



ASPEN PHARMACARE HOLDINGS LIMITED AND ITS SUBSIDIARIES (“Aspen” or “the Group”)

(Registration number 1985/002935/06)

Share code: APN/ISIN: ZAE000066692

LEI: 635400ZYSN1IRD5QWQ94

Unaudited interim financial results for the six months ended 31 December 2021

COMMENTARY

GROUP HIGHLIGHTS (CONTINUING OPERATIONS)

The Group has delivered double-digit organic revenue growth in constant exchange rate (“CER”) and even stronger normalised EBITDA and earnings outcomes against the backdrop of challenging trading conditions. Headwinds from the COVID-19 pandemic disrupted procurement, supply, logistics, employee productivity and customer demand. Consistent supply of the COVID-19 vaccines manufactured at our Gqeberha site in South Africa further illustrated Aspen’s capability and commitment to providing access to high quality medicine to patients.

The recent conclusion of an agreement with Johnson & Johnson for an Aspen-branded COVID-19 vaccine, Aspenovax*, will enable Aspen to make a meaningful contribution to improving equitable COVID-19 vaccine access for Africa. This has been made possible by Johnson & Johnson’s unstinting support in enabling Aspen to pursue its vision for a COVID vaccine brand for Africa, the proven capabilities of our manufacturing team in Gqeberha and the strong encouragement of a number of influential African leaders.

The Group assesses its operational performance using CER and all segmental performance-related commentary is made with reference to the underlying CER trends. The table below compares performance from continuing operations to the prior comparable period at reported exchange rates and at CER. The strengthening of the ZAR (relative to the rates in the comparable prior period) against the majority of the other currencies in which Aspen trades has diluted all reported profit and earnings metrics.

	Six months ended 31 December 2021			
	Reported H1 2022 R'million	Reported H1 2021 R'million	Change at reported rates %	Change at CER %
Continuing operations				
Revenue	19 381	18 633	4	10
Normalised EBITDA ¹	5 716	5 192	10	15
NHEPS ² (cents)	816,4	676,2	21	26

The CER % change is based upon the performance for the six months ended 31 December 2020 restated using the average exchange rates for the six months ended 31 December 2021.

¹ Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group’s accounting policy.

² NHEPS is HEPS adjusted for specific non-trading items as defined in the Group’s accounting policy.

Group revenue for the six months ended 31 December 2021 grew 4% (+10% CER) to R19,4 billion with Commercial Pharmaceuticals remaining flat (+5% CER) and Manufacturing up 19% (+30% CER). Normalised EBITDA rose 10% (+15% CER) to R5,7 billion. This growth exceeded that of revenue due to an improved normalised EBITDA margin and the leverage provided by lower operating expenses. Normalised headline earnings per share (“NHEPS”) increased 21% (+26% CER) to R8,16, helped by reduced net financing costs.

* Aspen SA Operations has undertaken the required process to assess the acceptability of the Aspenovax name with the South African Health Products Regulatory Authority.

Net borrowings increased to R19,3 billion from R16,3 billion at 30 June 2021, driven primarily by deferred consideration payments relating to prior year business transactions, a dividend paid to shareholders and the weaker ZAR closing rate relative to 30 June 2021. Operating cash flow was in line with expectations and included increased inventory investment by Manufacturing in key input materials to mitigate future supply constraint risk arising from COVID-19 disruption to global supply chains and logistics.

On 1 March 2022, the Group successfully concluded an agreement with Acino Pharma AG for the sale of a portfolio of products in South Africa for a consideration of R1,8 billion, plus the cost of inventory, which consideration has been received.

SEGMENTAL PERFORMANCE (CONTINUING OPERATIONS AT CER)

Commercial Pharmaceuticals

Commercial Pharmaceuticals, comprising Aspen's Regional Brands and Sterile Focus Brands, grew 5% to R14,3 billion. Gross profit increased 6% to R8,3 billion supported by improved margins in both Regional and Sterile Focus Brands.

Regional Brands

Regional Brands revenue increased by 4% to R8,7 billion, with 18% growth from Australasia being the major contributor. Supply constraints severely impacted the performance of Aspen's major Regional Brand region, Africa Middle East.

Gross profit percentage was up for the period at 56,9% (H1 2021: 56,0%), driven by cost of goods savings and favourable product mix.

Sterile Focus Brands

Revenue from Sterile Focus Brands increased 5% to R5,5 billion led by strong growth in Asia (+11%). This growth was against the backdrop of the prior period benefitting from strong COVID-19-related sales.

A higher gross profit percentage of 61,0% (H1 2021: 60,1%) benefitted from a favourable Anaesthetic product mix and cost of goods savings partly offset by lower Thrombosis portfolio margins.

Manufacturing

Manufacturing revenue increased 30% to R5,1 billion with significant growth in finished dose form sales partly diluted by negative revenue growth in the Chemicals business (-11%). Manufacturing was particularly negatively impacted by the constraints imposed by COVID-19. Finished dose form sales were augmented by sales of the COVID-19 vaccine to Johnson & Johnson of R0,8 billion.

Gross profit increased by 16% but at a reduced gross margin percentage as a result of the dilutive effects of ongoing supply agreements related to recent disposal transactions at low/no margin. Excluding the disposal transaction related supply, gross margin improved in all segments despite the challenges arising from inefficiencies and incremental operating and supply chain costs as a result of the pandemic.

PROSPECTS

The results achieved in the six months to 31 December 2021 demonstrate the Group is well on track in achieving all of its medium-term performance targets, which were publicly disclosed in December 2020. The base business has proven the capability to deliver solid organic growth despite the challenges encountered due to the COVID-19 pandemic. The investment in sterile manufacturing capacity has started to deliver benefits to financial results with strong potential to be an influential growth driver as capacities created become more fully utilised over the next few years. Aspenovax represents an exciting upside opportunity in addition to the robust base business, driven by the imperative to address the COVID-19 vaccine deficit in Africa. Aspen's invaluable supply of medicines and vaccines used in combatting COVID-19 and our role in seeking more equitable access to medicines, has raised our global profile as a sterile manufacturer of the highest quality, attracting further interest in the Group as a supplier and creating potential partnering opportunities in commercialisation of sterile products, including vaccines. The strong balance sheet provides stability for capital allocation decisions including ongoing investments in the business and other potential strategic options that are value accretive.

In addition to the well documented challenges arising from the COVID-19 pandemic, headwinds in the second half of this financial year include the direct and indirect influence on the business in the forthcoming months of the Russian/Ukrainian conflict. Aspen has annual revenue of R1 billion in these countries, which is at risk while inflationary pressures are being accelerated by the consequences of the conflict. A strong recovery from Manufacturing is anticipated in the second half as this segment implements mitigation plans to address the pressures experienced in the first six months. Strong cyclical second half cash flows are expected to deliver an operating cash conversion rate above the Group target of 100% for the financial year.

Reported results will be influenced by the relative movements of the exchange rates of the main currencies in which the Group trades. We are targeting to deliver CER normalised headline earnings in the second half which are in line with the first half results, provided the current geopolitical conflicts do not have a material impact on our performance.

By order of the Board

K D Dlamini
Chairman

S B Saad
Group Chief Executive

Woodmead
9 March 2022

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December 2021 R'million	Unaudited 31 December 2020 R'million	Audited 30 June 2021 R'million
At six months ended 31 December 2021			
ASSETS			
Non-current assets			
Intangible assets	57 723	58 101	54 882
Property, plant and equipment	15 528	14 336	14 826
Right-of-use assets	385	487	400
Goodwill	4 943	4 923	4 621
Deferred tax assets	1 293	1 624	1 323
Contingent environmental indemnification assets	327	297	305
Other non-current assets	629	992	622
Total non-current assets	80 828	80 760	76 979
Current assets			
Inventories	15 403	14 302	13 409
Receivables and other current assets	12 751	19 174	10 688
Cash and cash equivalents	7 876	9 793	8 546
Total operating current assets	36 030	43 269	32 643
Assets classified as held-for-sale ¹	484	180	62
Total current assets	36 514	43 449	32 705
Total assets	117 342	124 209	109 684
SHAREHOLDERS' EQUITY			
Reserves	70 065	64 490	63 752
Share capital (net of treasury shares)	1 896	1 864	1 875
Total shareholders' equity	71 961	66 354	65 627
LIABILITIES			
Non-current liabilities			
Borrowings ²	19 912	29 259	266
Other non-current liabilities	3 546	4 419	3 732
Unfavourable and onerous contracts	294	670	463
Deferred tax liabilities	1 874	2 234	1 810
Contingent environmental indemnification liabilities	327	297	305
Retirement and other employee benefits	807	891	730
Total non-current liabilities	26 760	37 770	7 306
Current liabilities			
Borrowings ²	7 274	8 216	24 606
Trade and other payables	9 718	8 906	9 213
Other current liabilities	1 251	2 553	2 528
Unfavourable and onerous contracts	378	387	353
Total operating current liabilities	18 621	20 062	36 700
Liabilities classified as held-for-sale	–	23	51
Total current liabilities	18 621	20 085	36 751
Total liabilities	45 381	57 855	44 057
Total equity and liabilities	117 342	124 209	109 684

¹ On 18 October 2021 the Group announced via SENS the disposal of a product portfolio of six products to Acino Pharma AG, including related inventory. The required conditions precedent were fulfilled on 1 March 2022.

² Current borrowings includes bank overdrafts. Certain of the Groups debt facilities' maturity dates were extended from 1 July 2022 to 1 July 2023. Refer to Note 35 of the 30 June 2021 Annual Financial Statements that can be found on the Group's website <https://www.aspenpharma.com/investor-information/>.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note ¹	Change %	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
CONTINUING OPERATIONS					
Revenue		4	19 381	18 633	37 766
Cost of sales			(9 986)	(9 447)	(19 977)
Gross profit		2	9 395	9 186	17 789
Selling and distribution expenses			(2 769)	(2 897)	(5 784)
Administrative expenses			(1 518)	(1 708)	(3 340)
Other operating income			309	129	1 067
Other operating expenses			(859)	(1 190)	(2 660)
Operating profit	C	29	4 558	3 520	7 072
Investment income	D		60	54	140
Financing costs	E		(424)	(751)	(1 223)
Profit before tax		49	4 194	2 823	5 989
Tax			(834)	(546)	(1 191)
Profit for the period/year from continuing operations		48	3 360	2 277	4 798
DISCONTINUED OPERATIONS					
Profit from discontinued operations	G		–	272	8
Profit for the period/year		32	3 360	2 549	4 806
OTHER COMPREHENSIVE INCOME, NET OF TAX²					
Currency translation gains/(losses)	F		4 133	(5 393)	(8 370)
Net gains/(losses) from cash flow hedging in respect of business acquisitions			15	13	(53)
Remeasurement of retirement and other employee benefits			–	–	37
Total comprehensive income/(loss)			7 508	(2 831)	(3 580)
Weighted average number of shares in issue ('million)			456,5	456,5	456,5
Diluted weighted average number of shares in issue ('million)			456,5	456,5	456,5
EARNINGS PER SHARE					
Basic and diluted earnings per share (cents)					
From continuing operations		48	736,2	498,8	1 051,1
From discontinued operations			–	59,6	1,8
		32	736,2	558,4	1 052,9

¹ Refer to notes in Supplementary Information.

² The annual remeasurement of retirement and other employee benefits will not be reclassified to profit and loss. All other items in other comprehensive income may be reclassified to profit and loss.

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital (net of treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non- controlling interests R'million	Total R'million
BALANCE AT 1 JULY 2020	1 902	67 313	69 215	2	69 217
Total comprehensive income	–	(2 831)	(2 831)	–	(2 831)
Profit for the period	–	2 549	2 549	–	2 549
Other comprehensive loss	–	(5 380)	(5 380)	–	(5 380)
Treasury shares purchased	(50)	–	(50)	–	(50)
Deferred incentive bonus shares exercised	12	(12)	–	–	–
Share-based payment expenses	–	18	18	–	18
Acquisition of non-controlling interest	–	2	2	(2)	–
BALANCE AT 31 DECEMBER 2020	1 864	64 490	66 354	–	66 354
BALANCE AT 1 JULY 2021	1 875	63 752	65 627	–	65 627
Total comprehensive income	–	7 508	7 508	–	7 508
Profit for the period	–	3 360	3 360	–	3 360
Other comprehensive income	–	4 148	4 148	–	4 148
Dividend paid	–	(1 195)	(1 195)	–	(1 195)
Deferred incentive bonus shares exercised	21	(21)	–	–	–
Share-based payment expenses	–	21	21	–	21
BALANCE AT 31 DECEMBER 2021	1 896	70 065	71 961	–	71 961

DISTRIBUTION TO SHAREHOLDERS

The dividend paid relates to the dividend of 262 cents per share declared on 23 September 2021 and paid on 27 September 2021. No dividend was paid or declared during the prior period.

GROUP STATEMENT OF CASH FLOWS

	Notes ¹	Change %	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash operating profit	A		5 263	4 823	8 874
Changes in working capital			(2 301)	(1 411)	648
Cash generated from operations			2 962	3 412	9 522
Financing costs paid			(350)	(719)	(1 207)
Investment income received			60	54	140
Tax paid			(911)	(1 007)	(1 630)
Cash generated from operating activities			1 761	1 740	6 825
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditure – property, plant and equipment	B		(726)	(999)	(2 045)
Proceeds received from disposal of property, plant and equipment			26	3	38
Capital expenditure – intangible assets	B		(404)	(1 010)	(1 386)
Proceeds received from disposal of intangible assets			214	234	375
Proceeds received from prior year disposal of Asia Pacific non-core pharmaceutical portfolio			–	762	740
Net proceeds received from disposal of Japanese business			–	–	309
Net proceeds received from disposal of European Thrombosis assets	H		137	5 302	12 351
Proceeds received from disposal of other non-current assets			47	5	13
Payment of deferred, fixed and contingent consideration relating to prior years' business transactions	I		(1 854)	(204)	(563)
Acquisition of subsidiary			–	(69)	(69)
Other investing activities cash inflows/(outflows)			2	(1)	–
Cash (utilised in)/generated from investing activities			(2 558)	4 023	9 763
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings			4 966	8 634	14 668
Repayment of borrowings			(3 733)	(12 822)	(30 077)
Repayment of lease liabilities			(80)	(95)	(189)
Purchase of treasury shares			–	(50)	(50)
Dividend paid			(1 195)	–	–
Cash utilised in financing activities			(42)	(4 333)	(15 648)
Movement in cash and cash equivalents before currency translation movements			(839)	1 430	940
Currency translation movements			370	(415)	(602)
Movement in cash and cash equivalents			(469)	1 015	338
Cash and cash equivalents at the beginning of the year			5 955	5 617	5 617
Cash and cash equivalents at the end of the period/year			5 486	6 632	5 955
Operating cash flow per share (cents)					
From continuing operations		26	385,8	305,7	1 499,7
From discontinued operations			–	75,5	(4,4)
		1	385,8	381,2	1 495,3
DISCONTINUED OPERATIONS INCLUDED IN THE ABOVE:					
Cash generated/(utilised in) operating activities			–	345	(20)
Cash generated from investing activities			137	6 270	13 579
			137	6 615	13 559
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents per the statement of financial position			7 876	9 793	8 546
Less: Bank overdrafts			(2 390)	(3 161)	(2 591)
			5 486	6 632	5 955

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-on-hand plus deposits held on call with banks less bank overdrafts.

¹ Refer to notes in Supplementary Information.

GROUP SUPPLEMENTARY INFORMATION
GROUP STATEMENT OF HEADLINE EARNINGS

	Change %	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
HEADLINE EARNINGS				
Reconciliation of headline earnings				
Profit attributable to equity holders of the parent	32	3 360	2 549	4 806
<i>Adjusted for</i>				
Continuing operations				
– Net (reversal)/impairment of property, plant and equipment (net of tax)		(5)	1	(139)
– Net impairment of intangible assets (net of tax)		353	287	843
– Impairment of goodwill (net of tax)		8	65	127
– Profit on the sale of tangible and intangible assets (net of tax)		(127)	(24)	(132)
– Insurance compensation on assets (net of tax) ¹		(42)	–	–
Discontinued operations				
– Profit on sale of discontinued operations (net of tax)		–	(294)	(397)
	37	3 547	2 584	5 108
Headline earnings				
From continuing operations	36	3 547	2 606	5 497
From discontinued operations		–	(22)	(389)
	37	3 547	2 584	5 108
HEADLINE EARNINGS PER SHARE				
Headline earnings and diluted headline earnings per share (cents)				
From continuing operations	36	777,2	571,0	1 204,3
From discontinued operations		–	(4,8)	(85,2)
	37	777,2	566,2	1 119,1
NORMALISED HEADLINE EARNINGS				
Reconciliation of normalised headline earnings				
Headline earnings	37	3 547	2 584	5 108
<i>Adjusted for</i>				
Continuing operations				
– Restructuring costs (net of tax)		41	245	291
– Transaction costs (net of tax)		154	171	225
– Foreign exchange (gains)/losses on acquisitions (net of tax)		(3)	5	(76)
– Product litigation costs (net of tax)		4	59	41
– Reversal of deferred consideration no longer payable (net of tax)		(15)	–	–
Discontinued operations				
– Restructuring costs (net of tax)		–	111	154
– Transaction costs (net of tax)		–	14	171
	17	3 728	3 189	5 914
Normalised headline earnings				
From continuing operations	21	3 728	3 086	5 978
From discontinued operations		–	103	(64)
	17	3 728	3 189	5 914
NORMALISED HEADLINE EARNINGS PER SHARE				
Normalised headline and diluted headline earnings per share (cents)				
From continuing operations	21	816,4	676,2	1 309,7
From discontinued operations		–	22,4	(14,0)
	17	816,4	698,6	1 295,7

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

GROUP SUPPLEMENTARY INFORMATION continued

GROUP SEGMENTAL ANALYSIS

	Unaudited six months ended 31 December 2021				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	5 534	8 727	14 261	5 120	19 381
Cost of sales	(2 158)	(3 758)	(5 916)	(4 070)	(9 986)
Gross profit	3 376	4 969	8 345	1 050	9 395
Selling and distribution expenses					(2 769)
Contribution profit					6 626
Administrative expenses					(1 518)
Net other operating income					26
Depreciation					582
Normalised EBITDA¹					5 716
<i>Adjusted for</i>					
Depreciation					(582)
Amortisation					(270)
Profit on sale of assets					175
Net impairment of assets					(355)
Insurance compensation on assets					43
Restructuring costs					(57)
Transaction costs					(123)
Reversal of deferred consideration no longer payable					15
Product litigation costs					(4)
Operating profit					4 558
Gross profit (%)	61,0	56,9	58,5	20,5	48,5
Selling and distribution expenses (%)					14,3
Contribution profit (%)					34,2
Administrative expenses (%)					7,8
Normalised EBITDA (%)					29,5

	Unaudited six months ended 31 December 2020				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	5 555	8 776	14 331	4 302	18 633
Cost of sales	(2 278)	(3 876)	(6 154)	(3 293)	(9 447)
Gross profit	3 277	4 900	8 177	1 009	9 186
Selling and distribution expenses					(2 897)
Contribution profit					6 289
Administrative expenses					(1 708)
Net other operating income					100
Depreciation					511
Normalised EBITDA¹					5 192
<i>Adjusted for:</i>					
Depreciation					(511)
Amortisation					(323)
Profit on sale of assets					24
Net impairment of assets					(356)
Restructuring costs					(290)
Transaction costs					(148)
Product litigation costs					(68)
Operating profit					3 520
Gross profit (%)	59,0	55,8	57,1	23,5	49,3
Selling and distribution expenses (%)					15,5
Contribution profit (%)					33,8
Administrative expenses (%)					9,2
Normalised EBITDA (%)					27,9

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

GROUP SUPPLEMENTARY INFORMATION continued

GROUP SEGMENTAL ANALYSIS continued

	Change				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharmaceuticals %	Manufacturing %	Total %
Revenue	(0)	(1)	(0)	19	4
Cost of sales	(5)	(3)	(4)	24	6
Gross profit	3	1	2	(4)	2
Selling and distribution expenses					(4)
Contribution profit					5
Administrative expenses					(11)
Net other operating income					(74)
Depreciation					14
Normalised EBITDA ¹					10

Audited 12 months ended 30 June 2021

	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	10 691	17 183	27 874	9 892	37 766
Cost of sales	(4 384)	(7 853)	(12 237)	(7 740)	(19 977)
Gross profit	6 307	9 330	15 637	2 152	17 789
Selling and distribution expenses					(5 784)
Contribution profit					12 005
Administrative expenses					(3 340)
Net other operating income					237
Depreciation					1 043
Normalised EBITDA¹					9 945
<i>Adjusted for</i>					
Depreciation					(1 043)
Amortisation					(594)
Profit on sale of assets					165
Net impairment of assets					(763)
Restructuring costs					(396)
Transaction costs					(201)
Product litigation costs					(41)
Operating profit					7 072
Gross profit (%)	59,0	54,3	56,1	21,8	47,1
Selling and distribution expenses (%)					15,3
Contribution profit (%)					31,8
Administrative expenses (%)					8,8
Normalised EBITDA (%)					26,3

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

GROUP SUPPLEMENTARY INFORMATION continued

GROUP REVENUE SEGMENTAL ANALYSIS

	Unaudited six months ended 31 December 2021 R'million	Unaudited restated ¹ six months ended 31 December 2020 R'million	Change %	Audited restated ¹ 12 months ended 30 June 2021 R'million
COMMERCIAL PHARMACEUTICALS BY CUSTOMER				
GEOGRAPHY	14 261	14 331	(0)	27 874
Africa Middle East	4 203	4 327	(3)	8 692
Asia	2 725	2 598	5	5 117
Australasia	2 656	2 479	7	4 867
Europe CIS	2 598	2 862	(9)	5 192
Americas	2 079	2 065	1	4 006
MANUFACTURING REVENUE BY GEOGRAPHY OF MANUFACTURER				
Manufacturing revenue – finished dose form	2 476	1 051	>100	3 495
Europe CIS	1 251	551	>100	2 248
Africa Middle East	927	226	>100	693
Australasia	298	274	9	554
Manufacturing revenue – active pharmaceutical ingredients (Chemicals)	2 206	2 708	(19)	5 154
Europe CIS	2 028	2 530	(20)	4 817
Africa Middle East	120	136	(12)	260
Asia	58	42	38	77
Manufacturing revenue – active pharmaceutical ingredients (Biochem)	438	543	(19)	1 243
Europe CIS	438	543	(19)	1 243
Total Manufacturing revenue	5 120	4 302	19	9 892
TOTAL REVENUE	19 381	18 633	4	37 766
SUMMARY OF REGIONS				
Europe CIS	6 315	6 486	(3)	13 500
Africa Middle East	5 250	4 689	12	9 645
Australasia	2 954	2 753	7	5 421
Asia	2 783	2 640	5	5 194
Americas	2 079	2 065	1	4 006
TOTAL REVENUE	19 381	18 633	4	37 766

¹ Refer to Basis of Accounting for restatement as a result of segmental classifications.

GROUP SUPPLEMENTARY INFORMATION continued
COMMERCIAL PHARMACEUTICALS THERAPEUTIC AREA ANALYSIS

Unaudited six months ended 31 December 2021

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	242	3 961	4 203
Asia	2 426	299	2 725
Australasia	353	2 303	2 656
Europe CIS	1 795	803	2 598
Americas	718	1 361	2 079
Total Commercial Pharmaceuticals	5 534	8 727	14 261

Unaudited restated¹ six months ended 31 December 2020

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	268	4 059	4 327
Asia	2 262	336	2 598
Australasia	397	2 082	2 479
Europe CIS	1 892	970	2 862
Americas	736	1 329	2 065
Total Commercial Pharmaceuticals	5 555	8 776	14 331

Change

	Sterile Focus Brands %	Regional Brands %	Total %
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	(10)	(2)	(3)
Asia	7	(11)	5
Australasia	(11)	11	7
Europe CIS	(5)	(17)	(9)
Americas	(2)	2	1
Total Commercial Pharmaceuticals	(0)	(1)	(0)

Audited restated¹ 12 months ended 30 June 2021

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	535	8 157	8 692
Asia	4 491	626	5 117
Australasia	754	4 113	4 867
Europe CIS	3 518	1 674	5 192
Americas	1 393	2 613	4 006
Total Commercial Pharmaceuticals	10 691	17 183	27 874

¹ Refer to Basis of Accounting for restatement as a result of segmental classifications.

GROUP SUPPLEMENTARY INFORMATION continued

NOTES

	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
A. CASH OPERATING PROFIT			
Operating profit – continuing operations	4 558	3 520	7 072
Operating profit – discontinued operations	–	(68)	(434)
Total operating profit	4 558	3 452	6 638
Non-cash items	705	1 371	2 236
	5 263	4 823	8 874
B. CAPITAL EXPENDITURE			
Incurred	1 130	2 009	3 431
– Property, plant and equipment	726	999	2 045
– Intangible assets	404	1 010	1 386
Contracted	1 269	1 346	862
– Property, plant and equipment	994	984	571
– Intangible assets	275	362	291
Authorised but not contracted for	1 605	1 759	1 621
– Property, plant and equipment	1 381	1 340	1 127
– Intangible assets	224	419	494
C. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING)			
Continuing operations			
Depreciation of property, plant and equipment and right-of-use assets	582	511	1 043
Amortisation of intangible assets	270	323	594
Net impairment of tangible and intangible assets	355	356	763
– Impairment of tangible assets	2	2	134
– Impairment reversal of tangible assets	(9)	–	(353)
– Impairment of intangible assets	354	286	1 264
– Impairment reversal of intangible assets	–	–	(413)
– Impairment of goodwill	8	68	131
Profit on the sale of tangible and intangible assets	(175)	(24)	(165)
Transaction costs	123	148	201
Restructuring costs	57	290	396
Product litigation costs	4	68	41
Reversal of deferred consideration no longer payable	(15)	–	–
Insurance compensation of assets	(43)	–	–
D. INVESTMENT INCOME			
Interest received	60	54	140
E. FINANCING COSTS			
Interest paid	(351)	(514)	(994)
Debt raising fees on acquisitions	(33)	(25)	(47)
Net gains/(losses) on financial instruments	50	(104)	(49)
– Foreign exchange gains/(losses)	34	(154)	(147)
– Fair value gains on financial instruments	16	50	98
Notional interest on financial instruments	(93)	(103)	(211)
Foreign exchange gains/(losses) on acquisitions	3	(5)	78
	(424)	(751)	(1 223)

NOTES

	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
F. CURRENCY TRANSLATION GAINS/(LOSSES)			
Currency translation gains/(losses) 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 period the weaker closing Rand translation rate has increased the Group net asset value.	4 133	(5 393)	(8 370)
Average rates			
EUR – Euro	17,441	19,187	18,362
AUD – Australian Dollar	10,990	11,748	11,484
USD – US Dollar	15,028	16,258	15,408
CNY – Chinese Yuan Renminbi	2,337	2,400	2,324
MXN – Mexican Peso	0,746	0,758	0,740
BRL – Brazilian Real	2,795	2,972	2,838
GBP – British Pound	20,477	21,223	20,707
CAD – Canadian Dollar	11,925	12,332	11,998
RUB – Russian Ruble	0,206	0,217	0,207
Closing rates			
EUR – Euro	18,143	17,912	16,959
AUD – Australian Dollar	11,591	11,291	10,725
USD – US Dollar	15,948	14,649	14,310
CNY – Chinese Yuan Renminbi	2,509	2,244	2,216
MXN – Mexican Peso	0,777	0,735	0,722
BRL – Brazilian Real	2,858	2,819	2,861
GBP – British Pound	21,587	20,014	19,757
CAD – Canadian Dollar	12,601	11,485	11,536
RUB – Russian Ruble	0,213	0,198	0,195

G. PRIOR YEAR DISCONTINUED OPERATIONS

In September 2020 the Group concluded an agreement (subject to conditions precedent which were fulfilled in November 2020) to divest the assets related to the commercialisation of Aspen's Thrombosis products in Europe to Mylan Ireland Limited ("Mylan") for a purchase consideration of EUR 666 million (R12 775 million) inclusive of inventory. The results of the European Thrombosis Business including related products that were not disposed to Mylan have been classified as discontinued operations in terms of IFRS 5 and have been reported separately in the discontinued operations statement of comprehensive income. Please refer to Note F on Page 15 of the Unaudited Interim Financial Results for the six months ended 31 December 2020 and Note 24 on Page 83 of the 30 June 2021 Annual Financial Statements for the discontinued operations statement of comprehensive income. The Unaudited interim financial results for the six months ended 31 December 2020 and the 30 June 2021 Annual Financial Statements can be found on the Group's website <https://www.aspenpharma.com/investor-information/>.

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

H. PROCEEDS RECEIVED FROM SALE OF DISCONTINUED OPERATIONS

	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
Net proceeds received from disposal of European Thrombosis assets	137	5 302	12 351

Please refer to Note G on Page 19 of the 30 June 2021 Annual Financial Statements for the proceeds received from sale of discontinued operations. The Unaudited Interim Financial Results for the six months ended 31 December 2020 and the 30 June 2021 Annual Financial Statements can be found on the Group's website <https://www.aspenpharma.com/investor-information/>.

I. PAYMENT OF DEFERRED, FIXED AND CONTINGENT CONSIDERATION RELATING TO PRIOR YEARS' BUSINESS TRANSACTIONS

	Unaudited six months ended 31 December 2021 R'million	Unaudited six months ended 31 December 2020 R'million	Audited year ended 30 June 2021 R'million
Conditional transaction — related China set up costs fully settled	(330)	–	–
Disposal of European Thrombosis assets — volume incentive payments and other transaction costs	(472)	–	(78)
Disposal of Japanese business — supply price rebate payments	(104)	(61)	(214)
Performance warranty payment – Nutritionals business ¹	(859)	–	–
Other	(89)	(143)	(271)
	(1 854)	204	(563)
Future amounts payable for deferred, fixed and contingent consideration relating to prior year business transactions			
European Thrombosis Assets	425		
Non-current	46		
Current	379		
Japanese business	487		
Non-current	274		
Current	213		
Other	180		
Non-current	128		
Current	52		
	1 092		
Future amounts receivable for deferred, fixed and contingent consideration relating to prior year business transactions			
Japanese business	564		
Non-current	211		
Current	353		

¹ In terms of the disposal of the Nutritionals business agreement, a performance warranty claim provision (relating to the expected performance of the Asia portfolio) of NZD71 million was included in current liabilities at 30 June 2021, being management's latest view of the value of the potential claim. Refer to note 16 of the 30 June 2021 Annual Financial for further details. Subsequently Lactalis claimed the maximum contractual performance warranty value of NZD84 million, which was paid in August 2021 subject to the parties reaching a final settlement value. The difference of NZD13 million is included in current assets at 31 December 2021 being the estimated value recoverable from Lactalis. The parties concluded a final settlement value of NZD70,5 million in February 2022 and NZD13,5 million will be repaid by Lactalis to Aspen.

GROUP SUPPLEMENTARY INFORMATION continued**NOTES** continued**J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA**

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 constant exchange rate report 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* information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA and the accounting policies of the Group as at 31 December 2021. The illustrative constant exchange rate report on selected financial data has not been reviewed or audited by the Group auditors.

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

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

	December 2021 average rates	December 2020 average rates	June 2021 average rates
EUR – Euro	17,441	19,187	18,362
AUD – Australian Dollar	10,990	11,748	11,484
USD – US Dollar	15,028	16,258	15,408
CNY – Chinese Yuan Renminbi	2,337	2,400	2,324
MXN – Mexican Peso	0,746	0,758	0,740
BRL – Brazilian Real	2,795	2,972	2,838
GBP – British Pound	20,477	21,223	20,707
CAD – Canadian Dollar	11,925	12,332	11,998
RUB – Russian Ruble	0,206	0,217	0,207

Revenue, other income, cost of sales and expenses

For purposes of the constant exchange rate report the restated prior period's source currency revenue, other income, cost of sales and expenses have been restated 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 is restated 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 restated profit before tax.

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

	Unaudited December 2021 (at December 2021 average rates) R'million	Unaudited December 2020 (at December 2020 average rates) R'million	Change at reported exchange rates %	Recalculated illustrative constant exchange rates December 2020 (at December 2021 average rates) R'million	Change at constant exchange rates %	Recalculated illustrative constant exchange rates June 2021 (at December 2021 average rates) R'million
Key constant exchange rate indicators						
Continuing operations						
Revenue	19 381	18 633	4	17 581	10	36 748
Gross profit	9 395	9 186	2	8 756	7	17 409
Normalised EBITDA ¹	5 716	5 192	10	4 958	15	9 728
Operating profit	4 558	3 520	29	3 382	35	6 945
Normalised headline earnings	3 728	3 086	21	2 967	26	5 817
<i>Basic and diluted earnings per share (cents)</i>	736,2	498,8	48	483,6	52	1 025,8
<i>Headline and diluted headline earnings per share (cents)</i>	777,2	571,0	36	549,1	42	1 171,2
<i>Normalised headline and diluted headline earnings per share (cents)</i>	816,4	676,2	21	650,2	26	1 274,5

	Unaudited December 2021 (at December 2021 average rates) %	Unaudited December 2020 (at December 2021 average rates) %	Audited June 2021 (at December 2021 average rates) %
Revenue currency mix			
EUR – Euro	29	27	29
ZAR – South African Rand	17	18	18
AUD – Australian Dollar	14	14	13
CNY – Chinese Yuan Renminbi	10	10	10
USD – US Dollar	7	8	7
MXN – Mexican Peso	3	4	3
BRL – Brazilian Real	3	3	3
GBP – British Pound	2	1	2
CAD – Canadian Dollar	2	2	2
RUB – Russian Ruble	2	2	2
Other currencies	11	11	11
Total	100	100	100

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

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

Group segmental analysis

Unaudited six months ended 31 December 2021 (at December 2021 average rates)					
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	5 534	8 727	14 261	5 120	19 381
Cost of sales	(2 158)	(3 758)	(5 916)	(4 070)	(9 986)
Gross profit	3 376	4 969	8 345	1 050	9 395
Selling and distribution expenses					(2 769)
Contribution profit					6 626
Administrative expenses					(1 518)
Net other operating income					26
Depreciation					582
Normalised EBITDA¹					5 716
<i>Adjusted for</i>					
Depreciation					(582)
Amortisation					(270)
Profit on sale of assets					175
Net impairment of assets					(355)
Insurance compensation on assets					43
Restructuring costs					(57)
Transaction costs					(123)
Reversal of deferred consideration no longer payable					15
Product litigation costs					(4)
Operating profit					4 558
Gross profit (%)	61,0	56,9	58,5	20,5	48,5
Selling and distribution expenses (%)					14,3
Contribution profit (%)					34,2
Administrative expenses (%)					7,8
Normalised EBITDA (%)					29,5

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

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

Group segmental analysis continued

**Recalculated illustrative constant exchange rate 31 December 2020
(at December 2021 average rates)**

	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	5 250	8 394	13 644	3 937	17 581
Cost of sales	(2 096)	(3 694)	(5 790)	(3 035)	(8 825)
Gross profit	3 154	4 700	7 854	902	8 756
Selling and distribution expenses					(2 754)
Contribution profit					6 002
Administrative expenses					(1 620)
Net other operating income					92
Depreciation					484
Normalised EBITDA¹					4 958
<i>Adjusted for</i>					
Depreciation					(484)
Amortisation					(304)
Profit on sale of assets					22
Net impairment of assets					(323)
Restructuring costs					(286)
Transaction costs					(136)
Product litigation costs					(65)
Operating profit					3 382
Gross profit (%)					
Selling and distribution expenses (%)	60,1	56,0	57,6	22,9	49,8
Contribution profit (%)					15,7
Administrative expenses (%)					34,1
Normalised EBITDA (%)					9,2
					28,2

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

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

Group segmental analysis continued

	Change				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharmaceuticals %	Manufacturing %	Total %
Revenue	5	4	5	30	10
Cost of sales	3	2	2	34	13
Gross profit	7	6	6	16	7
Selling and distribution expenses					1
Contribution profit					10
Administrative expenses					(6)
Net other operating income					(72)
Depreciation					20
Normalised EBITDA ¹					15

**Recalculated illustrative constant exchange rate 30 June 2021
(at December 2021 average rates)**

	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	10 482	16 831	27 313	9 435	36 748
Cost of sales	(4 222)	(7 672)	(11 894)	(7 445)	(19 339)
Gross profit	6 260	9 159	15 419	1 990	17 409
Selling and distribution expenses					(5 661)
Contribution profit					11 748
Administrative expenses					(3 263)
Net other operating income					228
Depreciation					1 015
Normalised EBITDA¹					9 728
<i>Adjusted for</i>					
Depreciation					(1 015)
Amortisation					(577)
Profit on sale of assets					164
Net impairment of assets					(730)
Restructuring costs					(391)
Transaction costs					(195)
Product litigation costs					(39)
Operating profit					6 945
Gross profit (%)	59,7	54,4	56,5	21,1	47,4
Selling and distribution expenses (%)					15,4
Contribution profit (%)					32,0
Administrative expenses (%)					8,9
Normalised EBITDA (%)					26,5

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

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

J. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

Group revenue segmental analysis

	Unaudited six months ended December 2021 (at December 2021 average rates) R'million	Recalculated illustrative constant exchange rate December 2020 (at December 2021 average rates) R'million	Change %	Recalculated illustrative constant exchange rate June 2021 (at December 2021 average rates) R'million
COMMERCIAL PHARMACEUTICALS BY CUSTOMER GEOGRAPHY				
	14 261	13 644	5	27 313
Africa Middle East	4 203	4 226	(1)	8 607
Asia	2 725	2 491	9	5 092
Australasia	2 656	2 323	14	4 668
Europe CIS	2 598	2 639	(2)	4 998
Americas	2 079	1 965	6	3 948
MANUFACTURING REVENUE BY GEOGRAPHY OF MANUFACTURE				
Manufacturing revenue – finished dose form	2 476	978	>100	3 340
Europe CIS	1 251	505	>100	2 137
Africa Middle East	927	256	>100	530
Australasia	298	217	37	673
Manufacturing revenue – active pharmaceutical ingredients (Chemicals)	2 206	2 465	(11)	4 914
Europe CIS	2 028	2 298	(12)	4 584
Africa Middle East	120	128	(6)	255
Asia	58	39	49	75
Manufacturing revenue – active pharmaceutical ingredients (Biochem)	438	494	(11)	1 181
Europe CIS	438	494	(11)	1 181
Total manufacturing revenue	5 120	3 937	30	9 435
TOTAL REVENUE	19 381	17 581	10	36 748
SUMMARY OF REGIONS				
Europe CIS	6 315	5 936	6	12 900
Africa Middle East	5 250	4 571	15	9 535
Australasia	2 954	2 579	15	5 198
Asia	2 783	2 530	10	5 167
Americas	2 079	1 965	6	3 948
TOTAL REVENUE	19 381	17 581	10	36 748

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

K. ILLUSTRATIVE CONSTANT EXCHANGE RATE REPORT ON SELECTED FINANCIAL DATA continued

Commercial Pharmaceuticals therapeutic area analysis

Unaudited six months ended December 2021
(at December 2021 average rates)

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	242	3 961	4 203
Asia	2 426	299	2 725
Australasia	353	2 303	2 656
Europe CIS	1 795	803	2 598
Americas	718	1 361	2 079
Total Commercial Pharmaceuticals	5 534	8 727	14 261

Recalculated illustrative constant exchange
rate December 2020 (at December 2021
average rates)

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	251	3 975	4 226
Asia	2 178	313	2 491
Australasia	372	1 951	2 323
Europe CIS	1 746	893	2 639
Americas	703	1 262	1 965
Total Commercial Pharmaceuticals	5 250	8 394	13 644

Change

	Sterile Focus Brands %	Regional Brands %	Total %
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	(4)	(0)	(1)
Asia	11	(4)	9
Australasia	(5)	18	14
Europe CIS	3	(10)	(2)
Americas	2	8	6
Total Commercial Pharmaceuticals	5	4	5

Recalculated illustrative constant exchange
rate June 2021
(at December 2021 average rates)

	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
BY CUSTOMER GEOGRAPHY			
Commercial Pharmaceuticals			
Africa Middle East	516	8 091	8 607
Asia	4 480	612	5 092
Australasia	724	3 944	4 668
Europe CIS	3 391	1 607	4 998
Americas	1 371	2 577	3 948
Total Commercial Pharmaceuticals	10 482	16 831	27 313

GROUP SUPPLEMENTARY INFORMATION continued

NOTES continued

L. BASIS OF ACCOUNTING

The Unaudited Interim Financial Results for the six months ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the JSE Listings Requirements of the JSE Limited, South African Companies Act, 2008 (as amended) and the presentation and disclosure requirements of IAS 34 – *Interim Reporting*. The accounting policies applied in the preparation of the unaudited interim financial results are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 30 June 2021 except for changes to the segmental analysis.

These interim Group financial results have been prepared under the supervision of the Group Chief Financial Officer, SM Capazorio CA(SA) and approved by the Board of Directors.

Restatement of the Group segmental analysis

The Group has revised its reportable segments to reflect the newly updated operating model which aligns to the way in which the business is managed and reported on by the Chief Operating Decision Maker (“CODM”).

The business segments which make up the Pharmaceutical segment have been revised as follows:

- Commercial responsibility for Israel has been moved to Africa Middle East from Europe CIS and consequently the prior period numbers (December 2020: R63 million and June 2021: R122 million) have been restated to reflect this segmental change.

COVID-19

The Group’s financial performance has not been materially impacted by COVID-19 and no asset impairments have arisen as a consequence of COVID-19.

DIRECTORS

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