aspen HOLDINGS

Healthcare. We Care.

Annual Financial Statements 2024

CONTENTS

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary & Group Governance Officer, I hereby confirm, in terms of the Companies Act, that for the year ended 30 June 2024, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief true, correct and up to date.

Raeesa Khan
Company Secretary

Johannesburg

2 October 2024

RESPONSIBILITY STATEMENT

In terms of Section 3.84(k) of the JSE Limited Listings Requirements, the directors, whose names are stated below, hereby confirm that:

- the Annual Financial Statements set out on pages 13 to 126, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- 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;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code; and
- we are not aware of any fraud involving directors.

Where we are not satisfied, we have disclosed to the Audit & Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Stephen Saad
Group Chief Executive

Sean Capazorio
Group Chief Financial Officer

Healthcare. We Care.

AUDIT & RISK COMMITTEE REPORT

The full mandate, role and responsibilities of the Audit & Risk Committee in terms of its terms of reference have been detailed on the Corporate Governance page of Aspen's website at www.aspenpharma.com.

The table below reflects a summary of the activities undertaken by the Audit & Risk Committee during the year under review, its terms of reference and in support of the Board, with the resulting material outcomes from these activities.

Activities	Outcome
Engagement with the Group's external auditor	• Ernst & Young Inc. ("EY") recommended for reappointment as auditor, and Derek Engelbrecht as the designated auditor, as the Committee was satisfied with the capacity and independence of this firm and the designated auditor; • Oversaw that there were no scope limitations in respect of audit work performed by EY and that there were no factors that impacted the independence of EY as the external auditors; • Approved the fees to be paid to the auditor and the auditor's terms of engagement; • Ensured that the appointment of the auditor complies with the Companies Act, the applicable JSE Listings Requirements, and any other legislation relating to the appointment of the auditor; • Determined the nature and extent of any non-audit services that the auditor may provide to the Group (during the year, R0,9 million of R4 million was paid to EY in respect of the provision of non-audit services, which is approximately 1% of the external audit fee paid for the year); • Pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Group, which are of a material nature as provided for in the Group's non-audit services policy; • Concurred on any proposed agreement with the auditor for the provision of non-audit services insofar as the auditor's self-assessment of self-review, self-interest, advocacy, intimation, familiarity and acting as management threats; • Held two separately scheduled meetings with EY (without presence of management) as per the Committee's work plan; • Considered the most recent JSE Accreditation pack, including the 2023 reports and letters issued by the Independent Regulatory Board of Auditors ("IRBA") of South Africa, a summary of the firm's monitoring processes and outcome of any legal or disciplinary proceedings which may have been instituted against the firm or designated auditor by the IRBA and satisfied itself that there were no areas of concern in respect of the reports, letters and summaries considered; • Noted that the external auditor had expressed an unqualified opinion on the Condensed Group financial results for the year ended 30 June 2024; and • Noted that the external auditor had expressed an unqualified opinion on the Audited Annual Financial Statements for the year ended 30 June 2024.
Compliance with Companies Act requirements	• This report is in compliance with section 94(7)(f) of the Companies Act. The full mandate, roles and responsibilities of the Committee, as per its formally adopted terms of reference, may be accessed online at: https://www.aspenpharma.com/corporate-governance/; • Fulfilled its duty to receive and deal with any concerns or complaints relating to the accounting practices and internal audit of the Company and the Group, the content or auditing of the Annual Financial Statements, the internal financial controls of the Company and the Group or any related matter; and • Made submissions to the Board on matters concerning the Company and the Group's accounting policies, financial controls, records and reporting.
Internal financial controls, internal audit and combined assurance	• Confirmed that, based on the results of the formal documented review of the design, implementation and effectiveness of the Group's systems of internal financial controls conducted by Group internal audit, supported by approved outsourced internal audit service providers during the 2024 financial year and, in addition, considering information and explanations given by management and discussions with the external auditor on the results of their audits, no material breakdowns in the functioning of the internal financial controls were noted during the year under review; • Confirmed that the results of the audit tests conducted indicate that the internal financial controls provide a sound basis for the preparation of financial statements; • Considered and confirmed its satisfaction with the effectiveness, competency, capacity and independence of the internal audit function, as well as the expertise and experience of the Group Executive: Internal Audit; and • Oversight of a comprehensive combined assurance model was applied to the Group's key risks to provide a coordinated approach to all assurance activities and confirmed that there were no significant areas of overlap or assurance gaps and the levels of assurance were considered appropriate.

AUDIT & RISK COMMITTEE REPORT continued

Activities	Outcome
Oversight of risk governance and risk management	• Monitored the implementation of the Group Risk Policy and Group Risk Plan as approved by the Board; • Reviewed and considered the activities and reports of the Group Executive Risk Forum and Tax Committee; • Reviewed and considered business unit risk reports presented to the Committee; • Reviewed and considered the report by internal audit on the integrity and robustness of the Group's risk management processes; • Reviewed and recommended for approval the Group's risk appetite framework; • Reviewed and considered the status of financial, information technology and cybersecurity measures and internal controls for the year under review, as reported on by the Group's internal and external auditors; • Reviewed and approved the adequacy of the Group's insurance cover; • Considered financial-related tip-off reports and management actions to address these; and • Confirmed its satisfaction with the status and effectiveness of risk governance in the Group and the adequacy of mitigation plans for material risks, recommending this as such to the Board.
Integrated reporting	• Will review the Group's Integrated Report and the sustainability information as disclosed therein to evaluate the integrity of reported information and for consistency with the Annual Financial Statements, prior to its release in due course.
Assurance in respect of financial expertise of the financial Director and finance function	• Considered the expertise and experience of the: – Group Chief Financial Officer, who performs the duties of the Company's Finance Director; and – Group's finance function and the senior members of management responsible for the Group's finance function.
Information & Technology ("I&T") Governance	• Oversight of the Group's maturity in respect of I&T governance, considering reports from the Group Digital Technology function and assurance as provided by the internal audit function in accordance with the approved internal audit plan; • Approved the Group's Information Security Policy for implementation; • Evaluated the Group's I&T governance framework to better, direct and monitor Aspen's I&T assets, as well as to align I&T services with the Group's current and future business needs; and • Monitored the programme to mitigate infrastructure technology security risks and maturity being coordinated centrally and maintained oversight of the mitigation plans introduced to address the risk of material operational and disruptive incidents.

Committee members and attendance at meetings

The following table of attendance at Audit & Risk Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

	21 August 2023	25 August 2023	3 October 2023	19 October 2023	5 December 2023	9 February 2024	27 February 2024	26 June 2024
Ben Kruger (Chair)	√	√	√	√	√	√	√	√
Linda de Beer	√	√	√	√	√	√	√	√
Neo Dongwana*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√
Yvonne Muthien	√	√	√	√	√	√	√	√

* *Neo Dongwana was appointed as a member of the Committee with effect from 7 March 2024.*

The overall average attendance for the Audit & Risk Committee meetings held during the year was 100%.

Annual Financial Statements for the 2024 financial year

The Committee has reviewed the Annual Financial Statements as well as provisional results announcements and interim financial information of the Company and the Group for the year under review and has been assured by the external auditors that they comply with IFRS. The Committee also considered the JSE's latest report titled "Report on proactive monitoring of financial statements in 2023", published on 3 November 2023 and received management's confirmation that the necessary and appropriate actions were taken to ensure that the Group was in full compliance with this report.

Internal controls confirmation

This section requires a statement by the Group Chief Executive and Group Chief Financial Officer (in his capacity as Financial Director of the Company), confirming that internal financial controls are in place to ensure that material information has been provided to effectively prepare the financial statements. Furthermore, confirmation is to be given that the internal financial controls are adequate, effective, and can be relied upon in compiling the Annual Financial Statements, and if not, that the deficiencies in the design and operational effectiveness of the internal financial controls have been disclosed to the Committee and the external auditors, and that the necessary remedial action has been taken.

The Group undertakes a rigorous self-assessment process with the scope including all subsidiaries. The self-assessment review is formally signed off by the financial head of each subsidiary as well as being reviewed and approved by the Group finance team. The self-assessment includes financial and disclosure controls, internal financial and operating controls, business performance related representations and a detailed fraud assessment review. The positive assurance outcome provided strong support for meeting the requirements of section 3.84(k) of the JSE Listings Requirements.

The Committee is satisfied, based on the representations made by Group Internal Audit, Group Risk Management, the Group Chief Executive and the Group Chief Financial Officer, as well as the other related processes mentioned, that the internal financial controls in place for the Group were adequate and effective during the period under review.

Key audit matters

The following key audit matters were considered by the Audit & Risk Committee in relation to these Annual Financial Statements:

Matter	Outcome
Valuation of intangible assets and impairment of goodwill	The Audit & Risk Committee interrogated all material elements supporting the valuation and measurement of goodwill and indefinite life intangible assets, which included stress testing the process and key assumptions underpinning the valuations. The process of reviewing the classification of intangible assets and the criteria for determining whether these assets met the definition of indefinite life intangible assets was extensively reviewed and the Committee was satisfied that the classification and valuation of indefinite life intangible assets was materially correct and fairly presented. Rigorous impairment testing of intangible asset values was once again performed resulting in net impairments of R1,6 billion.
Valuation of business and brand acquisitions (Consolidated financial statements only)	**Sandoz business acquisition** The Audit & Risk Committee considered all material elements supporting management's identification and provisional fair value measurement of the acquired assets and liabilities as part of the purchase price allocation ("PPA"). This included an extensive review of the accounting treatment of the acquisition, i.e. the acquisition method which was in accordance with *IFRS 3 – Business Combinations*. The Committee was satisfied that the provisional classification and valuation of the fair value of net assets acquired, goodwill and separately identifiable assets was materially correct and fairly presented. **Acquisition of a portfolio of products in Latin America** The Audit & Risk Committee reviewed all material elements supporting management's fair value determination of the brands. This process included a review of management's allocation of the total consideration to the individual brands acquired based on the relative weight of net present value of the brands. The Committee was satisfied that the classification and valuation of the fair value determination of the brands was materially correct and fairly presented.

Materiality consideration

Overall Group external audit materiality, which was based on consolidated profit before tax from continuing operations and adjusted for non-recurring items, was set at R348 million. Profit before tax was used since it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark in industry.

Going concern

The Committee has, for the year under review, considered the documented assessment by management of the going concern premise of the Group and has, following this consideration and the combined assurance obtained, recommended to the Board that the Group is a going concern and will remain so for the foreseeable future.

Recommendation of the Annual Financial Statements for approval by the Board

At its meeting held on 1 October 2024, the Audit & Risk Committee reviewed and recommended the Annual Financial Statements for approval by the Board of Directors.

The Audit & Risk Committee is satisfied that, for the year under review, it has complied with its statutory responsibilities and the responsibilities assigned to it by the Board.

Ben Kruger CA(SA)

Audit & Risk Committee Chair

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Board of Directors (“Board”) is responsible for the preparation, integrity and fair presentation of the Annual Financial Statements for the year ended 30 June 2024 (“Annual Financial Statements”) of Aspen Pharmacare Holdings Limited (“the Company”) and its subsidiaries (collectively “the Group”).

The Board, with guidance from the Audit and Risk Committee, considers that in preparing the Annual Financial Statements it has 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”) that it considers to be applicable have been followed. The preparation of the 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 Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

The Board is satisfied that the information contained in the Annual Financial Statements is supported by an unqualified audit opinion from the Group’s external auditor, Ernst & Young Incorporated, and its report is presented on page 9.

The Annual Financial Statements were prepared under the supervision of the Group Chief Financial Officer, Sean Capazorio CA(SA), approved by the Board of Directors on 1 October 2024 and are signed on its behalf. A signed copy of these Annual Financial Statements is available for inspection at the Company’s registered office.

The Company and its subsidiaries operate in a well-established control environment, which is documented and 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 being controlled.

The Board has responsibility 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 Annual Financial Statements comply with the relevant legislation.

The going concern basis has been adopted in preparing the Annual Financial Statements. The Board has no reason to believe that the Group or any company within the Group will not continue on the going concern basis in the foreseeable future, based on forecasts, available cash resources and facilities. These Annual Financial Statements support the viability of the Company and the Group.

The Board further acknowledge that they are responsible for the content of the Integrated Report and its supplementary documents, as well as its consistency with the Annual Financial Statements.

Kuseni Dlamini
Chair

Stephen Saad
Group Chief Executive

Sean Capazorio
Group Chief Financial Officer

Johannesburg

2 October 2024

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the Group and the Company for the year ended 30 June 2024.

Nature of business

Aspen is a global specialty and branded pharmaceutical company, improving the health of patients across the world through its high quality and affordable medicines. Active at every stage of the value chain, the Group is uniquely diversified by geography, product, and manufacturing capability.

Financial results and review of operations

The financial results of the Group are set out on pages 13 to 101 and the Company on pages 102 to 126 of the Annual Financial Statements. The segmental analysis is included on pages 20 to 23. These Annual Financial Statements have been prepared using appropriate accounting policies, in accordance with IFRS, the SAICA Financial Reporting Guidelines, as issued by the Accounting Practices Committee, financial pronouncements, as issued by the Financial Reporting Standards Council (FRSC) and the Companies Act 71 of 2008, the JSE Listings Requirements and include amounts based on judgements and estimates made by management. Further analysis of the results for the period under review will be included in the Financial Director's report of the Integrated Report.

The consolidated earnings attributable to equity holders of the Company amounted to R4 404 million for the year, compared with R5 228 million for the previous year, a decrease of 16%. Headline earnings per share ("HEPS") decreased by 3% from 1 405,4 cents to 1 356,6 cents.

The financial results are more fully described in the Annual Financial Statements.

Review of the business, future developments and subsequent events

Aspen's external operating context, reported on in our 2024 Integrated Report to be published at the end of October 2024, will provide details of the Group's environment. The Group's operational performance for 2024 is discussed and information on our future outlook can be found throughout the 2024 Integrated Report. The Group Chief Financial Officer's review in the 2024 Integrated Report, together with these Annual Financial Statements, provide a full description of our financial performance for the year.

Going concern

These Annual Financial Statements have been prepared on the going concern basis. Based on the Group's reserves, positive cash flows and cash balances, the availability of unutilised funding facilities and the budgets for the period to June 2025, the Board believes that the Group and the Company have adequate resources to continue in operation for the next 12 months.

Share capital

There was no change to the authorised ordinary share capital of Aspen during the year. The following changes to the issued share capital were effected during the year:

	Number of shares 'million	Share capital R'million
Ordinary shares		
Balance at the beginning and end of the year	**446,3**	**2 017**

Further details of the authorised and issued share capital of the Company are given in note 11 of the Group Annual Financial Statements and note 8 of the Company Annual Financial Statements.

The unissued ordinary shares are under the control of the directors of the Company until the next annual general meeting.

Net borrowings

Borrowings at year-end (net of cash and cash equivalents) amounted to R24 118 million (2023: R18 370 million) are made up as follows:

	2024 R'million	2023 R'million
Non-current borrowings	**25 141**	21 375
Current borrowings	**11 314**	7 907
Cash and cash equivalents	**(12 337)**	(10 912)
	24 118	18 370

DIRECTORS' REPORT continued

Net borrowings have increased mainly as a result of acquisitions and partly due to the payment of the first of three instalments of the Merck Sharpe & Dohme ("MSD") loan.

The level of borrowings is authorised in terms of the Company's and its subsidiaries' Memoranda of Incorporation and have been authorised in terms of the required Board approvals.

A detailed list of borrowings is set out in note 13 of the Group Annual Financial Statements.

Directorate and Secretary

The directors in office at the date of this report are as follows:
- Kuseni Dlamini – appointed April 2012
- Ben Kruger – appointed April 2019
- Sean Capazorio – appointed January 2022
- Linda de Beer – appointed July 2018
- Neo Dongwana – appointed March 2024
- Reginald Haman – appointed March 2024
- Themba Mkhwanazi – appointed April 2019
- Chris Mortimer – appointed January 1999
- Yvonne Muthien – appointed December 2021
- David Redfern – appointed February 2015
- Stephen Saad – appointed January 1999

The biographical details of the directors, the capacities in which they have been appointed to the Board and the relevant Board Committees they serve on are set out on the Group's website at https://www.aspenpharma.com/board-of-directors/. The Company Secretary is Raeesa Khan, who was appointed 1 January 2024, and she holds the position of Group Company Secretary and Chief of Staff (Group Corporate Services). Her business and postal addresses are set out on the Group's website at https://www.aspenpharma.com/about-aspen/.

In terms of the Company's Memorandum of Incorporation:
(i) Linda de Beer, Yvonne Muthien and Chris Mortimer retire as directors by rotation; and
(ii) Neo Dongwana, appointed as an independent non-executive director, and being eligible, offers herself for re-election at the Company's annual general meeting scheduled for 5 December 2024.

In terms of the Company's policy on tenure, Kuseni Dlamini will also offer himself for re-election at the Company's annual general meeting scheduled for 5 December 2024.

The Group Chief Executive and the Group Chief Financial Officer are employed on indefinite term service contracts subject to contractual notice periods by either party.

Details of directors' interests in the Company's issued shares are in the Remuneration Policy and Implementation Report, to be included in the 2024 Integrated Report, and directors' remuneration details are set out in note 22 of the Group Annual Financial Statements.

There have been no changes in the interests of the directors in the shares of the Company between 30 June 2024 and the date of this report, except for the Group Chief Financial Officer who, with the approval of the Chair, sold 15 000 shares.

The Board has the following three sub-committees, each with its own terms of reference:
- Audit & Risk Committee
- Remuneration & Nomination Committee
- Social & Ethics Committee

For more information on these committees, their members and mandates, please refer to https://www.aspenpharma.com/corporate-governance/.

Group share trading policy

It is Group policy that directors, prescribed officers and their associates are not to deal in shares or otherwise transact in the securities of the Company for the periods from half year-end and year-end to 24 hours after publication of the half year-end and year-end results or when the Company is trading under a cautionary announcement.

Transactions and subsequent events

Acquisition of a portfolio of products in Latin America

With effect from 1 November 2023, Aspen Global Incorporated ("AGI"), a wholly owned subsidiary, acquired from Viatris Inc. ("Viatris"), the commercialisation rights and related intellectual property for a portfolio of brands in Latin America for a consideration of USD280 million. The key products within the portfolio are sold under the brand names Lipitor, Viagra, Lyrica, Zoloft, Norvasc and Celebrex. As part of the transaction, a number of employees engaged in the commercialisation of the products have transferred to the local subsidiaries of Aspen. The products generated sales of approximately USD92 million in the year ended 31 December 2022.

Acquisition of a subsidiary and business in China

With effect from 1 May 2024, Aspen Global Incorporated concluded an agreement with Sandoz AG ("Sandoz"), in terms of which Aspen Global Incorporated acquired the beneficial ownership of its subsidiary, Sandoz (China) Pharmaceutical Co., Ltd. ("Sandoz China"), together with the commercialisation rights and related intellectual property for a portfolio of established products currently commercialised by Sandoz and a pipeline of products to be launched by Sandoz in the short to medium term. As consideration Aspen paid an upfront amount of EUR73 million and expects to pay contingent consideration based on future pipeline sales of EUR11 million. Aspen has accounted for this acquisition as a business combination in terms of *IFRS 3 – Business Combinations*. Annual sales are approximately R1,8 billion per annum.

Disposal of European Anaesthetic brands

With effect from 1 May 2024, Aspen Global Incorporated concluded an agreement with Sandoz, in terms of which Aspen Global Incorporated disposed to Sandoz the commercialisation rights and related intellectual property for four anaesthetic products sold by Aspen Global Incorporated in the European Economic Area for a consideration of EUR46 million. Sales of these products for the period to 30 June 2023 were R280 million per annum.

New Development Finance Institutions ("DFI") Loan

During September 2024, all conditions precedent relating to a new unsecured EUR500 million seven-year amortising term loan (the "New DFI Loan") were cleared and the loan was disbursed to the Company. The New DFI Loan is sourced from a club of development finance institutions. The commercial terms, covenants and undertakings of the New DFI Loan are materially similar to the Group's existing borrowings.

Aspen progressing into GLP-1s

Supporting our capacity fill and commercial initiatives, Aspen has also secured a commercial licence for the intellectual property necessary to commercialise GLP-1s post the expiry of the originator product patents. In addition, Aspen will be the exclusive global supplier of these products to the licensor. This exciting opportunity could benefit Aspen from calendar year 2026 onwards and consequently also be additive to the capacity fill contributions for FY2026.

Memorandum of Incorporation

No changes were made to the Company's Memorandum of Incorporation during the year ended 30 June 2024 and up until the date of this report.

Dividend to shareholders

Taking into account the earnings and cash flow performance for the year ended 30 June 2024, existing debt service commitments, future proposed investments and funding options, notice was given that the Board declared a gross dividend of 359 cents per ordinary share to shareholders recorded in the share register of the Company at the close of business on 20 September 2024 (2023: 342 cents).

A dividend withholding tax of 20% is applicable to shareholders who are not exempt. The Company income tax number is 9325178714. The issued share capital of the Company is 446 252 332 ordinary shares. The dividend was paid from income reserves. Shareholders were advised to seek their own tax advice on the consequences associated with the dividend.

The directors are of the opinion that the Company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008.

Future distributions will be decided on a year-to-year basis. In compliance with *IAS 10 – Events After Balance Sheet Date*, the dividend will only be accounted for in the financial statements for the year ending 30 June 2025.

The salient dates in respect of the dividend were as follows:

Last day to trade cum dividend	Tuesday, 17 September 2024
Shares commence trading ex-dividend	Wednesday, 18 September 2024
Record date	Friday, 20 September 2024
Payment date	Monday, 23 September 2024

Special resolutions

All special resolutions were passed by the Company at the annual general meeting on 7 December 2023.

DIRECTORS' REPORT continued

Auditors

The Audit & Risk Committee and Board have recommended that Ernst & Young Inc. be appointed as the external auditor of the Group and the Company, and that Derek Engelbrecht be appointed as the designated auditor for this purpose, in terms of the resolution to be proposed at the annual general meeting in accordance with the Companies Act. The directors further confirm that the Audit & Risk Committee has addressed the specific responsibility required by it in terms of the Companies Act and that membership of the Audit & Risk Committee will be proposed to shareholders by ordinary resolution at the annual general meeting. The activities of the Audit & Risk Committee are contained within the Audit & Risk Committee Report available online at https://www.aspenpharma.com/investor-relations/#integrated-reporting.

Investments in subsidiaries and structured entities

The financial information in respect of the Group and the Company's interests in its material operating subsidiaries and structured entities is set out in note 20 of the Company's Annual Financial Statements.

Contracts

None of the directors and officers of the Company had an interest in any contract of significance during the financial year, save as disclosed in note 31 of the Group Annual Financial Statements and note 17 of the Company Annual Financial Statements.

Corporate governance

Our application of the principles of King IV is set out on the Company's website: https://www.aspenpharma.com/corporate-governance/.

Creating, sustaining and protecting value through our approach to environmental, social and corporate governance ("ESG") factors

Our Integrated Report for 2024, to be published at the end of October 2024, will provide information on our ESG performance and provide information on the Group's approach to remuneration.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ASPEN PHARMACARE HOLDINGS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Aspen Pharmacare Holdings Limited and its subsidiaries ("the Group") and Company set out on pages 13 to 126, 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, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company 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 International Financial Reporting Standards 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 of the Group and Company and 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 of the Group and Company and 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 judgement, 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of intangible assets and goodwill (Consolidated and separate financial statements)	
At year end, the intangible assets for the Group and Company amounted to R66,3 billion and R0,9 billion respectively. The Group also has goodwill to the value of R5,5 billion (Company: Rnil). Intangible assets are in respect of intellectual property and brands, and goodwill that arose historically from the acquisition of standalone businesses and/or individual assets. As described in note 1 and 4 of the Consolidated financial statements and note 2 of the Company financial statements, the recoverable amount of the intangible assets and goodwill had been determined based on a value-in-use calculation using cash flow projections from five-year strategic plans, and annual financial budgets approved by the Board. Where the recoverable amount was less than the carrying amount, an impairment was recognised. The impairments are as a result of changes in trading conditions, rising interest rates and their impact on the weighted average cost of capital as well as changes in sales (regulated pricing environments). Note 1 and note 4 of the Group financial statements describe intangible assets and goodwill which were impaired by a gross value of R2,4 billion and R145 million respectively. Impairment reversals for the Group related to intangible assets only, which amounted to R1,0 billion.	Our procedures amongst others included the following: • We obtained an understanding of management's process and controls applied to: – Identify and define the Cash Generated Units ("CGUs"), – Assess the valuation of the CGUs and the related intangible assets and goodwill, and – Evaluate the useful lives of the intangible assets. • We evaluated the valuation methodology and model used by management in determining the value-in-use of goodwill and intangible assets through comparison with prior years for consistency, and with reference to relevant accounting standards and our knowledge of industry practice. • In response to the macro-economic pressures facing the determination of the weighted average discount rates, we involved our valuation specialists to independently challenge management's methodology, calculation, and inputs. • We performed detailed quantitative and qualitative assessments to select various CGUs for detailed testing,

INDEPENDENT AUDITOR'S REPORT continued

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of intangible assets and goodwill
(Consolidated and separate financial statements)</td></tr>
<tr><td>Note 2 of the Company financial statements describes intangible assets which were impaired, and which amounted to R12 million

Key judgements that affected management's annual impairment assessment were:
• Selection of the appropriate impairment model;
• Discount rate applied;
• Specific risk premia added to the discount rate by management;
• Inputs to the cash flow forecasts such as growth and terminal value rates;
• Useful lives of intangibles assets;
• Assumptions regarding pricing growth, volume growth and margin management; and
• Recoverability of development costs in respect of projects.

The valuation of intangible assets and goodwill required significant auditor attention and is considered a Key Audit Matter due to the following:
• The quantum of the Group balances being 52% and 85% respectively in relation to the consolidated total assets and equity as at 30 June 2024 (and 3% in relation to both the total assets and equity of the company), and the resulting quantum of impairments recognised during the current year.
• The number of CGUs and models to be evaluated.
• The extent to which we involved our internal valuations specialists to evaluate management's judgements and assumptions.
• A value in use model has significant judgment and estimations in respect of future cash flow forecasts, discount rate and terminal growth rate assumptions. Changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount.
• The number of countries, operating and reporting segments that the brands operate in brought into focus:
– The need for a weighted discount rate which appropriately covered these various jurisdictions,
– The forecasting of annual growth, terminal growth, cost-saving and efficiency measures as well as the respective useful lives reflective of the various locations.
• The impact on the weighted average cost of capital as a result of the rising inflationary environment, the conflict in Europe and continued interest rate increases in the United States.
• We further focused on the estimation of the useful lives of the intangible assets which are subject to tight regulatory environments and changes in consumer behaviour.
• The extent of disclosures required by IAS 36 – Impairment of Assets and IAS 38 – Intangible Assets.</td><td>• For the sample of CGUs selected:
– We challenged and examined the business plans approved and assumptions used by management, including forecasted revenue base, profit from operating margins, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU's assets and allocated goodwill.
– We evaluated the completeness of the country specific risk premiums added to the discount rate used to discount a given model by identifying the different risk dependent cash flows incorporated into the model.
– We involved our valuation specialists to assist with the evaluation of the discount rates applied to a given model based our knowledge of the industry and benchmarked adjustments for country specific risks premiums to the risk-free rates against external international databases.
– We evaluated the weighting applied to the country specific risk premiums by reference to the proportion of cash flows from each country.
– We evaluated the accuracy of the inputs to the cash flow forecasts used in the valuation models by agreeing them to the budgets approved by the Board and customer agreements, and assessed the forecasts for reasonableness against actuals, management's plans and other relevant market and economic information which we benchmarked against external sources.
– We evaluated management's growth and terminal value with reference to country-specific inflation rates.
– We evaluated management's assessment of useful lives with reference to product life cycles, license to distribute and underlying sales agreements.
– We identified the interdependencies between various inputs to evaluate that the inputs used are consistent in a given model and across models.
– We recalculated the arithmetical accuracy of management's computations.
– We performed our own independent calculation of the point in estimate based on what we expect the inputs to be and compared our point in estimate to management's point in estimate.
– We performed sensitivity analyses on the key assumptions applied by management including pricing levels, volume growth, margins and the discount rate to determine the impact that a reasonable expected change could have on the recoverable amount of any given CGU.
• We evaluated the disclosures in note 1 and 4 of the Consolidated financial statements and note 2 of the Company financial statements, relating to intangible assets and goodwill to assess compliance with the requirements of IAS 36 – Impairment of Assets and IAS 38 – Intangible Assets.</td></tr>
</table>

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of business and brand acquisitions
(Consolidated financial statements)</td></tr>
<tr><td>
Sandoz business acquisition:
Aspen Global Incorporated, which is a 100% held subsidiary of Aspen Pharmacare Holdings acquired the 100% shareholding in Sandoz China with effect from 1 May 2024, together with the commercialisation rights and related intellectual property for a portfolio of established products currently commercialised by the company and a pipeline of products.

The acquisition of the subsidiary creates an opportunity for Aspen to further strengthen its presence in China and to scale its business in the future.

The acquisition was accounted for using the acquisition method as prescribed in IFRS 3 – Business Combinations, where the Group performed a provisional PPA exercise as disclosed in the Group financial statements in Note E.

Note E of the Group Statement of cash flows describes the purchase consideration of R1,7 billion which comprises the fair value of net assets acquired and goodwill arising on the acquisition of R1,5 billion and R0,2 billion respectively. In addition, separately identifiable intangible assets of R1,7 billion were recognised.

Therefore, we have determined the valuation for the above business combinations to be a Key Audit Matter.

Acquisition of a portfolio of brands in Latin America
Aspen Global Incorporated, which is a 100% held subsidiary of Aspen Pharmacare Holdings, concluded an agreement to acquire from Viatris, the commercialisation rights and related intellectual property for a portfolio of well-known branded products in Latin America.

Aspen acquired a basket of brands to complement its existing portfolio and add to the scale of its business for future growth in Latin America. The transaction was effective 1 November 2023.

Management allocated the total consideration to the individual brands acquired based on the relative weight of net present value of the brands.

Note D of the Group Statement of cash flows describes the cash outflows of this acquisition.

The valuation of the business and brands required significant auditor attention and is considered a Key Audit Matter due to the following:
• The significant management judgment and estimates involved in the provisional PPA exercise mainly relating to the determination of the fair value of the intangibles and acquired assets.
• The extent to which we involved our internal valuations specialists to evaluate management’s judgements and assumptions.
• The number of countries, operating and reporting segments that the brands operate in.

Therefore, we have determined the valuation for the above acquisition of a portfolio of brands to be a Key Audit Matter.
</td><td>
Our audit procedures included, amongst others, the following:
• We have read the purchase agreements to obtain an understanding of the transactions and the key terms.
• We reviewed the key terms and conditions of the transactions accounted for to determine whether they are consistent with the terms approved.

Sandoz business acquisition
• We tested management’s identification and provisional fair value measurement of the acquired assets and liabilities as part of the PPA in terms of IFRS 3 – Business Combinations.
• We involved our internal valuation specialists in assisting us in reviewing management’s valuation methodologies and assessing the key assumptions and inputs used in measuring the provisional fair value of the net identifiable assets against the principles as set out in IFRS 13 – Fair Value Measurement and by reference to actual or independent data supporting the assumptions and inputs.
• We assessed the adequacy of the related disclosures in Note E to the consolidated financial statements in terms of IFRS 3 – Business Combinations, IFRS 13 – Fair Value Measurement and IAS 28 – Investment in Associates and Joint Ventures.

Acquisition of a portfolio of brands in Latin America
• We assessed management’s judgement and estimates regarding the fair value determination of the brands.
• We involved our internal valuation specialists in assisting us in reviewing the management’s valuation methodologies and assessing the key assumptions and inputs used in measuring the fair value of the brands
• We assessed the adequacy of the related disclosures in Note D to the consolidated financial statements in terms of IAS 7 – Statement of Cash flows, IAS 36 – Impairment of Assets and IAS 38 – Intangible Assets.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT continued

Other information
The directors are responsible for the other information. The other information comprises the information included in the 133 page document titled "Aspen Holdings Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Audit & Risk Committee's Report, unaudited share statistics, Illustrative constant exchange rate report – Annexure 1 and the Company Secretary's Certificate as required by the Companies Act of South Africa, 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. Other information does not include the consolidated or the 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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

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 International Financial Reporting Standards 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 and 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 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 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 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 and separate 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 Ernst & Young Inc. has been the auditor of Aspen Pharmacare Holdings Limited for four years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Derek Engelbrecht
Registered Auditor

2 October 2024

102 Rivonia Road
Sandton, Johannesburg

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2024

	Note	2024 R'million	2023 R'million
ASSETS			
Non-current assets			
Intangible assets	1	**66 352**	63 104
Property, plant and equipment	2	**19 946**	18 495
Right-of-use assets	3	**563**	402
Goodwill	4	**5 462**	5 596
Deferred tax assets	5	**1 794**	1 579
Contingent environmental indemnification assets	6	**298**	343
Other non-current receivables	7	**654**	265
Total non-current assets		**95 069**	89 784
Current assets			
Inventories	8	**18 002**	19 606
Receivables and other current assets	9	**12 664**	13 053
Current tax assets		**1 083**	929
Cash and cash equivalents	10	**12 337**	10 912
Total current assets		**44 086**	44 500
Total assets		**139 155**	134 284
SHAREHOLDERS' EQUITY			
Retained income		**60 763**	58 134
Non-distributable reserves		**22 292**	26 309
Share capital (net of treasury shares)	11	**1 653**	1 669
Share-based compensation reserve	12	**153**	124
Total shareholders' equity		**84 861**	86 236
LIABILITIES			
Non-current liabilities			
Borrowings	13	**25 141**	21 375
Other non-current liabilities	14	**2 055**	497
Unfavourable and onerous contracts	15	**137**	–
Deferred tax liabilities	5	**1 582**	1 995
Contingent environmental indemnification liabilities	6	**298**	343
Retirement and other employee benefit obligations	16	**701**	690
Total non-current liabilities		**29 914**	24 900
Current liabilities			
Borrowings	13	**11 314**	7 907
Trade and other payables	17	**10 347**	10 180
Other current liabilities	18	**1 817**	4 057
Current tax liabilities		**791**	900
Unfavourable and onerous contracts	15	**111**	104
Total current liabilities		**24 380**	23 148
Total liabilities		**54 294**	48 048
Total equity and liabilities		**139 155**	134 284

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	2024 R'million	2023 R'million
Revenue	19	**44 706**	40 709
Cost of sales	21	**(25 252)**	(21 775)
Gross profit	21	**19 454**	18 934
Selling and distribution expenses	21	**(6 481)**	(5 799)
Administrative expenses	21	**(3 657)**	(3 627)
Other operating income	21	**1 543**	696
Other operating expenses	21	**(3 861)**	(2 382)
Operating profit	20	**6 998**	7 822
Investment income	23	**1 059**	529
Financing costs	24	**(2 343)**	(1 796)
Profit before tax		**5 714**	6 555
Tax	25	**(1 310)**	(1 327)
Profit for the year		**4 404**	5 228
OTHER COMPREHENSIVE INCOME, NET OF TAX[1]			
Currency translation (losses)/gains	29	**(4 274)**	11 563
Remeasurement of retirement and other employee benefit obligations		**7**	20
Total comprehensive income		**137**	16 811
Basic and diluted earnings per share (cents)	27	**991,4**	1 176,9

[1] *Remeasurements of retirement and other employee benefit obligations are not reclassified to profit and loss. All other items in other comprehensive income are reclassified to profit or loss.*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

		Non-distributable reserves				
	Share capital (net of treasury shares) R'million	Hedging reserve R'million	Foreign currency translation reserve R'million	Share-based compensation reserve R'million	Retained income R'million	Total R'million
Balance at 30 June 2022	1 784	454	14 292	71	54 341	70 942
Total comprehensive income	–	–	11 563	–	5 248	16 811
Profit for the year	–	–	–	–	5 228	5 228
Other comprehensive income	–	–	11 563	–	20	11 583
Dividends paid	–	–	–	–	(1 455)	(1 455)
Treasury shares purchased	(136)	–	–	–	–	(136)
Deferred incentive bonus shares exercised	21	–	–	(21)	–	–
Share-based payment expense	–	–	–	74	–	74
Balance at 30 June 2023	**1 669**	**454**	**25 855**	**124**	**58 134**	**86 236**
Total comprehensive income	**–**	**–**	**(4 274)**	**–**	**4 411**	**137**
Profit for the year	**–**	**–**	**–**	**–**	**4 404**	**4 404**
Other comprehensive loss	**–**	**–**	**(4 274)**	**–**	**7**	**(4 267)**
Dividends paid	**–**	**–**	**–**	**–**	**(1 525)**	**(1 525)**
Transfer between reserves	**–**	**–**	**257**	**–**	**(257)**	**–**
Treasury shares purchased	**(56)**	**–**	**–**	**–**	**–**	**(56)**
Deferred incentive bonus shares exercised	**40**	**–**	**–**	**(40)**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**	**69**	**–**	**69**
Balance at 30 June 2024	**1 653**	**454**	**21 838**	**153**	**60 763**	**84 861**

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Note	2024 R'million	2023 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	**9 725**	7 942
Financing costs paid	B	**(2 410)**	(1 337)
Investment income received[1]		**1 059**	529
Tax paid	C	**(2 149)**	(1 614)
Cash generated from operating activities		**6 225**	5 520
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment		**(3 117)**	(2 230)
Proceeds received from disposal of property, plant and equipment		**13**	5
Capital expenditure – intangible assets		**(2 418)**	(951)
Proceeds received from disposal of intangible assets		**2**	4
Contractual prepayments		**(595)**	–
Proceeds received from disposal of Japanese business		**–**	279
Proceeds received from disposal of other non-current assets		**9**	17
Payment of deferred, fixed and contingent consideration relating to prior year business transactions		**(158)**	(626)
Disposal of Oncology portfolio in USA		**52**	38
Acquisition of portfolio products in Latin America	D	**(3 229)**	–
Acquisition of a subsidiary and business in China net of cash acquired	E	**(963)**	–
Proceeds from disposal of European Anaesthetic brands	F	**936**	–
Insurance compensation of assets		**–**	43
Cash utilised in investing activities		**(9 468)**	(3 421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**13 988**	7 939
Repayment of borrowings		**(7 571)**	(6 585)
Repayment of lease liabilities		**(201)**	(183)
Dividends paid		**(1 525)**	(1 455)
Repayment of MSD loan		**(1 012)**	–
Purchase of treasury shares		**(56)**	(136)
Cash generated from/(utilised in) financing activities		**3 623**	(420)
Movement in cash and cash equivalents before currency translation movements		**380**	1 679
Currency translation movements		**(653)**	843
Movement in cash and cash equivalents		**(273)**	2 522
Cash and cash equivalents at the beginning of the year		**7 493**	4 971
Cash and cash equivalents at the end of the year[2]	G	**7 220**	7 493
Operating cash flow per share (cents)		**1 401,4**	1 242,6

[1] *Investment income received per the statement of cash flows equates to the amount per the statement of comprehensive income.*
[2] *For the purposes of the statement of cash flows, cash and cash equivalents comprise bank balances, short-term bank deposits less bank overdrafts.*

NOTES TO THE GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

		2024 R'million	2023 R'million
A.	**CASH GENERATED FROM OPERATIONS**		
	Operating profit	**6 998**	7 822
	Amortisation of intangible assets	**583**	541
	Depreciation of property, plant and equipment and right-of-use assets	**1 390**	1 247
	Net impairment charges	**2 592**	1 986
	Loss on disposal of property, plant and equipment and right-of-use assets	**7**	1
	Loss on disposal of intangible assets	**27**	–
	Share-based payment expense	**117**	135
	Deferred revenue	**(4)**	(47)
	Unfavourable and onerous contracts	**(102)**	(377)
	Non-cash operating profit – Acquisition of a portfolio of products in Latin America (note D)	**(1 124)**	–
	Non-cash operating profit	**(585)**	–
	Other non-cash items	**68**	(8)
	Cash operating profit	**9 967**	11 300
	Working capital movements	**(242)**	(3 358)
	Decrease/(increase) in inventories	**200**	(2 701)
	Decrease/(increase) in trade and other receivables	**(104)**	327
	Decrease in trade and other payables	**(338)**	(984)
		9 725	7 942
B.	**FINANCING COSTS PAID**		
	Financing costs per statement of comprehensive income	**(2 343)**	(1 796)
	Add: Borrowing cost capitalised	**(124)**	(46)
	Less: Non-cash financing costs	**57**	505
		(2 410)	(1 337)
C.	**TAX PAID**		
	Amounts receivable at the beginning of the year	**29**	54
	Tax charged to the statement of comprehensive income	**(1 872)**	(1 693)
	Acquisition of Sandoz China	**(5)**	–
	Currency translation movements	**(9)**	54
	Amounts payable at the end of the year	**791**	900
	Amounts receivable at the end of the year	**(1 083)**	(929)
		(2 149)	(1 614)
D.	**ACQUISITION OF A PORTFOLIO OF PRODUCTS IN LATIN AMERICA**		
	With effect from 1 November 2023, Aspen Global Incorporated, a wholly owned subsidiary, acquired, from Viatris, the commercialisation rights and related intellectual property for a portfolio of brands in Latin America.		
	Intangible assets acquired	**(5 292)**	–
	Funded from operating activities	**2 063**	–
	Receivables forgone	**939**	–
	Liabilities and provisions raised on acquisition:	**1 124**	–
	Other current liabilities	**709**	–
	Unfavourable and onerous contracts	**415**	–
		(3 229)	–

NOTES TO THE GROUP STATEMENT OF CASH FLOWS continued

for the year ended 30 June 2024

E. ACQUISITION OF A SUBSIDIARY AND BUSINESS IN CHINA NET OF CASH ACQUIRED

With effect from 1 May 2024, Aspen concluded an agreement with Sandoz, in terms of which Aspen acquired the beneficial ownership of its subsidiary, Sandoz China, together with the commercialisation rights and related intellectual property for a portfolio of established products currently commercialised by the Company and a pipeline of products to be launched by the Company in the short to medium term. As consideration Aspen paid an upfront amount of EUR73 million and expects to pay contingent consideration based on future pipeline sales milestones of EUR11 million. Aspen has accounted for this acquisition as a business combination in terms of *IFRS 3 – Business Combinations*.

Due to the timing of the transaction, Aspen has not yet completed the detailed exercise to identify and value the separately identifiable intangible assets acquired and thereafter the goodwill arising as a result of the transaction. This will be completed as part of the finalisation of the accounting for the acquisition. The provisional accounting for the transaction has been as set out below.

	2024 R'million
Fair value of assets and liabilities acquired	
Property, plant and equipment	15
Right-of-use assets	35
Intangible assets	1 651
Inventories	264
Receivables and other current assets	234
Deferred tax assets	110
Cash and cash equivalents	381
Borrowings	(40)
Trade and other payables	(895)
Other current and non-current financial liabilities	(185)
Unfavourable and onerous contracts	(69)
Current tax liabilities	(5)
Fair value of net assets acquired	**1 496**
Goodwill arising on acquisition	205
Purchase consideration	**1 701**
Cash and cash equivalents at acquisition	(381)
Contingent consideration	(229)
Consideration outstanding	(128)
Cash outflow on acquisition	**963**

The fair value of the trade receivables amounts to R191 million and it is expected that the contractual amounts can be collected.

The goodwill of R205 million comprises the value of expected synergies arising from the acquisition and other intangibles that are not separately recognised.

The post-acquisition annualised revenue is estimated to be R1,8 billion. The post-combination profit of Sandoz China for the two months from acquisition is not material.

F. PROCEEDS FROM DISPOSAL OF EUROPEAN ANAESTHETIC BRANDS

With effect from 1 May 2024, Aspen Global Incorporated concluded an agreement with Sandoz, in terms of which Aspen Global Incorporated disposed to Sandoz the commercialisation rights and related intellectual property for four anaesthetic products sold by Aspen Global Incorporated in the European Economic Area for a consideration of EUR46 million.

Proceeds	2024 R'million
Proceeds receivable	936
Cash inflow per statement of cash flows	936
Assets disposed	
Intangible assets disposed	(720)
Liabilities raised as part of disposal	
Other current liabilities	(54)
Unfavourable and onerous contracts	(189)
Loss on disposal	(27)

	2024 R'million	2023 R'million
G. CASH AND CASH EQUIVALENTS		
Bank balances	11 751	10 625
Short-term bank deposits	571	280
Cash-on-hand	15	7
Cash and cash equivalents per the statement of financial position	12 337	10 912
Less: bank overdrafts[1]	(5 117)	(3 419)
Cash and cash equivalents per the statement of cash flows	7 220	7 493

[1] *Bank overdrafts are included within current borrowings in the statement of financial position.*

GROUP SEGMENTAL ANALYSIS

for the year ended 30 June 2024

SEGMENTAL REPORTING

The Group shows its reportable segments to reflect the operating model which aligns to the way in which the business is managed and reported on to the Chief Operating Decision Maker ("CODM").

Business segments of the Group are split between the Commercial Pharmaceuticals and Manufacturing segments.

Restatement of the Group segmental analysis

The Group has revised and refined (introduced in the interim results, 31 December 2023) its reportable segments to reflect the updated operating model that supports the Group's strategy for its CODM businesses and aligns to the way in which the business is managed and reported on by the CODM. The full year comparatives have been restated to ensure analytical comparability. The revenue in total has not changed after applying the new updated operating model.

Commercial Pharmaceuticals

The Commercial Pharmaceutical business segments were previously called Sterile Focus Brands and Regional Brands. In the current year the updated business segments are set out below:

- Injectables – Sterile products in injectable form primarily administered in hospitals and also those prescribed and administered by either physicians or in a retail pharmacy environment. Principle therapeutic areas covered are anaesthetics, anticoagulants, antithrombotic agents, analgesics, and hormone replacement medicines. Key brands include Arixtra, Diprivan, Fraxiparine, Marcaine, Sustanon and Xylocaine (Injectables).
- Over-the-counter ("OTC") – Products that do not require prescription and are primarily sold in the retail pharmacy and Fast Moving Consumer Goods sectors, where brand recognition, marketing and communication with pharmacists are influential in consumers' product choices. Key brands include Emla, Maltofer, Ovestin, Solpadeine and Xylocaine (topicals).
- Prescription – All other products which generally require a prescription from a healthcare professional. Primary therapeutic areas are anti-inflammatories, immunosuppressants, hypothyroidism, anti-gout, analgesics and corticosteroids. Key brands include Eltroxin, Imuran, Lipitor, Lyrica and Zyloric.

Manufacturing

The Finished Dose Form ("FDF") segment was previously FDF Sterile and FDF Other. In the current year, the updated business segments are set out below:

- Active Pharmaceutical Ingredients ("API") – All API sales excluding Heparin-based APIs.
- Finished Dose Form ("FDF") – FDF products manufactured for third parties.
- Heparin – Heparin-based API sales to third parties, including, where applicable, the Heparin-based API portion of FDF sales.

The business has been split at a revenue and gross margin level between the Commercial Pharmaceuticals and Manufacturing segments to give separate visibility to the gross margins earned by each of these segments.

The entity-wide revenue disclosure reflects the regional split of revenue within the reportable segments. The regions are as follows:

- Africa Middle East;
- Europe CIS;
- Australasia;
- Asia; and
- Americas.

The financial information of the Group's reportable segments is reported to the CODM for purposes of allocating resources to the segment and assessing its performance.

Each of the reportable segments is managed by a segment manager.

GROUP SEGMENTAL ANALYSIS

	2024					
	Prescription R'million	OTC R'million	Injectables R'million	Total Commercial Pharmaceuticals R'million	Total Manufacturing R'million	Total R'million
Revenue	**11 380**	**9 706**	**9 484**	**30 570**	**14 136**	**44 706**
Cost of sales	**(4 447)**	**(4 012)**	**(3 964)**	**(12 423)**	**(12 829)**	**(25 252)**
Gross profit	**6 933**	**5 694**	**5 520**	**18 147**	**1 307**	**19 454**
Selling and distribution expenses						**(6 481)**
Administrative expenses						**(3 657)**
Net other operating income						**549**
Depreciation						**1 390**
Normalised EBITDA[1]						**11 255**
Gross profit %	**60,9**	**58,7**	**58,2**	**59,4**	**9,2**	**43,5**
Selling and distribution expenses %						**14,5**
Administrative expenses %						**8,2**
Normalised EBITDA %						**25,2**

	Restated[2] 2023					
	Prescription R'million	OTC R'million	Injectables R'million	Total Commercial Pharmaceuticals R'million	Total Manufacturing R'million	Total R'million
Revenue	9 921	9 106	10 385	29 412	11 297	40 709
Cost of sales	(3 901)	(3 774)	(4 090)	(11 765)	(10 010)	(21 775)
Gross profit	6 020	5 332	6 295	17 647	1 287	18 934
Selling and distribution expenses						(5 799)
Administrative expenses						(3 627)
Net other operating income						345
Depreciation						1 247
Normalised EBITDA[1]						11 100
Gross profit %	60,7	58,6	60,6	60,0	11,4	46,5
Selling and distribution expenses %						14,2
Administrative expenses %						8,9
Normalised EBITDA %						27,3

	Change					
	Prescription %	OTC %	Injectables %	Total Commercial Pharmaceuticals %	Total Manufacturing %	Total %
Revenue	**15**	**7**	**(9)**	**4**	**25**	**10**
Cost of sales	**14**	**6**	**(3)**	**6**	**28**	**16**
Gross profit	**15**	**7**	**(12)**	**3**	**2**	**3**
Selling and distribution expenses						**12**
Administrative expenses						**1**
Net other operating income						**59**
Depreciation						**11**
Normalised EBITDA[1]						**1**

[1] *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy and definitions. Refer to note 26.*

[2] *Commercial Pharmaceuticals and Manufacturing segments have been revised and consequently the prior year has been restated to reflect the segmental change.*

GROUP REVENUE SEGMENTAL ANALYSIS

for the year ended 30 June 2024

	2024 R'million	Restated[1] 2023 R'million	Change %
Commercial Pharmaceuticals by customer geography	**30 570**	29 412	4
Africa Middle East	**9 021**	8 154	11
Americas	**6 677**	5 079	31
Australasia	**5 904**	5 827	1
Europe CIS	**4 868**	4 847	0
Asia	**4 100**	5 505	(26)
Manufacturing revenue by geography of manufacture			
Finished dose form	**5 262**	3 970	33
Europe CIS	**4 131**	2 655	56
Australasia	**781**	727	7
Africa Middle East	**216**	454	(52)
Asia	**100**	115	(13)
Americas	**34**	19	79
Active pharmaceutical ingredients	**5 102**	5 024	2
Europe CIS	**4 832**	4 832	0
Africa Middle East	**270**	192	41
Heparin	**3 772**	2 303	64
Europe CIS	**3 772**	2 303	64
Total Manufacturing revenue	**14 136**	11 297	25
Total revenue	**44 706**	40 709	10
Summary of regions			
Europe CIS	**17 603**	14 637	20
Africa Middle East	**9 507**	8 800	8
Americas	**6 711**	5 098	32
Australasia	**6 685**	6 554	2
Asia	**4 200**	5 620	(25)
Total revenue	**44 706**	40 709	10

[1] *Commercial Pharmaceuticals and Manufacturing segments have been revised and consequently the prior year has been restated to reflect the segmental change.*

Commercial Pharmaceuticals therapeutic area analysis

	2024 Prescription R'million	2024 OTC R'million	2024 Injectables R'million	2024 Total R'million
By customer geography				
Africa Middle East	**4 242**	**3 561**	**1 218**	**9 021**
Americas	**2 832**	**1 450**	**2 395**	**6 677**
Australasia	**2 618**	**2 430**	**856**	**5 904**
Europe CIS	**991**	**1 974**	**1 903**	**4 868**
Asia	**697**	**291**	**3 112**	**4 100**
	11 380	**9 706**	**9 484**	**30 570**

	Restated[1] 2023 Prescription R'million	Restated[1] 2023 OTC R'million	Restated[1] 2023 Injectables R'million	Restated[1] 2023 Total R'million
By customer geography				
Africa Middle East	3 876	3 501	777	8 154
Americas	1 801	1 323	1 955	5 079
Australasia	2 713	2 278	836	5 827
Europe CIS	989	1 742	2 116	4 847
Asia	542	262	4 701	5 505
	9 921	9 106	10 385	29 412

	Change Prescription %	Change OTC %	Change Injectables %	Change Total %
By customer geography				
Africa Middle East	**9**	**2**	**57**	**11**
Americas	**57**	**10**	**23**	**31**
Australasia	**(4)**	**7**	**2**	**1**
Europe CIS	**0**	**13**	**(10)**	**0**
Asia	**29**	**11**	**(34)**	**(26)**
	15	**7**	**(9)**	**4**

[1] *Commercial Pharmaceuticals segments have been revised and consequently the prior year has been restated to reflect the segmental change.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. INTANGIBLE ASSETS

ACCOUNTING POLICY

Recognition and measurement

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are not revalued.

Cost

Intellectual property

Intellectual property represents patents, trademarks, dossiers, licences and know-how which have been acquired by Aspen.

With regard to accounting for acquisitions of intangible assets that involved future contingent and/or milestone payments, the Group has adopted the financial liability approach. Under the financial liability approach, the liability is recognised at fair value at the date of initial recognition of the asset and subsequently remeasured through the statement of comprehensive income to account for changes in fair value of the liability. This will account for a higher intangible asset value and corresponding liability on acquisition when compared to the cost accumulation method, with the accounting for notional interest on the capitalised future payments.

An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate future economic benefits for the Group.

Development costs

Expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the statement of comprehensive income when incurred.

Development costs directly attributable to the production of new or substantially improved products or processes controlled by the Group are capitalised (until the date of commercial production) if the costs can be measured reliably, the products and processes are technically feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. All the remaining development costs are charged to the statement of comprehensive income. Research expenditure is charged to the statement of comprehensive income when incurred.

The amounts that are recognised as intangible assets consist of all direct costs relating to the intellectual property and also include the cost of intellectual property development employees and an appropriate portion of relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Product participation and contractual rights

Rights acquired to co-market or manufacture certain third-party products are capitalised to intangible assets. Intellectual property relating to the acquired rights is not owned by Aspen.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets if they meet the following criteria:
- the costs can be measured reliably;
- the software is technically feasible;
- future economic benefits are probable;
- the Group intends to and has sufficient resources to complete development; and
- the Group intends to use or sell the asset.

Accumulated amortisation

Intellectual property

Finite intangible assets are recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives. Estimated useful lives are reviewed annually.

Amortisation is included in other operating expenses in the statement of comprehensive income.

Development costs

Development costs are amortised from the commencement of the commercial sale of the product to which they relate, being the date at which all regulatory requirements necessary to commercialise the product are met. Amortisation is done on a straight-line basis over their estimated remaining useful lives and estimated useful lives are reviewed annually.

Product participation and contractual rights

Product participation and other acquired product-related contracted distribution rights are amortised over the remaining contractual term net of any contracted residual values.

1. INTANGIBLE ASSETS continued

ACCOUNTING POLICY continued

Software

Computer software is amortised on a straight-line basis over its estimated remaining useful life. Estimated useful lives are reviewed annually.

Impairment

An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate future economic benefits for the Group.

An impairment assessment is performed on indefinite useful life intangible assets annually, or more frequently if there are impairment indicators. Finite useful life intangible assets are reviewed annually and assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset.

The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Fair value less costs to sell

In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Value-in-use

Key assumptions relating to this valuation method include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rates used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts take into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of the debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Intangible assets that have been impaired in past financial years are reviewed for possible reversal of impairment at each reporting date. The reversal of impairment is included in other operating income in the statement of comprehensive income.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Indefinite useful life intangible assets

Significant judgement is needed by management when determining the classification of intangible assets as finite or indefinite useful life assets. The following factors are taken into account when this classification is made:
- historical product sales, volume and profitability trends as well as the expected uses for the asset further evident from budgets, future growth and plans to invest in each of the assets over the long term are taken into account when this is being assessed;
- estimates of useful lives of similar assets – historical trends, market sentiment and/or the impact of any competitive activity;
- the strategy (2025 budget, specific marketing plans, specific enhancement plans and the identification of new markets) for obtaining maximum economic benefit from the asset;
- rates of technical, technological or commercial obsolescence in the industry are slow and evident in the fact that most of the reinvestment in technology is expansion rather than replacement due to obsolescence;
- the stability of the industry and economy in which the asset will be deployed;
- the willingness and ability of the entity to commit resources to maintain the performance of the asset;
- the period of the entity's control over the asset and any legal or other restriction on its ability to use the asset;
- redundancy of a similar medication due to changes in market preferences; and
- development of new drugs treating the same disease.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. INTANGIBLE ASSETS continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES continued

In assessing whether any intangible assets ought to be reclassified from indefinite life to finite life, in addition to specific known events that could indicate a reclassification is appropriate, management considers the following key criteria when selecting intangible assets for such an assessment:

- Intangible assets that have low headroom and for which the outlook reflects compound sales declines; or
- Intangible assets which have been impaired in consecutive years; or
- Intangible assets which are expected to have a negative growth in the medium to long term.

Indefinite useful life intangible assets constitute 85% of total intangible assets (2023: 89%).

Finite useful life intangible assets

Amortisation rates and residual values

The Group amortises its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Significant judgement is applied by management when determining the residual values for intangible assets. Only in the event of contractual obligations in terms of which a termination consideration is payable to the Group will management apply a residual value to the intangible asset.

The estimated remaining useful life information for 2024 was as follows:

Intellectual property	Up to	40	years
Product participation and other contractual rights	Up to	36	years
Computer software	Up to	10	years
Development costs	Up to	10	years

RECONCILIATION OF BALANCE

2024	Intellectual property R'million	Development costs R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
Carrying amount					
Cost	71 945	2 219	4 729	4 626	83 519
Accumulated amortisation	(2 767)	(597)	(492)	(2 409)	(6 265)
Accumulated impairment losses	(9 768)	(851)	(60)	(223)	(10 902)
	59 410	771	4 177	1 994	66 352
Movement in intangible assets					
Carrying amount at the beginning of the year	59 009	822	1 413	1 860	63 104
Additions	9	143	1 796	470	2 418
Acquisition of a portfolio of products in Latin America	5 292	–	–	–	5 292
Acquisition of Sandoz China	529	–	1 122	–	1 651
Disposal of European anaesthetics brands	(720)	–	–	–	(720)
Disposals	(1)	(1)	–	–	(2)
Amortisation	(198)	(49)	(40)	(296)	(583)
Reclassification between classes of assets	78	(15)	(63)	–	–
Impairment losses	(2 294)	(113)	–	(8)	(2 415)
Impairment losses reversed	976	1	–	–	977
Currency translation movements	(3 270)	(17)	(51)	(32)	(3 370)
	59 410	771	4 177	1 994	66 352

1. INTANGIBLE ASSETS continued

RECONCILIATION OF BALANCE continued

2023	Intellectual property R'million	Development costs R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
Carrying amount					
Cost	70 981	2 125	1 876	4 335	79 317
Accumulated amortisation	(2 683)	(561)	(463)	(2 259)	(5 966)
Accumulated impairment losses	(9 289)	(742)	–	(216)	(10 247)
	59 009	822	1 413	1 860	63 104
Movement in intangible assets					
Carrying amount at the beginning of the year	50 002	987	1 373	1 289	53 651
Additions	6	149	–	796	951
Disposals	–	(3)	–	(1)	(4)
Amortisation	(187)	(48)	(21)	(285)	(541)
Reclassification between classes of assets	155	(155)	–	–	–
Impairment losses	(1 161)	(166)	–	(32)	(1 359)
Impairment losses reversed	299	–	–	–	299
Currency translation movements	9 895	58	61	93	10 107
	59 009	822	1 413	1 860	63 104

INDEFINITE USEFUL LIFE INTANGIBLE ASSETS

Split of balance[1]	2024 R'million	2023 R'million
1) AstraZeneca anaesthetics portfolio	**19 740**	21 986
2) MSD business	**7 590**	7 930
3) GSK thrombosis business	**5 575**	6 905
4) Viatris Latam portfolio	**5 091**	–
5) GSK anaesthetics portfolio	**4 714**	5 473
6) ELIZ products	**4 131**	4 365
7) Specialist global brands	**3 539**	3 926
8) GSK OTC brands	**2 874**	2 288
9) GSK classic brands	**653**	906
Other brands	**2 253**	2 240
	56 160	56 019

[1] *All balances are stated at closing rates.*

The key brands for the above-mentioned indefinite life intangible assets are as follows:
1) Diprivan, EMLA, Marcaine, Naropin and Xylocaine.
2) Desogestrel, Meticorten, Orgaran, Ovestin and Testosterone.
3) Arixtra and Fraxiparine.
4) Lyrica, Lipitor, Zoloft, Norvasc and Cardura.
5) Ultiva, Nimbex, Mivacron and Tracrium.
6) Eltroxin, Imuran and Zyloric.
7) Alkeran, Leukeran, Purinethol, Lanvis, Septrin and Trandate.
8) Phillips Milk of Magnesia, Solpadeine and Cartia.
9) Augmentin, Amoxil and Zyban.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. INTANGIBLE ASSETS continued

IMPAIRMENT OF INTANGIBLE ASSETS

Key assumptions used in the impairment tests for significant intangible assets were as follows in 2024:

	Carrying amount of intangible assets (R'million)			Period covered by budgets and forecasts	Growth in revenue (% per annum)[1]	Average gross profit (% per annum)	Terminal growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
	Finite	Indefinite	Total					
AstraZeneca anaesthetics portfolio	–	19 740	19 740	5 years	3	63	1	9
MSD business	–	7 590	7 590	5 years	4	76	1	10
GSK thrombosis business	–	5 575	5 575	5 years	12	74	1	9
Viatris Latam portfolio	–	5 091	5 091	5 years	11	78	1	18
GSK anaesthetics portfolio	–	4 714	4 714	5 years	8	62	2	9
ELIZ products	583	4 131	4 714	5 years	4	64	1	10
Specialist global brands	–	3 539	3 539	5 years	0	66	1	10
GSK OTC brands	7	2 874	2 881	5 years	8	50	1	11
GSK classic brands	809	653	1 462	5 years	(3)	76	1	7

Based on the calculations the appropriate impairments and reversal of impairments were recognised for these intangible assets.

The Directors and management have performed a sensitivity analysis in order to consider and assess the impact of possible changes in key assumptions on the recognised impairments. The assumptions that are considered to be the main drivers in the calculation of the value of the intangible assets and where changes are reasonably possible are: price levels, the growth rate of the assets beyond the five-year forecast period and the discount rate used.

The table below sets out the outcome of the sensitivity analysis and the resulting hypothetical additional impairments that would result from this modelling. It is the Directors and management's view that the appropriate impairments and reversal of impairments were recognised at 30 June 2024.

	1% point reduction in revenue due to price reductions R'million	1% point reduction in terminal growth[2] R'million	0,5% point increase in the pre-tax discount rate R'million
AstraZeneca anaesthetics portfolio	220	669	320
MSD business	–	94	–
GSK thrombosis business	105	372	237
GSK anaesthetics portfolio	97	354	285
Specialist global brands	32	77	29
GSK OTC brands	20	28	1
GSK classic brands	14	40	76

[1] *Average compound annual growth rate during the period covered by above-mentioned budgets and forecasts.*

[2] *Average growth rate used to extrapolate cash flows beyond period covered by above-mentioned budgets and forecasts. In the case of finite life assets this is to the end of their expected useful life.*

1. INTANGIBLE ASSETS continued

IMPAIRMENT OF INTANGIBLE ASSETS continued

Key assumptions used in the impairment tests for significant intangible assets were as follows in 2023:

	Carrying amount of intangible assets (R'million)			Period covered by budgets and forecasts	Growth in revenue (% per annum)[1]	Average gross profit (% per annum)	Terminal growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
	Finite	Indefinite	Total					
AstraZeneca anaesthetics portfolio	–	21 986	21 986	5 years	(1)	62	1	9
MSD business	8	7 930	7 938	5 years	3	66	1	11
GSK thrombosis business	–	6 905	6 905	5 years	2	60	2	11
GSK anaesthetics portfolio	–	5 473	5 473	5 years	5	63	1	9
ELIZ products	639	4 365	5 004	5 years	4	64	1	11
Specialist global brands	–	3 926	3 926	5 years	2	64	0	10
GSK OTC brands	8	2 288	2 296	5 years	8	55	1	12
GSK classic brands	847	906	1 753	5 years	0	73	0	7

The table below sets out the outcome of the sensitivity analysis and the resulting hypothetical additional impairments that would result from this modelling. It is the Directors and management's view that the appropriate impairments and reversal of impairments were recognised at 30 June 2023.

	1% reduction in revenue due to price reductions R'million	1% point in terminal growth[2] R'million	0,5% increase in the pre-tax discount rate R'million
AstraZeneca anaesthetics portfolio	–	405	–
MSD business	3	151	35
GSK thrombosis business	124	428	179
GSK anaesthetics portfolio	–	–	–
Specialist global brands	14	48	16
GSK OTC brands	1	–	–
GSK classic brands	–	–	1

[1] *Average compound annual growth rate during the period covered by above mentioned budgets and forecasts.*
[2] *Average growth rate used to extrapolate cash flows beyond period covered by above mentioned budgets and forecasts. In the case of finite life assets this is to the end of their expected useful life.*

The Directors and management consider that changes in excess of those shown above are not probable and that the remaining headroom between the value determined in the impairment tests and the carrying amounts of the intangible assets is sufficient to support the above disclosure.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. INTANGIBLE ASSETS continued

IMPAIRMENT OF INTANGIBLE ASSETS continued

	Note	2024 R'million	2023 R'million
Impairment of intangible assets (included in other operating expenses)			
Impairment of intangible assets can be split as follows:			
GSK thrombosis business	1	**998**	369
AstraZeneca anaesthetics portfolio	1	**692**	–
GSK anaesthetics portfolio	2	**264**	433
Specialist Global brands	3	**213**	201
Project and product development costs	4	**113**	204
GSK classic brands	2	**80**	–
MSD business		**–**	58
Other		**55**	94
		2 415	1 359

The impairments have generally arisen as a result of a decline in the outlook of revenue and profitability but notable circumstances exist in the case of:

1) Volume Based Procurement ("VBP") impacts on Fraxiparine (GSK thrombosis business) and Diprivan (AstraZeneca anaesthetics portfolio).
2) Increasing competition and price inelasticity impacted three products within the GSK anaesthetics and Classic brands portfolios.
3) A reduced sales outlook impacting three products within this portfolio.
4) Product development and other projects, which were no longer technically or commercially feasible.

With the exception of intangible assets fully written off, the carrying value of intangible assets impaired or with impairment reversals have been determined based on either fair value less costs to sell or value-in-use calculations, using a five-year forecast horizon.

Reversal of impairments can be split as follows (included in other operating income)

	Note	2024 R'million	2023 R'million
GSK OTC brands	1	**(724)**	(206)
MSD business		**(75)**	–
Other		**(178)**	(93)
		(977)	(299)
Net impairment of intangible assets		**1 438**	1 060

1) Relates to a brand discontinued in Australia that is to be relaunched.

The impairment reversals have generally arisen as a result of an improvement in the outlook of revenue and profitability.

1. INTANGIBLE ASSETS continued

IMPAIRMENT OF INTANGIBLE ASSETS continued

Other key assumptions used (where appropriate and in relation to the material impairments) were:

2024	Growth in revenue (% per annum)[1]	Gross profit (% per annum)	Growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
Impairments				
GSK thrombosis business	**9**	**63**	**1**	**9**
AstraZeneca anaesthetics portfolio	**0**	**61**	**2**	**10**
Specialist Global brands	**6**	**58**	**1**	**11**
GSK anaesthetics portfolio	**1**	**57**	**2**	**9**
GSK classic brands	**(1)**	**72**	**1**	**8**
Impairment reversals				
GSK OTC brands	**43**	**78**	**2**	**9**
MSD business	**4**	**66**	**1**	**11**

2023	Growth in revenue (% per annum)[1]	Gross profit (% per annum)	Growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
Impairments				
GSK anaesthetics portfolio	(6)	50	1	10
GSK thrombosis business	0	54	2	11
Specialist global brands	(3)	56	1	12
Impairments reversals				
GSK OTC brands	12	46	2	13

[1] *Average compound average growth rate during the above-mentioned five-year forecast.*
[2] *Average growth rate used to extrapolate cash flows beyond the above-mentioned five-year forecast. In the case of finite life assets, this is to the end of their expected useful life.*

COMMITMENTS	2024 R'million	2023 R'million
Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities. Projects still under investigation for which specific Board approval has not yet been obtained are excluded from the following:		
Authorised and contracted for	**580**	232
Authorised but not yet contracted for	**623**	524
	1 203	756

OTHER DISCLOSURES

No intangible assets have been pledged as security for borrowings.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Costs capitalised for work-in-progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under capital work-in-progress. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, 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. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

Profit or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of comprehensive income. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any profit or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Costs directly attributable to major development projects of property, plant and equipment are capitalised to the asset.

Depreciation

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year-end date.

Land and buildings comprise mainly factories and office buildings. Owned land is not depreciated.

Impairment

The Group reviews the carrying amount of its property, plant and equipment annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell and value-in use.

In assessing value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Property, plant and equipment that have been impaired in past financial years are reviewed for possible reversal of impairment at each reporting date.

Impairment charges and reversals are included in other operating expenses and other operating income in the statement of comprehensive income.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Depreciation and residual values

The Group depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant and equipment. When determining the residual value the following factors are taken into account:

- external residual value information (if available); and
- internal technical assessments for complex plant and machinery.

The Group has reviewed the residual values and useful lives of the assets. No material adjustment resulted from such review in the current year.

Depreciation rates

The estimated remaining useful life information for 2024 was as follows:

Buildings	Up to	50	years
Plant and equipment	Up to	25	years
Computer equipment	Up to	10	years
Office equipment and furniture	Up to	10	years

2. PROPERTY, PLANT AND EQUIPMENT continued

RECONCILIATION OF BALANCE

2024	Land and buildings R'million	Plant and equipment R'million	Other tangible assets[1] R'million	Capital work-in-progress R'million	Total R'million
Carrying amount					
Cost	**7 945**	**9 708**	**2 206**	**7 786**	**27 645**
Accumulated depreciation	**(1 803)**	**(4 385)**	**(1 286)**	**–**	**(7 474)**
Accumulated impairment losses	**(112)**	**(22)**	**(3)**	**(88)**	**(225)**
	6 030	**5 301**	**917**	**7 698**	**19 946**
Movement in property, plant and equipment					
Carrying amount at the beginning of the year	**5 992**	**5 182**	**791**	**6 530**	**18 495**
Additions	**288**	**389**	**195**	**2 245**	**3 117**
Other tangible assets	**–**	**–**	**–**	**–**	**–**
Acquisition of Sandoz China[1]	**–**	**–**	**15**	**–**	**15**
Borrowing costs capitalised[2]	**–**	**–**	**–**	**124**	**124**
Disposals	**–**	**(20)**	**–**	**–**	**(20)**
Depreciation	**(285)**	**(753)**	**(133)**	**–**	**(1 171)**
Reclassification between classes of assets	**162**	**699**	**98**	**(959)**	**–**
Impairment losses	**–**	**(6)**	**–**	**(78)**	**(84)**
Currency translation movements	**(127)**	**(190)**	**(49)**	**(164)**	**(530)**
	6 030	**5 301**	**917**	**7 698**	**19 946**

2023	Land and buildings R'million	Plant and equipment R'million	Other tangible assets[1] R'million	Capital work-in-progress R'million	Total R'million
Carrying amount					
Cost	7 699	9 071	2 032	6 543	25 345
Accumulated depreciation	(1 586)	(3 857)	(1 237)	–	(6 680)
Accumulated impairment losses	(121)	(32)	(4)	(13)	(170)
	5 992	5 182	791	6 530	18 495
Movement in property, plant and equipment					
Carrying amount at the beginning of the year	5 791	4 777	698	4 647	15 913
Additions	113	347	100	1 670	2 230
Borrowing costs capitalised[2]	–	–	–	46	46
Disposals	(1)	(5)	–	–	(6)
Depreciation	(271)	(654)	(127)	–	(1 052)
Reclassification between classes of assets	28	229	10	(267)	–
Impairment losses	–	(4)	–	–	(4)
Currency translation movements	332	492	110	434	1 368
	5 992	5 182	791	6 530	18 495

[1] *Other tangible assets comprise of computer equipment, office equipment and furniture.*

[2] *Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The capitalisation rate for the year was 8,8% (2023: 7,3%).*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. PROPERTY, PLANT AND EQUIPMENT continued

IMPAIRMENTS

	2024 R'million	2023 R'million
Split of movement		
European factories	**74**	–
Other	**10**	4
	84	4

European factories

Less demand for the specific type of configuration on a line at the factory in France has led to the partial impairment.

COMMITMENTS

Capital commitments

Capital commitments, excluding potential capitalised borrowing costs, include all projects for which specific Board approval has been obtained up to the reporting date. Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following:

	2024 R'million	2023 R'million
Authorised and contracted for	**932**	948
Authorised but not yet contracted for	**1 598**	1 746
	2 530	2 694
Summary of land and buildings		
Land	**800**	834
Buildings	**5 230**	5 158
	6 030	5 992
The depreciation charge was classified as follows in the statement of comprehensive income		
Cost of sales	**1 087**	975
Selling and distribution expenses	**27**	23
Administrative expenses	**57**	54
	1 171	1 052

No property, plant and equipment was pledged or committed as security for any borrowings.

3. RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

Group's leasing activities

The Group's leases include office and warehouse buildings, vehicles, plant and machinery and computer hardware. Rental contracts are for fixed periods varying between two to six years but may have renewal periods as described below.

At inception of a contract, the Group assesses 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 consideration.

Recognition and measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as the shorter of the asset's useful life and the lease term including options to extend and or terminate the lease if the Group is reasonably certain it will exercise the option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. RIGHT-OF-USE ASSETS continued

ACCOUNTING POLICY continued

The estimated remaining useful life information for 2024 was as follows:

Buildings	Up to	6	years
Motor vehicles	Up to	4	years
Plant and machinery	Up to	3	years
Computer hardware	Up to	1	years

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period 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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not 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). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, taxes etc). The Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. The stand-alone 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 the statement of comprehensive income as they are incurred.

Short-term leases and leases of low-value assets

The Group elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is R94 000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

RECONCILIATION OF BALANCE

2024	Buildings R'million	Motor vehicles R'million	Plant and machinery R'million	Computer hardware R'million	Total R'million
Carrying amount					
Cost	**674**	**263**	**157**	**47**	**1 141**
Accumulated depreciation	**(367)**	**(146)**	**(33)**	**(31)**	**(578)**
	307	**116**	**124**	**16**	**563**
Movement in right-of-use assets					
Carrying amount at the beginning of the year	**268**	**109**	**14**	**11**	**402**
Additions	**186**	**36**	**144**	**12**	**378**
Depreciation	**(132)**	**(51)**	**(29)**	**(7)**	**(219)**
Acquisition of Sandoz China	**–**	**35**	**–**	**–**	**35**
Termination of leases	**(2)**	**(6)**	**–**	**–**	**(8)**
Currency translation movements	**(13)**	**(7)**	**(5)**	**–**	**(25)**
	307	**116**	**124**	**16**	**563**

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. RIGHT-OF-USE ASSETS continued

2023	Buildings R'million	Motor vehicles R'million	Plant and machinery R'million	Computer Hardware R'million	Total R'million
Carrying amount					
Cost	609	252	22	56	939
Accumulated depreciation	(322)	(143)	(8)	(45)	(518)
Accumulated impairment losses	(19)	–	–	–	(19)
	268	109	14	11	402
Movement in right-of-use assets					
Carrying amount at the beginning of the year	212	67	12	20	311
Additions	176	78	4	2	260
Depreciation	(129)	(49)	(4)	(13)	(195)
Termination of leases	(16)	(5)	–	–	(21)
Currency translation movements	25	18	2	2	47
	268	109	14	11	402

COMMITMENTS

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has a number of insignificant short-term and low-value leased assets which includes leases of offices, warehouses and other equipment. These are not included in the right-of-use assets but expensed in terms of *IFRS 16 – Leases.*

The future minimum lease commitments are as follows:

	2024 R'million	2023 R'million
Less than one year	**20**	22
Between one and five years	**20**	28
Later than five years	**1**	–
	41	50
Short-term leases and leases of low-value assets comprise a number of individually insignificant leases. These leasing arrangements do not impose any significant restrictions on the Group.		
Amounts recognised in the statement of comprehensive income		
Depreciation	**219**	195
Interest expense (included in financing costs)	**29**	27
Expenses relating to short-term and low-value lease assets (included in operating expenses)	**54**	53
Amounts recognised in the statement of cash flows		
Expenses relating to short-term and low-value lease assets (included in operating activities)	**54**	53
Interest paid (included in cash flows from operating activities)	**29**	27
Repayment of lease liabilities (included in financing activities)	**201**	183
Total cash outflow	**284**	263
The depreciation charge was classified as follows in the statement of comprehensive income		
Cost of sales	**51**	31
Selling and distribution expenses	**17**	17
Administrative expenses	**151**	147
	219	195

OTHER DISCLOSURES

No right-of-use asset was pledged or committed as security for any borrowings.

4. GOODWILL

ACCOUNTING POLICY

Recognition and measurement

Goodwill on the acquisition of subsidiaries or businesses is capitalised and shown separately on the face of the statement of financial position and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the profit or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Cost

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the acquisition date fair value of previously held equity interests and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

Impairment

For the purposes of impairment testing, goodwill is allocated to the smallest CGU. Each of those CGUs represents the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Impairment assessments are performed annually, or more frequently if there are indicators that the balance might be impaired. Impairment testing is performed by comparing the value-in-use of the CGU to the carrying amount. Impairment testing is only performed on CGUs that are considered to be significant in comparison to the total carrying amount of goodwill.

Impairment charges are included in other operating expenses in the statement of comprehensive income.

Value-in-use

Key assumptions include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a five-year period and are extrapolated over the useful life of the asset to reflect the long-term plans for the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific entity and country in which it operates.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rates used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts take into account the long-term average rates of the industry in which the CGU is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital rate is derived from a pricing model based on credit risk and the cost of the debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the CGUs. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Impairment losses recognised for goodwill are not reversed in subsequent financial years.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

4. GOODWILL continued

RECONCILIATION OF BALANCE

	2024 R'million	2023 R'million
Carrying amount at the beginning of the year	**5 596**	5 007
Acquisition of Sandoz China	**205**	–
Impairment losses	**(145)**	–
Currency translation movements	**(194)**	589
	5 462	5 596
Split of balance		
Sigma business – Australasia	**3 827**	3 962
Australian ENTT business	**243**	251
GSK thrombosis business	**226**	238
Sandoz China[1]	**205**	–
AstraZeneca anaesthetics portfolio	**190**	341
Aspen Oss B.V.	**171**	180
Africa business	**159**	159
Fine Chemicals Corporation (Pty) Limited	**155**	155
MSD business	**120**	75
Other	**166**	235
	5 462	5 596

[1] *The Sandoz China business was acquired with effect from 1 May 2024 in the current financial year. An initial review identified no impairment and a full impairment test will be performed in the financial year ending 30 June 2025.*

	2024 R'million	2023 R'million
Impairment can be split as follows		
AstraZeneca anaesthetics portfolio	**144**	–
Other	**1**	–
	145	–

IMPAIRMENT OF GOODWILL

Key assumptions used in the impairment tests for goodwill were as follows in 2024:

	Carrying amount of goodwill (R'million)	Period covered by budgets and forecasts	Growth in revenue (% per annum)[2]	Average gross profit (% per annum)	Capital expenditure (per annum)	Terminal growth (% per annum)[3]	Pre-tax discount rate applied to cash flows (% per annum)
Sigma business – Australasia	**3 827**	**5 years**	**2**	**50**	**AUD10 million**	**3**	**10**
Australian ENTT business	**243**	**5 years**	**6**	**59**	**–**	**3**	**10**
GSK thrombosis business	**226**	**5 years**	**12**	**74**	**–**	**1**	**9**
AstraZeneca anaesthetics portfolio	**190**	**5 years**	**3**	**63**	**–**	**1**	**9**
Aspen Oss B.V.	**171**	**5 years**	**11**	**36**	**ZAR302 million**	**4**	**10**
Africa business	**159**	**5 years**	**7**	**43**	**ZAR33 million**	**7**	**25**
Fine Chemicals Corporation (Pty) Limited	**155**	**13 years**	**14**	**33**	**ZAR65 million**	**3**	**14**
MSD business	**120**	**5 years**	**4**	**76**	**–**	**1**	**10**

[2] *Average compound annual growth rate during the period covered by above-mentioned budgets and forecasts.*
[3] *Average growth rate used to extrapolate cash flows beyond period covered by above-mentioned budgets and forecasts.*

4. **GOODWILL** continued

IMPAIRMENT OF GOODWILL continued

The assumptions used for the material impairment at June 2024:

		Growth in revenue (% per annum)[1]	Average gross profit (% per annum)	Terminal growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
AstraZeneca anaesthetics portfolio	**144**	**0**	**61**	**2**	**10**

The Directors and management have considered and assessed reasonably possible changes in key assumptions that could cause the carrying amounts of the various elements of goodwill to exceed their values in use. The assumptions that are considered to be the main drivers in the calculation of the value of the intangible assets and where changes are reasonably possible are: price levels, the growth rate of the assets beyond the five-year forecast period and the discount rate used.

Reasonably possible changes in these key assumptions are: a 1% reduction in revenue due to price declines, a 1% reduction in the terminal growth rate and a 0,5% increase in the pre-tax discount rate. In all cases none of these changes resulted in a possible additional impairment.

Key assumptions used in the impairment tests for goodwill were as follows in 2023:

	Carrying amount of goodwill (R'million)	Period covered by forecasts and budgets	Growth in revenue (% per annum)[1]	Average gross profit (% per annum)	Capital expenditure (per annum)	Terminal growth (% per annum)[2]	Pre-tax discount rate applied to cash flows (% per annum)
Sigma business – Australasia	3 962	5 years	1	51	AUD12 million	3	10
AstraZeneca anaesthetics portfolio	341	5 years	(1)	62	–	1	9
Australian ENTT business	251	5 years	8	61	–	3	10
GSK thrombosis business	238	5 years	2	60	–	2	11
Aspen Oss B.V.	180	5 years	9	32	ZAR378 million	4	11
Africa business	159	5 years	7	42	ZAR26 million	7	28
Fine Chemicals Corporation (Pty) Limited	155	14 years	12	27	ZAR66 million	4	14
MSD business	75	4 years	3	66	–	1	11

In the prior year, based on the calculations, there were no material impairments of goodwill but the consideration of reasonably possible changes in key assumptions gave rise to the following possible additional impairments of greater than R20 million in 2023:

	1% reduction in revenue due to price reductions R'million	1% reduction in terminal growth[2] R'million	0.5% increase in the pre-tax discount rate R'million
AstraZeneca anaesthetics portfolio	–	129	–

[1] *Average compound annual growth rate during the period covered by above-mentioned budgets and forecasts.*
[2] *Average growth rate used to extrapolate cash flows beyond period covered by above-mentioned budgets and forecasts.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

5. DEFERRED TAX

ACCOUNTING POLICY

Recognition and measurement

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying value of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction does not affect accounting and tax profits or losses. The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when that temporary difference reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

Significant judgements and estimates

A deferred tax asset is recognised for unused tax losses or deductible temporary differences only to the extent that it is probable that taxable profits will arise in future against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date to ensure that the tax benefit will be realised. If it is determined that the tax benefit will not be realised, the deferred tax asset will be reversed.

RECONCILIATION OF BALANCE

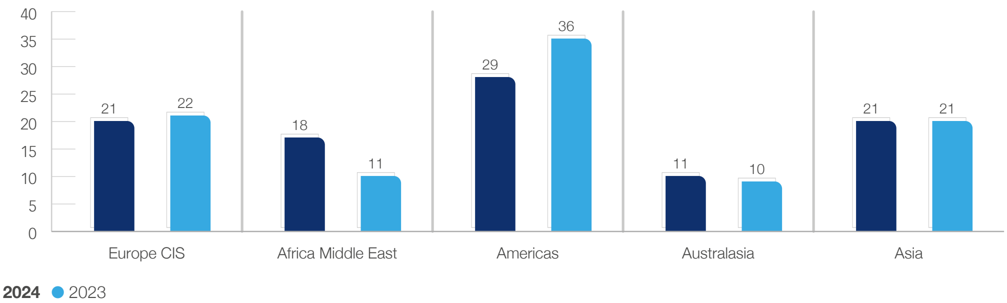
	2024 R'million	2023 R'million
Deferred tax liabilities – opening balance	**1 995**	1 966
Deferred tax assets – opening balance	**(1 579)**	(1 252)
Net deferred tax liabilities – opening balance	**416**	714
Credited to statement of profit or loss	**(604)**	(411)
Charge to other comprehensive income	**1**	8
Acquisition of Sandoz China	**(110)**	–
Currency translation movements	**85**	106
	(212)	416
Split of balance		
Deferred tax liabilities	**1 582**	1 995
Deferred tax assets	**(1 794)**	(1 579)
	(212)	416
Deferred tax balance comprises		
Intangible assets	**1 218**	1 493
Property, plant and equipment	**833**	714
Tax losses	**(841)**	(623)
Provisions (including loss allowances and inventory)	**(1 402)**	(1 169)
Other	**(20)**	1
	(212)	416

5. DEFERRED TAX continued

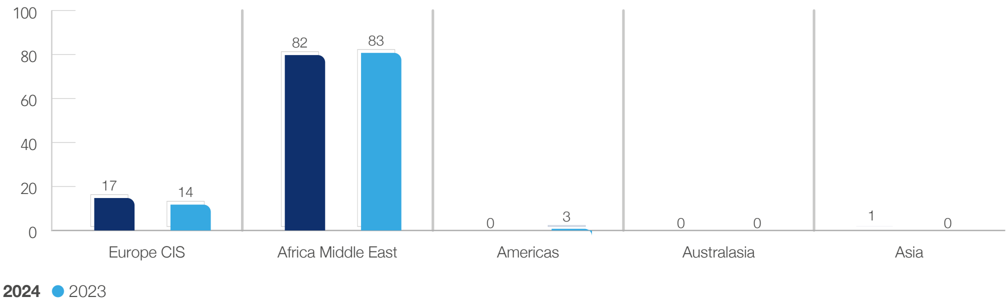
RECONCILIATION OF BALANCE continued

The deferred tax assets and liabilities that arise in the Group, predominately arise in Europe CIS, Africa Middle East, Australasia, Americas and Asia. These balances are graphically reflected below:

Deferred tax asset (%)



Deferred tax liability (%)



On an annual basis, the Group assesses its deferred tax assets, especially relating to the timing of use of those assets. During the current year, we specifically considered the recoverability of the deferred tax assets relating to assessed losses as the remaining deferred tax assets are realised during the subsequent year as provisions are reversed for accounting purposes and realised for tax purposes. In performing the assessment of deferred tax assets relating to assessed losses, we considered the duration in which those deferred tax assets will be utilised by applying a combination of the stress-tested management's earnings projections and the domestic tax rules relating to the utilisation of those assessed losses. To the extent that we believe that the deferred tax asset will be utilised within the foreseeable future, a deferred tax asset is raised. If, however, the domestic tax law, limits our ability to claim the assessed losses against taxable income or due to the fact that we believe the deferred tax asset will not be utilised in the foreseeable future, we would only raise a deferred tax asset based on the lower of the total assessed loss and the projected earnings.

During the current year, the Group raised additional deferred tax assets in relation to two of our South African business units relating to assessed losses that are projected to arise for these businesses. The Group is confident that these deferred tax assets will materialise in the foreseeable future.

In addition, the Group monitors changes in statutory tax rates to ensure the deferred tax asset or liability appropriately reflects the benefit or expense that will arise as the deferred tax asset or liability materialises. During the prior fiscal year, the impact of changes in statutory tax rates was specifically considered in relation to South Africa and adjustments to the deferred tax balances have been incorporated in the balances that have been disclosed for the respective Group companies. The Group does report its deferred tax assets and liabilities based on its ability to net those off against one another, assuming that the asset and liability arises in the same tax group for tax purposes.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

5. DEFERRED TAX continued

RECONCILIATION OF BALANCE continued

Pillar Two

The Aspen Group (which has its ultimate parent entity located within South Africa) is within the scope of the Pillar Two global minimum tax rules, as the Group is a multinational enterprise with a turnover of more than €750 million, and thus a minimum effective corporate tax rate of 15% will be required to be applied in each jurisdiction in which Aspen operates. The South Africa's Minister of Finance indicated in the 2024 Budget Review on 21 February 2024 that South Africa will be implementing the Organisation for Economic Co-operation and Development's ("OECD") Pillar Two Model Rules with effect from years of assessment commencing on or after 1 January 2024. The legislation will be effective for the Group's financial year beginning 1 July 2024.

The Group has determined that the global minimum top-up tax required under Pillar Two legislation is an income tax in the scope of *IAS 12 – Income Taxes.* The Group has applied the temporary mandatory relief from deferred tax accounting for the impact of top-up tax and will account for it as a current tax when it is incurred. There is no current tax impact for Aspen's 2024 financial year.

In line with the European Unions Directive, several member states in which the Group operates have substantively enacted legislation.

Under the legislation the Group may be liable to pay top-up tax. The Group will assess the potential impact of the legislation in the year ahead and expects to complete the assessment in financial year 2025.

6. CONTINGENT ENVIRONMENTAL ASSETS AND INDEMNIFICATION LIABILITIES

ACCOUNTING POLICY

Recognition and measurement

The contingent environmental indemnification assets and contingent environmental liabilities relate to environmental remediation required at the Moleneind site at Aspen Oss B.V. in the Netherlands. The remediation is being managed, undertaken and funded by MSD. However, as owner of the site, Aspen Oss B.V. has inherited a legal obligation for the remediation for which it has been indemnified by MSD. Consequently, Aspen has recognised contingent liabilities and corresponding contingent indemnification assets based on an independent estimate of the remediation cost. In view of MSD's involvement in the remediation process, the balances have been referred to as contingent as the settlement of the liabilities and the realisation of the indemnification assets are not expected to have any cash flow implications for the Group.

Liabilities for environmental restoration are recognised when the Group has a legal or a constructive obligation, as a result of a past event, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation and the obligation can be measured reliably. The environmental liabilities are measured at the present value of the expenditures expected to be 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 obligation.

RECONCILIATION OF BALANCE

	2024 R'million	2023 R'million
Carrying amount at the beginning of the year	**343**	329
Decrease in liability from updated assessment	**(27)**	(48)
Currency translation movements	**(18)**	62
	298	343

Following the most recent annual assessment of the estimated pollution of the Moleneind land at Aspen Oss B.V., MSD, in consultation with management, concluded that the estimated remediation cost is EUR15 million (2023: EUR17 million).

7. OTHER NON-CURRENT AND CURRENT RECEIVABLES

ACCOUNTING POLICY

Recognition and measurement

Other non-current and current receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

We considered the expected credit losses on non-current and current receivables under the general model and the impact is not considered material.

Outstanding proceeds are of a contractual nature and no expected credit loss provision has been raised in accordance with *IFRS 9 – Financial Instruments.*

	2024 R'million	2023 R'million
Reconciliation of balance		
Carrying amount at the beginning of the year	**417**	740
Proceeds received per the statement of cash flows – average exchange rate	**534**	(334)
Disposal of Japanese business – Uninterrupted supply milestone payment	**–**	(279)
Contractual prepayment	**595**	–
Disposal of Oncology portfolio in USA	**(52)**	(38)
Other	**(9)**	(17)
Prepayment made to API supplier realised	**(74)**	(87)
Impairment – Enterprise development loans	**–**	(6)
Currency translation movements	**(51)**	104
	826	417
Split of balance		
Non-current	**654**	265
Current	**172**	152
	826	417
SUMMARY OF BALANCE (NON-CURRENT AND CURRENT)[1]		
Employee benefits – reimbursive rights	**123**	151
Prepayments made to API supplier	**69**	149
Contractual prepayment	**573**	–
Enterprise development loans	**13**	12
Outstanding proceeds from disposal of Oncology portfolio in USA	**–**	52
Other	**48**	53
	826	417
Split of balance		
Financial instruments	**60**	117
Non-financial instruments	**766**	300
	826	417

[1] *All balances are stated at closing exchange rates.*

Employee benefits – reimbursive rights

As part of the GSK thrombosis business acquisition in 2014, Aspen acquired certain non-current employee related liabilities (which have been included in retirement and other employee benefit obligations on the statement of financial position). As part of the agreement, GSK is responsible for pre-acquisition liabilities. The value of the non-current employee related liabilities acquired are based on independent valuations and as such an equal and opposite asset was recognised. GSK will reimburse Aspen as and when the liabilities are paid out to employees who qualify for the benefits. Management considers the credit risk associated with these non-current receivables to be low.

Prepayments made to API supplier

As of 1 January 2021, Aspen entered into a six-year supply agreement with a supplier of active pharmaceutical ingredients. This receivable is classified as a prepayment and will be realised over the period of the supply agreement based upon future volumes supplied. In the current year R74 million (2023: R87 million) was realised.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. OTHER NON-CURRENT AND CURRENT RECEIVABLES continued

ACCOUNTING POLICY continued

Contractual prepayment

During the year a contractual prepayment was made relating to the supply of Heparin to a customer in terms of a new five-year supply contract effective from 1 July 2024. The prepayment will be amortised over the supply term based upon volumes supplied.

	2024 EUR'million	2023 EUR'million
Less than 1 year	6	–
Between 1 – 2 years	6	–
Between 2 – 5 years	17	–
	29	–

Enterprise development loans

Various agreements have been entered into with several BBBEE beneficiaries whereby loan funding has been advanced by Aspen. These loans have various terms ranging from three to five years and all the loans will be repaid at the end of their respective terms. The loans bear interest at the South African prime rate plus margins ranging from minus 2% to plus 1% (2023: South African prime rate plus margins ranging from minus 2% to plus 1%).

All the loans are secured by either immovable property, specified movable assets or cession of specified book debts. In the current year an assessment was performed on these loans and the Group recognised no impairment (2023: R6 million) against these Enterprise development loans.

Outstanding proceeds from disposal of Oncology portfolio in USA

Aspen disposed its US Oncology portfolio to Woodward in April 2022. The deferred consideration was USD5 million and the final payment of USD3 million was received in April 2024.

Exposure to credit risk

All of the Group's non-current and current financial assets at amortised cost are considered to have a reduced credit risk as there are no historical losses, therefore no loss allowance has been recognised for expected losses. The Group considers a financial instrument to have low credit risk when it has a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

8. INVENTORIES

ACCOUNTING POLICY

Recognition and measurement

The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying values of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Estimation of provision for obsolete stock

Management is required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement takes into account the following:
- change in technology;
- regulatory requirements; and
- stock nearing expiry dates.

8. INVENTORIES continued

SUMMARY OF BALANCE

	2024 R'million	2023 R'million
Raw materials	**4 425**	5 489
Work-in-progress	**5 606**	5 464
Finished goods	**7 064**	7 906
Consumables	**907**	747
	18 002	19 606
IMPAIRMENT		
The impairment charge (included in cost of sales) is made up as follows		
Impairment of inventories recognised as an expense[1]	**814**	821
Movement in the provision for obsolete inventories	**100**	120
	914	941

[1] *The write-down relates to expired pharmaceutical finished product inventories and manufacturing inventories write-offs. Due to the finite shelf life of pharmaceutical products they are more susceptible to impairment. The manufacturing entities inherently incur inventory write-offs as a result of production-related inefficiencies.*

Reconciliation of provision for obsolete inventories	2024 R'million	2023 R'million
Balance at the beginning of the year	**1 165**	946
Movement in the provision for obsolete inventories	**100**	120
Raised during the year	**3 665**	1 540
Utilised during the year	**(3 565)**	(1 420)
Currency translation movements	**(28)**	99
	1 237	1 165

OTHER DISCLOSURES

Inventories to the value of R3,3 billion (2023: R3,4 billion) have been pledged as security for the MSD loan. Refer to note 14.1.

All inventories are at cost, except for API stock of R188 million (2023: R131 million) which were carried at net realisable value.

9. RECEIVABLES AND OTHER CURRENT ASSETS

ACCOUNTING POLICY

Recognition and measurement

Receivables and other current assets (except for trade receivables which are initially measured at transaction price) are initially recognised at fair value and subsequently measured at amortised cost, less expected credit losses, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile. Financial assets and liabilities are recognised and presented in the Group statement of financial position when the Group becomes a party to the instruments. Financial assets are recognised on the date the Group commits to purchase the instruments (trade date accounting).

Other receivables comprise receivables mainly of a contractual nature, initially recognised at fair value and subsequently at amortised cost. The remainder of other receivables which are not of a contractual nature is recognised initially at fair value and subsequently at fair value through profit or loss.

The Group applies the *IFRS 9 – Financial Instruments* simplified approach to measuring expected credit losses which uses an expected credit loss allowance/provision for all trade receivables. None of the trade and other receivables have a significant financing component.

IFRS 9 – Financial Instruments allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient for trade receivables, if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

We considered the expected credit losses on receivables other than trade receivables under the general model and the impact is not considered material.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within selling and distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

A default in trade receivables is when the counterparty fails to meet payment terms of 30 days. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group for a period of greater than 180 days past due.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. RECEIVABLES AND OTHER CURRENT ASSETS continued

ACCOUNTING POLICY continued

Recognition and measurement

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against selling and distribution expenses in the statement of comprehensive income.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at a fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when the fair value is negative.

Split of balance	Note	2024 R'million	2023 R'million
Trade and other receivables	9.1	**12 486**	12 887
Derivatives	9.2	**6**	14
Other current receivables	7	**172**	152
		12 664	13 053

9.1 TRADE AND OTHER RECEIVABLES

	2024 R'million	2023 R'million
SUMMARY OF BALANCE		
Trade receivables	**10 543**	10 349
Allowance for credit losses	**(244)**	(262)
Net trade receivables	**10 299**	10 087
Indirect taxes	**951**	1 252
Prepayments	**242**	344
Other	**994**	1 204
	12 486	12 887
Split of balance		
Financial assets	**10 676**	10 347
Non-financial assets	**1 810**	2 540
	12 486	12 887
Reconciliation of trade receivables		
Carrying amount at the beginning of the year	**10 349**	8 502
Acquisition of Sandoz China	**191**	–
Cash movements	**645**	546
Currency translation movements	**(642)**	1 301
	10 543	10 349
Impairment		
The impairment charge is made up as follows		
Movement in the allowance for credit losses	**11**	(25)
	11	(25)
Reconciliation of allowance for credit losses[1]		
Balance at the beginning of the year	**262**	259
Movement in the allowance for credit losses	**11**	(25)
Raised during the year	**159**	93
Utilised during the year	**(148)**	(118)
Currency translation movements	**(29)**	28
	244	262

[1] *The allowance for credit losses includes specific and general credit loss provisions.*

9. RECEIVABLES AND OTHER CURRENT ASSETS continued

9.1 TRADE AND OTHER RECEIVABLES continued

OTHER DISCLOSURES

Credit risk

The Group has policies in place to ensure that sales of products are made to customers with a solid credit history. Ongoing credit evaluations on the financial condition of customers are performed and where appropriate credit guarantee insurance cover is purchased. Balances to the value of R1 293 million (2023: R1 231 million) were covered by credit guarantee insurance. Trade receivables consist primarily of a large, widespread customer base. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment. One debtors balance (2023: one) constitutes a significant concentration of credit risk to an amount of R1 022 million (2023: R814 million). This balance constitutes 10% (2023: 8%) of the total gross trade receivables which relates to a customer with a longstanding relationship with the Group and there have been no defaults on payments. There are no other single customers representing more than 10% of total gross trade receivables for the years ended 30 June 2024 and 2023.

The Group has made allowance for specific trade debtors that have clearly indicated financial difficulty and the likelihood of repayment has become impaired. Amounts past their due dates which are not provided for are considered to be recoverable.

Impairment losses are recorded in the allowance account for losses until the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset.

Impairment risk profile

The pharmaceutical business as a sector has a low trade receivables impairment risk profile as medicines are essential for ensuring the health of patients and non-payment of debts owing (and subsequent postponement of future medicine supply) would endanger the health and safety of patients and damage the reputation of both private and public sector customers.

Over its history Aspen has reported a very low incidence of trade receivables impairments and consequently from an operational risk management perspective do not rate this as a high-risk area. The expected credit loss risk only proportionately increases after the 90 days past due period.

Age analysis of trade receivables (financial instruments only)

2024	Fully performing R'million	Past due by 1 to 30 days R'million	Past due by 31 to 90 days R'million	Past due by 91 to 180 days R'million	Past due by more than 180 days R'million	Total R'million
Gross trade receivables	**8 784**	**862**	**608**	**122**	**167**	**10 543**
Specific provisions – 100% considered unrecoverable[1]	**–**	**–**	**–**	**(2)**	**(47)**	**(49)**
Gross trade receivables net of specific provision	**8 784**	**862**	**608**	**120**	**120**	**10 494**
General credit loss provision[2]	**(53)**	**(31)**	**(31)**	**(12)**	**(68)**	**(195)**
Net carrying amount	**8 731**	**831**	**577**	**108**	**52**	**10 299**

2023	Fully performing R'million	Past due by 1 to 30 days R'million	Past due by 31 to 90 days R'million	Past due by 91 to 180 days R'million	Past due by more than 180 days R'million	Total R'million
Gross trade receivables	8 900	584	340	179	346	10 349
Specific provisions – 100% considered unrecoverable[1]	–	–	–	(5)	(66)	(71)
Gross trade receivables net of specific provision	8 900	584	340	174	280	10 278
General credit loss provision[2]	(11)	(59)	(27)	(13)	(81)	(191)
Net carrying amount	8 889	525	313	161	199	10 087

[1] *Specific provisions are raised when there is objective evidence that the amount outstanding will no longer be received in full.*
[2] *The general credit loss provision is calculated based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The significant changes in trade and other receivables are disclosed above and credit risk exposure is disclosed further below. The expected credit loss provision is 2% (2023:3%) of gross trade receivables.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. RECEIVABLES AND OTHER CURRENT ASSETS continued

9.1 TRADE AND OTHER RECEIVABLES continued

OTHER DISCLOSURES continued

The Group applies the *IFRS 9 – Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, this is based on days past due for groupings of various customer segments that have similar loss patterns i.e. by geography, customer type and rating and credit insurance. The Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The expected loss rates are based on the payment profiles over a period of three years before 30 June 2023 or 30 June 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Management's assessment of the allowance account for losses has resulted in a marginal decrease in the expected credit loss provision. The Group has made appropriate adjustments to the historical loss rates to reflect the current economic environment as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the customer's liquidity and solvency status, the ongoing trading ability of the customers to which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected change in these factors. The impact of forward looking information has been taken into account to determine the expected credit loss provision in the current year of R244 million (2023: R262 million).

	2024 R'million	2023 R'million
Currency analysis of trade and other receivables (financial instruments only)		
Euro	**4 050**	3 616
South African Rand	**1 528**	1 359
US Dollar	**1 186**	1 541
Australian Dollar	**595**	789
Brazilian Real	**550**	410
Chinese Yuan Renminbi	**445**	629
Mexican Peso	**410**	394
New Zealand Dollar	**297**	300
Colombian Peso	**171**	67
Tanzanian Shilling	**148**	169
British Pound Sterling	**144**	124
Saudi Arabian Riyal	**138**	182
Swedish Krona	**130**	95
Russian Ruble	**86**	53
Other currencies	**798**	619
	10 676	10 347

General

The Group holds no collateral over any trade and other receivables.

Trade and other receivables are predominantly non-interest bearing.

9. RECEIVABLES AND OTHER CURRENT ASSETS continued

9.2 DERIVATIVE FINANCIAL INSTRUMENTS – ASSET

	2024 R'million	2023 R'million
Balance at the beginning of the year	**14**	–
Fair value (losses)/gains recognised in the statement of comprehensive income	**(15)**	254
Cash received under derivative contract	**–**	(248)
Transfer from liabilities	**6**	7
Currency translation movements	**1**	1
	6	14
Split of balance		
Forward exchange contracts	**6**	14
	6	14

The fair value of all forward exchange contracts at year-end were calculated by comparing the forward exchange contracted rates to the equivalent of year-end market foreign exchange rates. The present value of these fair values was then discounted using the appropriate currency-specific discount curve.

The forward exchange contracts were classified as "level 2" assets in the fair value measurement hierarchy. None of the financial assets were transferred out of "level 2". The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves of the underlying index.

10. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Recognition and measurement

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. For the purposes of the statement of financial position, cash and cash equivalents comprise bank balances and short-term bank deposits. For the purposes of the statement of cash flows, cash and cash equivalents comprise bank balances, short-term bank deposits less bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Bank overdrafts are repayable on demand.

Financial instruments

Cash and cash equivalents are accounted for at amortised cost and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 13.

	2024 R'million	2023 R'million
SUMMARY OF BALANCE		
Bank balances	**11 751**	10 625
Short-term bank deposits	**571**	280
Cash-on-hand	**15**	7
	12 337	10 912

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

10. CASH AND CASH EQUIVALENTS continued

OTHER DISCLOSURES

Credit risk

Treasury counterparties consist of a diversified group of financial institutions. Cash balances are placed with different financial institutions to minimise risk. The Group does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings. At 30 June 2024, more than 94% (2023: 93%) of the Group's cash and cash equivalent balances were held with institutions with an international credit rating of BB or better.

	2024 R'million	2023 R'million
Currency analysis of cash and cash equivalents		
South African Rand	**5 259**	3 439
US Dollar	**1 356**	997
Euro	**1 246**	2 301
Brazilian Real	**1 178**	958
Chinese Yuan Renminbi	**901**	653
Australian Dollar	**743**	693
Mexican Peso	**486**	737
Canadian Dollar	**305**	286
Tanzanian Shilling	**116**	69
Russian Ruble	**63**	67
British Pound Sterling	**29**	47
Other currencies	**655**	665
	12 337	10 912

General

The maturity profile of all cash and cash equivalents balances is less than three months.

The average effective interest rate on interest-bearing cash and cash equivalents is 9,5% (2023: 6,7%).

11. SHARE CAPITAL (NET OF TREASURY SHARES)

ACCOUNTING POLICY

Share capital

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

Treasury shares

Shares in the Company held by Group subsidiaries and unvested restricted shares held for employee participants in the Group's share plan are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity. Dividends received on treasury shares are eliminated on consolidation except to the extent that they are paid to participants in the share plans.

When treasury shares held for participants in the share plans vest in such participants, the shares will no longer be classified as treasury shares, their cost will no longer be deducted from equity.

Split of balance	Note	2024 R'million	2023 R'million
Share capital	11.1	**2 017**	2 017
Treasury shares	11.2	**(364)**	(348)
		1 653	1 669

11.1 SHARE CAPITAL

	2024 R'million	2023 R'million
Authorised		
717 600 000 (2023: 717 600 000) ordinary shares of no par value	**–**	–
Issued		
446 252 332 (2023: 446 252 332) ordinary shares of no par value	**2 017**	2 017

RECONCILIATION OF SHARES	Million	Million
Shares in issue at the beginning and end of the year	**446,3**	446,3

The unissued shares have been placed under the control of the directors until the forthcoming annual general meeting. All shares are fully paid up, and no shares were issued during the year.

11.2 TREASURY SHARES

	2024 R'million	2023 R'million
Treasury shares held		
2 019 047 (2023: 2 014 078) ordinary shares of no par value	**364**	348
RECONCILIATION OF BALANCE		
At the beginning of the year	**348**	233
Shares purchased	**56**	136
Deferred incentive bonus shares exercised	**(40)**	(21)
	364	348

RECONCILIATION OF SHARES	Million	Million
Number of shares at the beginning of the year	**2,0**	1,3
Shares purchased	**0,3**	0,9
Deferred incentive bonus shares exercised	**(0,3)**	(0,2)
	2,0	2,0

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

12. SHARE-BASED COMPENSATION RESERVE

ACCOUNTING POLICY

The Group has equity-settled and cash-settled share-based compensation plans.

Deferred incentive bonuses and phantom shares are granted to management and key employees. The South African Management Deferred Incentive Bonus Scheme is a compound financial instrument with both an equity and cash-settled portion. There is one cash-settled scheme, Aspen International Phantom Share Scheme, under which the entity receives services from employees in exchange for cash based on changes in the Aspen share price.

When instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital.

Equity-settled schemes

The equity-settled scheme allows certain employees the rights to acquire ordinary shares in Aspen Pharmacare Holdings Limited. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at grant date of the equity-settled share-based payment is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employee becomes unconditionally entitled to the shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market vesting conditions. The equity portion of the deferred incentive bonus is not subsequently revalued.

Cash-settled schemes

For cash-settled share awards, the services received from employees are measured at fair value and recognised in the statement of comprehensive income as an expense over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

Compound financial instrument share scheme

The Group has entered into a share-based payment agreement whereby the employee has the right to choose either settlement in cash or settlement in equity. The entity has thus granted a compound financial instrument, which includes a debt component and an equity component.

On measurement date, management has measured the fair value of the debt component first. Thereafter, the fair value of the equity instrument was measured, taking into consideration the fact that the employee forfeits the right to receive cash in order to obtain the shares.

The services received from the employees in respect of each component (debt and equity) shall be accounted for separately at each reporting date. The debt component will be accounted for as a cash-settled share-based payment arrangement. The debt component shall therefore be measured at fair value at each reporting date, with changes in fair value recognised in the statement of comprehensive income over the period that the employee provides services to the Group.

SUMMARY OF SCHEMES

The Group currently operates the following share-based payment schemes:

The Aspen South African Management Deferred Incentive Bonus Scheme

	Medium and long-term component of the scheme	Long-term component of the scheme (other)
Nature and strategic intent of the scheme	The scheme is designed to acknowledge performance and reward individuals for achievement of both the relevant Aspen business which employs the individual and the individual's performance for the trading period immediately preceding the date that the award is made. The medium-term incentives ("MTI") seek to reward sustained performance against predetermined Group and Business Unit key performance indicators ("KPIs") on a deferred and conditional bonus basis based on short-term incentives ("STI") achievements and further serves as a retention mechanism for employees in the medium term. The long-term incentives ("LTI") support the achievement of longer-term sustainable value creation based on a selection of suitable long-term KPIs (both financial and non-financial) and carries a sizeable weighting in each executive's performance measurement. The LTI seeks to reward sustained performance against predetermined Group KPIs, incentivise stretch performance, align executive performance through unvested shareholding as well as serve as a retention incentive. The LTI is both conditional and forfeitable based on performance.	The Aspen South African Management Deferred Incentive Bonus Scheme have separate senior executive deferred (conditional and forfeitable) retention components which is aimed at the retention of a limited number of key senior executives.

12. SHARE-BASED COMPENSATION RESERVE continued

	Medium and long-term component of the scheme	Long-term component of the scheme (other)
Determination of value of awards	The medium-term (deferred) incentive bonus is calculated on the same performance measures as the STIs and are not forfeitable. The total performance measure is determined by calculating the weighted average of the percentage performance outcome assigned to each KPI which is then converted to an MTI score based on an agreed MTI scoring table. Caps and stretches in place, which vary according to the level of seniority. The long-term (forfeitable deferred) incentive bonus is conditional upon sustained three-year performance against predetermined Group KPIs (both financial and non-financial) designed to support the achievement of longer-term strategic objectives. Performance levels defined at two levels: on target and stretch (two stretch levels). Stretch targets introduces an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against the predetermined Group KPIs. This is measured at year one and year three with the award adjusted downwards for actual performance achieved over the three-year period. Each KPI is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and at the discretion of the Group Chief Executive in consultation with the Remuneration & Nomination Committee.
Vesting	MTI shares settle after three-year vesting period. LTI shares settle after three-year vesting period, with 25% released for trade in year four and 25% in year five. Should the employee retire within the three-year period, the vesting of the awards will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	Additional share-settled awards over periods of three, five and seven years (legacy scheme also included 10-year vesting but is no longer applied).

The Aspen International Phantom Share Scheme

	Medium and long-term component of the scheme	Long-term component of the scheme (other)
Nature and strategic intent of the scheme	To incentivise the management of Aspen's non-South African businesses in the long term, a phantom share scheme exists for key senior managers and executives. The scheme has been designed to incentivise managers for the long term, align their goals with those of the Aspen Group and to match their reward to movements in the Aspen share price. Due to regulatory restrictions in respect of transfer and ownership of Aspen shares to offshore employees, the scheme is operated on a phantom basis, which is designed to give an employee the same economic benefit.	The International Phantom Share Scheme have separate senior executive deferred (conditional and forfeitable) retention components which is aimed at the retention of a limited number of key offshore senior executives.
Determination of value of awards	Except for the difference in settlement methods, the terms and conditions of the International Phantom Share Scheme are similar to the South African Management Deferred Incentive Bonus Scheme in all material respects being designed to acknowledge and reward individual performance and the performance of the employee's business unit.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and at the discretion of the Group Chief Executive in consultation with the Remuneration & Nomination Committee.
Vesting	MTI shares settle after three-year vesting period. LTI shares settle after three-year vesting period, with 25% released for trade in year four and 25% in year five. The phantom shares entitle eligible employees to receive a cash amount which is linked to the Aspen share price.	Additional share-settled awards over periods of three, five and seven years (legacy scheme also included 10-year vesting but is no longer applied). The phantom shares entitle eligible employees to receive a cash amount which is linked to the Aspen share price.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

12. SHARE-BASED COMPENSATION RESERVE continued

Aspen SA Phantom Share Scheme

	Medium and long-term component of the scheme	Long-term component of the scheme
Nature and strategic intent of the scheme	In 2020, a South African Phantom Share Scheme was introduced with the intention of, under exceptional circumstances, compensating employees for medium or long-term incentives, which were held at previous employers, but forfeited when the employee accepted a position at Aspen. This was an important mechanism required to attract the right calibre of skills and experience in a key competitive talent market.	n/a
Determination of value of awards	Operating as phantom shares, the value of awards are linked to the employment terms agreed upon and is linked to the movement in the Aspen share price. The value of awards is awarded upon the start date of the employee.	
Vesting	Settlement can be by means of a cash payment or a purchase of shares following an agreed vesting period. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	

12. SHARE-BASED COMPENSATION RESERVE continued

RECONCILIATION OF SCHEMES

Aspen South African Management Deferred Incentive Bonus Scheme

2024

Award price (R)	Expiry date	Shares outstanding on 30 June 2023 '000[1]	Awarded during the year '000[2]	Total dividends reinvested '000[3]	Released during the year '000	Lapsed/cancelled during the year '000[4]	Shares outstanding on 30 June 2024 '000[1]	Fair value at award date (R)	Share price at award date (R)
108,98	Oct 2023	347	–	8	(355)	–	–	143,51	119,46
106,74	May 2024	138	–	3	(141)	–	–	105,11	106,74
194,44	Oct 2024	245	–	5	(8)	(11)	231	162,09	270,49
142,78	Aug 2025	96	–	2	–	–	98	139,04	140,02
142,78	Oct 2025	442	–	9	(11)	(23)	417	139,04	140,02
326,70	May 2026	214	–	–	–	(24)	190	365,00	317,50
106,74	May 2026	138	–	3	–	–	141	105,11	106,74
186,78	Oct 2026	–	288	–	(1)	(18)	269	183,62	186,04
142,78	Aug 2027	128	–	3	–	–	131	139,04	140,02
142,78	Aug 2029	176	–	3	–	–	179	139,04	140,02
		1 924	288	36	(516)	(76)	1 656		

The fair value was determined by reference to the share price on the award date.

2023

Award price (R)	Expiry date	Shares outstanding on 30 June 2022 '000	Awarded during the year '000[2]	Total dividends reinvested '000[3]	Released during the year '000	Lapsed/cancelled during the year '000[4]	Shares outstanding on 30 June 2023 '000[1]	Fair value at award date (R)	Share price at award date (R)
105,11	Oct 2022	155	–	4	(156)	(3)	–	104,65	90,04
108,98	Oct 2023	354	–	9	(9)	(7)	347	143,51	119,46
106,74	May 2024	135	–	3	–	–	138	105,11	106,74
194,44	Oct 2024	254	–	6	(6)	(9)	245	162,09	270,49
142,78	Aug 2025	–	96	–	–	–	96	139,04	140,02
142,78	Oct 2025	–	474	–	(21)	(11)	442	139,04	140,02
326,70	May 2026	214	–	–	–	–	214	365,00	317,50
106,74	May 2026	135	–	3	–	–	138	105,11	106,74
142,78	Aug 2027	–	128	–	–	–	128	139,04	140,02
142,78	Aug 2029	–	176	–	–	–	176	139,04	140,02
		1 247	874	25	(192)	(30)	1 924		

The fair value was determined by reference to the share price on the award date.

[1] *The total number of shares were not vested at 30 June 2024 and 30 June 2023.*
[2] *During the year the Group bought 0,3 million shares (2023: 0,9 million shares) that will be held in the respective Aspen Group employee company until vesting date. These shares are accounted for as treasury shares in the Group Annual Financial Statements.*
[3] *Share equivalent of dividend value accrued to employees due to dividend that was declared during the year.*
[4] *Lapsed or cancelled shares are re-allocated to future grants.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

12. SHARE-BASED COMPENSATION RESERVE continued

RECONCILIATION OF SCHEMES continued

Aspen International Phantom Share Scheme

2024

Award price (R)	Expiry date	Shares outstanding on 30 June 2023 '000[1]	Awarded during the year '000	Total dividends reinvested '000[2]	Exercised during the year '000	Lapsed/ cancelled during the year '000	Shares outstanding on 30 June 2024 '000[1]
138,29	Oct 2023	237	–	–	(221)	(16)	–
106,74	May 2024	70	–	1	(71)	–	–
192,63	Oct 2024	171	–	–	(18)	(35)	118
143,00	Oct 2025	316	–	–	(21)	(50)	245
326,70	May 2026	48	–	–	–	–	48
106,74	May 2026	70	–	1	–	–	71
187,10	Oct 2026	–	256	–	(8)	(27)	221
142,78	Aug 2028	34	–	1	–	–	35
		946	256	3	(339)	(128)	738

2023

Award price (R)	Expiry date	Shares outstanding on 30 June 2022 '000	Awarded during the year '000	Total dividends reinvested '000[2]	Exercised during the year '000	Lapsed/ cancelled during the year '000	Shares outstanding on 30 June 2023 '000[1]
83,41	Oct 2022	303	–	–	(297)	(6)	–
138,29	Oct 2023	257	–	–	(13)	(7)	237
192,63	Oct 2024	183	–	–	(6)	(6)	171
143,00	Oct 2025	–	322	–	–	(6)	316
326,70	May 2026	48	–	–	–	–	48
106,74	May 2024	68	–	2	–	–	70
106,74	May 2026	68	–	2	–	–	70
142,78	Aug 2028	–	34	–	–	–	34
		927	356	4	(316)	(25)	946

[1] *The total number of shares were not vested at 30 June 2024 or 30 June 2023.*
[2] *Share equivalent of dividend value accrued to employees due to dividend that was declared during the year.*

The fair value was determined by reference to the share price on the grant date. The closing share price on measurement date was R233,31 (2023: R183,62).

The liability included in trade and other payables on the statement of financial position relating to the Aspen International Phantom Share Scheme is R112 million (2023: R111 million).

12. SHARE-BASED COMPENSATION RESERVE continued

Aspen South African Phantom Share Scheme

All shares vested in 2023.

2023

Award price (R)	Expiry date	Shares outstanding on 30 June 2022 '000[1]	Awarded during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Shares outstanding on 30 June 2023 '000[1]
112,67	Oct 2022	20	–	(20)	–	–
131,00	Oct 2022	16	–	(16)	–	–
		36	–	(36)	–	–

[1] *The total number of shares were not vested at 30 June 2023 or 30 June 2022.*

13. BORROWINGS

ACCOUNTING POLICY

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Costs incurred during the period of the borrowings (including costs relating to the extension of the maturity date of such borrowings) are recognised in the statement of comprehensive income when incurred.

The Group presents current and non-current borrowings separately on the face of the statement of financial position. A liability is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after year-end.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the statement of comprehensive income in the period in which they are incurred.

The Group enters into debt arrangements in the ordinary course of business. In certain instances, the Group may enter into debt arrangements where the proceeds from a new debt instrument may be used to settle obligations under an existing debt instrument. In each case, the Group assesses whether such an arrangement is a modification of the existing arrangement or whether the threshold for derecognising the existing arrangement has been met, in which case the existing arrangement is derecognised and a new liability is recognised for the new arrangement.

In determining whether the threshold for derecognising the existing arrangement has been met, the Group considers whether:
- the Group has been legally released from its obligations under the existing arrangement;
- the identity or composition of the group of lenders and other relevant parties is identical to the existing arrangement;
- the existing contractual agreement is only amended, or whether it is substantially replaced; and/or
- the new arrangement is in contemplation of the existing arrangement, indicating a continuation of the existing arrangement, or whether it indicates a new arrangement altogether.

The use of proceeds under the new debt arrangement to settle obligations under the existing debt arrangement does not preclude the meeting of the derecognition threshold.

When the derecognition threshold is met (i.e. the obligations under the existing liability are discharged, cancelled or expire), such a transaction is treated as an extinguishment and the existing financial liability is derecognised. A new liability is recognised for the new debt arrangement. The difference between the carrying amount of the existing financial liability and the consideration paid in extinguishing it is recognised in profit or loss.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. BORROWINGS continued

ACCOUNTING POLICY continued

Financial liabilities at amortised cost

Borrowings are classified as 'liabilities at amortised cost' in terms of *IFRS 9 – Financial Instruments*. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expire.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expire).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment, unless if such costs or fees incurred are incremental and are directly related to the issue of the new debt instrument in which case any such costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the new financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Lease liabilities

The lease liability is initially measured at the present value of the following that are not paid at commencement date: fixed payments, variable lease payments that are based on an index or rate, amounts that are expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and 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 uses judgement in determining its incremental borrowing rate. The incremental borrowing rate is calculated by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, e.g. term, country and currency.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is modification, a change in the lease term, when there is a change in future lease payments arising from a change in 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.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

13. BORROWINGS continued

CURRENCY ANALYSIS AND MATURITY PROFILE OF TOTAL BORROWINGS

	2024				
	Less than 1 year R'million	Between 1 – 2 years R'million	Between 2 – 5 years R'million	Greater than 5 years R'million	Total R'million
Lease liabilities					
Various currencies	274	274	48	–	596
	274	274	48	–	596
Bank overdrafts					
Rand	5 117	–	–	–	5 117
	5 117	–	–	–	5 117
Unsecured loans					
1) Euro syndicated term and revolving loans	2 336	2 336	14 460	–	19 132
Euro – capital raising fees	(42)	(42)	(54)	–	(138)
2) Australian Dollar syndicated revolving loans	–	2 424	–	–	2 424
Australian Dollar – capital raising fees	(5)	(2)	–	–	(7)
3) Rand syndicated term and revolving loans	–	–	5 700	–	5 700
4) Rand – other	2 731	–	–	–	2 731
Rand – capital raising fees	(2)	(2)	(1)	–	(5)
5) Euro – other	905	–	–	–	905
	5 923	4 714	20 105	–	30 742
Total borrowings	11 314	4 988	20 153	–	36 455

	2023				
	Less than 1 year R'million	Between 1 – 2 years R'million	Between 2 – 5 years R'million	Greater than 5 years R'million	Total R'million
Lease liabilities					
Various currencies	163	163	109	–	435
	163	163	109	–	435
Bank overdrafts					
Rand	3 419	–	–	–	3 419
	3 419	–	–	–	3 419
Unsecured loans					
1) Euro syndicated term and revolving loans	1 234	2 468	12 502	1 234	17 438
Euro – capital raising fees	(44)	(44)	(98)	(6)	(192)
2) Australian Dollar syndicated revolving loans	–	–	2 259	–	2 259
Australian Dollar – capital raising fees	(5)	(5)	(2)	–	(12)
3) Rand syndicated term and revolving loans	–	–	2 600		2 600
4) Rand – other	2 057	200	–	–	2 257
Rand – capital raising fees	(2)	(2)	(3)	–	(7)
5) Euro – other	1 070	–	–	–	1 070
Other	15	–	–	–	15
	4 325	2 617	17 258	1 228	25 428
Total borrowings	7 907	2 780	17 367	1 228	29 282

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. BORROWINGS continued

CURRENCY ANALYSIS AND MATURITY PROFILE OF TOTAL BORROWINGS continued

1) Euro syndicated term and revolving loans

Repayment profile at June 2024

The loan comprises	Amount EUR'million	Date obtained	Term	Interest terms[1]
Facility B loan[4]	**230**	November 2022	Four years repayable November 2026	EURIBOR + margin of 1,80%
Facility C loan[4]	**213**	November 2022	Four years repayable November 2026	EURIBOR + margin of 1,65%
DFI loan	**540**	September 2021	Seven years payable in 10 equal semi-annual instalments commencing on 15 March 2024 and concluding on 15 September 2028	0% fixed rate + margin of 1,60%

[1] *Margin quoted for the Facility C loan includes utilisation fees of 0,20%. Utilisation fees are not applicable for the Facility B and the Development Finance Institutions ("DFI"). To the extent that the Group's ratio of net borrowings to earnings before interest, tax, depreciation and amortisation (the "Leverage Ratio") increases or decreases, so the margin applicable to these loans will increase or decrease. The margin presented in this table is based on a Leverage Ratio of between 2,00 and 2,50. To the extent that EURIBOR is negative, EURIBOR is set at nil.*

Repayment profile at June 2023

The loan comprises	Amount EUR'million	Date obtained	Term	Interest terms[2]
Facility B loan	230	November 2022	Four years repayable November 2026	EURIBOR + margin of 1,80%
Facility C loan (refinanced)	18	November 2022	Four years repayable November 2026	EURIBOR + margin of 1,55%
DFI loan	600	September 2021	Seven years payable in 10 equal semi-annual instalments commencing on 15 March 2024 and concluding on 15 September 2028	0% fixed rate + margin of 1,60%

[2] *Margin quoted for the Facility C loan includes utilisation fees of 0,10%. Utilisation fees are not applicable for the DFI loan. To the extent that the Group's Leverage Ratio of increases or decreases, so the margin applicable to these loans will increase or decrease. The margin presented in this table is based on a Leverage Ratio of between 2,00 and 2,50. To the extent that EURIBOR is negative, EURIBOR is set at nil.*

2) Australian Dollar syndicated revolving loan

Repayment profile at June 2024

The loan comprises	Amount AUD'million	Date obtained	Term	Interest terms[3]
Facility F loan[4]	**107**	November 2022	Three years repayable November 2025	BBSY + margin of 1,80%
Facility G loan[4]	**93**	November 2022	Three years repayable November 2025	BBSY + margin of 1,80%

Repayment profile at June 2023

The loan comprises	Amount AUD'million	Date obtained	Term	Interest terms[3]
Facility F loan	107	November 2022	Three years repayable November 2025	BBSY + margin of 1,80%
Facility G loan	73	November 2022	Three years repayable November 2025	BBSY + margin of 1,80%

[3] *To the extent that the Group's Leverage Ratio increases or decreases, so the margin applicable to these loans will increase or decrease. The margin presented in this table is based on a Leverage Ratio of between 2,00 and 2,50.*

[4] *This facility's legal agreement contains a mechanism for Aspen to request the lenders of this facility to extend its maturity date by 24 months. The granting of such extension is wholly at the lenders' discretion. Aspen intends requesting such extension during the year ending 30 June 2025.*

13. BORROWINGS continued

CURRENCY ANALYSIS AND MATURITY PROFILE OF TOTAL BORROWINGS continued

3) Rand syndicated term and revolving loans

Repayment profile at June 2024

The loan comprises	Amount R'million	Date obtained	Term	Interest terms[1]
Facility D loan[2]	**2 165**	November 2022	Four years repayable November 2026	JIBAR + margin of 1,45%
Facility E loan[2]	**3 535**	November 2022	Four years repayable November 2026	JIBAR + margin of 1,45%

Repayment profile at June 2023

The loan comprises	Amount R'million	Date obtained	Term	Interest terms[1]
Facility D loan (refinanced)	1 665	November 2022	Four years repayable November 2026	JIBAR + margin of 1,45%
Facility E loan (refinanced)	935	November 2022	Four years repayable November 2026	JIBAR + margin of 1,45%

[1] *To the extent that the Group's Leverage Ratio increases or decreases, so the margin applicable to these loans will increase or decrease. The margin presented in this table is based on a Leverage Ratio of between 2,00 and 2,50.*
[2] *This facility's legal agreement contains a mechanism for Aspen to request the lenders of this facility to extend its maturity date by 24 months. The granting of such extension is wholly at the lenders' discretion. Aspen intends requesting such extension during the year ending 30 June 2025.*

4) Rand – other

Repayment profile at June 2024

The loan comprises	Amount R'million	Term	Interest terms
Various short-term loans	**200**	On demand	Ranging between 8,50% and 9,73%
Various short-term loans	**1 105**	Less than three months	Ranging between 9,55% and 9,94%
Various short-term loans	**150**	Less than three months	JIBAR + margin of 0,73%
Various short-term loans	**1 276**	Ranging between three and 12 months	JIBAR + margin ranging between 0,32% and 1,41%

Repayment profile at June 2023

The loan comprises	Amount R'million	Term	Interest terms
Various short-term loans	177	On demand	Ranging between 8,50% and 9,50%
Various short-term loans	960	Less than three months	Ranging between 8,93% and 9,85%
Various short-term loans	100	Less than three months	JIBAR + margin of 0,75%
Various short-term loans	617	Ranging between three and 12 months	JIBAR + margin ranging between 0,27% and 1,40%
Various short-term loans	203	Ranging between three and 12 months	SAFEX Call + margin of 1,10%
Various short-term loans	200	Ranging between one and two years	JIBAR + margin of 1,40%

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. BORROWINGS continued

CURRENCY ANALYSIS AND MATURITY PROFILE OF TOTAL BORROWINGS continued

5) Euro – other

Repayment profile at June 2024

The loan comprises	Amount EUR'million	Term	Interest terms
Various short-term loans	**47**	Less than three months	EURIBOR + margin ranging between 1,05% and 1,30%

Repayment profile at June 2023

The loan comprises	Amount EUR'million	Term	Interest terms
Various short-term loans	52	Less than three months	EURIBOR + margin ranging between 1,05% and 1,30%

Interest rate profile of total borrowings

	2024			2023		
	Total R'million	**Interest rate %**	**Average effective interest rate %**	Total R'million	Interest rate %	Average effective interest rate %
Bank overdrafts – floating rate (linked to South African prime overdraft rate)	**5 117**	**Rates ranging between prime and prime less 3,0**	**8,8**	3 419	Rates ranging between prime and prime less 3,0	7,3
Unsecured loans – floating rate	**20 825**			13 522		
Linked to BBSY[1]	**2 424**	**+ margin of 1,80**	**6,1**	2 259	+ margin of 1,80	5,9
Linked to JIBAR[1]	**7 126**	**+ margin ranging between 0,27 and 1,45**	**9,6**	3 517	+ margin ranging between 0,27 and 1,45	9,7
Linked to overnight call rate	**1 305**	**Overnight call rates ranging between 8,50 and 9,85**	**9,5**	1 137	Overnight call rates ranging between 8,50 and 9,85	9,4
Linked to EURIBOR[1]	**9 524**	**+ margin ranging between 1,05 and 1,80**	**5,3**	6 167	+ margin ranging between 1,05 and 1,80	4,0
Linked to SAFEX	**–**	**–**	**–**	203	+ margin of 1,10	9,2
Linked to other rates	**–**	**–**	**–**	15	Various	–
Lease liabilities	**596**	**Various**	**–**	435	Various	–
Capital raising fees	**(150)**	**–**	**–**	(211)	–	–
Unsecured loans – fixed rate DFI loan fixed at 0% base rate	**10 513**	**+ margin of 1,60**	**1,6**	12 341	+margin of 1,60	1,6
Total borrowings	**36 455**			29 282		

[1] *Refer to note 30 for impact of Interbank Offered Rates (IBOR) reform.*

13. BORROWINGS continued

CURRENCY ANALYSIS AND MATURITY PROFILE OF TOTAL BORROWINGS continued

The below table demonstrates the cumulative change in margin applicable to the Group's syndicated term and revolving loans for changes in its leverage ratio

	2024 All other syndicated facilities	2024 DFI loan
>3,75	**+0,60%**	**+0,25%**
>3,50 but <3,75	**+0,45%**	**+0,25%**
>3,00 but <3,50	**+0,30%**	**+0,15%**
>2,50 but <3,00	**+0,10%**	**+0,05%**
>2,00 but <2,50	**0,00%**	**0,00%**
>1,50 but <2,00	**–0,10%**	**–0,05%**
>1,00 but <1,50	**–0,20%**	**–0,05%**
<1,00	**–0,30%**	**–0,05%**

Definitions

Johannesburg Interbank Average Rate – JIBAR
Bank Bill Swap Yield – BBSY
Euro Interbank Offered Rate – EURIBOR
South African Futures Exchange – SAFEX

OTHER DISCLOSURES

	2024 R'million	2023 R'million
Reconciliation of balance		
Balance at the beginning of the year	**29 282**	22 247
Cash movements per the statement of cash flows[1]	**7 914**	3 378
Repayment of borrowings[1]	**(7 571)**	(6 585)
Repayment of lease liabilities	**(201)**	(183)
Proceeds from borrowings	**13 988**	7 939
Increase of bank overdrafts	**1 698**	2 207
Non-cash movements	**(741)**	3 657
Capital raising fees released	**52**	38
Lease liabilities capitalised	**378**	260
Lease modifications	**(8)**	(21)
Acquisition of Sandoz China	**40**	–
Currency translation movements	**(1 203)**	3 380
	36 455	29 282

[1] *Repayment of borrowings includes capital raising fees capitalised.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. BORROWINGS continued

OTHER DISCLOSURES continued

	2024 R'million	2023 R'million
Split of balance		
Non-current liabilities	**25 141**	21 375
Current liabilities	**11 314**	7 907
	36 455	29 282
Currency analysis of lease liabilities		
Euro	**209**	121
Australian Dollar	**83**	104
Chinese Yuan Renminbi	**184**	47
Mexican Peso	**23**	41
South African Rand	**31**	35
Brazilian Real	**19**	29
US Dollar	**16**	16
British Pound Sterling	**–**	4
Argentine Peso	**–**	3
Other	**31**	35
	596	435

The Group had the following total undrawn borrowing facilities of R11,7 billion at year-end:
- South African Rand denominated facilities of R1 820 million (2023: R3 413 million);
- Euro denominated facilities of EUR443 million (2023: EUR632 million); and
- Australian Dollar denominated facilities of AUD100 million (2023: AUD120 million).

These facilities may only be drawn to the extent that the facilities are not currently subject to an event of default.

All debt facilities, including overdrafts across the Group are unsecured.

SUBSEQUENT EVENTS

Refer to note 32 for further details of subsequent events affecting borrowings.

14. OTHER NON-CURRENT AND CURRENT LIABILITIES

ACCOUNTING POLICY

Recognition and measurement

Other non-current and current financial liabilities

Other non-current financial liabilities are recognised initially at fair value and expected future payments are discounted to present value using an appropriate market-related discount rate. The liabilities are subsequently measured at amortised cost using the effective interest rate method. The amount expected to be settled within 12 months from year-end date is shown as current and the amounts expected to be settled 12 months after year-end date is shown as non-current on the statement of financial position.

The difference between the total capital repayments and the present value of the liabilities will be released to financing costs in the statement of comprehensive income over the terms of the liabilities.

Other non-current financial liabilities are classified as 'liabilities at amortised cost' in terms of *IFRS 9 – Financial Instruments*. Financial liabilities are recognised on the transaction date when the group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Deferred revenue

The Group recognises, as deferred revenue, contributions by third parties to the cost of specific capital expenditure projects. Deferred revenue is recognised at the fair value of the consideration received in advance. Upon completion of a relevant capital expenditure project the related deferred revenue is released to the statement of comprehensive income over the remaining term of the supply contract with the contributing third party. The amount expected to be realised within 12 months from year-end date is shown as current and the amounts expected to be realised 12 months after year-end date is shown as non-current on the statement of financial position.

Environmental liabilities

Environmental liabilities are recognised when the Group has a legal or a constructive obligation, as a result of a past event, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation and the obligation can be measured reliably.

SUMMARY OF NON-CURRENT BALANCE	Note	2024 R'million	2023 R'million
Other non-current financial liabilities	14.1	**2 045**	487
Environmental liabilities		**10**	10
		2 055	497

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

14. OTHER NON-CURRENT AND CURRENT LIABILITIES continued

14.1 OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

	2024 R'million	2023 R'million
RECONCILIATION OF BALANCE		
Balance at the beginning of the year	**4 523**	4 129
Repayments – included in investing activities on the statement of cash flows	**(158)**	(626)
Disposal of Japanese business	**(117)**	(134)
Disposal of European thrombosis assets	**–**	(441)
Other	**(41)**	(51)
Repayment of MSD loan – included in financing activities on the statement of cash flows	**(1 012)**	–
Additions	**1 349**	28
Acquisition of a portfolio of products in Latin America	**709**	–
Acquisition of Sandoz China	**542**	–
Disposal of Europe anaesthetics brands	**54**	–
Other	**44**	28
Notional interest	**154**	210
Release to the statement of comprehensive income – acquisition of a portfolio of products in Latin America	**(709)**	–
Reversal of transaction costs related to Disposal of Japanese business no longer payable	**(81)**	–
Other	**–**	(12)
Currency translation movements	**(226)**	794
	3 840	4 523
Split of balance		
Non-current	**2 045**	487
Current	**1 795**	4 036
	3 840	4 523
Summary of balance (non-current and current)[1]		
MSD loan	**2 775**	3 814
Disposal of Europe anaesthetics brands	**53**	–
Disposal of Japanese business	**397**	610
Acquisition of Sandoz China	**521**	–
Other	**94**	99
	3 840	4 523

[1] *All balances are stated at closing rates.*

14. OTHER NON-CURRENT AND CURRENT LIABILITIES continued

14.1 OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES continued

MSD loan

As part of a historical business combination, Aspen acquired inventories to the value of R3 billion, a portion of which was funded by way of a 10-year interest free loan from MSD. The discount rate used in valuing this loan was 8%. This loan was obtained in October 2013 and was repayable at the end of the 10-year period, being 30 September 2023.

During September 2023, Aspen Oss reached an agreement with MSD to extend the loan repayment terms with three instalment payments over the next two years with a final repayment due on 30 September 2025. The original loan incurred notional interest up to 30 September 2023. The extended loan will attract interest from 1 October 2023 at a fixed market-related rate which is lower than the effective notional interest rate incurred in the current financial year. During the current year R1 billion was repaid.

In addition to inventories given as security for this loan (refer to note 8), the Group provided a further guarantee to the value of EUR166 million (R3,3 billion) to MSD.

Disposal of Japanese business

As part of the disposal of the Japanese business in the 2020 financial year, Aspen Global Incorporated entered into a manufacturing and supply agreement with Sandoz for a period of five years with a further two-year extension option. Aspen Global Incorporated have underwritten supply prices to Sandoz based upon achieving future expected cost savings. The unfavourable difference between the actual estimated future supply costs and the underwritten supply prices ("supply price rebate") have been calculated and amounts to a net present value obligation of EUR20 million (2023: EUR30 million) of which EUR6 million (2023: EUR7 million) was paid in the current year. The discount rate used was 2,2%.

An amount of EUR4 million was released as an excess provision no longer required. This amount was released to transaction costs in terms of the Group's accounting policy and definitions and has been excluded from normalised headline earnings.

The repayment profile for the supply price rebate is set out below:

	2024 EUR'million	2023 EUR'million
Within 1 year	**3**	7
Within 2 – 5 years	**17**	23
	20	30

Disposal of Europe anaesthetics brands

During the current year Aspen disposed of the commercialisation rights and related intellectual property for four anaesthetic products currently sold by Aspen in the European Economic Area to Sandoz AG.

In addition to the to disposal of commercialisation rights and related intellectual property, Sandoz will also acquire Aspen's stock on hand of finished products. In view of the conditions attached to the acquisition of this inventory, Aspen has raised a provision of EUR3 million to cover inventory that will not be transferred to Sandoz and therefore will have to be written off. The full amount is expected to be written off in the following financial year.

Acquisition of Sandoz China

In the current year, Aspen concluded an agreement with Sandoz to acquire the commercialisation rights and related intellectual property for a portfolio of established products currently commercialised by the Company and a pipeline of products to be launched by the Company in the short to medium term. As part of the transaction the following liabilities were raised.

	2024 R'million	2023 R'million
Split of balance		
Outstanding consideration	**123**	–
Contingent consideration	**228**	–
Working capital provision	**170**	–
	521	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

14. OTHER NON-CURRENT AND CURRENT LIABILITIES continued

14.1 OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES continued

Outstanding consideration

Total consideration payable is EUR84 million of which EUR67 million was paid in the current year and EUR11 million was raised as a contingent liability. The outstanding EUR6 million is expected to be paid within the next financial year.

Contingent consideration

The contingent consideration is based on future pipeline sales, with a maximum amount payable of EUR18,5 million. Aspen estimates that this will be paid over a period of 10 years and the discount rate used in valuing the contingent liability was 11,9%.

The repayment profile is set out below:

	2024 EUR'million	2023 EUR'million
Less than 1 year	**1**	–
Between 1 – 2 years	**1**	–
Between 2 – 5 years	**4**	–
More than 5 years	**5**	–
	11	–

Working capital provision

Other stock related provisions were recognised as part of the disposal, amounting to EUR9,1 million, which is expected to be realised in the statement of comprehensive income in the 2025 financial year.

14.2 DEFERRED REVENUE

RECONCILIATION OF BALANCE

	2024 R'million	2023 R'million
Balance at the beginning of the year	**13**	53
Recognised in the statement of comprehensive income[1]	**(4)**	(47)
Currency translation movements	**(1)**	7
	8	13

[1] *This amount is included in other operating income on the statement of comprehensive income.*

Split of balance		
Current	**8**	13
	8	13

The full balance relates to capital expenditure projects at Aspen Oss B.V.

15. UNFAVOURABLE AND ONEROUS CONTRACTS

ACCOUNTING POLICY

Recognition and measurement

An unfavourable and onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. This includes where the Group has entered into binding legal agreements for the supply of products to vendors at below market value and/or cost to manufacture. The estimated costs required to settle the obligation are discounted to present value using appropriate market-related discount rates.

An unfavourable contract is principally based on the difference between the market price and the contract selling price. An onerous contract is principally based on the difference between contract selling price and carrying value.

Acquisition of a portfolio of products in Latin America

As part of the acquisition of a portfolio of products in Latin America, the company entered into a supply contract with Viatris that was expected to generate losses until a pre-determined volume threshold was met. These anticipated losses were recognised as an onerous contract in terms of *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. The threshold was met during the current financial year when the supply contract was converted to a toll arrangement.

Existing contracts acquired with Sandoz China

At the date Aspen acquired Sandoz China that company had a number of products that are sold at a loss under the Chinese Government's VBP tender scheme. Application of the principles of *IFRS 3 – Business Combinations* gave rise to Aspen recognising an onerous contract representing the estimated losses until the end of the tenders.

Disposal of European anaesthetics brands

As part of the disposal of the European anaesthetics brands, the company entered into a supply contract with Sandoz that is expected to generate losses during its initial term of five years. These anticipated losses were recognised as an onerous contract in terms of *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.*

API business – Aspen Oss B.V

At the date that Aspen acquired the API business, Aspen accounted for the acquisition of the business, including the 10-year supply contract, as a business combination. Application of the principles in *IFRS 3 – Business Combinations* gave rise to Aspen recognising an onerous and unfavourable contract related to the supply agreement at the acquisition date.

For the above onerous contracts the subsequent accounting is considered in the context of *IFRS 15 – Revenue from Contracts with Customers* as it represents the difference between the cost of satisfying the respective obligations and selling price of the products (i.e. linked to an element of revenue). Accounting for the unfavourable contract as an element of revenue has been determined on a per unit basis as the relevant products are transferred.

RECONCILIATION OF BALANCE

	2024 R'million	2023 R'million
Balance at the beginning of the year	**104**	433
Existing contracts acquired with Sandoz China	**69**	–
Acquisition of a portfolio of products in Latin America	**415**	–
Disposal of Europe anaesthetics brands	**189**	–
Release to the statement of comprehensive income	**(517)**	(377)
Currency translation movements	**(12)**	48
	248	104
Split of balance		
Non-current	**137**	–
Current	**111**	104
	248	104
Summary of balance (non-current and current)		
Acquisition of Sandoz China	**66**	–
Disposal of Europe anaesthetics brands	**182**	–
	248	–

Existing contracts acquired with Sandoz China

Sandoz China has a number of products that are currently sold at a loss under the Chinese Government's VBP tender scheme. A provision of EUR4 million was raised representing the estimated losses until December 2025 when the tenders will end. The discount raised used was 6,9%.

Disposal of Europe anaesthetics brands

As part of the disposal of the European anaesthetics brands, the Company entered into a supply contract with Sandoz for an initial term of five years, during which period the supply prices are fixed. An EUR9 million liability was recognised reflecting the difference between the actual estimated supply costs and the fixed supply prices during the initial period. The discount rate used was 7,6%.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

ACCOUNTING POLICY

Pension benefits

The Group operates or contributes to defined contribution plans and defined benefit plans for its employees in certain countries in which it operates.

Defined contribution plans

A defined contribution plan is a provident fund under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to employee service in the current and prior financial years. For defined contribution plans, the Group pays contributions to publicly or privately held pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The payments made to provident funds are expensed as incurred and are included in staff costs. Refer to notes 21 and 22 of the Group Annual Financial Statements.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. It defines the amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the present value of the gross obligation for retirement benefit obligations. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds, that have maturity dates approximating the terms of the Group's obligations which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform the calculation annually using the projected unit credit method.

Past service costs are recognised immediately in the statement of comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions are recognised in other comprehensive income as remeasurements in the period in which they arise.

Other non-current employee benefits

Some Group companies provide other non-current benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to a given age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Defined benefit plans – post-retirement medical aid obligations

In terms of the Group's policy, post-retirement medical aid benefits are not provided for any employees, with the exception of certain South African employees who joined the Group before 28 February 2000. The Group has honoured its contractual commitment in respect of post-retirement medical aid obligations to these employees and pensioners employed before the change in policy.

The present value of the expected future post-retirement medical aid obligation is quantified to the extent that service has been rendered, and is reflected on the statement of financial position as a liability. Valuations of these obligations are carried out by independent actuaries on an annual basis using the projected unit credit method. Post-retirement medical aid obligations are accounted for using the same accounting methodologies as described for the defined benefit plans.

The Group operates or contributes to defined contribution plans, defined benefit plans and other long-term plans in certain countries in which it operates.

Defined contribution plans

Contributions by the Group, and in some cases the employees are made to funds set up in South Africa, Australia, Malaysia, Taiwan, Ireland, the Netherlands, Brazil, Tanzania, Kenya and Uganda while no contributions are made to plans established in other geographic areas.

Total contributions paid to the various funds by the Group amounted to R374 million for the current financial year (2023: R339 million). The Group has no further payment obligations once the contributions have been paid. The payments made are expensed as incurred in the statement of comprehensive income and are included in staff costs.

16. RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS continued

ACCOUNTING POLICY continued

Defined benefit plans

Contributions by the Group, and in some cases by the employees, are made for funds set up in South Africa, Germany, the Philippines, Mexico, France, Tanzania and Kenya while no contributions are made for plans established in other geographic areas.

Provisions for pension and medical aid obligations are established for benefits payable in the form of retirement, disability, surviving dependent pensions and medical benefits. The benefits offered vary according to the legal, fiscal and economic conditions of each country.

Long-term employee benefits

Contributions by the Group are made to funds set up in Germany and France while no contributions are made to plans established in other geographic areas.

				Principal actuarial assumptions		
	Last actuarial valuation done	Full/interim valuation	Valuation method adopted	Discount rate	Medical inflation rate	Salary increase rate
France	June 2024	Full	Projected unit credit	3,8% (2023: 3,8%)	N/A	3,0% (2023: 3,0%)
Germany	June 2024	Full	Projected unit credit	3,6% (2023: 3,6%)	N/A	3,0% (2023: 3,0%)
Kenya	June 2024	Full	Projected unit credit	17,3% (2023: 15,3%)	N/A	9,0% (2023: 12,0%)
Mexico	June 2024	Full	Projected unit credit	10,2% (2023: 9,3%)	N/A	6,0% (2023: 6,0%)
The Philippines	June 2024	Full	Projected unit credit	6,7% (2023: 6,2%)	N/A	4,5% (2023: 6,0%)
South Africa	June 2024	Full	Projected unit credit	12,4% (2023: 12,9%)	8,4% (2023: 8,9%)	N/A
Tanzania	June 2024	Full	Projected unit credit	10,6% (2023: 10,4%)	N/A	7,0% (2023: 9,0%)

These plans have been assessed by independent qualified actuaries and have been found to be in a sound financial position.

Weighted average assumptions used in performing actuarial valuations determined in consultation with independent actuaries.

Assumptions regarding future mortality experience are set out based on advice, published statistics and experience in each territory.

	2024 R'million	2023 R'million
Amounts recognised in the statement of financial position		
Present value of retirement and other employee benefit obligations[1]	**701**	690
Deferred tax	**(35)**	(25)
	666	665

[1] *Included in this amount is an obligation of R123 million (2023: R151 million) for which the Group has a reimbursive right. Refer to note 7 for more detail.*

	2024 R'million	2023 R'million
Retirement and other employee benefit obligations comprise		
Unfunded present value of retirement and other employee benefit obligations	**874**	870
Fair value of plan assets	**(173)**	(180)
	701	690

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS continued

ACCOUNTING POLICY continued

	2024 R'million	2023 R'million
The movement in the liability recognised in the statement of financial position is as follows:		
Balance at the beginning of the year	**870**	733
Current service costs	**78**	43
Benefits paid	**(43)**	(33)
Contributions paid to the plan by employer	**(11)**	(9)
Net interest expense	**33**	26
Remeasurements recognised in other comprehensive income – actuarial gains from changes in financial assumptions	**(8)**	(29)
– Actuarial losses/(gains) from changes in demographic assumptions	**1**	(13)
– Actuarial gains from changes in financial assumptions	**(8)**	(16)
Currency translation movements	**(45)**	139
	874	870
The movement in the fair value of plan assets recognised in the statement of financial position is as follows:		
Balance at the beginning of the year	**180**	151
Benefits paid	**–**	(1)
Net interest income	**1**	1
Currency translation movements	**(8)**	29
	173	180
Fair value of plan assets		
The assets of the pension funds are invested as follows:		
European government bonds	**173**	180
	173	180
Maturity profile of retirement benefit and other employee benefit obligations		
Less than 1 year	**23**	21
Between 1 – 5 years	**244**	178
More than 5 years	**607**	671
	874	870

Sensitivity analysis

The effect of a 1% change in the assumed discount rate, medical inflation rate and salary increase rate would not have a significant effect on the amounts reported for retirement and other employee benefit obligations.

Key risks associated with retirement and other employee benefit obligations
1) Inflation risk: the risk that future inflation is higher than expected.
2) Medical inflation risk: the risk that future contributions to the medical aid scheme increase faster than assumed.
3) Longevity: the risk that continuation members live longer than expected and hence the subsidy is payable for longer than expected.
4) Investment risk: the risk that the return earned by the assets is lower than expected and hence the assets are insufficient.
5) Salary risk: the risk that future salaries are higher than expected.

17. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Recognition and measurement

Trade and other payables are recognised when the Group has a legal or a constructive obligation, as a result of a past event, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation and the obligation can be measured reliably.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial instruments related to trade and other payables are classified as "at amortised cost" in terms of *IFRS 9 – Financial Instruments*. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

SUMMARY OF BALANCE

	2024 R'million	2023 R'million
Trade payables	**4 372**	3 969
Accrued expenses	**3 293**	3 236
Indirect taxes	**325**	510
Leave pay	**697**	682
Bonuses	**587**	577
Other employee-related accruals	**412**	399
Other	**661**	807
	10 347	10 180
Split of balance		
Financial liabilities	**7 676**	7 135
Non-financial liabilities	**2 671**	3 045
	10 347	10 180
OTHER DISCLOSURES		
Currency analysis of trade and other payables (financial instruments only)		
Euro	**1 952**	2 188
Chinese Yuan Renminbi	**1 393**	413
South African Rand	**1 325**	1 466
US Dollar	**1 281**	1 009
Australian Dollar	**760**	1 092
Mexican Peso	**134**	112
Canadian Dollar	**130**	122
Brazilian Real	**51**	49
Swiss Franc	**48**	90
Philippine Peso	**46**	48
Russian Ruble	**41**	24
British Pound Sterling	**32**	60
Kenyan Shilling	**16**	34
Tanzanian Shilling	**7**	49
Other currencies	**460**	379
	7 676	7 135

All trade and other payables are predominantly non-interest bearing.

No individual vendor represents more than 10% of the Group's trade payables.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. OTHER CURRENT LIABILITIES

ACCOUNTING POLICY

Financial liabilities at amortised cost

This category of financial liabilities comprises other financial liabilities. These financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

		2024 R'million	2023 R'million
SPLIT OF BALANCE	Note		
Deferred revenue	14.2	**8**	13
Derivative financial instruments	18.1	**14**	8
Other current financial liabilities	14.1	**1 795**	4 036
		1 817	4 057

18.1 DERIVATIVE FINANCIAL INSTRUMENTS – LIABILITY

	2024 R'million	2023 R'million
Balance at the beginning of the year	**8**	12
Transfer from assets	**6**	7
Currency translation movements	**–**	(11)
	14	8
Split of balance		
Forward exchange contracts	**14**	8
	14	8

Forward exchange contracts are classified as "level 2" liabilities in the fair value measurement hierarchy.

None of the financial liabilities were reclassified out of "level 2" in the current year. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index.

The fair value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contracted rates to the equivalent of year-end market foreign exchange rates. The present value of these fair values was then discounted using the appropriate currency-specific discount rate to determine the fair value.

19. REVENUE

ACCOUNTING POLICY

Recognition and measurement

Revenue, net of trade discounts, distribution fees paid to independent wholesalers and excluding value added tax, comprises the total invoice value of goods, co-marketing fees and royalties derived from the supply of speciality, branded and generic pharmaceutical products to provide treatment for a broad spectrum of acute and chronic conditions.

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the Group in determining when control has passed to the customer:
- the Group has a right to payment for the product or service;
- the customer has legal title to the product;
- the Group has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing in the various regulated markets.

The Group evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:
- the Group is primarily responsible for fulfilling the promise to provide the specified goods or services;
- the Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Group has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

19. REVENUE continued

ACCOUNTING POLICY continued

Recognition and measurement continued

In the determination of revenue, all intra-group transactions are excluded.

No significant element of financing is deemed present, other than on onerous contracts, as the sales are made with credit terms less than one year. The onerous contracts are discounted to present value using appropriate market-related discount rates.

The main streams of revenue and the base of recognition are as follows:

Sale of goods

Revenue is recognised at a point in time when control of the pharmaceutical products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred, as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

Co-marketing fees

Co-marketing fees is a revenue that the Group receives in exchange for providing a service to arrange specified sales of speciality, branded and generic pharmaceuticals to a customer as an agent. Revenue is based on an upfront agreed upon fee driven by sales volumes. The sales volumes are products delivered at a point in time to customers.

Revenue and receivables are recorded on co-marketing fees when performance obligations according to the contract for arranging sales to customers have been met and the products have been delivered to the customer. Delivery occurs when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the goods in accordance with the co-marketing agreement.

Toll Manufacturing

The Company engages in toll manufacturing agreements, offering services to process customer-supplied materials into specified finished goods while the customer retains ownership. Revenue is recognised, as services are rendered – in other words, as the performance obligation to deliver finished goods is fulfilled. For contracts with multiple obligations, the transaction price is distributed among them according to their relative standalone selling prices.

Take or Pay

Aspen has arrangements whereby it is in a position to stand ready to produce and/or sell certain products. In these contracts, the customer commits to purchase a certain minimum quantity of goods or services from Aspen at set times and prices, and must pay a contractual minimum fee to Aspen, even if the customer decides not to order the goods or services. Revenue recognition is based on the customer's take up of the goods or services to fulfil the contract. Should the minimum quantity not be ordered by the customer within the contractual time bands, revenue is recognised to the extent that the contractual minimum fee is applicable and invoiced.

Unfavourable and onerous contracts

Accounting for the unfavourable and onerous contracts as an element of revenue has been determined on a case by case basis as set out in note 15.

SUMMARY OF BALANCE

	2024 R'million	2023 R'million
Sale of goods	**44 087**	40 194
Co-marketing fees	**102**	138
Unfavourable and onerous contracts release	**517**	377
	44 706	40 709

Revenue has been further disaggregated by customer and manufacturing geography, refer to the Group Revenue Segmental Analysis report on page 20 for further details.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. OPERATING PROFIT

	2024 R'million	2023 R'million
Operating profit has been arrived at after charging/(crediting):		
Loss on sale of tangible and intangible assets	**34**	1
Loss on the sale of property, plant and equipment and right-of-use assets	**7**	1
Loss on the sale of intangible assets	**27**	–
Auditors' remuneration	**92**	79
– Audit fees	**88**	74
– Other services	**4**	–
Net impairment charges	**2 592**	1 986
Impairment of intangible assets (included in other operating expenses)	**2 415**	1 359
Impairment charge of inventories (included in cost of sales)	**914**	941
Impairment of property, plant and equipment (included in other operating expenses)	**84**	4
Reversal of impairment losses on intangible assets (included in other operating income)	**(977)**	(299)
Impairment of goodwill (included in other operating expenses)	**145**	–
Impairment of other non-current and current receivables (included in other operating expenses)	**–**	6
Movement in the allowance of expected credit losses of trade receivables (included in selling and distribution expenses)	**11**	(25)
Repairs and maintenance expenditure on property, plant and equipment	**774**	743
Short-term and low-value leases	**54**	53
Land and buildings	**29**	31
Plant and equipment	**16**	13
Office equipment, computer equipment and furniture	**9**	9
Restructuring costs	**227**	278
Transaction costs	**356**	190
Insurance compensation on assets	**–**	(43)

21. EXPENSES AND OTHER OPERATING INCOME BY NATURE

	2024				
	Cost of sales R'million	Selling and distribution expenses R'million	Administrative expenses R'million	Net other operating expenses R'million	Total R'million
Cost of material and production-related variances	14 170	–	–	–	14 170
Personnel costs and other staff related costs	5 827	2 776	1 880	–	10 483
Depreciation and amortisation	1 138	44	208	583	1 973
Advertising and marketing expenses	–	1 179	–	–	1 179
Transport and warehousing costs	515	1 030	–	–	1 545
Net impairment charges	914	11	–	1 667	2 592
Legal and consulting fees	472	184	258	–	914
Property costs	744	3	35	–	782
Repairs and maintenance expenditure on property, plant and equipment	736	14	24	–	774
Transaction costs	–	–	–	356	356
Restructuring costs	–	–	–	227	227
Regulatory expenses	–	341	–	–	341
Share-based payment expense	–	–	117	–	117
IT expenses	331	21	521	–	873
Insurance expenses	167	22	214	–	403
Other	238	856	400	(515)	979
	25 252	6 481	3 657	2 318	37 708

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

21. EXPENSES AND OTHER OPERATING INCOME BY NATURE continued

	2023				
	Cost of sales R'million	Selling and distribution expenses R'million	Administrative expenses R'million	Net other operating expenses R'million	Total R'million
Cost of material and production-related variances	12 098	–	–	–	12 098
Personnel costs and other staff related costs	5 185	2 655	1 789	–	9 629
Depreciation and amortisation	1 006	40	201	541	1 788
Advertising and marketing expenses	–	1 176	–	–	1 176
Transport and warehousing costs	614	884	–	–	1 498
Net impairment charges/(reversal of impairment)	941	(25)	–	1 070	1 986
Legal and consulting fees	370	171	291	–	832
Property costs	705	4	35	–	744
Repairs and maintenance expenditure on property, plant and equipment	711	12	20	–	743
Transaction costs	–	–	–	190	190
Restructuring costs	–	–	–	278	278
Regulatory expenses	–	323	–	–	323
Insurance compensation on assets	–	–	–	(43)	(43)
Insurance compensation on business interruption	(33)	–	–	(159)	(192)
Grant income	(526)	–	–	–	(526)
Share-based payment expense	–	–	135	–	135
IT expenses	210	17	481	–	708
Insurance expenses	175	24	222	–	421
Other	319	518	453	(191)	1 099
	21 775	5 799	3 627	1 686	32 887

22. DIRECTORS AND EMPLOYEES

ACCOUNTING POLICY

Directors' and prescribed officers' remuneration

The directors' and prescribed officers' remuneration represent the remuneration paid to, or receivable by, directors and prescribed officers in their capacity as director, prescribed officer or any other capacity. All amounts in respect of the financial year reported on are presented, including bonuses not accrued for in the Group annual financial statements. This disclosure is provided in terms of the JSE Listings Requirements. The Group's Remuneration Committee, through its mandate from the Board of Directors, has resolved that the individuals, listed below as the Group's prescribed officers, are deemed to be prescribed officers as defined by the Companies Act of South Africa. Further details on transactions with key personnel can be found in note 31.

22. DIRECTORS AND EMPLOYEES continued

	2024 R' thousands	2023 R' thousands
Directors' remuneration		
Non-executive directors – fees		
Kuseni Dlamini	**1 493**	1 409
Ben Kruger	**1 269**	932
Linda de Beer	**1 144**	958
Neo Dongwana	**183**	–
Themba Mkhwanazi	**432**	448
Chris Mortimer[1]	**551**	465
Yvonne Muthien	**1 081**	548
Babalwa Ngonyama	**–**	911
David Redfern	**427**	364
Total (A)	**6 580**	6 035
Executive directors		
Sean Capazorio	**16 659**	15 553
Remuneration	**7 298**	6 966
Retirement and medical aid benefits	**1 296**	1 142
Performance bonus	**2 552**	2 253
Share-based payment expense	**5 513**	5 193
Reginald Haman[2]	**6 272**	–
Remuneration	**2 235**	–
Retirement and medical aid benefits	**305**	–
Performance bonus	**2 243**	–
Share-based payment expense	**1 489**	–
Stephen Saad	**27 303**	24 148
Remuneration	**9 621**	9 172
Retirement and medical aid benefits	**1 732**	1 534
Performance bonus	**11 007**	8 335
Share-based payment expense	**4 943**	5 108
Total (B)	**50 234**	39 702
Prescribed officers		
Lorraine Hill	**17 183**	16 585
Remuneration	**8 472**	8 062
Retirement and medical aid benefits	**1 162**	1 026
Performance bonus	**2 139**	2 078
Share-based payment expense	**5 410**	5 419
Gus Attridge	**11 140**	12 622
Remuneration	**5 226**	5 698
Retirement and medical aid benefits	**779**	909
Performance bonus	**1 782**	1 793
Share-based payment expense	**3 353**	4 222
Zizipho Mmango	**12 812**	13 871
Remuneration	**5 636**	5 410
Retirement and medical aid benefits	**834**	706
Performance bonus	**1 933**	1 699
Share-based payment expense	**4 409**	6 055
Reginald Haman[2]	**7 513**	14 209
Remuneration	**3 901**	5 356
Retirement and medical aid benefits	**635**	761
Performance bonus	**–**	1 699
Share-based payment expense	**2 977**	6 393
Mark Sardi	**–**	2 767
Remuneration	**–**	2 592
Retirement and medical aid benefits	**–**	175
Performance bonus	**–**	–
Total (C)	**48 648**	60 054
Total remuneration paid by the Company (A+B+C)	**105 462**	105 791

[1] *For further details pertaining to legal fees for Chris Mortimer, refer to note 31.*

[2] *Reginald Haman was appointed as an executive director effective March 2024. His remuneration was split accordingly between executive director and prescribed officer.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

22. DIRECTORS AND EMPLOYEES continued

Staff costs

	2024 R'million	2023 R'million
Wages and salaries	**9 393**	8 661
Defined contribution plan expenses	**374**	339
Defined benefit plan expenses	**16**	12
Share-based payment expense – deferred incentive bonus	**70**	76
Share-based payment expense – phantom share scheme	**47**	59
	9 900	9 147
Amount included in cost of sales	**5 628**	5 072
Wages and salaries	**5 381**	4 854
Benefits	**247**	218
Amount included in selling and distribution expenses	**2 499**	2 379
Wages and salaries	**2 181**	2 069
Benefits	**318**	310
Amount included in administrative expenses	**1 773**	1 696
Wages and salaries	**1 568**	1 477
Benefits	**205**	219
Staff headcount		
Total number of employees at year-end	**9 350**	9 161
Full-time employees	**8 867**	8 612
Part-time employees	**483**	549

23. INVESTMENT INCOME

ACCOUNTING POLICY

Recognition and measurement

Investment income comprises interest received on bank balances, prepaid taxes and short-term deposits and is recognised as it accrues in the statement of comprehensive income, using the effective interest rate method.

	2024 R'million	2023 R'million
Interest on bank balances and short-term deposits	**1 051**	509
Other	**8**	20
	1 059	529

24. FINANCING COSTS

ACCOUNTING POLICY

Recognition and measurement

Financing costs comprise interest paid on borrowings, unwinding of notional interest on discounted liabilities, changes in the fair value of financial assets and liabilities at fair value through profit or loss, foreign exchange gains or losses and any gains or losses on hedging instruments that are recognised in the statement of comprehensive income. All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

	R'million	R'million
Interest paid	**2 166**	1 120
Bank overdrafts and borrowings	**2 137**	1 006
Leases	**29**	27
Other	**–**	87
Capital raising fees released	**52**	38
Notional interest on financial instruments	**61**	204
Net foreign exchange losses	**49**	688
Fair value losses/(gains) on derivative financial instruments	**15**	(254)
	2 343	1 796

Financing costs above exclude financing costs of R124 million which have been capitalised during 2024 to capital work-in-progress (2023: R46 million). Refer to note 2 for detail.

25. INCOME TAX

ACCOUNTING POLICY

The tax expense comprises current tax, deferred tax, capital and wealth taxes and withholding taxes. The tax expense does not include taxes associated with amounts reflected in other comprehensive income and equity. The tax associated with those amounts is reflected directly in other comprehensive income or equity.

Current tax

The current tax charge is the tax that is expected to be payable on the profits generated during the year and any adjustments to the tax payable in respect of prior years. The current tax charge also includes provisions where it is likely that a tax authority may take a different position to the filing positions taken by the Group.

Deferred tax

The deferred tax charge is the tax that is expected to be payable in future or relief that is expected to materialise in future, applying the liability method. The deferred tax charge includes adjustments to the opening deferred tax balances to recognise tax filing adjustments and to adjust the statutory tax rate that is utilised for determining the opening deferred tax balance.

Capital and wealth taxes

Capital and wealth tax is payable at varying rates by companies in the Aspen Group. These taxes generally arise in Latin America and Asia.

Withholding taxes

Withholding tax is payable at varying rates on interest, management fees, licences and dividends which are declared by one Group company to another Group company.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

25. INCOME TAX continued

ACCOUNTING POLICY continued

IFRIC 23 – Uncertainty over Income Tax Treatment

Aspen applies *IFRIC 23 – Uncertainty over Income Tax Treatment*, which clarifies the accounting treatment for uncertainties in income taxes as part of the application of *IAS 12 – Income Taxes*. The interpretation specifically addresses whether an entity considers each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

In applying *IFRIC 23 – Uncertainty over Income Tax Treatment* the Aspen Group has assessed the risk profile of all uncertain tax matters based on the following criteria:
- the outcome of similar historical or current audits within the Group;
- consensus opinions from expert advisors regarding areas and levels of tax risk;
- the outcome of tax audits that have been launched against other multinational groups, to the extent the fact pattern is similar to that of the Aspen Group; and
- changes in tax law impacting existing or future tax matters.

Based on this assessment, the potential cash tax outflow for each uncertain tax matter is quantified using the applicable statutory tax rate and applying a risk probability factor (exercising judgment on the most likely outcome). The impact on current and deferred tax is also taken into consideration. The probalised risk values are consolidated in arriving at the Group's total estimated uncertain tax provision.

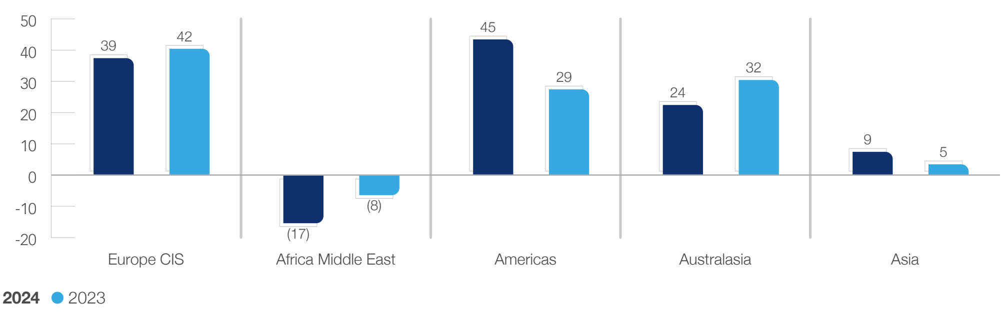
Summary of balance

	2024 R'million	2023 R'million
Current tax		
Current year	**1 712**	1 620
Prior year	**157**	70
Deferred tax		
Current year	**(569)**	(222)
Prior year	**(35)**	(191)
Rate change	**–**	2
Capital and wealth taxes	**3**	3
Withholding taxes	**42**	45
	1 310	1 327

The tax assets and liabilities that arise in the Group are predominately Europe CIS, Africa Middle East, Americas, Australasia and Asia.

The current year income statement charges are graphically reflected below, in addition to the consolidated balances for the remaining countries (by region) that the Group operates in:

Total tax (%)



25. INCOME TAX continued

ACCOUNTING POLICY continued

Group's effective tax rate

The Group's effective tax rate has been restated to provide additional information relating to the key drivers of the effective tax rate. The effective tax rate has been calculated as follows:

	2024 %	2023 %
Group's effective tax rate		
South African tax rate	**27,0**	27,0
Differences in foreign tax rates:		
Mauritius[1]	**(2,4)**	(3,6)
Other[2]	**1,5**	(1,0)
Aggregate statutory base tax rate	**26,1**	22,4
Movement in rate		
Non-taxable income arising from underlying tax credits[3]	**(4,9)**	(4,2)
Other non-taxable income	**(1,6)**	(0,5)
Withholding and other taxes	**0,8**	0,7
Prior year adjustments	**2,1**	(1,8)
Provision for uncertain tax positions[4]	**(2,2)**	–
Other disallowed expenses	**4,1**	3,8
Unrecognised tax losses[5]	**(1,5)**	(0,2)
Group's effective rate of tax	**22,9**	20,2
Movement in rate due to transactions excluded from headline and normalised headline earnings	**(5,2)**	(2,6)
Normalised effective rate of tax	**17,7**	17,6

[1] *The statutory rate of tax in Mauritius is 15%. This rate is, however, subject to various credits that are available, which do fluctuate from year to year. The Aspen Group's Mauritius-based operations (namely Aspen Global Incorporated) contribute to the majority of this rate.*

[2] *The statutory tax rates in the remaining countries range from 0% to 35%. The movement from one year to the next arises from a change in the contribution of each Group entity's profits to the overall profits.*

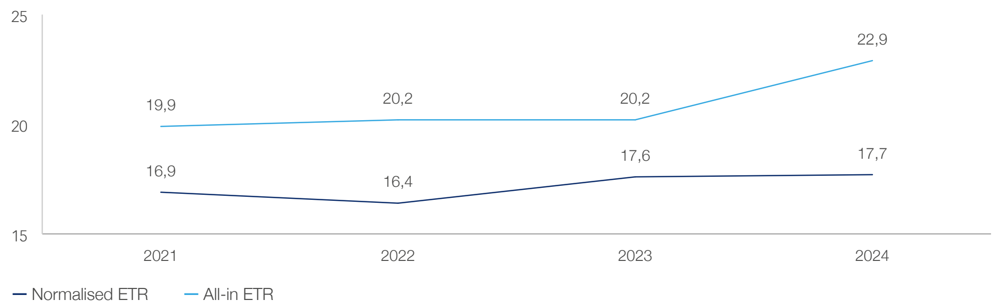
[3] *In addition to the difference in tax rate between the statutory tax rate in Mauritius and South Africa, the Mauritius operations are entitled to additional credits that give rise to a further reduction in the tax that is payable on that business' earnings.*

[4] *A portion of the IFRIC 23 provision was released during the current year, as a consequence of de-recognising amounts that had previously been included in the provision, which are no longer considered potential tax exposures.*

[5] *As reflected in the deferred tax note, although certain businesses generated potential tax losses during the prior year, deferred tax assets were not raised in relation to those potential tax losses and has been utilised or raised in the current year.*

The Group's effective tax rate has been as follows over the current and preceding three years:

Effective tax rate (%)



NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

26. NORMALISED EBITDA

ACCOUNTING POLICY

Normalised EBITDA is operating profit adjusted for specific non-trading items, being transaction costs and other acquisition and disposal-related gains or losses (including any gains or losses arising from the remeasurement of the fair value of liabilities for future contingent and/or milestone payments relating to intangible asset acquisitions accounted for under the cost accumulation method), restructuring costs, settlement of product-related litigation costs, net monetary adjustments and currency devaluations relating to hyperinflationary economies and significant once-off tax provision charges or credits arising from the resolution of prior year tax matters, depreciation and amortisation.

RECONCILIATION OF NORMALISED EBITDA

	2024 R'million	2023 R'million
Operating profit	**6 998**	7 822
Headline earnings adjustments		
– Net impairment of tangible and intangible assets	**1 667**	1 064
– Insurance compensation on assets[1]	**–**	(43)
– Loss on sale of tangible and intangible assets	**34**	1
Normalised adjustments		
– Restructuring costs	**227**	278
– Transaction costs	**356**	190
EBITDA adjustments		
– Depreciation	**1 390**	1 247
– Amortisation	**583**	541
Normalised EBITDA	**11 255**	11 100

[1] *Relates to insurance compensation on damaged property, plant and equipment following the fire at Alphamed Formulation Pvt Limited's formulation site.*

27. EARNINGS PER SHARE

ACCOUNTING POLICY

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Aspen and held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, 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 in determining the weighted average number of shares in issue.

Diluted earnings per share

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group did not have dilutive potential ordinary shares.

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 year. The presentation of headline earnings is not an IFRS requirement, but is required by JSE Listings Requirements and Circular 1 of 2023.

Normalised headline earnings per share

Normalised headline earnings are headline earnings adjusted for specific non-trading items, being transaction costs and other acquisition and disposal-related gains or losses (including any gains or losses arising from the remeasurement of the fair value of liabilities for future contingent and/or milestone payments relating to intangible asset acquisitions accounted for under the cost accumulation method), restructuring costs, settlement of product-related litigation costs, net monetary adjustments and currency devaluations relating to hyperinflationary economies and significant once-off tax provision charges or credits arising from the resolution of prior year tax matters.

27. EARNINGS PER SHARE continued

RECONCILIATION OF EARNINGS

	2024 R'million	2023 R'million
Profit attributable to equity holders of the parent	**4 404**	5 228
Impairment of property, plant and equipment	**81**	3
– Gross amount	**84**	4
– Tax effect	**(3)**	(1)
Impairment of intangible assets	**2 362**	1 297
– Gross amount	**2 415**	1 359
– Tax effect	**(53)**	(62)
Reversal of impairment of intangible assets (gross amount)	**(977)**	(299)
Loss on the sale of intangible assets	**5**	43
– Gross amount	**27**	–
– Tax effect	**(22)**	43
Loss on the sale of property, plant and equipment and right-of-use assets	**6**	1
– Gross amount	**7**	1
– Tax effect	**(1)**	–
Impairment of goodwill (gross amount)	**145**	–
Insurance compensation on assets	**–**	(30)
– Gross amount	**–**	(43)
– Tax effect	**–**	13
Headline earnings	**6 026**	6 243
Restructuring costs	**217**	210
– Gross amount	**227**	278
– Tax effect	**(10)**	(68)
Transaction costs	**385**	204
– Gross amount[1]	**408**	228
– Tax effect	**(23)**	(24)
Normalised headline earnings	**6 628**	6 657

[1] *Included in transaction costs is capital raising fees of R52 million (2023: R38 million).*

	2024 million	2023 million
Weighted average number of shares in issue		
Number of shares in issue at the beginning of the year (net of treasury shares)	**444,2**	445,0
Effect of treasury shares	**–**	(0,8)
Weighted number of shares in issue at the end of the year	**444,2**	444,2
Weighted average number of shares for diluted earnings per share	**444,2**	444,2

PERFORMANCE PER SHARE

	2024 cents	2023 cents
Basic earnings per share (basic and diluted)	**991,4**	1 176,9
Headline earnings per share (basic and diluted)	**1 356,6**	1 405,4
Normalised headline earnings per share (basic and diluted)	**1 492,1**	1 498,5

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

28. CASH DIVIDEND

ACCOUNTING POLICY

Dividends are only accounted for in the Annual Financial Statements in the year that it is paid and approved by the Board of Directors.

The dividend paid of R1,5 billion (2023: R1,5 billion) relates to the dividend of 342 cents (2023: 326 cents) per share declared on 29 August 2023 and paid on 26 September 2023 (2023: declared on 30 August 2022 and paid on 26 September 2022).

Subsequent to year-end, the Board has declared on 2 September 2024 a gross dividend of R1,6 billion (359 cents per ordinary share) which will be paid from income reserves and was recorded in the share register of the Company at the close of business on 20 September 2024. In compliance with *IAS 10 – Events After Balance Sheet Date*, the dividend will be accounted for in the Annual Financial Statements for the year ending 30 June 2025.

29. CURRENCY TRANSLATION (LOSSES)/GAINS

Currency translation (losses)/gains on the translation of the offshore businesses are as a result of the difference between the weighted average exchange rate used for trading results and the opening and closing exchange rates applied in the statement of financial position. For the year the stronger closing Rand translation rate has decreased the Group's net asset value.

	2024	2023
Average rates		
Euro	**20,233**	18,613
Australian Dollar	**12,263**	11,948
US Dollar	**18,707**	17,758
Chinese Yuan Renminbi	**2,593**	2,555
Mexican Peso	**1,089**	0,940
Brazilian Real	**3,732**	3,455
British Pound Sterling	**23,556**	21,395
Canadian Dollar	**13,809**	13,257
Russian Ruble	**0,203**	0,260
Closing rates		
Euro	**19,468**	20,568
Australian Dollar	**12,122**	12,549
US Dollar	**18,185**	18,839
Chinese Yuan Renminbi	**2,502**	2,597
Mexican Peso	**0,997**	1,100
Brazilian Real	**3,271**	3,909
British Pound Sterling	**22,996**	23,941
Canadian Dollar	**13,292**	14,232
Russian Ruble	**0,212**	0,211

30. FINANCIAL RISK MANAGEMENT

30.1 INTRODUCTION

The Group does not trade in financial instruments, but in the ordinary course of business operations, the Group is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and foreign currency risk);
- liquidity risk;
- credit risk; and
- capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of the Group's risk management framework. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risks to which the Group is exposed.

The Group Treasury Committee monitors treasury relevant risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc.) affecting the Group, on a periodic basis, and provides guidance to local management in managing these risks. Local management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Group Treasury Committee reports to the Audit & Risk Committee.

Concentration risk is the risk that the Group is exposed to financial loss, which if incurred, would be significant due to the aggregate (concentration) exposure the Group has to a particular asset, counterparty, customer or service provider. The management of concentration risk is critical across many of the significant risk categories. Information on the key concentration risks have been set out in the respective notes.

Risk management and measurement relating to each of these risks is discussed under the headings below. The Group's objective in using derivative financial instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency and interest rate exposures.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT continued

30.2 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of financial instruments by category is as follows:

	At fair value through profit or loss R'million	At amortised cost R'million	Total R'million
June 2024			
Financial assets			
Other non-current and current receivables	**–**	**60**	**60**
Trade and other receivables	**–**	**10 676**	**10 676**
Forward exchange contracts (gross settled)	**6**	**–**	**6**
Cash and cash equivalents	**–**	**12 337**	**12 337**
Total financial assets	**6**	**23 073**	**23 079**
Financial liabilities			
Unsecured loans	**–**	**30 742**	**30 742**
Lease liabilities	**–**	**596**	**596**
Bank overdrafts	**–**	**5 117**	**5 117**
Other non-current and current financial liabilities	**–**	**3 840**	**3 840**
Trade and other payables	**–**	**7 676**	**7 676**
Forward exchange contracts (gross settled)	**14**	**–**	**14**
Total financial liabilities	**14**	**47 971**	**47 985**
June 2023			
Financial assets			
Other non-current and current receivables	–	117	117
Trade and other receivables	–	10 347	10 347
Forward exchange contracts (gross settled)	14	–	14
Cash and cash equivalents	–	10 912	10 912
Total financial assets	14	21 376	21 390
Financial liabilities			
Unsecured loans	–	25 428	25 428
Lease liabilities	–	435	435
Bank overdrafts	–	3 419	3 419
Other non-current and current financial liabilities	–	4 523	4 523
Trade and other payables	–	7 135	7 135
Forward exchange contracts (gross settled)	8	–	8
Total financial liabilities	8	40 940	40 948

30. FINANCIAL RISK MANAGEMENT continued

30.3 MARKET RISK MANAGEMENT

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Group is primarily exposed to include foreign currency risk and interest rate risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk since the previous year.

30.3.1 Foreign currency risk

The Group's transactions are predominantly entered into in the respective functional currency of the individual operations. However, the Group's operations utilise various foreign currencies (currencies other than the operation's functional currencies) in respect of revenue, purchases, capital expenditure, acquisitions, divestments, other financial assets and liabilities, as well as borrowings and consequently the Group is exposed to exchange rate fluctuations that have an impact on future cash flows and/or foreign exchange gains or losses recognised in the statement of comprehensive income. Through the selective use of forward exchange contracts, these exposures are managed within risk appetites set by the Audit & Risk Committee.

Hedge accounting was not applied to any forward exchange contracts which the Group had in place during the years ended 30 June 2024 and 30 June 2023.

The tables below reflect the fair values of outstanding forward exchange contracts at year-end.

	Foreign amount million	Forward cover value R'million	Marked to market value R'million	Cumulative (asset)/liability R'million
June 2024				
Imports[1]				
US Dollar: Euro	**14**	**253**	**259**	**(6)**
		253	**259**	**(6)**
Exports[1]				
Australian Dollar: Euro	**27**	**332**	**331**	**1**
Chinese Yuan Renminbi: Euro	**10**	**195**	**195**	**–**
Euro	**168**	**3 262**	**3 256**	**6**
US Dollar: Euro	**34**	**624**	**617**	**7**
		4 413	**4 399**	**14**
June 2023				
Imports[1]				
Australian Dollar: Euro	20	246	247	(1)
US Dollar: Euro	14	268	274	(6)
Chinese Yuan Renminbi: Euro	436	1 125	1 132	(7)
		1 639	1 653	(14)
Exports[1]				
Australian Dollar: Euro	20	247	247	–
Euro: Mexican Peso	2 149	2 365	2 364	1
US Dollar: Euro	14	268	261	7
		2 880	2 872	8

[1] *Includes forward exchange contracts that represent imports and exports being managed on a net basis.*

Definitions

Marked to market value

Foreign notional amount translated at the market forward rate at 30 June 2024.

Forward cover value

Foreign notional amount translated at the contracted rate.

At 30 June all forward exchange contracts (including those contracts for which the underlying transactions were recorded but payments not reflected year-end) have a maturity date of less than one year.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT continued

30.3 MARKET RISK MANAGEMENT continued

30.3.1 Foreign currency risk continued

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous 10% strengthening or weakening in the relevant operations' functional currencies against all other currencies, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the Rand, US Dollar, Euro, Brazilian Real, Mexican Peso, Chinese Yuan Renminbi, Australian Dollar, and Russian Ruble. The analysis considers the impact of changes in foreign exchange rates on the statement of comprehensive income, excluding currency translation movements resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve), which amounted to a decrease to other comprehensive income of R4 274 million at 30 June 2024 (2023: increase of R11 563 million).

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2024.

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

	Change in exchange rate %	Weakening in functional currency 2024 R'million	Weakening in functional currency 2023 R'million
Denominated: Functional currency			
Rand: US Dollar	10	**(27)**	2
Rand: Euro	10	**(5)**	(27)
US Dollar: Euro	10	**(18)**	–
Euro: Chinese Yuan Renminbi	10	**(41)**	(47)
Euro: Mexican Peso	10	**325**	244
Rand: Chinese Yuan Renminbi	10	**32**	50
Other exposures	10	**126**	81
		392	303

A 10% strengthening in the relevant operations' functional currencies against the above currencies at 30 June 2024 would have an equal and opposite effect on profit before tax, on the basis that all other variables remain constant.

The following significant exchange rates against the Rand applied at 30 June 2024:

	Spot rate 2024	Spot rate 2023	Average rate 2024	Average rate 2023
Euro	**19,468**	20,568	**20,233**	18,613
Australian Dollar	**12,122**	12,549	**12,263**	11,948
US Dollar	**18,185**	18,839	**18,707**	17,758
Chinese Yuan Renminbi	**2,502**	2,597	**2,593**	2,555
Mexican Peso	**0,997**	1,100	**1,089**	0,940
Brazilian Real	**3,271**	3,909	**3,732**	3,455
British Pound Sterling	**22,996**	23,941	**23,556**	21,395
Canadian Dollar	**13,292**	14,232	**13,809**	13,257
Russian Ruble	**0,212**	0,211	**0,203**	0,260

30. FINANCIAL RISK MANAGEMENT continued

30.3 MARKET RISK MANAGEMENT continued

30.3.2 Interest rate risk

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis. The debt of the Group is structured on a combination of floating and fixed interest rates. The benefits of fixing or capping interest rates on the Group's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
	2024 R'million	2023 R'million
Variable rate instruments		
Other financial receivables	**60**	117
Cash and cash equivalents	**9 188**	7 345
Borrowings	**(26 093)**	(17 152)
Other financial liabilities	**(3 840)**	(4 523)
	(20 685)	(14 213)
Fixed rate instruments		
Borrowings	**(10 513)**	(12 341)
	(10 513)	(12 341)

Sensitivity analysis

An increase of 100 basis points in each of the individual interest rate categories for the year ended 30 June 2024 would have decreased profit before tax by the following:

	2024 R'million	2023 R'million
Three-month EURIBOR	**72**	44
Three-month BBSY	**21**	20
Three-month JIBAR and South African prime overdraft rate	**78**	50
	171	114

A decrease of 100 basis points in each of the individual interest rate categories would have an equal and opposite effect on profit before tax.

Impact of Interbank Offered Rates (IBOR) reform

JIBAR

ZARONIA is expected to replace JIBAR which will cease to be published by the South African Reserve Bank by the end of 2026.

EURIBOR

EURIBOR was reformed in 2019. There are currently no plans in place for the discontinuation of EURIBOR and it continues to be published by the European Money Market Institute.

BBSY

There are currently no plans in place for the discontinuation of BBSY (being BBSW + 0,05%) and it continues to be published by the Australian Securities Exchange.

Management continues to monitor how changes to interest rate benchmarks may impact the Group in the future. Management is of the view that anticipated changes to interest rate benchmarks will not have a significant impact on the Group's derivative financial instruments, its debt instruments, or its interest rate risk management strategy.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT continued

30.4 LIQUIDITY RISK

Liquidity risk is the risk that an entity in the Group will not be able to meet its obligations as they become due.

Within the Group there are three "Debt Issuing Groups" or ("DIGs"), one for ZAR, one for EUR and one for AUD. Each of the DIGs comprise entities that collectively participate in cashpooling arrangements with the other members of that DIG. Within each DIG is at least one entity which maintains a portfolio of debt funding instruments, which include revolving credit facilities ("RCFs"). Each of the DIGs use surplus cash within the DIG to repay that DIG's RCFs. Amounts repaid against the RCFs are available to be subsequently re-borrowed until the relevant maturity date of the RCFs.

Certain Group entities ("Non-DIG Entities") are not members of a DIG and maintain their own cash balances and/or bilateral debt facilities to meet their liquidity requirements. To the extent that a Non-DIG Entity identifies a liquidity shortage/funding requirement, additional funding is requested and sourced from one of the DIGs.

The Group manages liquidity risk by monitoring each DIG's forecast cash inflows and outflows (which include any additional funding requirements relating to Non-DIG Entities) for the following 12 months ensuring that an appropriate buffer of cash or undrawn debt facilities is forecast to be maintained over that period.

The following are the undiscounted contractual maturities of financial assets and liabilities:

		Undiscounted cash flows					
	Note[1]	On demand R'million	Less than 1 year R'million	Between 1 – 2 years R'million	Between 2 – 5 years R'million	More than 5 years R'million	Total R'million
2024							
Financial assets							
Other non-current and current financial receivables	7	–	18	39	–	–	57
Trade and other receivables (financial instruments only)	9.1	–	10 676	–	–	–	10 676
Forward exchange contracts (gross settled)[2]	9.2	–	6	–	–	–	6
Gross cash inflows		–	(253)	–	–	–	(253)
Gross cash outflows		–	259	–	–	–	259
Cash and cash equivalents	10	11 766	571	–	–	–	12 337
Total financial assets		11 766	11 271	39	–	–	23 076
Financial liabilities							
Unsecured loans	13	–	(7 288)	(5 901)	(20 639)	–	(33 828)
Bank overdrafts	13	(5 117)	–	–	–	–	(5 117)
Lease liabilities	13	–	(274)	(274)	(48)	–	(596)
Trade and other payables (financial instruments only)	17	–	(7 676)	–	–	–	(7 676)
Other non-current and current financial liabilities	14.1	–	(1 932)	(1 650)	(328)	(220)	(4 130)
Forward exchange contracts (gross settled)[2]	18.1	–	(14)	–	–	–	(14)
Gross cash inflows		–	(4 413)	–	–	–	(4 413)
Gross cash outflows		–	4 399	–	–	–	4 399
Total financial liabilities		(5 117)	(17 184)	(7 825)	(21 015)	(220)	(51 361)
Net exposure		6 649	(5 913)	(7 786)	(21 015)	(220)	(28 285)
Undrawn borrowing facilities		2 958	8 724	–	–	–	11 682
Net exposure – including undrawn borrowing facilities[3]		9 607	2 811	(7 786)	(21 015)	(220)	(16 603)

1 Details of the respective financial assets and liabilities classes can be found in the referencing notes. However, the values in this note are the expected undiscounted cash flow whereas the reference notes include the effect of discounting.
2 For the purpose of the above table, foreign currency cash inflows/(outflows) were translated into Rand using the relevant forward rates.
3 The net exposure of R16,6 billion is based on the contractual maturity of the Group's financial assets and liabilities and does not take account of future free cash flows that the Group may generate from operating activities which are not already reflected in the balances of its financial assets and liabilities.

30. FINANCIAL RISK MANAGEMENT continued

30.4 LIQUIDITY RISK continued

	Note[1]	Undiscounted cash flows On demand R'million	Less than 1 year R'million	Between 1 – 2 years R'million	Between 2 – 5 years R'million	More than 5 years R'million	Total R'million
2023							
Financial assets							
Other non-current and current financial receivables	7	–	117	3	–	–	120
Trade and other receivables (financial instruments only)	9.1	–	10 347	–	–	–	10 347
Forward exchange contracts (gross settled)[2]	9.2	–	14	–	–	–	14
Gross cash inflows		–	(1 639)	–	–	–	(1 639)
Gross cash outflows		–	1 653	–	–	–	1 653
Cash and cash equivalents	10	10 632	280	–	–	–	10 912
Total financial assets		10 632	10 758	3	–	–	21 393
Financial liabilities							
Unsecured loans[3]	13	–	(5 419)	(3 432)	(18 280)	(1 232)	(28 363)
Bank overdrafts	13	(3 419)	–	–	–	–	(3 419)
Lease liabilities	13	–	(163)	(163)	(109)	–	(435)
Trade and other payables (financial instruments only)	17	–	(7 135)	–	–	–	(7 135)
Other non-current and current financial liabilities	14.1	–	(4 675)	(154)	(343)	–	(5 172)
Forward exchange contracts (gross settled)[2]	18.1	–	(8)	–	–	–	(8)
Gross cash inflows		–	(2 880)	–	–	–	(2 880)
Gross cash outflows		–	2 872	–	–	–	2 872
Total financial liabilities		(3 419)	(17 400)	(3 749)	(18 372)	(1 232)	(44 532)
Net exposure		7 213	(6 642)	(3 746)	(18 732)	(1 232)	(23 139)
Undrawn borrowing facilities		2 913	15 012	–	–	–	17 925
Net exposure – including undrawn borrowing facilities[4]		10 126	8 370	(3 746)	(18 732)	(1 232)	(5 214)

[1] *Details of the respective financial assets and liabilities classes can be found in the referencing notes. However, the values in this note are the expected undiscounted cash flow whereas the reference notes include the effect of discounting.*

[2] *For the purpose of the above table, foreign currency cash inflows/(outflows) were translated into Rand using the relevant forward rates.*

[3] *At 30 June 2022, Aspen had in place syndicated debt facilities totalling the equivalent of R17,1 billion which was due to mature on 1 July 2023 (the "Maturing Facilities"). At 30 June 2022, R8,4 billion of the Maturing Facilities were utilised and included as part of current borrowings of R11,7 billion. The Group completed a process to refinance the Maturing Facilities through new syndicated debt facilities, the refinancing programme was significantly oversubscribed by lenders and successfully concluded in early November 2022 with new long-term maturity dates.*

[4] *The net exposure of R5,2 billion is not considered to be a significant risk based upon the Group's assessment of its short and medium-term liquidity requirements.*

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT continued

30.5 CREDIT RISK

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary Boards.

Credit risk primarily arises from trade and other receivables, other non-current and current receivables, derivative financial instruments and cash and cash equivalents. The Group's maximum exposure to credit risk is represented by the carrying amount of these financial assets, with the exception of trade receivables covered by credit guarantee insurance. Refer to the respective notes for more detail on how the Group manages credit risks for these financial assets.

30.6 CAPITAL RISK

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide sustainable returns for shareholders, balance the interests of all providers of capital and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of borrowings, other financial liabilities and equity attributable to shareholders of the parent, comprising share capital, treasury shares, non-distributable reserves and retained income.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Board reviews this capital structure on at least a semi-annual basis. As part of the review, the Board considers the Group's solvency, liquidity, headroom on applicable financial covenants, mismatches between the foreign currency composition of its earnings and its borrowings, and other relevant factors which may pose a risk to the Group's ability to continue as a going concern. Based on recommendations by the Board, the Group may seek to adjust the composition of its capital structure depending on circumstances existing at the time of each review.

There were no changes to the Group's approach to capital management from the prior year.

In terms of the Group's funding arrangements with its lenders, the Group was subject to the following financial covenants in the year.

	30 June 2024	31 December 2023
Debt (net of cash and cash equivalents) may not exceed this multiple of earnings before interest, tax, depreciation, non-recurring items and amortisation ("EBITDA")[1]	**3,50**	3,50
EBITDA must not be below this multiple of net finance charges[2]	**3,50**	3,50

[1] *Actual covenant at 30 June 2024 of 2,3 times (December 2023: 2,4 times).*
[2] *Actual covenant at 30 June 2024 of 8,0 times (December 2023: 8,5 times).*

As at and for the year ended 31 December 2023 and 30 June 2024, all the above covenants were complied with.

31. RELATED PARTY TRANSACTIONS

Transactions with shareholders

The Group did not enter into any transactions with direct beneficial shareholders during the current year, except as described in the Directors' Report and note 23.

Intra-group transactions and balances

During the year, various companies in the Group entered into service, lending, financial guarantee and transactions relating to the buying and selling of goods with one another, on an arm's length basis. These intra-group transactions have been eliminated on consolidation. Refer to note 22 of the Company Annual Financial Statements for a list of material operating subsidiaries and structured entities. None of the balances are secured.

Transactions and balances with directors

All directors have given general declarations of interest in terms of section 75 of the Companies Act. These declarations indicate that various members of the Board hold various other directorships in South African entities with whom transactions are conducted by the Group in terms of a customer/supplier relationship. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

Chris Mortimer, a non-executive director of Aspen, is a full-time practising attorney and managing partner at Chris Mortimer & Associates, which provides legal services to the Group. During the year, total legal fees to Chris Mortimer & Associates expensed in the statement of comprehensive income were R16,4 million (2023: R6,1 million). There were no balances outstanding at 30 June 2024 (2023: Rnil).

Directors' and prescribed officers' remuneration is disclosed in note 23.

Transactions with key management personnel

Key management personnel consists of directors of key Group companies.

The key management personnel compensation consists of:

	2024 R'million	2023 R'million
Short-term employee benefits	**245**	228
Post-employment benefits	**15**	17
Share-based payment expense	**67**	70
Total key management remuneration paid	**327**	315
Number of employees included above	**31**	30

Other than disclosed above, and in the Directors' report, no significant related party transactions were entered into during the year under review.

32. CONTINGENT LIABILITIES

Other contingent liabilities

The Group has a number of individually insignificant contingent liabilities amounting to R254 million (2023: R128 million).

33. SUBSEQUENT EVENTS

Dividends

Subsequent to year-end, the Board has declared a gross dividend to shareholders of R1,6 billion (359 cents per ordinary share), which will be paid from income reserves and was recorded in the share register of the Company at the close of business on 20 September 2024. In compliance with *IAS 10 – Events After Balance Sheet Date*, the dividend will be accounted for in the Annual Financial Statements for the year ending 30 June 2025.

New DFI Loan

During September 2024, all conditions precedent relating to a new unsecured EUR500 million seven-year amortising term loan were cleared and the loan was disbursed to the Company. The New DFI Loan is sourced from a club of development finance institutions. The commercial terms, covenants and undertakings of the New DFI Loan are materially similar to the Group's existing borrowings.

RESIDUAL ACCOUNTING POLICIES

for the year ended 30 June 2024

GENERAL INFORMATION

Aspen Pharmacare Holdings Limited is the holding company of the Group and is domiciled and incorporated in the Republic of South Africa.

The principal accounting policies applied in the preparation of these Annual Financial Statements are set in each of the respective notes. Any accounting policies that are general in nature, and/or are applicable to more than one specific note, have been disclosed below.

Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

BASIS OF PREPARATION OF FINANCIAL RESULTS

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the South African Companies Act, No. 71 of 2008. The Annual Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value. The methods used to measure fair value and the adjustments made to account for these subsidiaries are discussed further in the accounting policies and in the respective notes.

The Annual Financial Statements are prepared on the going concern basis. These accounting policies are applied throughout the Group.

The preparation of Annual Financial Statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Annual Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The preparation of Annual Financial Statements in conformity with IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in each of the respective notes.

GROUP ACCOUNTING

The Annual Financial Statements reflect the financial results of the Group. All financial results are consolidated with similar items on a line-by-line basis. A listing of the Group's material operating subsidiaries and structured entities are set out in note 20 of the Company Annual Financial Statements.

Subsidiaries

The financial results of subsidiaries (including structured entities, at this stage limited to the share trusts) are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less any accumulated impairment losses in the Company Annual Financial Statements. None of the investments in subsidiaries are listed.

When the end date of the reporting period of the parent is different to that of the subsidiary, the subsidiary prepares, for consolidation purposes, additional Annual Financial Statements as of the same date as the Annual Financial Statements of the parent.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions and balances

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss on non-current assets, that loss is charged to the statement of comprehensive income.

BUSINESS COMBINATIONS AND GOODWILL

The acquisition method of accounting is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, or liabilities incurred or assumed at the date of exchange. Costs attributable to the acquisition are charged to the statement of comprehensive income. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the acquisition date fair value of previously held equity interests and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Non-controlling interests at acquisition date are determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

At the date of the acquisition, acquired deferred tax assets may not be fully recognised under IFRS. Adjustments to the initial recognition of acquired deferred tax assets under IFRS, subsequent to the acquisition date, are recognised in the statement of comprehensive income, unless the adjustment qualifies as a measurement period adjustment, in which case it is recognised as an adjustment to goodwill.

Contingent consideration in a business combination is included in the cost of a business combination at fair value on the date of acquisition. The classification of the arrangement into debt or equity will dictate the subsequent accounting. If the arrangement is classified as debt, the amount will have to be remeasured at each reporting period to fair value with changes being recognised in the statement of comprehensive income. If the arrangement is classified as equity, then remeasurement is not allowed. Existing contingent consideration arrangements are however, grandfathered under the standard that was in existence at the time of acquisition, being *IFRS 3 – Business Combinations.*

When the accounting for a business combination can only be determined provisionally at the date of reporting, provisional values are used. These provisional values are adjusted once the initial accounting has been completed, which must be within 12 months from the date of acquisition, by retrospectively adjusting the fair values of the net assets acquired and goodwill.

Significant judgement is applied by management when considering whether a transaction should be classified as a business combination or as an asset acquisition.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Management would consider all the facts and circumstances of the transactions to determine if all the inputs and processes are acquired to create outputs that result in economic inflows or profits to the Group. If management can demonstrate that outflows are created, that result in inflows to the Group, the transaction is accounted for as a business combination rather than an asset acquisition.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the Annual Financial Statements of each entity in the Group are measured using the functional currency of the primary economic environment in which that entity operates. The Annual Financial Statements are presented in Rand, which is the functional and presentation currency of Aspen Pharmacare Holdings Limited.

Foreign operations

The results and financial position of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. The basis for the translation is as follows:

- income and expenditure of foreign operations are translated into the Group's presentation currency at the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure transactions are translated at the rates on the dates of the transactions;
- assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the closing rate at year-end; and
- exchange differences arising on translation are recognised as currency translation movements in other comprehensive income and deferred in equity in the foreign currency translation reserve.

On consolidation, currency translation movements arising from translation of results and financial position of entities that have a functional currency different from that of the presentation currency of the parent are recognised in other comprehensive income.

On disposal of part or all of the foreign operation, the proportionate share of the related cumulative gains and losses previously recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity is reclassified from equity to the statement of comprehensive income (as a reclassification adjustment) when the gain or loss on disposal is recognised.

FINANCIAL INSTRUMENTS

Accounting for derivative financial instruments and hedging activities

The Group designates certain derivatives as one of the following on the date the derivative contract is entered into:

- a hedge of the exposure to changes in fair value of a recognised asset or liability or a firm commitment (fair value hedge);
- a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- net investment hedge.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income within financing costs.

RESIDUAL ACCOUNTING POLICIES continued

for the year ended 30 June 2024

Fair value estimation

The fair value of publicly traded derivatives is based on quoted market prices at year-end. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at year-end.

Financial instruments that are measured at fair value in the statement of financial position are classified into the following levels of the fair value measurement hierarchy:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly, as prices, or indirectly, derived from prices (level 2); and
- inputs for the assets or liabilities that are not based on observable market data, unobservable inputs (level 3).

Quoted market prices or dealer quotes for the specific or similar instruments are used for non-current debt. The fair values of non-current financial assets for disclosure purposes are estimated by discounting the future contractual cash flows at the interest rates available to the Group at year-end. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value of the remaining financial instruments.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group makes assumptions that are based on market conditions existing at each year-end.

The carrying amounts of the following financial assets and financial liabilities approximate their fair values:
- trade and other financial receivables;
- cash and cash equivalents;
- other non-current and current receivables;
- amounts due to Group companies;
- amounts due by Group companies;
- trade and other financial payables;
- other non-current financial liabilities;
- other current financial liabilities;
- current borrowings; and
- non-current borrowings.

Information on the fair value of financial instruments is included in the respective notes.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within 12 months after the reporting period. Cash or cash equivalents are classified as current unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, held primarily for the purpose of trading, due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

GRANT FUNDING

During the prior year, Aspen received grant funding from the Bill & Melinda Gates Foundation and the Coalition for Epidemic Preparedness Innovations to support its capabilities to manufacture lifesaving routine and outbreak vaccines for Africa. The intention of the grant funding is to provide a partial contribution to production expenses that the Group incurred to manufacture the vaccines. The grant income received/earned was recognised in full in the statement of comprehensive income, in the period that the funding is received and presented as reduction of production expenses (cost of sales).

COMPARATIVE FIGURES

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the Annual Financial Statements.

Reclassifications and presentation

The Annual Financial Statements are presented in Rands and all values are rounded to the nearest million (R'million), except when otherwise indicated.

Certain amounts have been combined and/or reclassified in the Annual Financial Statements due to either their similarity in nature or not being individually material to disclose separately.

ACCOUNTING POLICIES SPECIFIC TO THE COMPANY

All the accounting policies disclosed in the Group Annual Financial Statements are applicable to the Company Annual Financial Statements. The following additional accounting policies are applicable to the Company Annual Financial Statements:

Revenue

The revenue accounting policy for the Company is consistent with that of the Group with the exception of dividends received from subsidiaries and royalties which is included in revenue. The Company earns royalties from subsidiaries based on sales for use of intangible assets owned by the Company.

The revenue streams of the Company include royalties, administrative fees received from subsidiaries, insurance premiums received from subsidiaries and dividends received from subsidiaries and joint ventures. Due to dividend income not being considered as revenue from contracts with customers, the revenue streams accounted for in accordance with *IFRS 15 – Revenue from Contracts with Customers* relates to royalties and administrative fees received from subsidiaries.

Amounts due by Group companies

Amounts due by Group companies are classified as 'Amortised cost' in terms of *IFRS 9 – Financial Instruments: Recognition and Measurement*. Amounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets as they all have maturities less than 12 months from year-end. The Group determines the classification of its financial asset at initial recognition when the Group becomes party to the contractual provisions of the instrument.

If there is no history of write-offs, no expected credit loss provision will be raised in accordance with IFRS 9.

Amounts due to Group companies

Amounts due to Group companies are classified as 'liabilities at amortised cost' in terms of *IFRS 9 – Financial Instruments: Recognition and Measurement*. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

INSURANCE CELL CAPTIVE

During the current year, the Company, entered a first-party cell captive arrangement with an insurance company providing self-insurance to affiliates of the Group. The company also known as the cell owner, subscribed for a special class of shares in an offshore insurance company, the investment for group reporting purposes is eliminated on consolidation. In relation to the Company Financial Statements the investment is classified as a financial asset held at fair value in terms of *IFRS 9 – Financial Instruments*.

CONSTANT EXCHANGE RATE REPORT

The presentation currency of the Group is Rand.

In addition to that the Group has presented selected line items from the consolidated statement of comprehensive income and certain trading profit metrics on a constant exchange rate basis in a supplementary unaudited annexure. Refer to page 127.

RESIDUAL ACCOUNTING POLICIES continued

for the year ended 30 June 2024

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following standards, amendments and interpretations were effective for the first time in the year ended 30 June 2024:

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
IFRS 17 – *Insurance Contracts*	IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.	Financial years beginning on or after 1 January 2023.	Not applicable to the Group.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Financial years beginning on or after 1 January 2023.	The Group applied this amendment from financial year ending 30 June 2024. No material impact to the Group.
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	Financial years beginning on or after 1 January 2023.	The Group applied this amendment from financial year ending 30 June 2024. No material impact to the Group.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	Financial years beginning on or after 1 January 2023.	The Group applied this amendment from financial year ending 30 June 2024. No material impact to the Group.
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) — Application of the exception and disclosure of that fact	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.	Financial years beginning on or after 1 January 2024.	Refer to note 5 Deferred Tax for disclosure of the impact.

The following standards, amendments and interpretations were not yet effective for the year ended 30 June 2024:

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments clarify: • what is meant by a right to defer settlement; • that a right to defer settlement must exist at the end of the reporting period; • that classification is unaffected by the likelihood that an entity will exercise its deferral right; and • that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.	Financial years beginning on or after 1 January 2024.	The Group will apply this amendment from financial year ending 30 June 2025. No material impact expected to the Group.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Financial years beginning on or after 1 January 2024.	The Group will apply this amendment from financial year ending 30 June 2025. The impact is still being assessed by the Group.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment to IFRS 16 – *Leases* specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	Financial years beginning on or after 1 January 2024.	Not applicable to the Group.
Disclosures: Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	Financial years beginning on or after 1 January 2024.	Not applicable to the Group.

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2024

	Note	2024 R'million	2023 R'million
ASSETS			
Non-current assets			
Investments in subsidiaries	1	**26 044**	24 433
Intangible assets	2	**907**	1 186
Property, plant and equipment	3	**162**	163
Right-of-use assets	4	**6**	2
Deferred tax assets	5	**69**	67
Total non-current assets		**27 188**	25 851
Current assets			
Amounts due by Group companies	1	**839**	314
Cash and cash equivalents	6	**1 446**	917
Receivables and other current assets	7	**240**	156
Current tax assets		**–**	8
Total current assets		**2 525**	1 395
Total assets		**29 713**	27 246
SHAREHOLDERS' EQUITY			
Share capital (net of treasury shares)	8	**2 923**	2 963
Non-distributable reserves		**147**	147
Share-based compensation reserve	9	**287**	221
Retained income		**25 981**	23 413
Total shareholders' equity		**29 338**	26 744
LIABILITIES			
Current liabilities			
Amounts due to Group companies	1	**46**	77
Trade and other payables	10	**259**	425
Current tax liabilities		**70**	–
Total current liabilities		**375**	502
Total equity and liabilities		**29 713**	27 246

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	**2024 R'million**	2023 R'million
Revenue	11	**4 986**	3 515
Administrative expenses		**(764)**	(720)
Other operating income		**1**	1
Other operating expenses		**(81)**	(233)
Operating profit	12	**4 142**	2 563
Investment income	14	**83**	26
Net financing income/(costs)	15	**4**	(15)
Profit before tax		**4 229**	2 574
Tax	16	**(136)**	(41)
Profit for the year[1]		**4 093**	2 533

[1] *Profit for the year equals total comprehensive income.*

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	Share capital (net of treasury shares) R'million	Non-distributable reserves Hedging reserve R'million	Share-based compensation reserve R'million	Retained income R'million	Total R'million
BALANCE AT 1 JULY 2022	3 051	147	162	22 335	25 695
Total comprehensive income	–	–	–	2 533	2 533
Profit for the year	–	–	–	2 533	2 533
Share-based payment expenses	–	–	72	–	72
Deferred incentive bonus shares exercised	13	–	(13)	–	–
Treasury shares purchased	(101)	–	–	–	(101)
Dividends paid[1]	–	–	–	(1 455)	(1 455)
BALANCE AT 30 JUNE 2023	**2 963**	**147**	**221**	**23 413**	**26 744**
Total comprehensive income	**–**	**–**	**–**	**4 093**	**4 093**
Profit for the year	**–**	**–**	**–**	**4 093**	**4 093**
Treasury shares purchased	**(42)**	**–**	**–**	**–**	**(42)**
Deferred incentive bonus shares exercised	**26**	**–**	**(26)**	**–**	**–**
Dividends paid[1]	**–**	**–**	**–**	**(1 525)**	**(1 525)**
Transfer between reserves	**(24)**	**–**	**24**	**–**	**–**
Share-based payment expenses	**–**	**–**	**68**	**–**	**68**
BALANCE AT 30 JUNE 2024	**2 923**	**147**	**287**	**25 981**	**29 338**

[1] *The dividend paid of R1,5 billion (2023: R1,5 billion) relates to the dividend of 342 cents (2023: 326 cents) per share declared on 29 August 2023 and paid on 26 September 2023 (2023: declared on 30 August 2022 and paid on 26 September 2022).*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Note	2024 R'million	2023 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations[1]	A	**4 000**	3 139
Net financing costs received/(paid)	B	**4**	(15)
Investment income received		**83**	26
Tax paid	C	**(52)**	(41)
Cash generated from operating activities		**4 035**	3 109
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment		**(7)**	(27)
Capital expenditure – intangible assets		**(194)**	(589)
Capital injection in subsidiaries		**(1 594)**	(525)
Advances of amounts due by Group companies		**(111)**	(66)
Cash used in investing activities		**(1 906)**	(1 207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		**(2)**	–
Purchase of treasury shares		**(42)**	(101)
Dividends paid		**(1 525)**	(1 455)
(Repayments/proceeds) from amounts due by Group companies		**(31)**	68
Cash used in financing activities		**(1 600)**	(1 488)
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		**529**	414
Cash and cash equivalents at the beginning of the year		**917**	503
Cash and cash equivalents at the end of the year		**1 446**	917

[1] *Includes dividends received of R4,1 billion (2023: R2,8 billion).*

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

		2024 R'million	2023 R'million
A.	**CASH GENERATED FROM OPERATIONS**		
	Operating profit	**4 142**	2 563
	Amortisation of intangible assets	**47**	47
	Depreciation of property, plant and equipment and right-of-use assets	**10**	16
	Impairment – intangible assets	**12**	34
	Impairment – amounts due by Group companies	**–**	14
	Impairment – investments in subsidiaries	**–**	70
	Impairment – current financial receivables	**–**	5
	Share-based payment expenses	**56**	63
	Other non-cash items	**(6)**	(17)
	Cash operating profit	**4 261**	2 795
	Working capital movements	**(261)**	344
	(Increase)/decrease in receivables and other current assets	**(84)**	85
	(Decrease)/increase in trade and other payables	**(177)**	259
		4 000	3 139
B.	**NET FINANCING COSTS RECEIVED/(PAID)**		
	Interest expense	**(4)**	(15)
	Net foreign exchange gains	**8**	–
		4	(15)
C.	**TAX PAID**		
	Amounts receivable/(payable) at the beginning of the year	**8**	(10)
	Tax charged to the statement of comprehensive income (excluding deferred and withholding taxes)	**(130)**	(23)
	Amounts payable/(receivable) at the end of the year	**70**	(8)
		(52)	(41)

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

	2024 R'million	2023 R'million
1. INVESTMENTS IN SUBSIDIARIES		
SUMMARY OF BALANCE		
Reflected as non-current assets		
Investments at cost less accumulated impairment losses	**26 044**	24 433
Reflected as current assets		
Amounts due by Group companies[1]	**839**	314
Reflected as current liabilities		
Amounts due to Group companies[1]	**(46)**	(77)
	26 837	24 670

[1] *The intra-group balances, all bear interest at varying rates depending on whether or not the amounts are treated as a shareholder loan, are financing that has been provided or arises from the ad hoc recovery of expenditure/provision of services. Interest is not levied on current payables and receivables unless the credit days are exceeded, in which case interest is levied on the amounts that remain overdue.*

For further details of interests in material operating subsidiaries please refer to note 20.

Reconciliation of investments in subsidiaries	2024 R'million	2023 R'million
Balance at the beginning of the year	**24 433**	23 963
Capital injection in subsidiaries per statement of cash flows	**1 594**	525
Alphamed Formulations Pvt Limited	**79**	99
SA Operations (Pty) Limited	**700**	–
Aspen Bad Oldesloe GmbH	**–**	205
Aspen Notre Dame de Bondeville SAS	**–**	206
Aspen Biochem B.V.	**719**	15
Aspen Treasury Ireland Limited	**96**	–
Impairments	**–**	(70)
Brimpharm SA (Pty) Limited	**–**	(70)
Share-based payment expenses capitalised	**17**	15
	26 044	24 433

In the prior year the investment in Brimpharm SA (Pty) Limited was fully impaired.

Amounts due by Group companies

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Reconciliation of balance	2024 R'million	2023 R'million
Balance at beginning of year	**314**	262
Impairment losses	**–**	(14)
Transfer of intangible assets to intercompany	**414**	–
Cash movements	**111**	66
	839	314
Ageing of financial assets		
Fully performing	**839**	314

Impairment losses are recorded in the allowance account for losses until the Company is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. INTANGIBLE ASSETS

RECONCILIATION OF BALANCE

	Intellectual property R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
2024				
Carrying amount				
Cost	**1 120**	**43**	**1 056**	**2 219**
Accumulated amortisation	**(730)**	**(43)**	**(261)**	**(1 034)**
Accumulated impairment losses	**(55)**	**–**	**(223)**	**(278)**
	335	**–**	**572**	**907**
Movement in intangible assets				
Carrying amount at the beginning of the year	**340**	**–**	**846**	**1 186**
Additions	**1**	**–**	**193**	**194**
Amortisation[1]	**(1)**	**–**	**(46)**	**(47)**
Impairment losses	**(5)**	**–**	**(7)[2]**	**(12)**
Inter-group transfers	**–**	**–**	**(414)**	**(414)**
	335	**–**	**572**	**907**
2023				
Carrying amount				
Cost	1 119	43	1 277	2 439
Accumulated amortisation	(729)	(43)	(215)	(987)
Accumulated impairment losses	(50)	–	(216)	(266)
	340	–	846	1 186
Movement in intangible assets				
Carrying amount at the beginning of the year	342	–	336	678
Additions	1	–	588	589
Amortisation[1]	(1)	–	(46)	(47)
Impairment losses	(2)	–	(32)[2]	(34)
	340	–	846	1 186

[1] *Amortisation is included in other operating expenses on the statement of comprehensive income.*
[2] *Software development costs, which were no longer technically or commercially feasible.*

2. INTANGIBLE ASSETS continued

INDEFINITE USEFUL LIFE INTANGIBLE ASSETS

	2024 R'million	2023 R'million
Split of balance		
GSK OTC brands[1]	**228**	232
Other	**102**	104
	330	336

[1] *Key assumptions on impairment tests for the GSK OTC brands were as follows:*
– period covered by the forecasts and budgets of five years (2023: five years);
– average growth in revenue per annum of 7% (2023: 11%);
– average gross profit percentage per annum of 62% (2023: 61%);
– growth rate to extrapolate cash flows beyond period covered by mentioned forecasts and budgets of 3,0% (2023: 3,0%); and
– average annual pre-tax discount rate applied to cash flows of 17,8% (2023: 19,8%).

Based on the above calculations, no impairments were recognised for the indefinite useful life intangible assets other than reported in the note. The Directors and management have performed a sensitivity analysis in order to consider and assess the impact of possible changes in key assumptions on the recognised impairments. The assumptions that are considered to be the main drivers in the calculation of the value of the intangible assets and where changes are reasonably possible are: price levels, the growth rate of the assets beyond the five-year forecast period and the discount rate used. Sensitivities were run considering a 1% reduction in revenue due to lower prices, a 1% point reduction in growth rates beyond the five-year project period and a 1% increase in the pre-tax discount rate. These sensitivities did not result in any material additional impairments and the Directors and management consider that changes in excess of those used are not probable and that the remaining headroom between the value determined in the impairment tests and the carrying amounts of the indefinite useful life intangible assets is sufficient to support the above disclosure.

COMMITMENTS

Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following:

	2024 R'million	2023 R'million
Authorised and contracted for	**304**	192
Authorised but not yet contracted for	**181**	195
	485	387

OTHER DISCLOSURE

No intangible assets were pledged or committed as security for borrowings.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. PROPERTY, PLANT AND EQUIPMENT

RECONCILIATION OF BALANCE

	Buildings R'million	Other tangible assets[1] R'million	Total R'million
2024			
Carrying amount			
Cost	**158**	**108**	**266**
Accumulated depreciation	**(28)**	**(76)**	**(104)**
	130	**32**	**162**
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	**131**	**32**	**163**
Additions	**2**	**5**	**7**
Depreciation[2]	**(3)**	**(5)**	**(8)**
	130	**32**	**162**
2023			
Carrying amount			
Cost	155	103	258
Accumulated depreciation	(24)	(71)	(95)
	131	32	163
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	135	14	149
Additions	–	27	27
Depreciation[2]	(4)	(9)	(13)
	131	32	163

[1] *Other tangible assets comprise computer equipment, office equipment and furniture.*
[2] *Depreciation charge is included in administrative expenses on the statement of comprehensive income.*

COMMITMENTS

Capital commitments

Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following:

	2024 R'million	2023 R'million
Authorised and contracted for	**5**	2
Authorised but not yet contracted for	**21**	21
	26	23

OTHER DISCLOSURE

No property, plant and equipment was pledged or committed as security for any borrowings.

4. RIGHT-OF-USE ASSETS

RECONCILIATION OF BALANCE

	Computer hardware R'million
2024	
Carrying amount	
Cost	**9**
Accumulated depreciation	**(3)**
	6
Movement in right-of-use assets	
Carrying amount at the beginning of the year	**2**
Additions	**6**
Depreciation	**(2)**
	6
2023	
Carrying amount	
Cost	5
Accumulated depreciation	(3)
	2
Movement in right-of-use assets	
Carrying amount at the beginning of the year	2
Additions	2
Depreciation	(2)
	2

OTHER DISCLOSURE

The amounts recognised in the statement of comprehensive income pertain to interest expense and depreciation. Depreciation charge is included in administrative expenses on the statement of comprehensive income. These amounts for depreciation in the current year are R2 million (2023: R2 million).

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

	2024 R'million	2023 R'million
5. DEFERRED TAX ASSETS		
Reconciliation of balance		
Balance at the beginning of the year	**67**	71
Statement of comprehensive income charge/(credit) – included in tax	**1**	(8)
Statement of comprehensive income credit – prior year adjustment	**1**	4
	69	67
Deferred tax balance comprises		
Property, plant and equipment	**(1)**	9
Intangible assets	**35**	30
Provisions	**38**	25
Other	**(3)**	3
	69	67

	2024 R'million	2023 R'million
6. CASH AND CASH EQUIVALENTS		
Summary of balance		
Bank balances	**1 446**	917

Other disclosure

The average effective interest rate on cash and cash equivalents is 8,8% (2023: 7,3%).

The total amount of cash and cash equivalents is exposed to credit risk, and is held with highly reputable banks. The Company does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings.

All cash and cash equivalents are denominated in Rand.

The maturity profile of bank balances is less than one month.

7. RECEIVABLES AND OTHER CURRENT ASSETS

	2024 R'million	2023 R'million
Summary of balance		
Prepayments	**45**	31
Interest accrued	**10**	6
Indirect taxes	**–**	13
Related parties	**–**	30
Insurance contract assets[1]	**140**	–
SAP licensing receivable	**45**	74
Other	**–**	2
	240	156
Split of balance		
Financial assets	**185**	106
Non-financial assets	**55**	50
	240	156

[1] *During the current year, the Company, entered into a first-party cell captive arrangement with an offshore insurance company based in Mauritius, providing self-insurance to affiliates of the Group. The investment is classified as a financial asset held at fair value in terms of IFRS 9. For the purpose of these financial statements, the first party cell captive results in a transfer of significant insurance risk, between Aspen Pharmacare Holdings and its subsidiaries, thus IFRS 17 is applicable to the cell. However, the cell captive arrangement's related operations and balances are not material to the Group, thus no further disclosures per IFRS 17 have been provided.*

Other disclosure

The Company holds no collateral over any receivables and other current assets.
Receivables and other current assets are non-interest bearing.
All receivables and other current assets classified as financial instruments are fully performing and are denominated in Rand.
The credit quality of receivables and other current assets is considered to be satisfactory.

8. SHARE CAPITAL (NET OF TREASURY SHARES)

	2024 R'million	2023 R'million
Summary of balance		
Authorised		
717 600 000 (2023: 717 600 000) ordinary shares with no par value	**–**	–
Issued		
446 252 332 (2023: 446 252 332) ordinary shares with no par value	**2 923**	2 963
Reconciliation of balance		
Shares in issue at the beginning of the year	**446.3**	446.3
	446.3	446.3

The unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

All shares are fully paid up and no shares were issued during the year.

The Company had 1,4 million treasury shares (2023: 1,4 million treasury shares) at year-end.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. SHARE-BASED COMPENSATION RESERVE

Summary of schemes

The Company currently operates the following share-based payment schemes

The Aspen South African Management Deferred Incentive Bonus Scheme

	Medium to long-term component of the scheme	Long-term component of the scheme (other)
Nature and strategic intent of the scheme	The scheme is designed to acknowledge performance and reward individuals for achievement of both the relevant Aspen business which employs the individual and the individual's performance for the trading period immediately preceding the date that the award is made. The medium-term incentives (MTI) seek to reward sustained performance against predetermined Group and Business Unit KPIs on a deferred and conditional bonus basis based on short-term incentives (STI) achievements and further serves as a retention mechanism for employees in the medium term. The long-term incentives (LTI) support the achievement of longer-term sustainable value creation based on a selection of suitable long-term KPIs (both financial and non-financial) and carries a sizeable weighting in each executive's performance measurement. The LTI seeks to reward sustained performance against predetermined Group KPIs, incentivise stretch performance, align executive performance through unvested shareholding as well as serve as a retention incentive. The LTI is both conditional and forfeitable based on performance.	The Aspen South African Management Deferred Incentive Bonus Scheme has separate senior executive deferred (conditional and forfeitable) retention components, which are aimed at the retention of a limited number of key senior executives.
Determination of value of awards	The medium-term (deferred) incentive bonus is calculated on the same performance measures as the STIs and is not forfeitable. The total performance measure is determined by calculating the weighted average of the percentage performance outcome assigned to each KPI, which is then converted to an MTI score based on an agreed MTI scoring table. Caps and stretches in place, which vary according to the level of seniority. The long-term (forfeitable deferred) incentive bonus is conditional upon sustained three-year performance against predetermined Group KPIs, (both financial and non-financial) designed to support the achievement of longer-term strategic objectives. Performance levels defined at two levels: on target and stretch (two stretch levels). Stretch targets introduce an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against the predetermined Group KPIs. This is measured at year one and year three with the award adjusted downwards for actual performance achieved over the three-year period. Each KPI is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and at the discretion of the Group Chief Executive in consultation with the Remuneration & Nomination Committee.
Vesting	MTI shares settle after three-year vesting period. LTI shares settle after three-year vesting period, with 25% released for trade in year four and 25% in year five. Should the employee retire within the three-year period, the vesting of the awards will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	Additional share-settled awards over periods of three, five and seven years (legacy scheme also included 10-year vesting but is no longer applied).

9. SHARE-BASED COMPENSATION RESERVE continued

Aspen SA Phantom Share Scheme

	Medium to long-term component of the scheme	Long-term component of the scheme
Nature and strategic intent of the scheme	In 2020 a South African Phantom Share Scheme was introduced with the intention of, under exceptional circumstances, compensating employees for medium or long-term incentives, which were held at previous employers, but forfeited when the employee accepted a position at Aspen. This was an important mechanism required to attract the right calibre of skills and experience in a key competitive talent market.	n/a
Determination of value of awards	Operating as phantom shares, the value of awards are linked to the employment terms agreed upon and is linked to the movement in the Aspen share price. The value of awards is awarded upon the start date of the employee.	
Vesting	Settlement can be by means of a cash payment or a purchase of shares following an agreed vesting period. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	

2024

Aspen South African Management Deferred Incentive Bonus Scheme

Award price (R)	Expiry date	Shares outstanding on 30 June 2023 '000[1]	Awarded during the year '000[2]	Inter-group transfer '000	Total dividends reinvested '000	Released during the year '000	Lapsed/cancelled during the year '000[3]	Shares outstanding on 30 June 2024 '000[1]	Fair value at award date (R)	Share price at award date (R)
108,98	Oct 2023	272	–	–	–	(266)	(6)	–	143,51	119,46
106,74	May 2024	103	–	–	2	(105)	–	–	105,11	106,74
194,44	Oct 2024	171	–	10	3	–	(6)	178	162,09	270,49
142,78	Aug 2025	72	–	–	1	–	–	73	139,04	140,02
142,78	Oct 2025	343	–	18	7	–	(13)	355	139,04	140,02
326,70	May 2026	143	–	48	–	–	–	191	365,00	317,50
106,74	May 2026	103	–	35	2	–	–	140	105,11	106,74
186,78	Oct 2026	–	232	–	–	(1)	(1)	230	183,62	186,04
142,78	Aug 2027	96	–	–	2	–	–	98	139,04	140,02
142,78	Aug 2029	132	–	–	3	–	–	135	139,04	140,02
		1 435	232	111	20	(372)	(26)	1 400		

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. SHARE-BASED COMPENSATION RESERVE continued

Aspen South African Management Deferred Incentive Bonus Scheme continued

2023

Award price (R)	Expiry date	Shares out-standing on 30 June 2022 '000	Awarded during the year '000[2]	Inter-group transfer	Total dividends reinvested '000	Released during the year '000	Lapsed/ cancelled during the year '000[3]	Shares out-standing on 30 June 2023 '000[1]	Fair value at award date (R)	Share price at award date (R)
105,11	Oct 2022	117	–	–	3	(116)	(4)	–	104,65	90,04
108,98	Oct 2023	275	–	–	7	(8)	(2)	272	143,51	119,46
106,74	May 2024	101	–	–	2	–	–	103	105,11	106,74
194,44	Oct 2024	174	–	–	4	(4)	(3)	171	162,09	270,49
142,78	Aug 2025	–	72	–	–	–	–	72	139,04	140,02
142,78	Oct 2025	–	370	–	–	(21)	(6)	343	139,04	140,02
326,70	May 2026	143	–	–	–	–	–	143	365,00	317,50
106,74	May 2026	101	–	–	2	–	–	103	105,11	106,74
142,78	Aug 2027	–	96	–	–	–	–	96	139,04	140,02
142,78	Aug 2029	–	132	–	–	–	–	132	139,04	140,02
		911	670	–	18	(149)	(15)	1 435		

The fair value was determined by reference to the share price on the award date.

[1] *The total number of shares were not vested at 30 June 2024 and 30 June 2023.*
[2] *During the year the Company bought 0,2 million shares (2023: 0,7 million shares) that will be held until vesting date. These shares are accounted for as treasury shares in the Group Annual Financial Statements.*
[3] *Lapsed or cancelled shares are re-allocated to future grants.*

9. SHARE-BASED COMPENSATION RESERVE continued

Aspen South African Phantom Share Scheme

2024

All Aspen South African Phantom Share Scheme shares vested in the prior year.

2023

Award price (R)	Expiry date	Shares outstanding on 30 June 2022 '000	Exercised during the year '000	Shares outstanding on 30 June 2023 '000[1]
112,67	Oct 2022	20	(20)	–
131,00	Oct 2022	16	(16)	–
		36	(36)	–

[1] *The total number of shares were not vested at 30 June 2023.*

The fair value was determined by reference to the share price on the grant date. The closing share price on measurement date for 2023 was R183.62. The liability included in trade and other payables on the statement of financial position relating to the Aspen South African Phantom Share Scheme is Nil (2023: Nil).

10. TRADE AND OTHER PAYABLES

	2024 R'million	2023 R'million
Summary of balance		
Accrued expenses	**92**	18
Capital expenditure payables	**–**	212
Insurance accrual	**9**	25
Trade payables	**43**	76
Leave pay	**23**	19
Bonuses	**74**	67
Other	**18**	8
	259	425
Split of balance		
Financial liabilities	**140**	306
Non-financial liabilities	**119**	119
	259	425
Other disclosure		
Currency analysis of trade and other payables (financial instruments only)		
Euro	**2**	2
South African Rand	**96**	246
US Dollar	**42**	58
	140	306

All trade and other payables (financial instruments only) are predominantly non-interest bearing.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

	2024 R'million	2023 R'million
11. REVENUE		
Summary of balance		
Royalties	**211**	199
Administrative fees received from subsidiaries	**574**	519
Dividends received from subsidiaries	**4 134**	2 797
Insurance revenue	**67**	–
	4 986	3 515
12. OPERATING PROFIT		
Operating profit has been arrived at after charging		
Audit fees – current year	**17**	13
Impairment – intangible assets (included in other operating expenses)	**12**	34
Impairment – investment in subsidiaries (included in other operating expenses)	**–**	70
Impairment – amounts due by Group companies	**–**	14
Impairment – current financial receivables	**–**	5
Repairs and maintenance expenditure on property, plant and equipment	**6**	2
13. DIRECTORS AND EMPLOYEES		
Staff costs		
Salaries	**344**	323
Defined contribution plans	**33**	31
Share-based payment expense – deferred incentive bonus	**56**	63
Cash portion	**5**	6
Equity portion	**51**	57
Other employee contributions	**4**	6
	437	423

Directors and employee costs are included in administrative expenses in the statement of comprehensive income. Further details of the directors and employees of the Group are available in the Group's Annual Financial Statements, refer to note 22.

	2024 R'million	2023 R'million
14. INVESTMENT INCOME		
Summary of balance		
Interest received on bank balances	**73**	26
Interest received – Receiver of revenue	**10**	–
	83	26
15. NET FINANCING INCOME/(COSTS)		
Summary of balance		
Interest paid on borrowings	**(4)**	(15)
Net foreign exchange gains	**8**	–
	4	(15)

16. TAX

	2024 R'million	2023 R'million
Summary of balance		
Current tax	**130**	23
Current year	**85**	25
Prior year	**45**	(2)
Deferred tax	**(2)**	4
Current year	**(1)**	8
Prior year	**(1)**	(4)
Withholding tax	**8**	14
	136	41
Reconciliation of effective tax rate	**%**	%
South African current tax rate	**27,0**	27,0
Non-deductible expenses relating to intangible assets	**–**	0,5
Non-deductible expenses relating to other assets	**–**	0,8
Dividends and similar income not subject to tax	**(26,7)**	(29,3)
Additional income arising from tax law interpretation	**1,5**	0,4
Non-deductible expenses	**0,4**	0,7
Non-deductible financing costs	**–**	0,1
Non-deductible expenses relating to holding company apportionment	**0,6**	1,0
Non-deductible costs relating to acquisitions and disposals	**–**	0,1
Non-recoverable withholding taxes	**0,2**	0,5
Prior year adjustment	**1,1**	(0,2)
Foreign tax rebate	**(0,9)**	–
Effective tax rate	**3,2**	1,6

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

17. RELATED PARTY TRANSACTIONS

Transactions with shareholders

The Company did not enter into any transactions with direct beneficial shareholders during the current year, except as described in the Directors' report and note 11 of the Group Annual Financial Statements.

Intra-group transactions and balances

During the year, the Company entered into arm's length transactions with other companies in the Group.

Refer to note 20 for a list of the material operating subsidiaries and structured entities.

None of the balances are secured.

	2024 R'million	2023 R'million
The following intra-group transactions took place between Aspen Holdings and Group companies during the current year		
Royalties received	**211**	199
Pharmacare Limited	**211**	199
Administration fees received	**574**	519
Aspen Global Incorporated	**96**	92
Aspen Healthcare FZ LLC	**18**	18
Aspen Notre Dame de Bondeville SAS	**35**	26
Aspen Oss B.V.	**35**	41
Aspen Pharma Ireland Limited	**43**	36
Pharmacare Limited	**52**	52
Aspen Pharmacare Australia (Pty) Limited	**20**	14
Aspen Pharma Trading Limited	**6**	14
Aspen SA Operations (Pty) Limited	**97**	80
Aspen Bad Oldesloe GmbH	**18**	17
Aspen Pharma – Indústria Farmacêutica Limitada	**18**	14
Aspen Labs S.A. de C.V.	**23**	17
Fine Chemicals Corporation (Pty) Limited	**14**	11
Alphamed Formulations Pvt Ltd	**7**	–
Shelys Pharmaceuticals Ltd	**7**	–
Other subsidiaries	**85**	87
Insurance premiums received from subsidiaries	**67**	–
Aspen Global Incorporated	**10**	–
Aspen Pharmacare Australia (Pty) Limited	**5**	–
Aspen Oss B.V.	**7**	–
Aspen SA Operations (Pty) Limited	**14**	–
Pharmacare Limited	**6**	–
Aspen Notre Dame de Bondeville SAS	**9**	–
Other subsidiaries	**16**	–
Dividends received	**4 134**	2 797
Aspen Global Incorporated	**2 529**	1 196
Pharmacare Limited	**400**	1 200
Aspen Oss B.V.	**1 108**	351
Aspen Finance (Pty) Limited	**97**	50

17. RELATED PARTY TRANSACTIONS continued

Intra-group transactions and balances continued

	2024 R'million	2023 R'million
The following intra-group balances were outstanding between Aspen Holdings and Group companies at year-end		
Amounts reflected as current assets	**839**	314
Aspen Global Incorporated	**22**	23
The Aspen Share Incentive Scheme Trust	**14**	14
Shelys Pharmaceuticals International Limited	**8**	8
Pharmacare Limited	**79**	58
Aspen Notre Dame de Bondeville SAS	**9**	8
Aspen SA Operations (Pty) Limited	**508**	46
Fine Chemicals Corporation (Pty) Limited	**4**	4
Aspen Oss B.V.	**12**	17
Aspen Labs S.A. de C.V.	**6**	6
Beta Healthcare International Ltd	**46**	38
Cell Captive Guardrisk Insurance Company Mauritius	**15**	–
Limited Liability Company Aspen Health	**11**	–
Alphamed Formulations Pvt Ltd	**17**	–
Aspen Colombiana S.A.S.	**6**	–
Aspen Healthcare FZ LLC	**6**	8
Other subsidiaries	**76**	84
Amounts reflected as current liabilities	**46**	77
Aspen Global Incorporated	**10**	8
Pharmacare Limited	**24**	–
Aspen Finance (Pty) Limited	**2**	6
Aspen Healthcare FZ LLC	**5**	32
Aspen SA Operations (Pty) Limited	**–**	21
Other subsidiaries	**5**	10

Transactions and balances with directors

All directors have given general declarations of interest in terms of section 75 of the Companies Act of 2008. These declarations indicate that various members of the Board hold various other directorships in South African entities with whom transactions are conducted by the Company in terms of a customer/supplier relationship. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions and are all unsecured. Chris Mortimer, a non-executive director of Aspen, is a full-time practising attorney and managing partner at Chris Mortimer & Associates which provides legal services to the Company. During the year total legal fees expensed in the statement of comprehensive income was R2,9 million (2023: R0,8 million) and no balance was outstanding at year-end (2023: nil).

Transactions with key management personnel

Key management personnel consist of directors (including executive directors).

Key management personnel compensation consists of:

	2024 R'million	2023 R'million
Short-term employee benefits	**91**	78
Post-employment benefits	**9**	8
Share-based payment expense	**43**	44
Total key management remuneration paid	**143**	130
Number of employees included above	**17**	16

Other than disclosed above, and in the Director's report, no significant related party transactions were entered into during the year under review.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. FINANCIAL RISK MANAGEMENT

18.1 Introduction

The Company does not trade in financial instruments, but in the ordinary course of business operations, the Company is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and foreign currency risk);
- liquidity risk;
- credit risk; and
- capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of a risk management framework which is applicable to the Company. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risks to which the Company is exposed.

The Company measures and monitors treasury relevant risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc.) affecting it, and reports on these risks to the Group Treasury Committee on a periodic basis. The Group Treasury Committee provides the Company guidance with respect to managing these risks, however, the Company's management is empowered, within the relevant approvals framework, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Group Treasury Committee reports to the Audit & Risk Committee.

Concentration risk is the risk that the Company is exposed to financial loss, which if incurred would be significant due to the aggregate (concentration) exposure the Company has to a particular asset, counterparty, customer or service provider. The management of concentration risk is critical across many of the significant risk categories. Information on the key concentration risks have been set out in the respective notes.

Risk management and measurement relating to each of these risks is discussed under the headings below.

18.2 Financial instruments by category

The carrying amount of financial instruments by category is as follows:

2024	At amortised cost R'million	Total R'million
Financial assets		
Receivables and other current assets[1]	**45**	45
Cash and cash equivalents	**1 446**	1 446
Amounts due by Group companies	**839**	839
Total financial assets	**2 330**	2 330
Financial liabilities		
Trade and other payables	**140**	140
Amounts due to Group companies	**46**	46
Total financial liabilities	**186**	186

[1] *Receivables and other current assets include insurance contract asset of R140 million relating to the Cell Captive which is carried at fair value through profit or loss.*

2023	At amortised cost R'million	Total R'million
Financial assets		
Receivables and other current assets	106	106
Cash and cash equivalents	917	917
Amounts due by Group companies	314	314
Total financial assets	1 337	1 337
Financial liabilities		
Trade and other payables	306	306
Amounts due to Group companies	77	77
Total financial liabilities	383	383

18. FINANCIAL RISK MANAGEMENT continued

18.3 Market risk management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Company is primarily exposed to includes foreign currency risk and interest rate risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk since the previous period.

18.4 Foreign currency risk

The Company's transactions are predominantly entered into in Rand. However, the Company's operations utilise various foreign currencies (currencies other than the operations functional currencies) in respect of expenses incurred. Consequently, the Company is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with contracted payments in currencies other than Rand.

Foreign currency risks are managed through the Company's financing policies and selective use of forward exchange contracts.

At 30 June 2024 and 30 June 2023 the Company had no outstanding forward exchange contracts.

Sensitivity analysis

The Company used a sensitivity analysis technique that measured the estimated change to the statement of comprehensive income of an instantaneous 10% strengthening or weakening in the Rand against all other currencies, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Company is mainly exposed to fluctuations in foreign exchange rates in respect of the Euro and the US Dollar. The analysis considered the impact of changes in foreign exchange rates on the statement of comprehensive income.

The analysis had been performed on the basis of the change occurring at the start of the reporting period and assumed that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2023.

A 10% weakening in the Rand against the foreign exchange rates to which the Company is exposed at the reporting date, would have decreased profit before tax by R2 million (2023: R4 million).

A 10% strengthening in the Rand against the foreign exchange rates would have the equal and opposite effect on profit before tax, on the basis that all other variables remain constant.

18.5 Interest rate risk

The Company's interest rate risk arises from interest on cash and cash equivalents and other non-current receivables. Exposure to interest rate risk is monitored on a continuous and proactive basis.

	Carrying amount	
	2024 R'million	2023 R'million
Variable rate instruments		
Receivables and other current assets	**10**	6
Cash and cash equivalents	**1 446**	917
Variable rate exposure	**1 456**	923

Sensitivity analysis

The Company is exposed mainly to fluctuations in the South African prime overdraft rate. Changes in market interest rates affect the interest income and expense of floating rate financial instruments.

An increase of 1% in interest rates for the year ended 30 June 2024 would have increased profit before tax by R8 million and increased profit before tax by R2 million in 2023. A decrease of 1% will have an equal and opposite effect on profit before tax.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. FINANCIAL RISK MANAGEMENT continued

18.6 Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The Company finances its operations through a mixture of retained earnings and short-term bank funding (in the form of overdraft facilities attached to its bank accounts). The Company participates (alongside Aspen SA Operations (Pty) Limited, Pharmacare Limited, Fine Chemicals Corporation (Pty) Limited, Aspen Finance (Pty) Limited and Brimpharm SA (Pty) Limited) in the Group's South African notional Cashpool (the "Cashpool"). This Cashpool comprises Rand bank accounts held with FirstRand Bank Limited (the "Bank") In terms of the Cashpool, each of the participants have collectively pledged any positive cash balances on their accounts in favour of the Bank with respect to any overdrawn balances on their accounts.

Pharmacare Limited maintains separate funding facilities which it utilises or repays daily to ensure that the Cashpool's debit balances are matched by its credit balances. On this basis, the Company is able to access its cash balances and/or overdraft facilities to the extent that the Cashpool is appropriately funded. Therefore, the Company's liquidity risk is inextricably linked to that of the aforementioned Cashpool participants as a whole. The Group's treasury department monitors the Cashpool and the cash forecasts of each of the Cashpool participants and ensures that adequate funding facilities and reserve borrowing capacities are maintained to ensure that each of the Cashpool participants are able to meet their payment obligations as they fall due.

The following are the undiscounted contractual maturities of financial assets and liabilities:

	Undiscounted cash flows		
2024	**On demand R'million**	**<1 year R'million**	**Total R'million**
Financial assets			
Receivables and other current assets (financial instruments only)	**–**	**185**	**185**
Cash and cash equivalents	**–**	**1 446**	**1 446**
Amounts due by Group companies	**839**	**–**	**839**
Total financial assets	**839**	**1 631**	**2 470**
Financial liabilities			
Trade and other payables (financial instruments only)	**–**	**(140)**	**(140)**
Amounts due to Group companies	**(46)**	**–**	**(46)**
Total financial liabilities	**(46)**	**(140)**	**(186)**
Net exposure	**793**	**1 491**	**2 284**

	Undiscounted cash flows		
2023	On demand R'million	<1 year R'million	Total R'million
Financial assets			
Receivables and other current assets (financial instruments only)	–	106	106
Cash and cash equivalents	–	917	917
Amounts due by Group companies	314	–	314
Total financial assets	314	1 023	1 337
Financial liabilities			
Trade and other payables (financial instruments only)	–	(306)	(306)
Amounts due to Group companies	(77)	–	(77)
Total financial liabilities	(77)	(306)	(383)
Net exposure	237	717	954

18.7 Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by monitoring procedures.

Credit risk primarily arises from receivables and other current assets, derivative financial instruments and cash and cash equivalents. The Company's maximum exposure to credit risk is represented by the carrying amounts of these financial assets. Refer to the respective notes for more detail on how the Company manages credit risks for these financial assets.

18. FINANCIAL RISK MANAGEMENT continued

18.8 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 sustainable returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of equity attributable to holders of the parent comprising share capital, non-distributable reserves and retained income.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Board reviews this capital structure on at least a semi-annual basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the Board, the Company may seek to adjust the composition of its capital structure depending on circumstances existing at the time of each review.

There were no changes to the Company's approach to capital management during the year.

19. FINANCIAL GUARANTEES

Guarantees to financial institutions

The Company, along with Aspen Finance (Pty) Limited, Aspen Global Incorporated, Pharmacare Limited, Aspen SA Operations (Pty) Limited and Aspen Asia Pacific (Pty) Limited (and its active subsidiaries) (collectively, the "Guarantors") is a guarantor with respect to a significant portion of the Group's banking/funding facilities. The following facility amounts (which exclude facilities where the Company is the only borrower thereto) were, as of 30 June 2024, collectively guaranteed by the Company (and in most cases, along with the Guarantors)

	2024 R'million	2023 R'million
Australian Dollar denominated facilities	**4 100**	4 245
Euro denominated facilities	**39 754**	44 263
US Dollar denominated facilities	**2 055**	2 129
South Africa Rand denominated facilities	**13 098**	11 548
	59 007	62 184

Financial guarantee facilities utilised were R36 billion at year-end (2023: R29 billion).

There were no breaches of the contractual terms of these facilities during the current financial year, and as such no creditor with respect to these facilities has called upon any of these guarantees provided by the Company.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. MATERIAL OPERATING SUBSIDIARIES AND STRUCTURED ENTITIES

				Effective Group holding		Investment	
Country of incorporation	Company	Currency	Issued capital ’000	**2024 %**	2023 %	**2024 R’million**	2023 R’million
Direct							
India	Alphamed Formulations Pvt Limited	INR	[1]	**100**	100	**673**	594
Germany	Aspen Bad Oldesloe GmbH	EUR	[1]	**100**	100	**1 147**	1 147
South Africa	Aspen Finance (Pty) Limited	EUR	12 000	**100**	100	**213**	213
Mauritius	Aspen Global Incorporated	EUR	908 529	**100**	100	**8 654**	8 654
France	Aspen Notre Dame de Bondeville SAS	EUR	341 311	**100**	100	**5 094**	5 094
The Netherlands	Aspen Oss B.V.	EUR	53 000	**100**	100	**1 389**	1 389
The Netherlands	Aspen Biochem B.V.	EUR	36 705	**100**	100	**734**	15
Nigeria	Aspen Pharmacare Nigeria Limited	NGN	61 267	**100**	100	**3**	3
Ireland	Aspen Treasury Ireland Limited	EUR	[1]	**100**	–	**96**	–
Uganda	Beta Healthcare (Uganda) Limited	UGX	6 040 000	**100**	100	**26**	26
Kenya	Beta Healthcare International Limited	KES	30 000	**100**	100	**7**	7
South Africa	Fine Chemicals Corporation (Pty) Limited	ZAR	1 375 000	**100**	100	**–**	–
Ghana	Kama Industries Limited	GHS	6 927	**100**	100	**55**	55
South Africa	Pharmacare Limited	ZAR	1 435	**100**	100	**2 910**	2 893
South Africa	Aspen SA Operations (Pty) Limited	ZAR	4 850 000	**100**	100	**4 850**	4 150
Various	Various	[2]	[2]	**[2]**	[2]	**193**	193
Indirect							
Brazil	A.Pharma Distribuidora Limitada	BRL	[1]	**100**	100	**–**	–
Hong Kong	Aspen Asia Company Limited	HKD	5 514	**100**	100	**–**	–
Australia	Aspen Asia Pacific (Pty) Limited	AUD	83 952	**100**	100	**–**	–
Costa Rica	Aspen CariCam S.A.	CRC	500	**100**	100	**–**	–
China	Aspen China Company Limited	CNY	41 960	**100**	100	**–**	–
Colombia	Aspen Colombiana S.A.S.	COP	40 558 482	**100**	100	**–**	–
France	Aspen France SAS	EUR	12 550	**100**	100	**–**	–
Germany	Aspen Germany GmbH	EUR	2 525	**100**	100	**–**	–
Russia	Limited Liability Aspen Health	RUB	615 400	**100**	100	**–**	–
United Arab Emirates	Aspen Healthcare FZ LLC	USD	[1]	**100**	100	**–**	–
Malta	Aspen Healthcare Malta Limited	EUR	[1]	**100**	100	**–**	–
Taiwan	Aspen Healthcare Taiwan Limited	TWD	65 000	**100**	100	**–**	–
Italy	Aspen Italia SRL	EUR	1 010	**100**	100	**–**	–
Mexico	Aspen Labs S.A. de C.V.	MXN	909 225	**100**	100	**–**	–
Malaysia	Aspen Medical Products Malaysia Sdn Bhd	MYR	19 000	**100**	100	**–**	–
Mexico	Aspen Mexico, S de R. L. de C.V.	MXN	2 196 046	**100**	100	**–**	–
Peru	Aspen Peru S.A.	PEN	57 743	**100**	100	**–**	–
Brazil	Aspen Pharma – Indústria Farmacêutica Limitada	BRL	399 377	**100**	100	**–**	–
Australia	Aspen Pharma (Pty) Limited	AUD	11 862	**100**	100	**–**	–
Ireland	Aspen Pharma Ireland Limited	EUR	42 001	**100**	100	**–**	–
Mexico	Aspen Pharma Mexicana S. de R.L. de C.V.	MXN	[1]	**100**	100	**–**	–
Australia	Aspen Pharmacare Australia (Pty) Limited	AUD	167 373	**100**	100	**–**	–
Canada	Aspen Pharmacare Canada Inc.	CAD	32 826	**100**	100	**–**	–
Spain	Aspen Pharmacare Espana SL	EUR	12 003	**100**	100	**–**	–
England	Aspen Pharmacare UK Limited	GBP	13 500	**100**	100	**–**	–
Philippines	Aspen Philippines Incorporated	PHP	396 389	**100**	100	**–**	–
Poland	Aspen Polska Sp z.o.o	PLN	[1]	**100**	100	**–**	–
Ecuador	Aspenpharma S.A.	USD	3 170	**100**	100	**–**	–
Cyprus	PharmaLatina Holdings Limited	USD	15 637	**100**	100	**–**	–
Tanzania	Shelys Pharmaceuticals Limited	TZS	6 723 843	**100**	100	**–**	–
Turkey	VLD Danışmanlık Tibbi Ürünlerve Tanıtım Hizmetleri A.Ş.	TRY	15 850	**100**	100	**–**	–
Various	Various	[2]	[2]	**[2]**	[2]	**–**	–
Trusts (structured entities)[3]							
South Africa	Aspen Share Appreciation Plan	ZAR	N/A	**100**	100	**–**	–
South Africa	Aspen Share Incentive Scheme	ZAR	N/A	**100**	100	**–**	–
Total investments in subsidiaries						**26 044**	24 433

[1] *Less than 500.*
[2] *These direct and indirect holdings are made up of various subsidiaries incorporated in multiple territories.*
[3] *These trusts are structured entities which are consolidated into the Group Annual Financial Statements and are not subject to any other risk exposure.*

Detailed information is only given in respect of the Company’s material operating subsidiaries. The Company maintains a register of all subsidiaries and structured entities available for inspection at the registered office of Aspen Holdings.

Definitions

AUD : Australian Dollar
BRL : Brazilian Real
CAD : Canadian Dollar
CNY : Chinese Yuan Renminbi
COP : Colombian Peso
EUR : Euro
GBP : British Pound Sterling
GHS : Ghanaian Cedi
HKD : Hong Kong Dollar
INR : Indian Rupee
KES : Kenyan Shilling
MXN : Mexican Peso
MYR : Malaysian Ringgit
NGN : Nigerian Niara
PEN : Peruvian Sol
PHP : Philippine peso
PLN : Polish Zloty
RUB : Russian Ruble
TRY : Turkish Lira
TWD : Taiwan Dollar
TZS : Tanzanian Shilling
UGX : Ugandan Shilling
USD : US Dollar
ZAR : South African Rand

ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA – ANNEXURE 1

The Group has presented selected line items from the consolidated statement of comprehensive income and certain trading profit metrics on a constant exchange rate basis in the tables on the next page. The *pro forma* constant exchange rate information is presented to demonstrate the impact of fluctuations in currency exchange rates on the Group's reported results. The *pro forma* constant exchange rate information is the responsibility of the Group's Board of Directors and is presented for illustrative purposes only. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. The *pro forma* constant exchange rate information has been compiled in terms of the JSE Listings Requirements and SAICA's Guide on Pro Forma Information by SAICA and the accounting policies of the Group as at 30 June 2024. The illustrative *pro forma* constant exchange rate information on selected financial data has been derived from the reviewed financial information and has been reported on by Aspen's auditor who have issued reporting accountants report thereon, which is available for inspection at the Group's registered office.

The Group's financial performance is impacted by numerous currencies which underlie the reported unaudited condensed Group financial results where, even within geographic segments, the Group trades in multiple currencies ("source currencies"). The *pro forma* constant exchange rate information has been calculated by adjusting the prior periods' reported results at the current period's reported average exchange rates. Recalculating the prior periods' numbers provides illustrative comparability with the current period's reported performance by adjusting the estimated effect of source currency movements.

The listing of average exchange rates against the Rand for the currencies contributing materially to the impact of exchange rate movements are set out below:

	June 2024 average rates	June 2023 average rates
Euro	**20,233**	18,613
Australian Dollar	**12,263**	11,948
Chinese Yuan Renminbi	**2,593**	2,555
US Dollar	**18,707**	17,758
Mexican Peso	**1,089**	0,940
Brazilian Real	**3,732**	3,455
British Pound Sterling	**23,556**	21,395
Canadian Dollar	**13,809**	13,257
Russian Ruble	**0,203**	0,260

Revenue, other income, cost of sales and expenses

For purposes of the constant exchange rate report the recalculated prior period's source currency revenue, other income, cost of sales and expenses have been recalculated from the prior period's relevant average exchange rate to the current period's relevant reported average exchange rate.

Interest paid net of investment income

Net interest paid is directly linked to the source currency of the borrowing on which it is levied and recalculated from the prior period's relevant reported average exchange rate to the current period's relevant reported average exchange rate.

Tax

The tax charge for purposes of the constant currency report has been recomputed by applying the actual effective tax rate to the recalculated profit before tax.

ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA – ANNEXURE 1 continued

	June 2024 (at 2024 average rates) R'million	June 2023 (at 2023 average rates) R'million	Change at reported exchange rates %	Recalculated Illustrative constant exchange rates June 2023 (at 2024 average rates) R'million	Change at constant exchange rates %
Key constant exchange rate indicators					
Revenue	**44 706**	40 709	10	42 660	5
Gross profit	**19 454**	18 934	3	19 688	(1)
Operating profit	**6 998**	7 822	(11)	8 073	(13)
Adjusted for					
– Depreciation	**1 390**	1 247		1 305	
– Amortisation	**583**	541		571	
– Loss on sale of assets	**34**	1		2	
– Net impairment of assets	**1 667**	1 064		1 143	
– Restructuring costs	**227**	278		302	
– Transaction costs	**356**	190		199	
– Insurance compensation on assets	**–**	(43)		(44)	
Normalised EBITDA[1]	**11 255**	11 100	1	11 551	(3)
Normalised headline earnings	**6 628**	6 657	(0)	6 928	(4)
Basic and diluted earnings per share (cents)	**991,4**	1 176,9	(16)	1 212,4	(18)
Headline and diluted headline earnings per share (cents)	**1 356,6**	1 405,4	(3)	1 458,3	(7)
Normalised headline and diluted headline earnings per share (cents)	**1 492,1**	1 498,5	(0)	1 559,6	(4)

[1] *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

	June 2024 (at 2024 average rates) %	June 2023 (at 2023 average rates) %
Revenue currency mix		
Euro	**34**	30
South African Rand	**15**	15
Australian Dollar	**14**	15
Chinese Yuan Renminbi	**5**	9
US Dollar	**6**	8
Mexican Peso	**5**	4
Brazilian Real	**5**	4
British Pound Sterling	**2**	1
Canadian Dollar	**2**	2
Russian Ruble	**1**	1
Other currencies	**11**	11
Total	**100**	100

Group segmental analysis

June 2024 (at 2024 average rates)

	Prescription R'million	OTC R'million	Injectables R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	**11 380**	**9 706**	**9 484**	**30 570**	**14 136**	**44 706**
Cost of sales	**(4 447)**	**(4 012)**	**(3 964)**	**(12 423)**	**(12 829)**	**(25 252)**
Gross profit	**6 933**	**5 694**	**5 520**	**18 147**	**1 307**	**19 454**
Selling and distribution expenses						**(6 481)**
Administrative expenses						**(3 657)**
Net other operating income						**549**
Depreciation						**1 390**
Normalised EBITDA[1]						**11 255**
Gross profit %	**60,9**	**58,7**	**58,2**	**59,4**	**9,2**	**43,5**
Selling and distribution expenses %						**14,5**
Administrative expenses %						**8,2**
Normalised EBITDA %						**25,2**

Recalculated illustrative constant exchange rate June 2023 (at 2024 average rates)[2]

	Prescription R'million	OTC R'million	Injectables R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	10 286	9 388	10 796	30 470	12 190	42 660
Cost of sales	(4 022)	(3 921)	(4 354)	(12 297)	(10 675)	(22 972)
Gross profit	6 264	5 467	6 442	18 173	1 515	19 688
Selling and distribution expenses						(6 009)
Administrative expenses						(3 754)
Net other operating income						321
Depreciation						1 305
Normalised EBITDA[1]						11 551
Gross profit %	60,9	58,2	59,7	59,6	12,4	46,2
Selling and distribution expenses %						14,1
Administrative expenses %						8,8
Normalised EBITDA %						27,1

Change

	Prescription %	OTC %	Injectables %	Total Commercial Pharmaceuticals %	Manufacturing %	Total %
Revenue	**11**	**3**	**(12)**	**0**	**16**	**5**
Cost of sales	**11**	**2**	**(9)**	**1**	**20**	**10**
Gross profit	**11**	**4**	**(14)**	**0**	**(14)**	**(1)**
Selling and distribution expenses						**8**
Administrative expenses						**(3)**
Net other operating income						**71**
Depreciation						**7**
Normalised EBITDA[1]						**(3)**

[1] *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

[2] *Refer to page 20 for restatement as a result of segmental classifications.*

ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA – ANNEXURE 1 continued

GROUP REVENUE SEGMENTAL ANALYSIS

for the year ended 30 June	**June 2024 (at 2024 average rates) R'million**	Recalculated illustrative constant exchange rate June 2023 (at 2024 average rates)[1] R'million	Change %
Commercial Pharmaceuticals by customer geography	**30 570**	30 470	0
Africa Middle East	**9 021**	8 148	11
Americas	**6 677**	5 564	20
Australasia	**5 904**	5 987	(1)
Europe CIS	**4 868**	5 148	(5)
Asia	**4 100**	5 623	(27)
Manufacturing by geography of manufacture			
Finished dose form	**5 262**	4 257	24
Europe CIS	**4 131**	2 885	43
Australasia	**781**	746	5
Africa Middle East	**216**	484	(55)
Asia	**100**	122	(18)
Americas	**34**	20	70
Active pharmaceutical ingredients	**5 102**	5 430	(6)
Europe CIS	**4 832**	5 231	(8)
Africa Middle East	**270**	199	36
Heparin	**3 772**	2 503	51
Europe CIS	**3 772**	2 503	51
Total Manufacturing revenue	**14 136**	12 190	16
Total revenue	**44 706**	42 660	5
Summary of regions			
Europe CIS	**17 603**	15 767	12
Africa Middle East	**9 507**	8 831	8
Americas	**6 711**	5 584	20
Australasia	**6 685**	6 733	(1)
Asia	**4 200**	5 745	(27)
Total revenue	**44 706**	42 660	5

[1] *Refer to page 20 for restatement as a result of segmental classifications.*

Commercial Pharmaceuticals therapeutic area analysis

June 2024 (at 2024 average rates)

	Prescription R'million	OTC R'million	Injectables R'million	Total R'million
By customer geography				
Africa Middle East	**4 242**	**3 561**	**1 218**	**9 021**
Americas	**2 832**	**1 450**	**2 395**	**6 677**
Australasia	**2 618**	**2 430**	**856**	**5 904**
Europe CIS	**991**	**1 974**	**1 903**	**4 868**
Asia	**697**	**291**	**3 112**	**4 100**
	11 380	**9 706**	**9 484**	**30 570**

Recalculated illustrative constant exchange rate June 2023 (at 2024 average rates)[1]

	Prescription R'million	OTC R'million	Injectables R'million	Total R'million
By customer geography				
Africa Middle East	3 881	3 496	771	8 148
Americas	1 990	1 441	2 133	5 564
Australasia	2 788	2 340	859	5 987
Europe CIS	1 067	1 838	2 243	5 148
Asia	560	273	4 790	5 623
	10 286	9 388	10 796	30 470

Change

	Prescription %	OTC %	Injectables %	Total %
By customer geography				
Africa Middle East	9	2	58	11
Americas	42	1	12	20
Australasia	(6)	4	0	(1)
Europe CIS	(7)	7	(15)	(5)
Asia	24	7	(35)	(27)
	11	3	(12)	0

[1] *Refer to page 20 for restatement as a result of segmental classifications.*

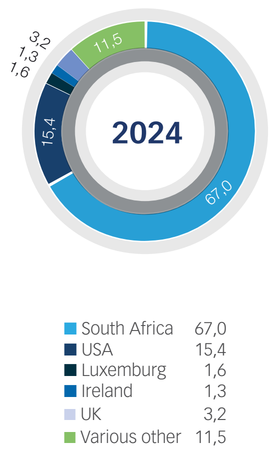
UNAUDITED SHARE STATISTICS

SHAREHOLDERS' SPREAD

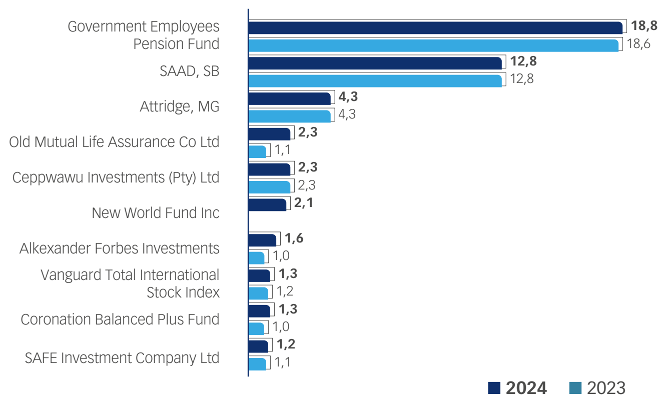
As required by paragraph 8.63 and in terms of paragraph of 4.25 of the JSE Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2024 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	11	143 592 043	32,2
Directors of the Company and directors of material subsidiaries	9	57 533 998	12,9
Government Employees Pension Fund ('GEPF')	1	84 016 997	18,8
Employee share trusts – treasury shares	1	2 041 048	0,5
Public shareholders	43 096	302 660 289	67,8
Total shareholding	43 107	446 252 332	100,0
Public shareholders (including the GEPF)	43 097	386 677 286	86,6

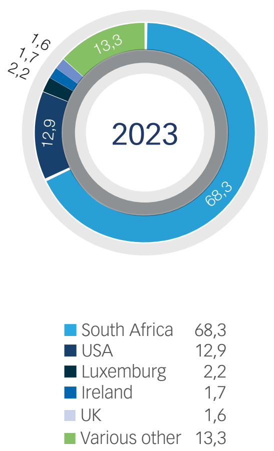
Beneficial shareholders – country (%)



Top 10 beneficial shareholders (%)



Beneficial shareholders – country (%)



Top 10 institutional shareholders (%)

Percentages for top 10 beneficial shareholders and top 10 institutional shareholders reflected above are as a percentage of the total issued share capital of the Company.

ADMINISTRATION

Company Secretary

Raeesa Khan

Registered office and postal address

Building Number 8, Healthcare Park, Woodlands Drive, Woodmead
PO Box 1587, Gallo Manor, 2052
Telephone +27 11 239 6100
Telefax +27 11 239 6144

Registration number

1985/002935/06

Share code

APN ISIN: ZAE 000066692
APN Legal Entity Identifier ("LEI"): 635400ZYSN1IRD5QWQ94

Website address

www.aspenpharma.com

Auditors

Ernst & Young Inc

Sponsors

Investec Bank Limited

Transfer secretaries

JSE Investor Services (Pty) Limited
One Exchange Square, 2 Gwen Lane
Sandown, 2196
South Africa
PO Box 4844, Johannesburg, 2000, South Africa
Telephone 011 713 0800
Email: info@jseinvestorservices.co.za

DISCLAIMER

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "prospects", "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "indicate", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated.

The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements are discussed in each year's Annual Report.

Forward looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Bastion

Aspen Holdings Head Office
Durban, South Africa
Aspen Place, 9 Rydall Vale Park
Douglas Saunders Drive
La Lucia Ridge
Tel: +27 31 580 8600

www.aspenpharma.com