated term loans	65 780	3 360 270	3 474 268
Euro denominated RCF	-	931 821	935 445
ZAR denominated term loans	479 601	1 665 518	1 828 564
ZAR denominated RCF	-	434 824	478 558
Total senior debt	**545 381**	**6 392 433**	**6 716 835**
Other Borrowings			
Cyprus loan facility	-	140 156	-
Loans with financial institutions - Spain	-	268 944	-
Other facilities	36 538	87 103	75 639
Total other debt	**36 538**	**496 203**	**75 639**
Total borrowings and other financial liabilities	**581 919**	**6 888 636**	**6 792 474**
The split between current and non-current borrowings and other financial liabilities			
Non-current liabilities	18 269	129 888	8 222
Current liabilities	563 650	6 758 748	6 784 252
	581 919	**6 888 636**	**6 792 474**

The current structure consists of a syndicated facility denominated in Euro and Rand term facilities.

Senior facilities arrangement (SFA) borrowings

On 21 October 2021 the group completed the group recapitalisation transaction with its lender consortium. As part of that transaction, the group entered into an amended and restated SFA which provided for the settlement of its previous debt facilities and the advance of new debt facilities with a two year term.

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

As a result of the above-described mandatory prepayment provision being triggered, the company entered into a forbearance agreement with the Lenders on 21 December 2021. Pursuant to the forbearance agreement, the lenders agreed not to take enforcement action relating to the 2021 Board Changes provided certain milestones were achieved between 29 December 2021 and 28 February 2022. Therefore the debt is classified as current as at 31 December 2021.

2. Borrowings and other financial liabilities (continued)

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

Refer to the going concern disclosure, Note 1, for further details regarding the arrangement with the new lenders.

The below facilities existed as at 31 December 2021:

SFA Euro denominated facility

Facility A, Facility D and Facility E1 as well as the revolving credit facility, were settled as part of the group recapitalisation transaction on 21 October 2021.

The group has one Euro term facility, namely Facility F, amounting to €3.6 million, which consist of €3.5 million capital and €0.1 million of capitalised interest.

Interest on Facility F is charged at Euribor (with a 1% floor) plus 9% PIK per annum. Additional default interest of 5% per annum is payable on this facility from 21 December 2021 due to the abovementioned mandatory prepayment provision having been triggered. The Facility was due and payable as at 31 December 2021 subject to the above- described forbearance arrangements.

Facility F was settled on 12 January 2022 by way of the arrangements agreed with the 2022 Lender Consortium as explained above.

SFA Rand denominated facilities

Facility B1, Facility B2 and Facility E2 as well as the revolving credit facility, were settled as part of the group recapitalisation transaction on 21 October 2021.

The group has the following ZAR term facilities amounting to R479.6 million:

- Facility G1, with an outstanding balance of R170.4 million which consist of R166.3 million capital and R4.1 million of capitalised interest.
- Facility G2, with an outstanding balance of R87.9 million which consist of R85.8 million capital and R2.1 million of capitalised interest.
- Facility G3, with an outstanding balance of R221.3 million which consist of R218.5 million capital and R2.8 million of capitalised interest.

2. Borrowings and other financial liabilities (continued)

Interest on Facility G1 and G2 is charged at JIBAR plus 9.0% PIK per annum, the PIK and JIBAR component is compounded quarterly.

Interest on Facility G3 is charged at JIBAR plus 6.3% (3.3% margin and 3% PIK). The cash interest is repayable quarterly, while the PIK and JIBAR component is capitalised quarterly.

Additional default interest of 5% per annum is payable on this facility from 21 December 2021 due to the abovementioned mandatory prepayment provision having been triggered. These facilities were due and payable as at 31 December 2021 but subject to the above- described forbearance arrangements.

Facility G1, Facility G2 and Facility G3 were settled on 12 January 2022 by way of the arrangements agreed with the 2022 Lender Consortium, as explained above.

SFA covenants

The group is required to provide a monthly confirmation that, on the last business day of each month, the group had a minimum liquidity headroom of R50 million. The liquidity headroom covenant is calculated as the aggregate of cash (excluding any restricted cash) and any undrawn committed facilities. A breach of this covenant is an event of default.

This covenant has been removed by way of the arrangements agreed with the 2022 Lender Consortium, as explained above.

Facility H

On 31 January 2022 the group entered into a further amendment to the SFA with the new lenders. Facility H, amounting to R550 million was advanced with the following terms:

- The facility is due to be payable on 30 June 2022;
- The interest is charged at JIBAR plus 8.33%;
- In the event of default, default interest of 4% is applied retrospectively and 2% prospectively if the Shareholders do not approve the group recapitalisation plan.

SFA security

The group entities as listed below are specifically identified guarantors under the SFA

- Ascendis Health Limited
- Ascendis Pharma Proprietary Limited
- Ascendis Consumer Brands Proprietary Limited
- Ascendis Financial Services Proprietary Limited
- Ascendis Skin and Body Proprietary Limited
- Ascendis Supply Chain Proprietary Limited
- Pharmachem Pharmaceuticals Proprietary Limited
- Ortho-Xact Proprietary Limited
- Chempure Proprietary Limited
- Surgical Innovations Proprietary Limited
- The Scientific Group Proprietary Limited
- Ascendis Health SA Holdings Proprietary Limited

2. Borrowings and other financial liabilities (continued)

Each of the above guarantors jointly and severally guarantee punctual performance of the obligations under the SFA and indemnify the lenders for any costs, loss, or liability they incur as a result of an obligor not paying any amount that was payable in accordance with the SFA when falling due.

The shares in each guarantor (other than Ascendis Health Limited) are granted as security to the lenders. In addition, each guarantor has granted security over certain of its assets. Furthermore, the shares in certain other key group companies have been granted as security to the lenders.

Other facilities

In addition to the syndicated facilities outlined above, the group also has the following material borrowings as at 31 December 2021:

The TRS (total return swop) liability with ABSA Bank Limited consists of two remaining tranches, with a nominal amount of R37.6 million. Two tranches remain outstanding and are payable on 5 July annually with the next payment due on 5 July 2022 and ultimately maturing on 5 July 2023. These tranches carry a fixed interest rate of 9.91% per annum. Interest is paid bi-annually.

3. Restatements for the six months ended 31 December 2021

Restatements for the year ended 30 June 2021

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

The groups entities listed below have been identified for divestment during the current period and hence they are classified as discontinued operations in terms of the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. As a result, the June 2021 statement of profit or loss and statement of cash flow have been restated to reflect the IFRS 5 classification. Refer to note #NoteDiscOp[5] for more details.

- Medical Devices
- Pharma Africa
- Ascendis Skin and Body

Restatements for the six months ended 31 December 2020

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

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

- Respiratory Care Africa “RCA”
- Farmalider group
- AHIH Group
- Medical Devices
- Pharma Africa
- Ascendis Skin and Body

Prior period errors

The following errors were identified in the 2021 financial year and were corrected in terms of the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Refer to the 30 June 2021 Group Annual Financial Statements for further disclosure.

1. Release of deferred tax liability on impairment of intangible assets
2. Understatement of trade payable in Surgical Innovations

Notes to the condensed group interim financial statements
for the six months ended 31 December 2021

3. Restatements for the six months ended 31 December 2021 (continued)

The impact of the restatements are set out below:

30 June 2021	**Reported**	**Pharma**	**Medical**	**Skin and Body**	**Restated**
Statement of profit or loss and other comprehensive income	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	2 229 085	(309 616)	(982 572)	(94 000)	**842 897**
Cost of sales	(1 298 406)	143 340	583 497	22 909	**(548 660)**
Gross profit	**930 679**	**(166 276)**	**(399 075)**	**(71 091)**	**294 237**
Expenses	(1 381 139)	161 526	460 910	59 652	**(699 051)**
Net finance cost	(1 080 315)	490	22 195	301	**(1 057 329)**
Income tax	(85 350)	(14 051)	54 954	(9 277)	**(53 724)**
Loss from continuing operations	**(1 616 125)**	**(18 311)**	**138 984**	**(20 415)**	**(1 515 867)**
Profit/(Loss) from discontinued operations	561 158	18 311	(138 984)	20 415	**460 900**
Loss for the year	**(1 054 967)**	**-**	**-**	**-**	**(1 054 967)**
Continuing operations - Basic loss per share (cents)	**(343.1)**				**(322.3)**

31 December 2020	**Reported**	**RCA**	**Farmalider**	**AHIH Group**	**Pharma**	**Medical**	**Skin and Body**	**Restated**
Statement of profit or loss and other comprehensive income	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	3 982 811	(587 898)	(366 435)	(1 812 552)	(132 489)	(535 104)	(52 396)	495 937
Cost of sales	(2 204 484)	373 380	250 223	846 184	69 443	308 518	11 927	(344 809)
Gross profit	**1 778 327**	**(214 518)**	**(116 212)**	**(966 368)**	**(63 046)**	**(226 586)**	**(40 469)**	**151 128**
Expenses	(1 410 347)	73 585	118 267	204 166	131 572	245 580	30 662	(606 515)
Net finance cost	(544 596)	190	4 988	34 201	261	9 553	63	(495 340)
Income tax	(126 417)	24 591	(10 490)	27 261	(3 039)	72 636	586	(14 872)
Loss from continuing operations	**(303 033)**	**(116 152)**	**(3 447)**	**(700 740)**	**65 748**	**101 183**	**(9 158)**	**(965 599)**
Profit/(loss) from discontinued operations	(370 763)	116 152	3 447	700 740	(65 748)	(101 183)	9 158	291 803
Loss for the year	**(673 796)**	**-**	**-**	**-**	**-**	**-**	**-**	**(673 796)**
Continuing operations - Basic loss per share (cents)	**(62.7)**							**(144.0)**

3. Restatements for the six months ended 31 December 2021 (continued)

31 December 2021 Statement of financial position	Reported R'000	Prior period errors Deferred tax on impairments R'000	Accounts payable R'000	Restated R'000
Deferred tax asset	120 471	-	6 900	**127 371**
Accumulated loss	(5 572 968)	(23 922)	(17 743)	**(5 614 633)**
Non-controlling interest	105 279	22 472	-	**127 751**
Deferred tax liabilities	218 072	1 450		**219 522**
Trade and other payables	1 224 941	-	24 643	**1 249 584**

4. Discontinued operations

As part of the amended terms of the SFA, the group has agreed to the following divestments in order to repay the debt advanced by the new lenders.

- Pharma Africa
- Medical
- Nimue – The Solal products that are being sold in Ascends Skin and Body have been carved out from the disposal because they relate to the Solal brands which is a part of the Consumer Brands. The related revenue, cost of sales and inventory have not been classified in terms of IFRS 5.

Refer to note 1 for further information.

Completed Disposals

The group completed the following disposals during the current year:

Farmalider

The disposal was completed on 31 July 2021 for a consideration of €5 million (R86 million).

Respiratory Care Africa

The disposal was completed on 31 October 2021 for a consideration of R450 million. Total cash of R439 million was received upon completion. The group returned R5.9 million to the buyers as part of the net working capital cash adjustment. The consideration included contingent consideration of R10 million which was dependant on the successful repayment of a long outstanding debtor amount. The group included R5 million as being receivable assuming the lower bound on the ranges calculated. The group received R5 million in January 2022 in full and final settlement for the disposal transaction. The contingent consideration has been recognised as a receivable at 31 December 2021.

Animal Health

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

The amount in the first Escrow account will be due to be payable either to the buyers or the group depending on whether the target net working capital and capital expenditure is met. The amount was due to be paid upon completion of the external review of the take-on balances by the external auditors. In December 2021, the targets were not met and only R18 million plus the interest earned was receivable to the group. The remaining R32 million would be paid back to the buyers. The R18 million plus interest was received at the end of January 2022.

The amount in the second Escrow account is due to be payable on 30 November 2022 and it is being held as security for payment of any claims by the buyer against the group in respect of warranties and indemnities. On 30 November 2021 (closing date), the group recognised the R50 million in full as a receivable because it does not expect any such claims by the buyer against the group for the next 12 months.

AHIH Group

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

Refer to the disposal note for further details with regards to the above completed disposals.

4. Discontinued operations (continued)

31 December 2021

	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Historical Discontinued Operations	Pharma	Medical	Nimue	New Discontinued Operations	Total
Revenue	266 560	193 990	-	999 848	1 460 398	181 399	479 269	41 261	701 929	2 162 327
Expenses	(217 287)	(152 763)	-	(885 095)	(1 255 145)	(154 629)	(481 029)	(36 951)	(672 609)	(1 927 754)
Profit/(loss) on sale of disposal group	126 593	181 464	(39 465)	497 939	766 531	-	-	-	-	766 531
Profit/(loss) before impairments	175 866	222 691	(39 465)	612 692	971 784	26 770	(1 760)	4 310	29 320	1 001 104
Impairments of assets	-	-	-	-	-	-	(169 790)	-	(169 790)	(169 790)
IFRS 5 remeasurement	-	-	-	-	-	-	(101 009)	-	(101 009)	(101 009)
Profit/(loss) before tax	**175 866**	**222 691**	**(39 465)**	**612 692**	**971 784**	**26 770**	**(272 559)**	**4 310**	**(241 479)**	**730 305**
Tax	(1 139)	9 204	-	(23 654)	(15 589)	(4 300)	13 928	993	10 621	(4 969)
Profit/(loss) after income tax expense of discontinued operations	**174 727**	**231 895**	**(39 465)**	**589 038**	**956 194**	**22 470**	**(258 631)**	**5 303**	**(230 858)**	**725 336**
Total comprehensive income/(loss)	**174 727**	**231 895**	**(39 465)**	**589 038**	**956 194**	**22 470**	**(258 631)**	**5 303**	**(230 858)**	**725 336**
Normalised EBITDA	**64 604**	**47 202**	**-**	**321 735**	**433 541**	**29 359**	**51 637**	**8 820**	**89 816**	**523 357**

Restated [1]
31 December 2020

	Biosciences	Ascendis Direct	Scitec	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Historical Discontinued Operations	Pharma	Medical	Nimue	New Discontinued Operations	Total
Revenue	218 465	5 003	131 841	280 401	587 898	366 435	1 812 552	3 402 595	132 489	535 104	52 396	719 989	4 122 584
Expenses	(180 746)	(21 574)	(114 897)	(211 943)	(447 155)	(373 478)	(1 357 245)	(2 707 038)	(201 276)	(563 651)	(42 652)	(807 579)	(3 514 617)
Loss on sale disposal group		(3 704)	(306 465)	-	-	-	-	(310 169)	-	-	-	-	(310 169)
Profit/(loss) before impairments	37 719	(20 275)	(289 521)	68 458	140 743	(7 043)	455 307	385 388	(68 787)	(28 547)	9 744	(87 590)	297 798
Impairments of assets	(95 562)		(179)	-	-	-	-	(95 741)	-	-	-	-	(95 741)
(Loss)/profit before tax	**(57 843)**	**(20 275)**	**(289 700)**	**68 458**	**140 743**	**(7 043)**	**455 307**	**289 647**	**(68 787)**	**(28 547)**	**9 744**	**(87 590)**	**202 057**
Tax	(18 837)	5	(16 961)	(35 610)	(24 591)	10 490	(27 261)	(112 765)	3 039	(72 636)	(586)	(70 183)	(182 948)
(Loss)/profit after income tax expense of discontinued operation	**(76 680)**	**(20 270)**	**(306 661)**	**32 848**	**116 152**	**3 447**	**428 046**	**176 882**	**(65 748)**	**(101 183)**	**9 158**	**(157 773)**	**19 109**
Total comprehensive (loss)/income	**(76 680)**	**(20 270)**	**(306 661)**	**32 848**	**116 152**	**3 447**	**428 046**	**176 882**	**(65 748)**	**(101 183)**	**9 158**	**(157 773)**	**19 109**
Normalised EBITDA	**42 999**	**(3 279)**	**18 799**	**75 755**	**143 846**	**42 258**	**230 119**	**550 497**	**(15 330)**	**67 773**	**14 245**	**66 688**	**617 185**

[1] 31 December 2020 has been restated to reflect restating Medical, Pharma, Nimue, Respiratory Care Africa, Farmalider and AHIH Group which is classified as held for sale and a discontinued operation in terms of the requirement of IFRS 5.

Notes to the condensed group interim financial statements
for the six months ended 31 December 2021

4. Discontinued operations (continued)

Restated [1]

30 June 2021

	Biosciences	Ascendis Direct	Scitec	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Historical Discontinued Operations	Pharma	Medical	Nimue	New Discontinued Operations	Total
Revenue	324 578	5 003	131 841	571 825	986 078	633 604	3 330 701	5 983 630	309 616	982 572	94 000	1 386 188	7 369 818
Expenses	(186 455)	(5 602)	(114 590)	(427 712)	(777 604)	(565 985)	(2 763 264)	(4 841 212)	(305 356)	(1 066 602)	(82 862)	(1 454 820)	(6 296 032)
Profit on sale of portion of disposal group	34 131	(3 704)	(306 465)	-	-	-	-	(276 038)	-	-	-	-	(276 038)
Profit/(loss) before impairments	172 254	(4 303)	(289 214)	144 113	208 474	67 619	567 437	866 380	4 260	(84 030)	11 138	(68 632)	797 748
Impairments of assets	-	-	-	-	-	(32 695)	(23 256)	(55 951)	-	-	-	-	(55 951)
IFRS 5 remeasurement	(95 562)	-	-	-	-	-	-	(95 562)	-	-	-	-	(95 562)
Profit/(loss) before tax	**76 692**	**(4 303)**	**(289 214)**	**144 113**	**208 474**	**34 924**	**544 181**	**714 867**	**4 260**	**(84 030)**	**11 138**	**(68 632)**	**646 235**
Tax	(12 344)	6	(16 961)	(49 157)	(11 180)	6 587	(70 660)	(153 709)	14 051	(54 954)	9 277	(31 626)	(185 335)
Profit/(loss) after income tax expense of discontinued operation	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**	**18 311**	**(138 984)**	**20 415**	**(100 258)**	**460 900**
Total comprehensive income/(loss)	**64 348**	**(4 297)**	**(306 175)**	**94 956**	**197 294**	**41 511**	**473 521**	**561 158**	**18 311**	**(138 984)**	**20 415**	**(100 258)**	**460 900**
Normalised EBITDA	**47 264**	**(3 279)**	**18 799**	**147 484**	**213 350**	**89 677**	**918 127**	**1 431 422**	**17 751**	**61 813**	**20 060**	**99 624**	**1 531 046**

[1] 30 June 2021 has been restated to reflect restating Medical, Pharma and Nimue which is classified as held for sale and a discontinued operation in terms of the requirement of IFRS 5.

4. Discontinued operations (continued)

Assets and liabilities classified as held for sale

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

	31 December 2021 Unaudited R'000				31 December 2020 Unaudited R'000				30 June 2021 Audited R'000				
R'000	**Pharma**	**Medical**	**Nimue**	**Total**	**Biosciences**	**Dezzo Tradin 392 (Pty) Ltd**	**Animal Health**	**Total**	**Animal Health**	**Respiratory Care Africa**	**Farmalider**	**AHIH Group**	**Total**
Property, plant and equipment	766	44 343	537	45 646	-	-	6 419	6 419	6 408	17 086	16 428	846 205	886 127
Intangible assets & goodwill	52 811	18 080	1 668	72 559	-	-	533 205	533 205	525 075	101 475	132 672	3 902 656	4 661 878
Right-of-use asset	-	109 896	3 229	113 125	-	-	14 226	14 226	21 521	97	37 253	51 385	110 256
Deferred tax asset	5 450	76 415	4 476	86 341	8 069	6 523	-	14 592	10 461	-	65 440	330	76 231
Inventories	34 754	231 591	17 904	284 249	52 818	58 700	107 750	219 268	130 827	112 104	132 857	590 152	965 941
Current income tax receivable	200	13 937	-	14 137	3 654	-	-	3 654	160	6 678	23 556	5 874	36 268
Trade and other receivables	76 341	175 630	15 455	267 426	117 957	-	71 605	189 562	77 354	138 800	144 512	1 246 340	1 607 006
Cash and cash equivalents	15 314	1 186	1 917	18 417	9 151	-	4 955	14 106	7 817	4 601	29 499	163 877	205 794
Other financial assets	2 527	5 029	-	7 556	-	-	35	35	34	1	11 779	16 217	28 030
Assets held for sale	**188 163**	**676 107**	**45 186**	**909 456**	**191 649**	**65 223**	**738 195**	**995 067**	**779 658**	**380 842**	**593 994**	**6 823 037**	**8 577 531**
Borrowings	(25)	(18 794)	-	(18 819)	(197)	-	-	(197)	-	-	(253 822)	(74 531)	(328 353)
Deferred vendor liabilities	-	-	-	-	-	-	-	-	-	-	-	(724 177)	(724 177)
Lease liabilities	-	(140 464)	(3 493)	(143 957)	(23 450)	-	(14 645)	(38 095)	(19 635)	-	(34 279)	(51 438)	(105 352)
Deferred tax liability	-	(14 173)	-	(14 173)	(22 411)	(1 341)	(81 941)	(105 693)	(83 507)	(1 190)	-	(177 462)	(262 159)
Trade and other payables	(66 089)	(195 691)	(8 676)	(270 456)	(65 245)	(23 266)	(50 698)	(139 209)	(67 480)	(82 400)	(126 330)	(515 485)	(791 695)
Provisions	(2 916)	(17 940)	(1 156)	(22 012)	(9 672)	(413)	(5 430)	(15 515)	(10 708)	(6 150)	-	(15 217)	(32 074)
Current Income tax payable	(2 221)	-	(289)	(2 510)	(675)	-	(18 092)	(18 767)	(14 401)	-	(9 667)	(27 991)	(52 059)
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	(30 118)	(30 118)
Liabilities held for sale	**(71 251)**	**(387 062)**	**(13 614)**	**(471 927)**	**(121 650)**	**(25 020)**	**(170 806)**	**(317 476)**	**(195 731)**	**(89 740)**	**(424 098)**	**(1 616 419)**	**(2 325 986)**
Net assets	**116 912**	**289 045**	**31 572**	**437 529**	**69 999**	**40 203**	**567 389**	**677 591**	**583 927**	**291 102**	**169 896**	**5 206 618**	**6 251 545**

5. Disposal of subsidiaries

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

- Farmalider – 31 July 2021;
- Respiratory Care Africa – 31 October 2021
- Ascendis Health International Holdings ("AHIH group") – 31 October 2021; and
- Animal Health – 30 November 2021

Details of these disposals are included in Note 4.

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

	31 December 2021 R'000				
	Animal Health	Respiratory Care Africa	Farmalider	AHIH Group	Total
Property, plant and equipment	7 082	17 218	16 715	929 281	970 296
Intangible assets and goodwill	527 834	101 475	153 795	4 611 930	5 395 034
Right-of-use assets	23 109	-	37 904	54 177	115 189
Deferred tax assets	374	8 014	61 704	-	70 092
Current income tax receivable	733	6 707	23 967	10 016	41 423
Inventories	130 858	85 359	135 177	676 078	1 027 473
Trade and other receivables	79 810	128 026	147 089	1 371 417	1 726 342
Other financial assets	35	1	11 931	676	12 642
Cash and cash equivalents	19 262	7 736	30 013	124 256	181 267
Total assets	**789 097**	**354 536**	**618 295**	**7 777 831**	**9 539 759**
Borrowings and other financial liabilities	-	-	(258 256)	(638 295)	(896 551)
Deferred vendor liability	-	-	-	(758 173)	(758 173)
Lease liabilities	(19 813)	-	(34 878)	(50 581)	(105 272)
Deferred tax liability	(56 306)	-	-	(28 055)	(84 361)
Trade and other payables	(63 783)	(69 454)	(128 537)	(555 677)	(817 451)
Provisions	(14 366)	(27 837)	-	(15 327)	(57 530)
Bank overdraft	-	-	-	(61 623)	(61 623)
Current income tax payable	(25 994)	-	(9 836)	(26 657)	(62 486)
Total liabilities	**(180 262)**	**(97 291)**	**(431 506)**	**(2 134 388)**	**(1 188 723)**
Carrying amount of net assets disposed	**608 835**	**257 245**	**186 788**	**5 643 443**	**6 696 311**
Non controlling interest	**-**	**-**	**(141 774)**	**(566)**	**(142 339)**
Foreign exchange differences reclassified	-	-	80 409	15 366	95 775
Total disposal consideration	**735 428**	**438 708**	**85 959**	**6 156 183**	**7 416 278**
Gain/(loss) on disposal	**126 593**	**181 463**	**(39 465)**	**497 939**	**766 531**
Net cash					
Cash received	667 225	433 708	85 959	-	1 186 892
Less: Cash and cash equivalents balance of disposed subsidiaries	(19 262)	(7 736)	(30 013)	(62 633)	(119 644)
Net cash received on sale	**647 963**	**425 972**	**55 946**	**(62 633)**	**1 067 248**

6. Group segmental analysis

Revenue split by segment	Six months ended 31 December 2021 Unaudited R'000	Restated (1) Six months ended 31 December 2020 Unaudited R'000	Restated(1) Year ended 30 June 2021 Unaudited R'000
Consumer Brands	781 802	1 000 491	1 867 692
Africa	339 643	338 100	673 220
Scitec	-	131 841	131 841
Sun Wave	442 159	530 550	1 062 631
Pharma	739 088	1 996 139	3 479 373
Africa	181 399	347 702	577 699
Remedica	557 689	1 282 002	2 268 070
Farmalider	-	366 435	633 604
Medical	673 259	1 123 025	1 969 247
Animal Health	266 560	280 401	571 825
Biosciences	-	218 465	324 578
Less: Discontinued operations	(2 162 327)	(4 122 584)	(7 369 818)
Total revenue	**298 382**	**495 937**	**842 897**

Revenue by geographical location	Six months ended 31 December 2021 Unaudited R'000	Restated (1) Six months ended 31 December 2020 Unaudited R'000	Restated(1) Year ended 30 June 2021 Unaudited R'000
South Africa	1 460 861	2 307 693	4 116 569
Cyprus	557 689	1 282 002	2 268 070
Spain	-	366 435	633 604
Hungary	-	131 841	131 841
Romania	442 159	530 550	1 062 631
Other	-	-	-
Less: Discontinued operations	(2 162 327)	(4 122 584)	(7 369 818)
Total revenue	**298 382**	**495 937**	**842 897**

Normalised EBITDA[PM] split by segment	Six months ended 31 December 2021 Unaudited R'000	%	Restated(1) Six months ended 31 December 2020 Unaudited R'000	%	Restated(1) Year ended 30 June 2021 Unaudited R'000	%
Consumer Brands	206 474	26%	210 964	21%	408 710	22%
Africa	38 283	11%	30 853	9%	81 964	12%
Scitec	-		18 799	14%	18 799	14%
Sun Wave	168 191	38%	161 312	30%	307 947	29%
Pharma	182 864		451 317	23%	694 697	20%
Africa	29 354	16%	(17 417)	-5%	(6 273)	-1%
Remedica	153 510	28%	426 476	33%	611 293	27%
Farmalider	-		42 258	12%	89 677	14%
Medical	97 281	14%	214 316	19%	273 512	14%
Animal Health	68 506	10%	75 755	24%	147 484	26%
Biosciences	(2)	0%	42 999	18%	47 264	15%
Head office	(46 083)	-	(67 095)	-	(125 004)	-
Other	-		(215)		(1 057)	
Less: Discontinued operations	(523 357)	24%	(983 817)	21%	(1 531 046)	21%
Total normalised EBITDA[PM]	**(14 317)**	**-5%**	**(55 776)**	**8%**	**(85 440)**	**-10%**

(1) The comparatives have been restated for the change in discontinued operations. Refer to note 4 for more information.

6. Group segmental analysis (continued)

Reconciliation of normalised EBITDA[PM] to consolidated results	Six months ended 31 December 2021 Unaudited R'000	Restated[(1)] Six months ended 31 December 2020 Unaudited R'000	Restated[(1)] Year ended 30 June 2021 Unaudited R'000
Consolidated loss before taxation from continuing operations	**(482 638)**	**(678 033)**	**(1 462 143)**
Finance income	(2 234)	(1 591)	(4 091)
Finance expense	391 372	496 931	1 061 420
Total impairment, amortisation and depreciation	17 829	8 076	49 495
Total once off costs	61 354	118 841	269 879
Total normalised EBITDA[PM]	**(14 317)**	**(55 776)**	**(85 440)**

[(1)] The comparatives have been restated for the change in discontinued operations. Refer to note 4 for more information.

Statement of financial position measures applied

Assets and liabilities split by segment	Six months ended 31 December 2021 Unaudited R'000		Restated[(1)] Six months ended 31 December 2020 Unaudited R'000		Year ended 30 June 2021 Audited R'000	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Consumer Brands	529 469	(127 830)	1 844 098	(348 622)	1 753 511	(319 476)
Africa	529 469	(127 830)	516 874	(151 392)	487 095	(145 617)
Sun Wave	-	-	1 327 224	(197 230)	1 266 416	(173 859)
Pharma	191 315	(71 252)	6 734 638	(3 082 221)	6 393 132	(2 744 363)
Africa	191 315	(71 252)	309 391	(246 478)	223 260	(93 641)
Remedica	-	-	5 767 951	(2 333 401)	5 575 879	(2 226 623)
Farmalider	-	-	657 296	(502 342)	593 993	(424 099)
Medical	688 979	(389 769)	1 424 321	(604 245)	1 336 852	(507 830)
Animal Health	-	-	738 196	(170 810)	779 659	(195 731)
Biosciences - held for sale	428	(726)	191 749	(146 795)	429	(726)
Head office	332 722	(741 301)	249 072	(5 810 533)	371 383	(6 353 071)
Total consolidated assets and (liabilities)	**1 742 913**	**(1 330 878)**	**11 182 074**	**(10 163 226)**	**10 634 966**	**(10 121 197)**

[(1)] The comparatives have been restated for the correction of the deferred tax prior period error and the trade payables prior period error. Refer to note 4 for more details.

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

Fixed assets per geographic location	Six months ended 31 December 2021 Unaudited R'000	Six months ended 31 December 2021 Unaudited R'000	Year ended 30 June 2021 Audited R'000
South Africa	127 656	208 587	200 528
Cyprus	-	813 097	844
Romania	-	2 124	2
Spain	-	18 264	17
Other	-	-	886
Assets held for sale	(1 891)	(6 418)	(1 772)
Fixed assets per geographic location	**125 765**	**1 035 654**	**200 505**

7. Earnings per share

	Six months ended 31 December 2021 Unaudited R'000			Restated[(1)] Six months ended 31 December 2020 Unaudited R'000			Restated[(1)] Year ended 30 June 2021 Unaudited R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(a) **Basic loss per share**									
Loss attributable to owners of the parent	(491 460)	725 336	233 876	(691 007)	19 109	(671 898)	(1 551 704)	460 900	(1 090 804)
Loss	**(491 460)**	**725 336**	**233 876**	**(691 007)**	**19 109**	**(671 898)**	**(1 551 704)**	**460 900**	**(1 090 804)**
Weighted average number of ordinary shares in issue			481 493 990			479 827 323			481 493 990
Basic loss per share (cents)	**(102.1)**	**150.6**	**48.6**	**(144.0)**	**4.0**	**(140.0)**	**(322.3)**	**95.7**	**(226.5)**
(b) **Headline loss per share**									
Loss attributable to owners of the parent	(491 460)	725 336	233 876	(691 007)	19 109	(671 898)	(1 551 704)	460 900	(1 090 804)
Adjusted for:									
Net (profit)/loss on the sale of property, plant and equipment	(204)	(207)	(411)	1 095	–	1 095	1 385	3 550	4 935
Tax effect	57	–	57	(240)	–	(240)	(388)	59	(329)
(Profit)/loss on disposal of subsidiary	51	(707 776)	(707 725)	–	310 168	310 168	–	296 338	296 338
Tax effect	(18)	4 514	4 496	–	7 494	7 494	–	–	–
Goodwill, intangible asset and tangible asset impairment	–	256 626	256 626	–	246 107	246 107	89 365	151 513	240 878
Tax effect	–	(24 314)	(24 314)	17 585	(17 585)	–	(957)	–	(957)
Impairment of investment	(60 191)	–	(60 191)	5	–	5	(6 665)	–	(6 665)
Non-controlling interest portion allocation	–	–	–	658	–	658	–	–	–
Headline (loss)/earnings	**(551 765)**	**254 179**	**(297 586)**	**(671 904)**	**565 293**	**(106 611)**	**(1 468 964)**	**912 360**	**(556 604)**
Weighted average number of shares in issue			481 493 990			479 827 323			481 493 990
Headline (loss)/earnings per share (cents)	**(114.6)**	**52.8**	**(61.8)**	**(140.0)**	**117.8**	**(22.2)**	**(305.1)**	**189.5**	**(115.6)**

[(1)] The comparatives have been restated for the change in discontinued operations, correction of the deferred tax prior period error and the trade payables prior period error. Refer to note 4 for further details.

7. Earnings per share (continued)

	Six months ended 31 December 2021 Unaudited R'000			Restated[1] Six months ended 31 December 2020 Unaudited R'000			Restated[1] Year ended 30 June 2021 Unaudited R'000		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Reconciliation of normalised headline earnings									
Headline (loss)/earnings	**(551 765)**	**254 179**	**(297 586)**	**(671 904)**	**565 293**	**(106 611)**	**(1 468 964)**	**912 360**	**(556 604)**
Adjusted for									
Acquisition of businesses related costs	–	–	–	–	–	–	–	–	–
Disposal of businesses related costs	94 028	60 471	154 499	74 675	–	74 675	185 987	178 221	364 208
Debt/capital restructuring costs	–	–	–	40 898	–	40 898	60 836	–	60 836
Restructuring and retrenchment costs	27 517	14 490	42 007	7	(11)	(4)	29 721	3 668	33 389
Product litigation costs	–	–	–	–	–	–	–	–	–
Tax effect thereof	–	–	–	(12 207)	244	(11 963)	(26 592)	–	(26 592)
Tax effect thereof	(7 705)	–	(7 705)	–	–	–	–	–	–
Normalised headline (loss)/earnings	**(437 925)**	**329 140**	**(108 785)**	**(568 531)**	**565 526**	**(3 005)**	**(1 219 012)**	**1 094 249**	**(124 763)**
Weighted average number of shares in issue			481 493 990			479 827 323			481 493 990
Normalised headline (loss)/earnings per share (cents)	**(91.0)**	**68.4**	**(22.6)**	**(118.5)**	**117.9**	**(0.6)**	**(253.2)**	**227.3**	**(25.9)**

[1] The comparatives have been restated for the change in discontinued operations. Refer to note 4 for further details.

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

Notes to the condensed group interim financial statements
for the six months ended 31 December 2021

8. Revenue

Revenue	Six months ended 31 December 2021 Unaudited R'000	Restated (1) Six months ended 31 December 2020 Unaudited R'000	Restated (1) Year ended 30 June 2021 Unaudited R'000
Revenue from contracts with customers			
Sale of goods - wholesale (in-country)	298 382	490 351	835 034
Sale of goods - wholesale (export)	-	5 586	7 863
	298 382	**495 937**	**842 897**
Timing of revenue: revenue from contracts with customers			
Products transferred at a point in time	298 382	495 937	842 897
	298 382	**495 937**	**842 897**

(1) The comparatives have been restated for the change in discontinued operations. Refer to note 4 for further details.

9. Significant Items

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

	Six months ended 31 December 2021 Unaudited R'000	Restated(1) Six months ended 31 December 2020 Unaudited R'000	Restated(1) Year ended 30 June 2021 Unaudited R'000
Head office costs(1)	46 083	67 095	125 004
Once off costs	61 354	118 842	269 880

(1) Head office costs include all expenses that are incurred for the head office operations, these include salaries and wages, consulting fees, insurance, etc.

10. Finance costs

	Six months ended 31 December 2021 Unaudited R'000	Restated(1) Six months ended 31 December 2020 Unaudited R'000	Restated(1) Year ended 30 June 2021 Unaudited R'000
Interest on bank and term debt facilities	381 948	476 457	1 027 568
Incurred up to group recapitalisation	366 367	476 457	1 027 568
Facilities F, G1,G2 & G3	14 834	-	-
Default Interest	747	-	-
Debt capitalisation fees	-	7 305	7 305
Lease liabilities	2 429	3 504	6 391
Other finance costs	2 856	5 214	10 808
Interest on deferred vendor liabilities	4 139	4 451	9 348
Finance costs	**391 372**	**496 931**	**1 061 420**

(1) The comparatives have been restated for the change in discontinued operations. Refer to note 4 for further details.

11. Stated capital

	Six months ended 31 December 2021 Unaudited R'000	Six months ended 31 December 2020 Unaudited R'000	Year ended 30 June 2021 Audited R'000
Opening balance	6 017 784	5 975 703	5 975 703
Treasury shares released during the period	-	-	42 081
Treasury shares acquired during the period[1]	(2 120)	-	-
Closing balance	**6 015 664**	**5 975 703**	**6 017 784**

[1] During the current period, the group entered into an agreement with Dissenting Shareholders to buy back the shares. The group repurchased 1.2 million shares at R1,19 per share.

12. Goodwill Impairment

Detailed impairment testing was performed at 30 June 2021. At that stage, the sensitivity analysis for The Scientific Group "TSG" goodwill reflected a low eadroon and indicated that a 1% reduction in the forecast sales volume and growth would result in an impairment.

The TSG CGU has faced various headwinds resulting in year to date underperformance. The recoverable amount was calculated of the CGU as at 31 December 2021. An impairment loss of R170 million was recognised for the CGU reducing the goodwill carrying amount to nil. The recoverable amount of the CGU at 31 December 2021 was R60 million.

The recoverable amount of the CGU was determined based on the value-in-use calculations, consistent with the method used as at 30 June 2021. For further details, please refer to Note 15 of the 2021 Group Annual Financial Statements.

31 December 2021 CGU	Reporting Segment	Carrying value R'000	Recoverable amount R'000	Impairment amount R'000
The Scientific Group	Medical	228 449	59 630	(169 790)
Total impairments				**(169 790)**

The following table sets out the key assumptions for the CGU that was impaired:

	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	6.7%	6.0%	3.9%	4.8%	21.2%

The recoverable amount of the IT consulting CGU in the US would equal its carrying amount if the key assumption were to change as follows:

	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	3.5%	8.0%	0.3%	-3.3%	-2.7%

As there were no indicators for impairment of any of the other CGUs, management has not updated any of the other impairment calculations.

13. Contingent Liabilities

The group is currently involved in various tax, legal and regulatory matters, the outcome of which may not be favourable. None of these matters are considered individually material.

14. Events after reporting period

Completion of Debt Transaction

On 12 January 2022, it was announced that the new lender Consortium advanced the new facility of R550 million and the proceeds were used to settle the debt owed to previous lender, Emma Healthcare Holdings and provide additional working capital to the group. The new Loan was advanced under the existing Senior Facility Agreement ("SFA") and retains the terms, conditions, security and interest rate of the debt owed to the previous lender as at 29 December 2021 and the maturity date was extended to 31 January 2022 in order for the group to finalise the recapitalisation plan.

Changes to the Board

On 13 January 2022, Andrew Marshal resigned as the acting CEO and the board resolved that Cheryl-Jane Kujenga (CFO) will act as the interim CEO. Cheryl-Jane Kujenga will assume the joint role of CFO and interim CEO.

Harry Smit was appointed as the board chairman.

Proposed Group Recapitalisation

On 31 January 2022, the group agreed the terms with each of Apex Management Services and Pharma-Q in respect of the Proposed Disposals, with the proceeds of such disposals to be applied in full discharge of the debt advanced by Apex Management Services and Pharma-Q, as applicable, and to provide the Company with cash to reinvest in the rebuild of the Ascendis Group. In order to facilitate the implementation of the Proposed Disposals, the following key terms have been agreed in respect of the 2022 Debt:

- the term has been extended to the earlier to occur of (i) the date on which the last of the Proposed Disposals is implemented and (ii) 30 June 2022; and
- the applicable interest rate has been reduced by 4% (resulting in a rate of JIBAR plus 8.33%). In the event of a default, a ratchet of 4% will be applied retrospectively. In addition, a further 2% increase will apply prospectively if Shareholders do not approve any requisite resolutions to implement the Proposed Disposals.

The group entered into three separate sale agreements in terms of which it will dispose of its direct and indirect interests in the entities through which the businesses known as “Ascendis Pharma”, “Nimue” and “Ascendis Medical”, operate (the “Pharma Disposal”, the “Nimue Disposal” and the “Medical Disposal”, respectively). Details of the Pharma Disposal, the Nimue Disposal and the Medical Disposal .

The above business units have been classified as Held for sale and Discontinued Operations in terms of the requirements of IFRS 5.

Administration

Country of Incorporation and domicile	South Africa
Registration number	2008/005856/06
Income tax number	9810/017/15/3
JSE share code	ASC
ISIN	ZAE000185005
Registered office	31 Georgian Crescent East Bryanston Gauteng 2191
Postal address	PostNet Suite #252 Private Bag X21 Bryanston 2021
Contact details	+27 (0)11 036 9600 info@ascendishealth.com www.ascendishealth.com
JSE sponsor	Questco Corporate Advisory (Pty) Ltd
Auditors	PricewaterhouseCoopers Inc.
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 Private Bag X9000, Saxonwold, 2132 Telephone: +27 (0)11 370 5000
Company secretary	TM Nkuna (B Com, LLB) mpeo.nkuna@ascendishealth.com
Directors	HJ Smit (Chairman) *^ GJ Shayne^ SL Mulaudzi^ K Wellner*^ RW Dawes*^ CJ Kujenga (CFO and Interim CEO) ** Independent non-executive* *^ Appointed 20 December 2021*

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