Healthcare. We Care.

aspen HOLDINGS

Integrated Report 2020

Aspen 2020

Contents

www.aspenpharma.com

Aspen Pharmacare Holdings Limited (the Group, the Company or Aspen) is a global specialty and branded pharmaceutical company listed on the Johannesburg Stock Exchange ("JSE").

The Integrated Report is our primary report to our stakeholders. This report reviews Aspen's strategy and business model, risks and opportunities, as well as its operational and governance performance, for the financial year ended 30 June 2020.

Navigation

For easy navigation and cross-referencing, we use the following icons throughout this Integrated Report.

Strategic objectives

- To deliver a differentiated portfolio of high quality and affordable medicines to improve the health and quality of life of patients
- To optimise the strategic advantage of our integrated value chain
- To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence
- To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way
- To create sustainable economic value for all of our stakeholders

Six capitals

- Intellectual
- Manufactured
- Human
- Social & Relationship
- Natural
- Financial

Key stakeholder groups

- Communities in which we operate
- Employees and collective labour organisations
- Governments, competition authorities and pharmaceutical regulatory bodies
- Investors and funders
- Patients, healthcare professionals and customers
- Suppliers, service providers, consultants and business partners

Other navigation icons

- Further information is available online at www.aspenpharma.com
- Directs you to related information in this report

Our purpose

Our purpose is to enhance the quality of life of all people by manufacturing and supplying high quality, affordable medicines.

The COVID-19 global crisis has required a collaborative response to the unprecedented health, social and economic impacts. At the centre of this response have been the many frontline healthcare professionals dealing with the pandemic as well as researchers who are committed to finding the best medical solution for coronavirus.

Our purpose has never been more relevant than in the face of this pandemic. We have quickly mobilised to stand behind healthcare professionals and researchers in order to support their global efforts to treat patients infected with the virus.

We have actively focused on applying best practices and have realigned our business to respond appropriately in the fight for the prevention and containment of COVID-19. Various approaches have been adopted including:

Adapting our global supply chains to be responsive to the changing demand for our products that are essential to the global efforts to treat critically ill patients who are infected with the virus

Refer to page 14.

Prioritising the health and safety of our employees who have continued to produce essential medicines in our manufacturing facilities while also implementing work-from-home protocols where possible

Refer to page 24.

Advancing our digital transformation and adapting our ways of working to remain connected with our employees, healthcare professionals, our customers, our suppliers and health authorities

Refer to page 44.

Sharing our expertise and resources to support public health responses in communities

Refer to page 74.

Our overarching imperatives have been to protect our employees from becoming infected with the virus and supporting global efforts to treat patients.

We have continued to demonstrate this action through our credo of Healthcare. We Care.

Our approach to reporting

Report boundary and scope

This report covers the activities of the Aspen Group and all our operating subsidiaries. Financial and non-financial data from our subsidiaries are fully consolidated. In assessing the issues that materially impact value creation, we have looked beyond the financial reporting boundary to provide for the material interests of relevant stakeholders, and to address the significant risks, opportunities and impacts associated with our activities over the short-term (less than 12 months), medium-term (one to three years) and long-term (beyond three years).

Reporting frameworks

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards ("IFRS"), the International Integrated Reporting <IR> Council's ("IIRC") Framework, the King Code on Corporate Governance 2016™ ("King IV"), the JSE Listing Requirements, the South African Companies Act, No. 71 of 2008 (as amended) ("the Companies Act") and the Global Reporting Initiatives ("GRI's") Sustainability Reporting Standards. This report includes the Summarised Group Annual Financial Statements and Financial Information.

Supplementary documents

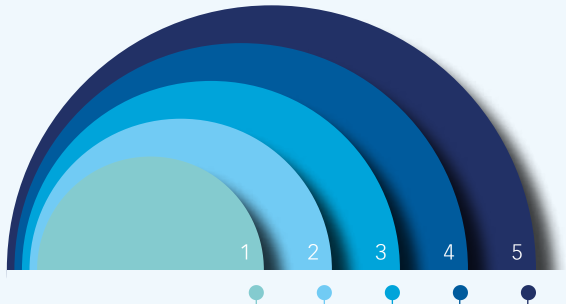
Accompanying this Integrated Report are, among others, the following supplementary documents:

- the Annual Financial Statements, which are the Group's and the Company's audited statutory accounts;
- the Unabridged Corporate Governance Report and reports of the Audit & Risk Committee and Social & Ethics Committee; and
- the Sustainability Data Supplement, which provides additional data aligned to sustainability objectives.

The Integrated Report and Supplementary Documents are available online under Investor Relations.
www.aspenpharma.com

Materiality

This report provides information on all those matters that we believe could have a significant influence on our ability to create and sustain value over the short-, medium- and long-term. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing:



- The needs of our stakeholders through constructive engagement with them (page 26);
- Our external operating context (page 28);
- Key business risks (page 32);
- The value exchange and/or opportunity costs of applying our available capitals and responsible management of these (pages 76 to 106); and
- Our responsibility to provide relevant and transparent reporting.

Our approach to managing these material matters is reflected in our sustainable business strategy and is appropriately aligned with our approach to managing risks. In determining disclosure, we have applied our judgement to ensure that we do not disclose information that could place us at a disadvantage.

Reporting notes

The following aspects are highlighted with regards to financial information included in the Integrated Report:

- The Group disposed of its Japanese business and its public sector anti-retroviral ("ARV") portfolio in South Africa during the year and completed the disposals of the Nutritionals business and a non-core pharmaceutical portfolio in the Asia Pacific region, both divested in the 2019 financial year. Accordingly, the financial results (and prior year comparative values) separately disclose discontinued operations. All values relate to continuing operations unless otherwise stated; and
- Due to the impact of relative movements in the exchange rate, the Group has adopted reporting at constant exchange rates ("CER"), where appropriate.

Refer to the basis of accounting on pages 125 and 126 for further reporting notes.

Integrated risk management and combined assurance

We believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the Group. We consider integrated risk management practices, supplemented by the combined assurance model, to be an optimal approach that facilitates coordinated risk management and governance efforts. This model provides assurance that there are clearly defined risk ownership responsibilities with functionally independent levels of oversight and independent assurance (refer to page 32). It further provides assurance over the integrity of both internal and external information. The Audit & Risk Committee provides oversight on the combined assurance model and outcome of assurance activities. No significant areas of overlap or assurance gaps have been identified and the levels of assurance were considered to be appropriate. The following assurance has been provided on disclosures in the Integrated Report and supplementary documents:

Assurance provider	Assurance provided
PricewaterhouseCoopers Incorporated ("PwC")	• Unmodified opinion on the Group and Company Annual Financial Statements (refer to page 09 of Annual Financial Statements) • Assurance on the Summarised Group Annual Financial Statements (page 127) • Agreed upon procedures on selected financial KPIs (page 41)
Group Internal Audit function ("Internal Audit") assisted by external expert service providers, where appropriate	Assurance provided over: • Risk governance • Ethics governance • IT governance • Material business systems of internal control • Material financial systems of internal control • Selected Key Performance Indicators ("KPIs") (page 41)
IBIS Environmental Social Governance Consulting Africa Proprietary Limited ("IBIS")	• Assurance provided in accordance with AA1000 Assurance Standard (2008) with 2018 Addendum (AA1000AS) – Type II moderate level requirements on whether Aspen adheres, in all material respects, to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact • Selected KPIs (page 41)
Empowerdex	• Broad-based Black Economic Empowerment ("BBBEE") scorecard

Forward looking statements

This report contains certain forward-looking statements with respect to our future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. Refer to the disclaimer on the inside back cover.

Feedback and contact

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them. Please use the online contact form or email the Company Secretary at rverster@aspenpharma.com.

Approval by the Board

The Board acknowledges its responsibility of ensuring the integrity of this Integrated Report, which in the Board's opinion, addresses all the issues that are material to the Group's ability to create value and fairly presents the integrated performance of the Group. The Board has applied its collective mind to the preparation and presentation of this report and believes that it has been prepared in accordance with the IIRC <IR> Framework. This report was approved by the Board of Directors on 27 October 2020.

Kuseni Dlamini
(Independent non-executive, Chairman)

Gus Attridge
(Deputy Group Executive)

Linda de Beer
(Independent non-executive)

Ben Kruger
(Lead independent non-executive)

Themba Mkhwanazi
(Independent non-executive)

Chris Mortimer
(Non-executive)

Babalwa Ngonyama
(Independent non-executive)

David Redfern
(Non-executive)

Stephen Saad
(Group Chief Executive)

Sindi Zilwa
(Independent non-executive)

About Aspen

We are a global specialty and branded pharmaceutical company, improving the health of patients across the world through our high quality and affordable medicines. Active at every stage of the value chain, we are uniquely diversified by geography, product and manufacturing capability, positioning us well to maximise the value we create for our business and our diverse stakeholders.

Our vision

"To deliver value to all our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines globally."

Our values

define the foundation on which Aspen has been built. These are the values we share as we work together toward achieving the vision of the Group.

Approximately
9 800
employees in 71 offices in over 50 countries

49%
Women

51%
Men

Our geographic footprint
Headquartered in South Africa, Aspen is a global specialty and branded pharmaceutical company with a presence in both emerging and developed markets.

60%
of Commercial Pharmaceutical revenue from emerging markets

Our business segments

We focus on marketing and manufacturing a broad range of post-patent, branded medicines and domestic brands covering both hospital and consumer markets through our key business segments.

Commercial Pharmaceuticals

Regional Brands – a widely diverse segment comprising predominantly leading domestic brands in the Sub-Saharan Africa, Australasia and Latin American territories.

Contribution to Group revenue

44%

Sterile Focus Brands – focused on niche, sterile products comprising our Anaesthetics Brands and Thrombosis Brands.

Anaesthetics – includes a broad range of general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents.

Thrombosis – comprises a broad range of specialist injectable anticoagulants with a focus on low molecular weight heparins, Xa inhibitors and heparin derivatives.

Contribution to Group revenue

37%

Manufacturing

Contract and supply of chemical and biochemical active pharmaceutical ingredients ("APIs") and finished dose form ("FDF") pharmaceuticals for third parties.

Contribution to Group revenue

19%

Total revenue

R38,6 billion

continuing operations

Our strategic objectives

Our strategic objectives provide the foundation for our plan of action to achieve our short-, medium- and long-term goals.

To deliver a differentiated portfolio of high quality and affordable medicines to improve the health and quality of life of patients

To optimise the strategic advantage of our integrated value chain

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way

To create sustainable economic value for all of our stakeholders

7
Active pharmaceutical ingredient facilities

16
Finished dose form facilities

Our manufacturing capabilities
Our manufacturing capabilities span a wide variety of product types including steriles, oral solid dose, liquids, semi-solids, biologicals and APIs. Our manufacturing sites hold international approvals from some of the most stringent global regulatory agencies.

FTSE4Good and FTSE/JSE Top 30 Responsible Investment Index constituent

Our commitment to sustainability
We are committed to creating value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all.

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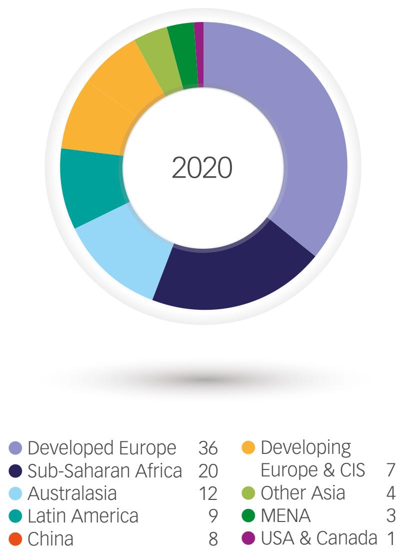
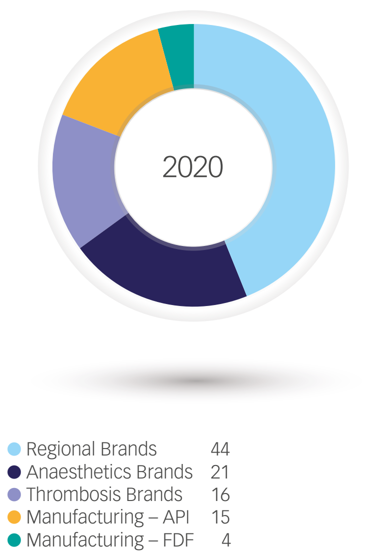
Performance summary

Group revenue by customer geography (%)



Group revenue by business segment (%)



Revenue
(R'million)

Revenue from continuing operations increased by 9% (4% CER) to R38 647 million

Commercial Pharmaceuticals delivered satisfactory growth of 6% (1% CER) to R31 144 million, led by Regional Brands, despite the negative influence on overall demand from the effects of COVID-19 and the associated lockdowns. Manufacturing revenue recorded solid growth of 22% (14% CER) to R7 503 million, favourably impacted by strong performances from both heparin and non-heparin API sales.

Normalised EBITDA
(R'million)

Normalised HEPS per share
(Cents)

Normalised EBITDA from continuing operations increased by 7% (3% CER) to R10 968 million

Normalised EBITDA from continuing operations, comprising operating profit before depreciation and amortisation adjusted for specific non-trading items, as defined in accounting policies of the Group's Annual Financial Statements ("EBITDA"), was positively impacted by operating expense efficiencies coupled with the benefit of the weaker South African Rand ("ZAR").

Normalised headline earnings per share from continuing operations increased by 9% (5% CER) to 1 464,6 cents

Normalised headline earnings per share ("NHEPS") from continuing operations comprises headline earnings per share from continuing operations adjusted for specific non-trading items and is a measure which provides clear comparability of the financial performance of our ongoing underlying business. Normalised headline earning benefited from lower net financing costs.

No dividend has been declared for the year ended 30 June 2020 (2019: no dividend declared)

Taking into account the uncertainty created by the current COVID-19 pandemic, the Board has decided that it would not be prudent to declare a dividend at this time.

Net borrowings reduced to R35 228 million from R38 984 million

Strong operating cash flows, supported by a working capital inflow, and proceeds received from the disposal of the Japanese Business were diluted by unfavourable currency movements arising from the weakening of the ZAR relative to the EUR and the AUD which inflated the ZAR value of Aspen's debt denominated in those currencies.

Intellectual capital

- **Divested** the Japanese Business and public sector ARVs, achieving increased focus in pharmaceutical business
- **Repositioned** digital technologies as a strategic enabler and embarked on a transformative strategy to modernise our digital capabilities
- **40** products launched in 17 countries and territories

Manufactured capital

- **R2 039 million** invested in capital replacement and expansion projects
- **Continued** the production of essential medicines throughout the period of COVID-19 disruption
- **Initiated** transformational organisational design projects at primary manufacturing sites to enhance operational efficiency

Human capital

- **R42,4 million** invested in training our employees
- **Zero** occupational fatalities
- **19%** women in top management roles in the Group
- Increased the **focus on diversity** and inclusion across the Group

Social & relationship capital

- Supported **222 SED projects** in 30 countries
- **Achieved** a score of 4,5 out of 5 in the FTSE/JSE Responsible Investment Index
- Aspen's 2019 integrated report **ranked as "excellent"** by the EY Excellence in Integrated Reporting Awards

Natural capital

- **"C- Awareness"** performance rating for 2019 Climate Change carbon disclosure project ("CDP") and **"B- Management"** for Water CDP
- **80%** of waste generated recycled
- **29%** reduction in water withdrawn

Financial capital

- Significant **increase** in operating cash flow conversion rate from continuing operations to 142%
- **Strengthened** balance sheet achieving a leverage ratio of 2,9 times
- **R6 149 million** of wealth created reinvested in the Group

Our investment case

Leveraging our strengths and capabilities to deliver long-term shareholder value, while living the Aspen values.

Responsible corporate citizen and a trusted partner

- We are committed to effective and robust corporate governance making us a trusted partner. We remain committed to continuously improving our reporting, transparency and disclosure.
- We are a signatory to the United Nations Global Compact ("UN Global Compact") Initiative.
- Aspen is a constituent of the FTSE/JSE Responsible Investment Top 30 Index and the global FTSE4Good Index.

Global footprint with a focus on emerging markets

- With a strong foundation in the South African market, we now have 71 established business offices, weighted towards emerging markets.
- Operating in the highly regulated pharmaceutical sector, our geographic footprint provides diversification of our risk exposure.
- Our regional sales teams are weighted towards emerging markets, positioning us to benefit from the growth demographics in these territories.

Strategically relevant manufacturing capital

- We are a widely accredited and compliant supplier of high quality, affordable medicines.
- We have the capabilities to improve and sustain a cost competitive manufacturing base concentrating on high volume products.
- Our API and finished dose manufacturing sites present a range of production capabilities and the capital expansion projects underway will provide additional sterile capacity further positioning us as a leading niche specialty pharmaceutical manufacturer.
- Our supply chain is overseen by a dedicated team striving towards delivery, on-time and in-full for internal and third party customers.

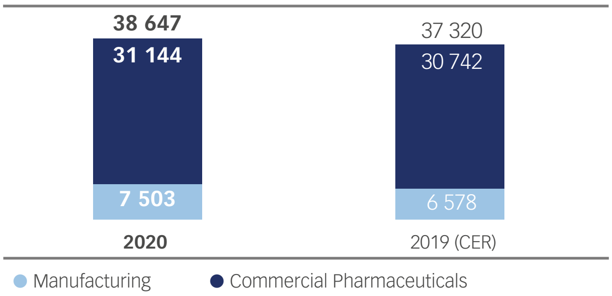
Diverse, branded product portfolio

- Our portfolio of products has strong brand equity, supporting the promotion of both our global Sterile Focus and Regional Brands segments.
- Diversification is also achieved through our product portfolio of related post-patent, branded medicines and domestic brands spanning most therapeutic areas aimed at improving the health and quality of patient life.

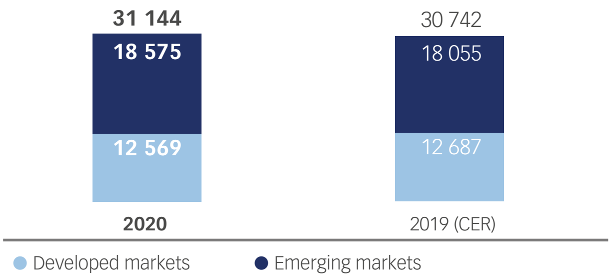
Committed management team, strongly aligned with shareholders' interests

- We have entrepreneurial and decentralised management teams.
- In-country management take responsibility for identifying opportunities in their regions, based on their local expertise.
- Approximately 17% ownership by executive management.

Group revenue contribution by segment (R'million)



Commercial Pharmaceuticals contribution: Emerging and developed markets (R'million)



The value we create

As a global pharmaceutical company, we play an important role in contributing to the health and well-being of people. Our sustainable business model creates long-term value for our key stakeholders.

47%
Employees
2020: R8 019 million
(2019: R7 942 million)

36%
Reinvested
2020: R6 149 million
(2019: R1 101 million)

10%
Providers of capital
2020: R1 614 million
(2019: R3 809 million)

7%
Governments
2020: R1 222 million
(2019: R1 161 million)

Patients and healthcare providers

- Improving health and quality of life for patients that use our medicines
- Provision of quality and affordable treatment options and medicines to patients, healthcare professionals ("HCPs") and healthcare systems

Our employees

- Providing employment and opportunities for growth and development in the geographic regions in which we operate
- Diverse and inclusive working environment, free of discrimination and harassment

Communities in which we operate

- Contribution to society through engagement with civil society and investment in socio-economic development ("SED")
- Responsible management of our impact on the environment

Our investors and funders

- Sustainable returns to shareholders
- Servicing and repayment of debt

Our suppliers and business partners

- Economic stimulus through procurement of goods and services
- Collaboration and partnering opportunities

Governments and pharmaceutical regulatory bodies

- Contribution to governments through taxes
- Contribute to effective healthcare systems through pharmaceutical regulatory compliance in the countries in which we operate

Financial value we create

R38 647 million Revenue − **R22 314 million** Purchased materials and services + **R671 million** Investment and other operating income = **R17 004 million** Wealth created and value distributed

Our business model

We use our six capitals and our unique value drivers to provide high quality, affordable medicines and create value for our stakeholders in a responsible and sustainable way.

We develop our strategic objectives to provide the foundation for our plan of action to achieve our short-, medium- and long-term goals

To deliver a differentiated portfolio of high quality and affordable medicines to improve the health and quality of life of patients.

To optimise the strategic advantage of our integrated value chain.

We rely on our unique value drivers within our six capitals to effectively implement our strategy and business activities

Intellectual

- Trusted Aspen brand
- Targeted and efficient product portfolio renewal
- Strong presence in emerging markets

Manufactured

- Complex manufacturing expertise
- Vertical integration advantages
- Globally competitive, scalable and widely accredited manufacturing facilities

Human

- Strong leadership team
- High performance and innovative culture

We create value through our globally integrated value chain through carefully considering the trade-offs between capitals, aiming to maximise positive outcomes and limit any negative impacts

Product pipeline development

Patient/consumer needs

Product development, acquisition and registration

Investment in a product portfolio of niche, specialty medicines that present opportunities for sustainable revenue growth achieved through:

- Targeted acquisitions that present value enhancement opportunities
- Internal development of products that leverage our intellectual and manufacturing advantage
- Line extensions of existing intellectual property ("IP") into new geographies

Manufacturing and supply chain operations

Procurement
API manufacturing
FDF manufacturing
Distribution

Efficiencies achieved through end-to-end global supply chain management performed by a highly experienced team

Capitalise on our own significant manufacturing capability of both APIs and FDFs as well as our external supply network focusing on:

- Reliable supply of high quality products
- Optimisation of operational costs
- Maximisation of vertical integration synergies

Capital is reinvested in our pipeline to provide the platform for future revenue growth, improved operational synergies and to create capacity for new value-adding opportunities while also providing returns to shareholders

Achieving outcomes that create long-term value for our stakeholders

Improved health and quality of life for the patients and consumers that use our medicines

(page 76)

Reliable manufacture and supply of safe, efficacious, quality products that patients trust

(page 82)

Employment opportunities and skills development provided to our employees

(page 88)

Our governance framework supports our value creation process, ensuring we make choices that are aligned with our vision, values and strategic objectives, while being transparent and accountable for our actions.

We consider our external operating context, the needs and expectations of our stakeholders and risk and opportunities in developing our strategic approach.

External operating context
(page 28)

Stakeholder's needs and expectations
(page 26)

Risks and opportunities
(page 32)

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence.

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way.

To create sustainable economic value for all of our stakeholders.

Social & relationship

- Strong stakeholder relationships and corporate reputation
- Robust corporate governance framework

Natural

- Focus on environmental protection
- Initiatives to reduce consumption of scarce natural resources

Financial

- Capital and funding
- Cash generation abilities

Commercialisation

Marketing and sales

Healthcare professional engagement and support

Patient/consumer use

Generation of organic revenue and profit growth through focused promotion of our products by our extensive sales representation force

We provide high quality, affordable medicines, focusing on niche therapeutic areas

Commercial Pharmaceuticals

Regional Brands – a widely diverse segment comprising predominantly leading domestic brands in the Sub-Saharan Africa, Australasia and Latin American territories.

Sterile Focus Brands – focused on niche, sterile products comprising our Anaesthetics Brands and Thrombosis Brands.

Anaesthetics – includes a broad range of general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents.

Thrombosis – comprises a broad range of specialist injectable anticoagulants with a focus on low molecular weight heparins, Xa inhibitors and heparin derivatives.

Manufacturing

Contract and supply of chemical and biochemical APIs and FDFs pharmaceuticals for third parties.

Uplifting the lives in the communities in which Aspen works around the world

(page 96)

Initiatives to reduce the impact of our operations on the natural environment

(page 100)

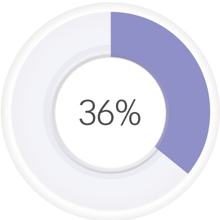
Sustainable earnings growth to fund future growth and provide a return for shareholders

(page 104)

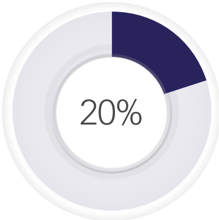
- An ethical culture
- Sustainable value creation
- Effective control and accountability
- Trust and legitimacy

Our global presence

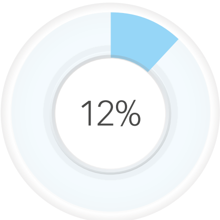
Contribution to Revenue



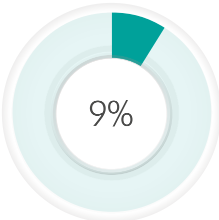
Developed Europe
R13 857 million



Sub-Saharan Africa
R7 880 million



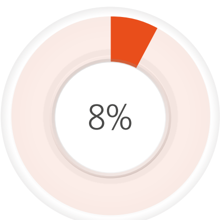
Australasia
R4 622 million



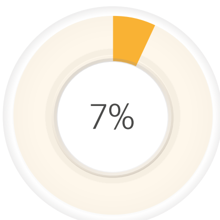
Latin America
R3 412 million

Aspen has a strong presence in both emerging and developed countries and regions.

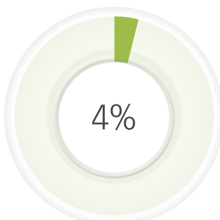
Contribution to Revenue



China
R2 940 million

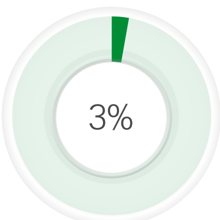


Developing Europe & CIS
R2 551 million



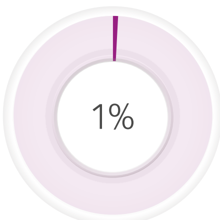
Other Asia
R1 496 million

We supply medicines to more than **150 countries** through **71** established offices in more than **50** countries.



Middle East and North Africa

R1 305 million



USA & Canada

R584 million

Key:

- Group headquarters
- Combined sales, marketing, distribution and manufacturing centres
- Sales, marketing and distribution centres
- Marketing centres
- Branch representative offices
- Manufacturing site
- Sales, marketing, distribution and support centres
- Support centre
- New product development and manufacturing site

Specific location details are provided online.

Maintaining the supply of essential medicines

We continue to prioritise high demand products, supporting the global efforts to fight the COVID-19 pandemic through our supply of quality, affordable medicines.

In the face of the COVID-19 pandemic, the reliable supply of essential medicines used to treat patients, many of whom receive this treatment in intensive care units, has been of paramount importance. Certain of our Anaesthetic products are used in the tracheal intubation of patients, while anticoagulants are used to counter the increased risk of thrombotic complications in COVID-19 patients. Following a review of the results of the UK RECOVERY Trial, which showed that dexamethasone reduced mortality in patients requiring oxygen therapy, the European Medicines Agency's drug evaluation committee, the Committee for Medicinal Products for Human Use, has given an opinion endorsing the use of the drug as a treatment option for hospitalised COVID-19 patients. In response to the global demand for these, and other, essential medicines, the Aspen supply chain task force was established to coordinate our efforts in ensuring the continued supply of products where they were needed most. Invoking our business continuity plans, we were able to successfully adapt our production schedules and keep all of our manufacturing sites operational.

Reflections from our Chairman

Kuseni Dlamini
Chairman

Key features of 2020

COVID-19 creates uncertainty, but could present opportunities to companies that adapt

Despite the near-term challenges caused by the COVID-19 pandemic, the broader outlook for the pharmaceutical industry remains positive with growing demand from emerging markets being a major factor contributing to anticipated long-term growth.

See pages 28 to 31

Strategy development for long-term value creation

The Board oversees the crafting of the sustainable business strategy which is aimed at delivering long-term value for all of our stakeholders.

See pages 40 and 41

A commitment to sustainability

Responding to a changing world and an environment in which there are increasing expectations for businesses to operate in a socially responsible manner, our sustainability commitments remain a cornerstone of our business strategy.

See pages 42 and 43

Ethical leadership and governance

Our strong Board underpins our commitment to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

See pages 18 and 19

Aspen delivered a pleasing operating performance in the 2020 financial year, continuing to manufacture and distribute essential medicines to patients around the world, despite a range of challenges brought about by the COVID-19 pandemic.

The delivery of growth in sales and earnings as well as good cash generation in the face of these challenges, is a result of the outstanding effort of our people and the continued focus on our core priorities.

Following the decisive steps taken to reshape the business, the Board is confident that Aspen is well positioned to achieve growth and sustain long-term value for our stakeholders.

The year in review

The outbreak of COVID-19 and the ensuing social and economic turmoil has changed the world forever, requiring unprecedented responses from governments, society and businesses alike. As a global pharmaceutical company, the Board has remained focused on Aspen's purpose, guided by our values, in ensuring the continued supply of essential medicines needed by patients, keeping our employees safe and positioning the business for sustainable performance through this challenging period.

The commitment of our workforce and resilience of our business model, supported by a robust business continuity system, has enabled us to continue to navigate through the COVID-19 pandemic with agility and to deliver a performance we can take much pride in.

We have, however, not been immune to the devastating impact of COVID-19 and have, sadly, lost colleagues and their loved ones to the illness, while others have had to fight to recover from this disease. On behalf of the Board, the executive and the entire Aspen staff, I wish to convey our heartfelt condolences to the families and friends of our colleagues who have succumbed to this virus, while wishing those still suffering from an infection, or its effects, a speedy recovery. Aspen has done its utmost to ensure employee's remain safe and protected against this virus and will continue to do so, as we fight side-by-side with governments, regulators and healthcare professionals to overcome it.

Delivering a solid performance

Following the promising performance in the first half of the year, the volatility in demand for our products and challenging operating conditions associated with the pandemic have had an adverse impact on our results in the second half of the year. Despite these circumstances, the Group delivered a solid performance, with a 9% increase in revenue and a 7% increase in normalised EBITDA.

The Board and I thank the executive leadership team and every employee across the Group for their efforts and dedication, not only in achieving these pleasing results, but in upholding the values of the Group while working tirelessly to ensure the continued supply of much needed medicines.

Significant progress in achieving medium-term goals

In this year, while responding to the immediate pressures of the crisis, the Group remained focused on its strategic objectives, making substantial headway in consolidating its strategic position as a global specialty focused pharmaceutical company, as well as creating a resilient foundation for growth in an uncertain global context.

In order to achieve this, we have implemented our stated strategy aimed at reshaping the Group to focus on territories where we have demonstrated capabilities and a strong performance record. These transactions, together with a number of structural and organisational changes, have resulted in the establishment of a firm base for the Commercial Pharmaceutical business from which to grow the ongoing capital investment in our sterile manufacturing capability and the initiation of a number of transformational organisational efficiency reviews will cement the strategic advantage provided by our complex manufacturing capacity.

Great strides were made in strengthening the Group's balance sheet and returning Aspen to its targeted gearing levels. This was achieved by a combination of strong cash generation and proceeds received from the divestment of certain non-strategic assets, reducing net borrowings to R35,2 million, with the leverage ratio comfortably below the required covenant level.

The Board recognises the importance of providing sustainable returns to shareholders. While the financial position of the Group has considerably improved, the ongoing challenges brought about by the COVID-19 pandemic creates a significant level of uncertainty and, in these circumstances, the Board believed it prudent not to declare a dividend for the year. The Board will regularly review this position, with a view to resuming shareholder distributions when considered appropriate to do so.

Our sustainability commitments

Responding to a changing world and an environment in which there are increasing expectations for businesses to operate in a socially responsible manner, our sustainability commitments remain a cornerstone of our business strategy. We recognise that our ability to deliver returns to our shareholders is inextricably linked to the prosperity of the communities in which we operate and, to this end, we have aligned our efforts to those United Nations Sustainable Development Goals ("SDGs") to which we believe we can make the most meaningful contribution. We recognise that we need to always strive to make a great contribution and, in this regard, our planning for 2021 includes a realignment of our sustainability commitments, as well as an increased focus on climate change and a more thorough assessment of the risks and opportunities that the transition to a low carbon economy presents.

We further recognise and support the increased weighting investors continue to place on Environmental, Social and Corporate Governance ("ESG") performance in their investment decision-making. In this respect, we were pleased with the Group's performance in the FTSE/JSE Responsible Investment Index, in which it achieved an overall ESG rating of 4,5 out of a possible 5,0, resulting in Aspen's inclusion in the FTSE/JSE Top 30 Responsible Investment Index, as well as our inclusion in the FTSE4Good Index for the first time.

A focus on the health, safety and well-being of our employees

With the outbreak of the COVID-19 pandemic, the health, safety and well-being of our employees has become more important than ever. From the onset of this crisis, the Board increased its oversight of the workplace measures put in place across the Group's operations to minimise the risk to employees, particularly those required to go into work every day, at great personal risk, to ensure the continued supply of medicines to patients in need of them. We have been pleased with the actions taken to implement the required workplace health and safety protocols, as well as the measures taken to address the mental and social aspects impacting employee well-being during these very challenging times. It is with a sense of pride that we can report a seventh consecutive year with no occupational fatalities in the Group, with the rate of lost work days as a consequence of occupational injury or disease falling below the Group's set tolerance level for the first time.

Digital transformation as a strategic value-driver

The Fourth Industrial Revolution presents many opportunities for organisations that embrace digital transformation. The Board supports the shift to digital as a key driver of the Group's strategy with the associated investment in new technologies. As the digitalisation of operations increases, the Board, through its Audit & Risk Committee, has placed an increased focus on emerging cyber risks and the need for the robust governance of the Group's information and technology assets.

Strengthening executive leadership

An area of focus for the Board has been to strengthen the Group's senior executive team and ensure succession planning for key executive roles. During the year, three new senior executive positions were created and filled. The appointments of Thushen Govender as the Group Commercial Officer; Reginald Haman as the Group Corporate Services Officer and Zizipho Mmango as the Group Strategic Development Officer, have not only strengthened the senior executive team, but also brought the benefit of diverse and fresh insights, experience and perspectives.

Ethical leadership and governance

Ethical and effective leadership is a key focus for the Board and our approach to governance seeks to improve corporate performance.

While creating sustainable value through better risk mitigation, we strive to achieve improved sustainability, enhanced accountability, sound stakeholder relationships as well as the maintenance of high levels of compliance, ethics and integrity.

I remain satisfied that the Board is appropriately diverse and contains the skills required to ensure balanced decision-making combined with the ability to add value to the strategic direction of the Group. Considered succession planning within the Board committees has resulted to changes in committee composition. Ben Kruger was appointed as a member of the Social & Ethics Committee with effect from 1 June 2020, while Reginald Haman, the Group Corporate Services Officer was also appointed to this Committee with effect from 1 September 2020, with Gus Attridge, the Deputy Group Chief Executive stepping down from this date. In addition, Sindi Zilwa stepped down as a member of the Audit & Risk Committee effective 15 October 2020. I wish to thank Sindi and Gus for their dedication and diligence shown over the many years they served as members of these Committees.

Rotation of external auditors

The Audit & Risk Committee embarked on a comprehensive process to effect the controlled rotation of the Group's external auditors. Following the conclusion of this process, the Audit & Risk Committee has recommended, and the Board has endorsed, the proposed appointment of Ernst & Young Inc. ("EY") as the Group's auditors for the year ended 30 June 2021. This appointment will be put to shareholders at the virtual annual general meeting on 9 December 2020. While welcoming EY in this role, we also acknowledge the contribution of PwC to the Group over the years it has diligently served as its external auditor.

Outlook

Factors such as the ongoing pandemic, economic downturn, ongoing trade tensions between the United States and China, as well as intensified social and geopolitical risks, has created a volatile and uncertain future. While facing a number of challenges, the pharmaceutical industry remains an attractive sector, presenting opportunities for companies able to implement innovative and agile strategic responses. The COVID-19 pandemic has highlighted the critical importance of human health to society and exposed the inequalities that exist in access to healthcare.

Aspen is poised to build on the positive and sustainable impact we make through delivering on our purpose: to enhance the quality of life of all people by manufacturing and supplying high quality, affordable medicines.

Kuseni Dlamini
Chairman

Our approach to governance

Governance in the Group extends beyond mere legislative and regulatory compliance. Management strives to entrench an enterprise-wide culture of good governance aimed at ensuring that decisions are taken in a fair and transparent manner, within an ethical framework that promotes the responsible consideration of all stakeholders, while also holding decision-makers appropriately accountable.

In line with the philosophy that good corporate governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time to time to reflect best practice.

The Board is accountable to shareholders and other stakeholders and is ultimately responsible for the implementation of sound corporate governance practices throughout the Group.

Aspen's Board of Directors is committed to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

The Board is comfortable that the Group has applied the principles of King IV in order to achieve good governance outcomes. The application of the King IV principles and adoption of the various recommendations set out therein is more fully detailed in our Unabridged Corporate Governance report available online.

A formally documented and approved Board Charter outlines the composition, scope of authority, responsibilities, powers and functioning of the Board. In addition, the Board functions in accordance with the requirements of King IV, the provisions of the South African Companies Act of 2008, the Listings Requirements of the JSE and other applicable laws, rules or codes.

Board and remuneration governance

- Application of Code of Conduct and corporate governance best practices
- Constitutional documents and clear approvals framework, delineation of roles and responsibilities
- Board and its committees appropriately constituted, informed and efficient
- Improved succession planning / director rotation processes
- Annual board, committee and director performance reviews
- Legislative and regulatory compliance
- Fair remuneration of directors and executive management against approved policy

Social, ethical and environmental governance

- Review and monitor stakeholder engagements
- Ensure ethics tone is set at the top and monitor annual implementation of ethics management programme
- Review performance in respect of BBBEE strategy and scorecard
- Due care in considering environmental footprint and natural resources
- Protection of employee rights, ensuring compliance with health and safety standards

Values
Purpose
Strategic objectives
Stakeholders
Six capitals

Financial, tax and treasury governance

- Ensuring qualitative and quantitative integrity in financial reporting
- Responsible taxation practices
- Robust solvency and liquidity testing at regular intervals
- Significant capital investments or transactions undergo stringent due diligence and stress testing prior to approval
- Monitor Group cash generation, working capital management and overall capital structure framework

Risk governance

- Risk related policies in place, with risk appetite set and monitored
- Robust risk management processes implemented and monitored
- Combined internal and external assurance processes in place
- Enhanced consideration of cyber and information risk with launch of the Group's Information & Technology programme
- Monitoring of risk reporting processes

Governance Outcomes

- Ethical leadership
- Effective control and accountability
- Sustainable value creation
- Trust and legitimacy

Board composition

Diversity of expertise

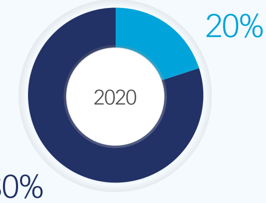
Policy: To create an experienced Board with the appropriate balance of knowledge and skills in areas relevant to the Group.

The following areas of expertise are relevant to Aspen:

Leadership	90%
Accounting, finance and tax	70%
Pharmaceuticals	40%
Risk and opportunity management	80%
Information & Technology governance	40%
Environment, health and safety	20%
Governance and compliance	70%
Human resources	30%
Sales and marketing management	30%
Manufacturing	10%

Independence

Policy: To comprise a majority of non-executive directors, the majority of whom should be independent.



Executive · Non-Executive (of which 60% are Independent)

Board size

Policy: To target a Board size which promotes accountability and encourages healthy, constructive debate and decision-making, while meeting regulatory and Memorandum of Incorporation requirements. The appropriateness of the Board size is evaluated annually by the Remuneration & Nomination Committee.

Succession and diversity of tenure

Policy: Periodic, staggered rotation of members so as to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills, experience and maintaining continuity.

Succession planning makes provision for the identification, mentorship and development of future members.

Succession and diversity of tenure

0 – 3 years	38%
4 – 6 years	25%
7 – 9 years	13%
10< years	25%

Succession planning makes provision for the identification, mentorship and development of future members.

Diversity of age

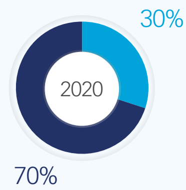
Policy: Executive directors retire from their positions and from the Board at the age of 65. The company's retirement policy does, however, make provision to extend the relationship beyond the normal retirement age. Non-executive directors, 70 years and older, retire at each annual general meeting and are proposed for re-election if recommended by the Board.

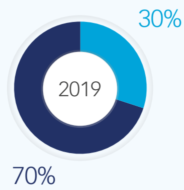
Average age

54 years

Gender and racial diversity

Policy: The company's gender diversity policy promotes a voluntary target of 40% female representation on the Board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black representation on the Board over the same period.





Female · Male

Race

	White	Black
2020	60%	40%
2019	60%	40%

White · Black

Board	16 July 2019	5 August 2019	11 September 2019	4 December 2019	5 December 2019	4 March 2020	26 June 2020
Kuseni Dlamini	✓	✓	✓	✓	✓	✓	✓
Gus Attridge	✓	✓	✓	✓	✓	✓	✓
Linda de Beer	✓	✓	✓	✓	✓	✓	✓
Ben Kruger	✓	✓	✓	✓	✓	✓	✓
Themba Mkhwanazi	✓	✓	✓	✓	✓	✓	✓
Chris Mortimer	✓	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama	✓	✓	✓	✓	✓	✓	✓
David Redfern	Apology	✓	✓	✓	✓	✓	✓
Stephen Saad	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa	Apology	✓	✓	✓	✓	✓	✓
Roy Andersen*	✓	✓	✓	N/A	N/A	N/A	N/A

** Roy Andersen retired from the Board with effect from 30 September 2019.*

The average overall attendance rate of the Board meetings for the 2020 financial year was 97,3%.

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Board of Directors

Executive directors

Stephen Saad (56)

Group Chief Executive
Qualifications: CA(SA), PhD (Commerce) *Honoris Causa*
Appointed: January 1999
Classification: Executive director

Gus Attridge (59)

Deputy Group Chief Executive (Finance Director)
Qualifications: CA(SA)
Appointed: January 1999
Classification: Executive director

Non-executive directors

Kuseni Dlamini (52)

Qualifications: MPhil (Oxon), BSocSci (Hons) (Natal), Global Leadership for the 21st Century Programme (Harvard), Foundations for Leadership in the 21st Century (Yale)
Appointed: April 2012
Classification: Independent non-executive, Chairman

Linda de Beer (51)

Qualifications: CA(SA), MCom (Tax), CD(SA)
Appointed: July 2018
Classification: Independent non-executive

Ben Kruger (61)

Qualifications: BCom (Hons), CA(SA), Advanced Programme in Management (Harvard Business School)
Appointed: April 2019
Classification: Lead independent non-executive

Themba Mkhwanazi (50)

Qualifications: B.Eng (Hons)
Appointed: April 2019
Classification: Independent non-executive

Non-executive directors continued

Chris Mortimer (59)

Qualifications: BA, LLB
Appointed: January 1999
Classification: Non-executive

Babalwa Ngonyama (46) ●

Qualifications: CA(SA), MBA, Higher Diploma in Banking Law (RAU)
Appointed: April 2016
Classification: Independent non-executive

David Redfern (54)*

Qualification: BSc (Hons), CA
Appointed: February 2015
Classification: Non-executive
**British*

Sindi Zilwa (53) ●●

Qualification: CA(SA), CD(SA), Advanced Taxation Certificate (UNISA), Advanced Diploma in Financial Planning (UOFS) and Advanced Diploma in Banking (RAU)
Appointed: September 2006
Classification: Independent non-executive

Expertise

- Leadership
- Pharmaceuticals
- Information & Technology governance
- Governance and compliance
- Sales and marketing management
- Accounting, finance and tax
- Risk and opportunity management
- Environment, health and safety
- Human resources
- Manufacturing

Committee diagram key:

- ● Audit & Risk Committee
- ● Remuneration & Nomination Committee
- ● Social & Ethics Committee

Riaan Verster (43)

Qualification: BProc, LLB, LLM (Labour Law), ACIS
Appointed: December 2011
Classification: Company Secretary & Group Governance Officer

Full CVs of all the directors are available online.

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Senior executive team

Stephen Saad (56)

Group Chief Executive

Appointed: January 1999

Qualifications: CA(SA), PhD (Commerce) *Honoris Causa*

Responsibilities: Stephen is a founding shareholder of Aspen. His responsibilities include strategic positioning of Aspen as a leading multinational pharmaceutical company, global transactions, geographic expansion and product diversification of Aspen in developed and emerging markets.

Gus Attridge (59)

Deputy Group Chief Executive (Finance Director)

Appointed: January 1999

Qualifications: CA(SA)

Responsibilities: Gus is a founding shareholder of Aspen and is responsible for the strategic and financial well-being of the Group while also identifying and pursuing appropriate corporate opportunities and global transactions that will further benefit Aspen and its stakeholders.

Sean Capazorio (55)

Group Finance Officer

Appointed: January 1999

Qualifications: CA(SA)

Responsibilities: Sean is responsible for the Group's finance functions across Aspen's businesses and he also assesses business performance and identifies business improvement opportunities.

Thushen Govender (44)

Group Commercial Officer

Appointed: May 2020

Qualifications: CA(SA), MBA

Responsibilities: Thushen is responsible for driving the strategic development and the overall commercial performance of our businesses in China, Russia CIS and the United States of America.

Reginald Haman (46)

Group Corporate Services Officer

Appointed: May 2020

Qualifications: MBA, PGDBA, Graduate Diploma in Company Direction

Responsibilities: Reginald is responsible for managing Aspen's cluster of Group Corporate Services functions. He also ensures the provision of efficient and effective services to the Group in accordance with business and legislative requirements. Reginald was appointed as a member of the Social & Ethics Committee on 1 September 2020.

Lorraine Hill (57)

Group Operating Officer and Responsible Pharmacist

Appointed: January 1999

Qualifications: BPharm

Responsibilities: Lorraine is responsible for multiple operational areas of the business including strategic manufacturing, pharmaceutical affairs, new product development and strategic procurement. In addition, she plays an integral role in negotiation and implementation of new business initiatives including global transactions.

Samer Kassem (45)

Chief Executive Officer, Aspen Global Inc.

Qualifications: CMA, CFM, CBM, MBA

Appointed: May 2008

Responsibilities: Samer joined the Group with the responsibility of establishing the company to direct its global operations. He has been integrally involved in the negotiation, completion and integration of strategic acquisitions, the setting up of the Group's global businesses as well as the trading and supply structures to support these.

Zizipho Mmango (35)

Group Strategic Development Officer

Appointed: May 2020

Qualifications: CA(SA), CFA

Responsibilities: Zizipho is responsible for focusing on assessing and implementing strategic development activities for the Group such as acquisitions, disposals and collaborations. She also plays an active role in advancing business performance and value enhancement opportunities.

Stavros Nicolaou (55)

Group Senior Executive Strategic Trade

Qualifications: B.Pharm, FPS (SA), PhD (Medicine) *Honoris Causa*

Appointed: January 1999

Responsibilities: Stavros plays a pivotal role in the initiation of business development opportunities and is also key to the building and maintenance of strategic relations within industry and with all of Aspen's stakeholders.

Carnie van der Linde (51)

Group Commercial Head

Qualifications: BTech: Dental Technology

Appointed: May 2016

Responsibilities: Carnie is responsible for leading Aspen's commercial businesses in Latin America, Canada, MENA & Turkey as well as Sub-Saharan Africa (excluding South Africa).

Trevor Ziman (49)

Asia Pacific CEO

Appointed: May 2001

Qualifications: CA(SA)

Responsibilities: Trevor is responsible for the implementation of strategy and the performance delivery of Aspen's Commercial Pharmaceutical businesses in Australasia, the Philippines, Taiwan, Malaysia and Hong Kong as well as trade into the rest of the Asia Pacific region. He plays a leading role in all transactional activity in the region.


aspen
Home
Office

Keeping our employees healthy, safe and connected

We are proud of the agility, resilience and dedication displayed by our employees across the Group, enabling us to continue to deliver essential medicines throughout the crisis.

From the first indication of the outbreak of a novel coronavirus in China, we immediately responded to protect the health and well-being of our employees in this country. As the virus spread to the different geographies in which we operate, our offices and sites across the globe rapidly invoked their business continuity plans. Initial response measures included education and training programmes to inform our employees about the COVID-19 virus and the implementation of regional and international travel restrictions. This rapidly evolved to introducing enhanced hygiene and social distancing protocols at our sites and the implementation of work-from-home arrangements for employees, where attendance at site was not essential for them to carry out their activities. We adopted a people-centred approach, implementing various physical and social well-being and assistance programmes aimed at supporting our employees through the varied challenges presented by the pandemic in both their work and personal situations.

Engaging our stakeholders

We recognise the importance of fostering and maintaining strong relationships with key stakeholders through transparent, sincere and effective engagements. While we recognise the engagement challenges brought about by the COVID-19 pandemic, we remain intent on improving on our established credibility and rapport with stakeholders.

After a thorough consideration of the Group's various stakeholders we have categorised our key stakeholders as follows:

Stakeholder group	Aspen considerations	Stakeholder interests	How we engage
Patients, HCPs and customers	Our products are used, prescribed or distributed by these stakeholders and it is therefore imperative that they are fully aware of the indications, benefits and side effects of our products while we need to have a thorough understanding of their perceptions and expectations of us	• High quality affordable medicines • Patient safety and pharmacovigilance • Consistent, reliable and on-time supply of product • Impact of product recalls and/or any quality, efficacy concerns which may arise	• Pharmaceutical representatives calling on HCPs and key opinion leaders to explain medicinal qualities, differentiators and patient benefits • Attendance and participation at healthcare conferences – both virtual and in-person • Dedicated pharmacovigilance communication channels allowing patients and HCPs to enquire about product features and related safety concerns • Communication measures to announce product concerns or product recalls to HCPs and patients • Open communication with customers through digital platforms, commercial discussions and one-on-one meetings
Governments, competition authorities and pharmaceutical regulatory bodies	Our ability to produce, market and distribute pharmaceutical products is dependent on the manufacturing licences, marketing authorisations and a range of regulatory approvals issued by these authorities	• Legal and regulatory compliance • Continued manufacturing capacity and ability to supply critical medicines • Affordable public health outcomes • Social and environmental impact of operations • Tax revenues and local investment	• Audits of manufacturing sites by regulatory authorities to ensure good manufacturing practice ("GMP") and regulatory compliance • Registration of dossiers and maintenance of marketing authorisations through direct engagements with regulatory authorities • Participation in industry bodies • Reports and interactions aimed at confirming legislative and regulatory compliance policies and processes • Involvement in government programmes aimed at creating jobs and uplifting disadvantaged communities
Employees and collective labour organisations	Employees play a critical role in ensuring we achieve our strategic objectives. We need to understand the needs, challenges and aspirations of this important stakeholder group	• Job security • Equitable remuneration packages, performance incentives and benefit structures • Diversity and inclusivity • Performance management, skills development and career planning • Reputation as an ethical employer • Employee health, safety and wellness • Employee bargaining and organisational rights	• Direct engagements by supervisors and business management • Internal communication measures including digital platforms such as the Group intranet, announcements and campaigns • Conferences • Induction and internal training • Employee surveys • Meetings and other interactions with work councils, trade unions and trade union representatives • Employee wellness campaigns • Active encouragement of employees to participate in Nelson Mandela International Day ("Mandela Day") • Anonymous Tip-offs Whistleblower Hotline
Suppliers, service providers, consultants and business partners	These stakeholders play an important role in enabling us to meet our commitments to patients, HCPs, customers and other service providers	• Fair engagement terms and timely settlement • Ongoing communication on our expectations and service levels provided • Fair tender and selection processes	• Tender, procurement and 'expression of interest' processes • One-on-one meetings to discuss service levels or other commercial aspects • Interactions regarding safety, health, environmental and ethical compliance
Investors and funders	As providers of capital, these stakeholders require to be kept informed of material developments impacting the Group and future prospects	• Strategy and business model • Growth in revenue, EBITDA and return on invested capital • Appropriate management of capital expenditure, working capital and expenses • Capital allocation • Gearing, solvency and liquidity • Dividends/returns to shareholders • Security over assets, ethical stewardship of investments and good corporate governance • Implementation of business continuity measures to mitigate impact of COVID-19 • Fair executive remuneration and incentivisation • ESG risks and performance	• Dedicated face-to-face and virtual investor and analyst presentations, roadshows and one-on-one meetings • Stock exchange announcements, media releases and published results • Annual General Meeting • Investor relations section of the Aspen website • Engagements with the financial media

Our stakeholders are those persons, groups or organisations directly impacted by our activities, as well as those persons, groups or organisations who can reasonably be foreseen to be impacted by our activities. A structured system of engagement exists to ensure the timeous communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.

During the year a wide range of regular, structured and ad hoc engagements took place at various levels in the organisation, with a number of active measures being taken to ensure ongoing engagement and, in many instances, placing reliance on virtual and digital means of engagement. Executive management submits quarterly stakeholder engagement reports to the Board which detail notable engagements with the Group's key stakeholders and any material topics or matters of concern which may have arisen are considered under this item. Management responds to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

Link to our strategic objectives and capitals	Matters of relevance raised by material stakeholders since our previous Integrated Report	
	Material concerns raised	**Reference to discussion in this Integrated Report**
	• Ongoing engagement capacity considering COVID-19 challenges – use of virtual engagement tools • Product recalls • Pricing investigations in Europe and the United Kingdom	• See page 45 • See page 80 • See page 97
	• Ensuring continued supply of critical and COVID-19 related medicines, considering restrictive lockdown measures and resultant sourcing and distribution challenges • Pricing investigations in Europe and the United Kingdom, with the United Kingdom being settled and the European matter under consideration for settlement • Product recalls • Our tax commitments • SED spend and contribution to healthcare enhancement	• See page 15 • See page 97 • See page 80 • See page 104 • See page 98
	• Measures to ensure employees of manufacturing operations remain safe and protected from contracting COVID-19, while retaining production capacity to ensure ongoing supply of critical medicines • Engagement of office-based staff working from home using virtual engagement tools • Employee transfers to Sandoz as a result of the disposal of the Japanese business • Concerns around organisational restructuring being implemented to ensure operational efficiencies and sustainability	• See page 93 • See page 88 • See page 89 • See page 89
	• Supply-chain constraints brought about by COVID-19 lockdown complications • Aspen's ability to continue with manufacturing operations with restrictive lockdown operations in place	• See page 84 • See page 84
	• Strategy and medium-term prospects • Impact of COVID-19 on commercial performance, profitability, manufacturing operations and organic growth prospects • Funding and gearing • Material business disposals • Fixed and variable incentives of executives • Pricing investigations in Europe and the United Kingdom • Product pipeline and development • Material capital investment in Aspen's sterile manufacturing capacity to ensure cost reduction and supply consistency	• See pages 50 to 59 • See pages 50 to 59 • See page 64 • See page 47 • See page 111 • See page 97 • See page 77 • See page 82

Our external operating context

We operate in a complex and fast-changing environment. This dynamic environment presents us with opportunities to increase our value contributed through an innovative and agile strategic approach, coupled with effective risk management.

Key factors

- Medium to long-term impacts of COVID-19 pandemic
- Gradual recovery from significant economic contraction
- Continued volatility in exchange rates
- Demographic shifts influencing global healthcare needs
- Scientific innovation changing the competitor landscape
- Ongoing pressure on medicine pricing
- Climate change impacts business sustainability and human health
- Increasing expectations for companies to create stakeholder value
- Digital and technology revolution influencing business models
- Future of work impacting workforce management
- Despite uncertainty, pharmaceutical industry outlook remains positive

The medium to long-term impacts of COVID-19 creates uncertainty, but could present opportunities to companies that adapt.

Since the World Health Organization ("WHO") declared COVID-19 a worldwide pandemic in March 2020, the virus has spread globally and governments continue to put in place measures to contain the pandemic. Beyond the significant human toll, the virus has impacted all spheres of life – political, economic and social. The near-term impacts are already being felt but the duration and extent cannot be assessed as certain regions continue to see rising infections, while others are experiencing new waves of outbreaks. It is expected that the influence of COVID-19 will extend well into the next few years, accelerating many global trends that would have taken years to play out. The nature and extent of the medium and longer-term influence of COVID-19 is difficult to predict, but could present significant opportunities to companies who successfully navigate the uncertainty and adapt their business models to the 'new normal'.

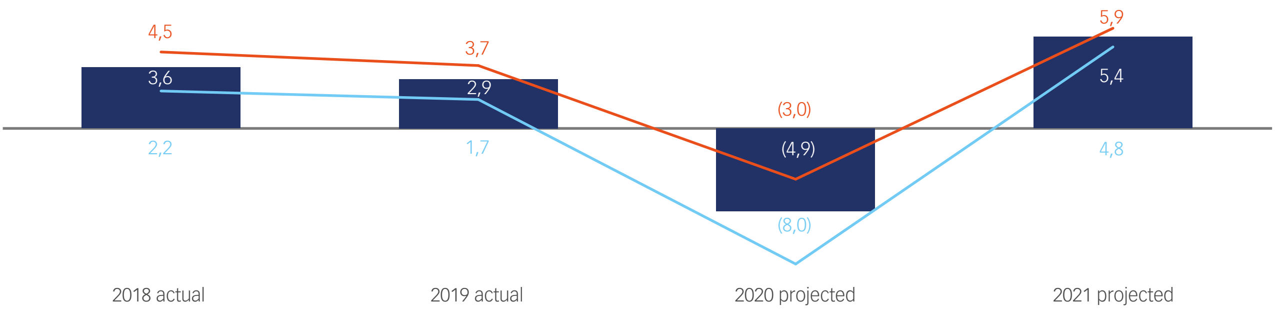
Near-term impacts	Medium-term impacts
Fewer doctor visits, postponed elective surgeries and delays in starting new treatments	Continued increased demand for healthcare placing further pressure on strained healthcare systems
Shifts in demand patterns across product portfolios	Shift in focus in public healthcare spending to address weaknesses exposed by pandemic
Refocus of global research and development efforts to COVID-19 treatments and vaccines	Accelerated adoption in digital health technologies and remote virtual care
Reappraisal of government influence on pharmaceutical, medical equipment and personal protective equipment ("PPE") supply chains	Innovation in drug development and approval pathways
Increase in tele-medicine and digital medical and tracking solutions	Increasing number of collaborations between public and private entities to jointly tackle global health risks
Emergency budget allocations and procurement practices by governments to support public health response	A reconfiguration of global supply chains and increased emphasis on local sourcing

A gradual recovery from a severe economic crisis

The measures taken by nations around the world to manage the COVID-19 pandemic are having negative economic consequences plunging the global economy into a severe contraction. While economies have started to reopen and are growing again, the extent and speed of recovery is difficult to predict. In its June 2020 World Economic Outlook, the International Monetary Fund ("IMF") noted that the pandemic has had a more severe impact on activity in the first half of 2020 than was previously anticipated and that a more gradual recovery than previously forecast was more likely. As a result, there has been a further downward adjustment of its projection of global growth by 1,9 percentage points to -4,9% in 2020. It has, however, emphasised the higher-than-normal degree of uncertainty around this forecast. The number of policy counter measures to limit economic damage, especially in the advanced economies, has eased financial conditions and lifted financial sentiment to an extent.

While the pharmaceutical industry is less sensitive to country economic growth than other sectors, a sustained severe global recession will lead to a slowdown in industry growth as governments and individuals have less to spend on healthcare. While increasing unemployment increases the number of citizens without access to private insurance cover, the impact on this industry is more weighted toward developed markets where the entry of new novel and high cost drugs are reduced as healthcare priorities change.

World economic outlook growth projections (Growth rate)

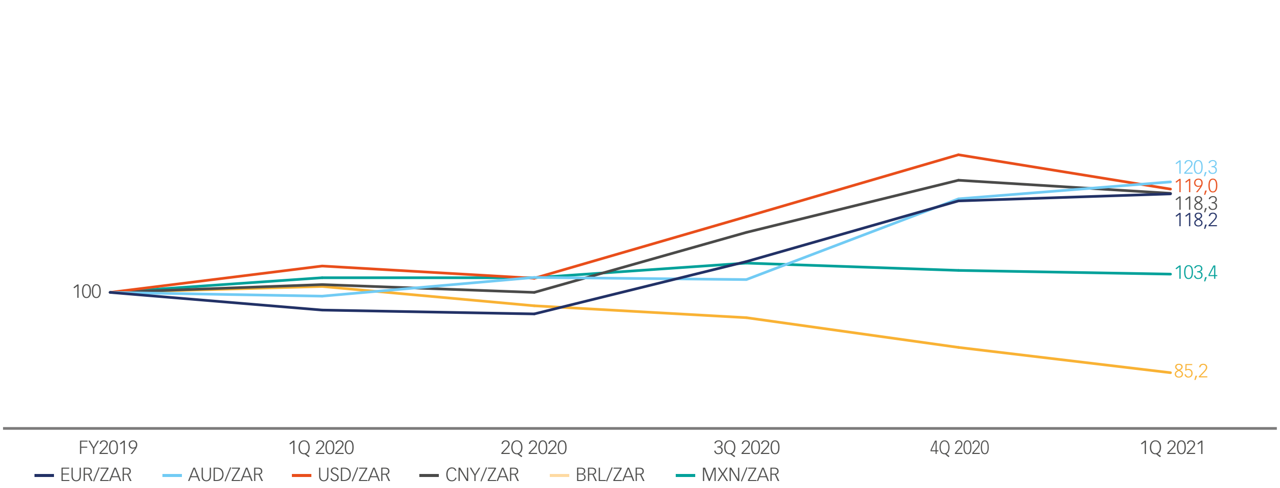


Source: IMF World Economic Outlook Update, June 2020

Exchange rate volatility

Our financial reporting is in South African Rand and fluctuations in this currency have a resultant impact on the Group's reported financial results. For the 2020 financial year, the EUR/Rand exchange rate averaged R17,327 (2019: R16,193) and the USD/Rand exchange rate averaged R15,677 (2019: R14,194). In the months following year-end, the Rand has continued to experience considerable volatility and a sustained devaluation against major developed market currencies.

Average exchange rates for top six currencies by revenue contribution indexed to 100 (FY2019 = 100)



Demographic shifts influencing global healthcare needs

Key demographic trends are changing the world we live in:

- The world's population of 7,7 billion in 2019 is projected to increase to 8,5 billion people by 2030 and reach almost 10 billion by 2050. The current population of Sub-Saharan Africa is projected to double by 2050;
- Global ageing is expected to accelerate in the coming decades as a result of significant gains in life expectancy in recent years together with declining fertility rates;
- The potential support ratio, which compares numbers of working-age people aged 25 to 64 to those over age 65, is declining; and
- Increasing urbanisation and improved economic activity results in better informed patients, actively involved in sustaining their health with increasing expectations for access to medicines and surgical procedures.

The improvement in life expectancy, increased population growth, predominantly in the developing world, and the resultant increase in demand for access to healthcare creates a number of opportunities, but it also results in significant challenges. These demographic shifts result in larger populations requiring healthcare for longer periods. The prevalence and diagnosis of non-communicable diseases and so-called lifestyle diseases and chronic conditions, such as cancer as well as cardiovascular, metabolic and respiratory diseases, are increasing, particularly in developing countries as their populations grow. This increasing demand for healthcare is placing a significant strain on already burdened healthcare systems and limited healthcare budgets.

Scientific innovation changing the competitor landscape

Innovation in medical sciences and technology continues to advance, largely focusing on disease areas afflicting developed countries. New drug development is, however, expensive and takes considerable time with the high rate of new product development failures presenting a significant risk to those

Our external operating context continued

companies undertaking research and development activities. While technological breakthroughs in the design and testing of novel compounds present the opportunity for using small (chemical) molecules as the basis for new medicines, there is considerable potential for biological innovation in new disease areas, with increased approvals for novel large (biologic) molecules. Global investment in biotechnology has shown a notable increase, particularly in emerging economies, with a focus on catering for an ageing population in more developed countries (IQVIA Global Biotech). Biosimilars, which are biological medicines that are highly similar to already approved biological medicine, are also expected to have a significant impact. While there are challenges to successfully launching biosimilars, the IQVIA Institute is predicting that 77% of the current biotech spend will be subject to some form of competition by 2027.

Ongoing pressure on medicine pricing

The increasing demand for healthcare, partly driven by demographic and socio-economic factors, continues to place significant strain on public healthcare systems. The COVID-19 pandemic has significantly increased this pressure as these systems deal with recurring waves of infection, surges in demand for treatments that were delayed during the pandemic, the expected longer-term health complications in COVID-19 recovered patients as well as the challenge of rolling out national vaccination programmes as soon as a vaccine becomes available. The debate on access to affordable healthcare, pricing and reimbursement has gained momentum in policy discussions across the world as countries are increasingly seeking to achieve better value in healthcare spending. A number of countries have introduced rigorous measures to address this pressure through various controls on pricing and reimbursement. Healthcare companies are increasingly being asked to demonstrate the clinical and economic value of their products in new ways. Achieving the appropriate balance between providing a sustainable return on investment for pharmaceutical companies, while ensuring that treatments remain affordable to patients that need them is an ongoing challenge for healthcare systems globally. The need for this balance emphasises the importance of the role of older medicines, which have proven therapeutic outcomes and offer more affordable treatment for many disease types.

Climate change impacts business sustainability and human health

Rising sea levels, droughts, severe weather and other climate change risks threaten manufacturing capacity as well as supply and distribution chains and creates uncertainty regarding the continued availability of resources required to sustain current operating models. Climate change affects the social and environmental determinants of health, such as clean air, safe drinking water, sufficient food and secure shelter. The pharmaceutical industry is highly dependent on the reliable supply of electricity and clean water for its manufacturing processes. As governments seek to progress their carbon reduction strategies, market-based mechanisms to increase the cost of carbon, either directly through carbon taxes or cap-and-trade programmes, are set to expand. There is an increasing expectation that companies proactively respond to these environmental risks and adapt their strategies to address sustainability issues in the broader societal context.

Digital and technology revolution

Innovation in technology continues to evolve rapidly, reshaping the way we live, work and interact with each other. In the healthcare industry, advances in artificial intelligence as well as digital technology, data and analytics are enabling researchers to explore and interpret increasing volumes of data more efficiently. Further innovations in remote monitoring and care technology, as well as wearable technology, are revolutionising diagnosis, treatment planning, patient monitoring and long-term care. Intelligent technologies are optimising manufacturing and enhancing communication with customers and patients. With the increase in access to data and the "Internet of Things", concerns around data security, privacy and business interruption are top of the agenda, especially as the number of data breaches, ransomware attacks and malware attacks are trending upwards.

The future of work

The pace of change is affecting not only how people live, but also how they work. While these shifts had begun prior to COVID-19, the global crisis has greatly accelerated this change. Workplaces are becoming less hierarchical, more automated and more digital. As new roles and ways of working emerge, organisations are reassessing the skills sets needed to respond to evolving business priorities, while employees are demanding more flexibility and are increasingly looking for a fair, inclusive and purposeful place to work. In an environment where competition for the right talent remains fierce, companies that offer more flexible working policies and foster a supportive and inclusive workplace culture at work will be better positioned to attract and retain the best people.

Increasing expectations for companies to create stakeholder value

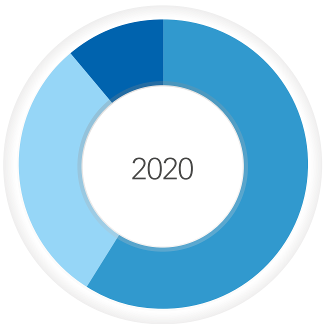
Stakeholders expect companies to demonstrate the long-term value they create for all of their stakeholders and that they operate with integrity and transparency. Increasingly, stakeholders, including investors, are scrutinising the environmental and social performance of companies and the sustainability of their business models.

Outlook for the pharmaceutical industry remains positive

Despite the near-term challenges caused by the COVID-19 pandemic, the broader outlook for the pharmaceutical industry remains positive. Evaluate Pharma's World Preview 2020, Outlook to 2024 (June 2020) finds that prescription drug sales are forecast to reach almost USD1,4 trillion in 2026, a compound annual growth rate ("CAGR") of 7,4% from 2020 to 2026 (compared to the annual compound rate of 2,7% achieved over the period 2012 to 2019). The anticipated launch of novel therapies addressing key unmet needs, as well as the growing demand from emerging economies are expected to be the major growth drivers. Tempering this growth outlook are factors such as increased payer scrutiny as well as sales losses due to genericisation and biosimilar competition.

The IQVIA Institute's Global Medicine Spending and Usage Trend report predicts spending on medicines in pharmerging markets (as defined by IQVIA) will grow by 5% to 8% CAGR to 2024, driven primarily from increasing per capita use, while some markets are seeing an uptake of new medicines as patients' ability to afford their share of costs improves with economic growth. These countries have widely varying economic, social and healthcare environments and, while they share a common theme of lower-cost non-original medicines, they retain significant variation in the mechanisms with which they fund, manage and oversee healthcare and medicines.

Predicted market share by 2024 (%)



Major developed markets	59
Pharmerging markets	30
Rest of world	11

* *Pharmerging markets are those with per capital income below USD30 000 and a five-year aggregate pharmaceutical growth over USD 1 billion.*

Source: Global Medicine Spending and Usage Trends, Outlook to 2024, IQVIA Institute, March 2020.

Our response to the external environment

We identify our emerging threats and opportunities based on an ongoing assessment of global trends that are likely to have a material bearing on the Group's operating environment and business model. Early identification enables us to leverage related opportunities and proactively mitigate the possible resultant negative impacts. In response to this dynamic environment and the related challenges and opportunities, we have developed a strategy aimed at creating sustainable value over the medium to longer term.

We understand that access to healthcare is one of the biggest challenges facing modern society. Our contribution, as a manufacturer and distributor of pharmaceuticals, is to ensure the supply of high quality medicines that provide value through meeting the medical needs of patients. We continue to carefully shape our product portfolio to achieve a diverse product range in targeted therapeutic areas focusing on specialty products and unique, trusted brands in specific regional territories, underpinned by our expertise in complex manufacturing and supply chain management.

We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. Our portfolio of products has strong brand-equity, supporting the promotion of both our global Sterile Focus and Regional Brands therapeutic segments. Our Regional Brands comprise a diverse range of products, including over the counter ("OTC") and generic products, achieving further diversification in our product portfolio. Our off-patent branded portfolio of complex Sterile Focus Brands, while not invulnerable to pricing pressure, is competitively priced and has demonstrated clinical value.

We have a distribution network supplying medicines to more than 150 countries and territories with a strong presence in both developed and emerging markets, which reduces our exposure to market risks in any one country. This is enabled by an effective supply chain model supported by in-country distribution to maximise the reliable supply to many geographies, making our medicines available to a significant population of patients. This provides us with the opportunity to leverage the increasing demand for medicines driven by demographic trends, supported by global capabilities with a commercial approach tailored for each country.

We have continued to invest in our manufacturing capacity and have expanded our capability in manufacturing niche products with a high degree of complexity, including APIs and sterile FDF manufacturing. Increased manufacturing volumes, optimisation of our operating model and a focus on manufacturing efficiencies provide for enhanced synergies unlocking value creation in the restrictive price environment.

As part of our strategic intent, greater emphasis has been placed on our investment in digital resources and platforms to provide agile, world-class operating environments across our businesses.

A key issue for the pharmaceutical industry is to retain the trust of its stakeholders, including governments, regulators, patients and society at large. Responsible corporate citizenship and sustainability objectives underpin our strategy. We have embarked on a strategic review of our Sustainability/ESG strategy and are re-evaluating our response to climate change risk. We understand that strong corporate governance, high ethical standards and a stakeholder-inclusive approach are essential to successfully navigating the complex, dynamic and uncertain global environment in which we operate.

Our risks and opportunities

Risks are inherent to our business. Our operating environment is complex, dynamic, highly regulated and uncertain. Identifying, analysing and responding appropriately to these business risks is vital to attaining our strategic objectives, protecting the interests of stakeholders and meeting legal requirements. Our success depends not only on our ability to minimise downside impacts, but also to capitalise on the potential opportunities for value creation presented in an uncertain future.

An integrated approach to risk management
We are committed to pursuing our strategic objectives in a responsible manner in order to create sustainable value for our stakeholders. To this end, we have an integrated approach to risk management giving due consideration to economic, environmental and social factors which impact Aspen and our stakeholders. Both the opportunities and threats underlying each identified risk are considered to ensure a balanced outcome between risk and reward for the sustainability of the Group as a whole.

The Group Risk Management Policy and the Risk Management Framework provides structure for these activities to be embedded into our key decision-making processes and day-to-day activities to achieve alignment with the Group's risk appetite and tolerance levels. The Board is ultimately responsible for risk governance. The Board has delegated oversight of the implementation of risk management to the Audit & Risk Committee. Management is responsible for the implementation of effective risk management. The Audit & Risk Committee obtains assurance of the effectiveness of the risk management process and risk responses through the implementation of a combined assurance approach (refer to the Audit & Risk Committee report for more information).

The key risks and opportunities that have a material impact on our ability to achieve our strategic objectives and create value are outlined in the table alongside. In the pages that follow, we provide further context, the impact on value creation and our high-level strategies to respond to these.

Uncertainty created by COVID-19
The COVID-19 pandemic has created great uncertainty and many challenges for people and companies across the globe. Despite this, our business model has proven resilient. Our relevant product portfolio, effective business continuity plans and safety measures to protect our employees have enabled us to remain in full operation throughout this period. In the near term, COVID-19 presents opportunities for Aspen to further our contribution to the global health response through the manufacture and supply of needed medicines. On the other hand, the broader impact of the pandemic (also refer to "Our external operating context" on page 28) contributes to elevated levels of uncertainty across all aspects of the Group's operations. Under the close direction of the Board, executives continue to monitor the situation, adapting our responses to minimise impacts on patients, customers and employees.

Summary of key risks and opportunities

(presented in alphabetical order)

- Attraction, development and retention of skills
- Capital structure
- Continuity of supply
- Delivery of pipeline and new products
- Digital transformation and information security
- Ethical conduct and stakeholder relationships
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality
- Pricing of medicines
- Protection of the health and safety of our employees and the environment
- Realising expected benefits from acquisitions and divestments

Attraction, development and retention of skills

Strategic objectives

Capital

Risk context

We need a diverse and engaged pool of talented employees to execute the Group's strategy in an increasingly complex and uncertain environment. There is fierce competition for the best talent, especially in certain technical or specialist fields and in certain of our operating regions. Accelerated by COVID-19, increased flexibility and new ways of working are emerging as key value drivers in attracting key talent. Employee engagement and retention can be impacted by organisational change and the resultant uncertainty.

Impact on value creation

A motivated and productive workforce enables a high performance culture, innovation and alignment on strategic goals. Through the development of a compelling employee value proposition, Aspen seeks to position itself as an employer of choice in the competitive landscape.

Our response

Talent management is a key focus area in our human resources strategy and initiatives are being introduced to better define and understand our talent supply and demand requirements. Targeted programmes are being implemented to increase diversity and gender representation, accelerate development of high potential employees and increase employee readiness for future positions through focused skills development and enhanced behavioural awareness programmes. Change management initiatives are implemented in business units impacted by organisational changes.

Capital structure

Strategic objective

Capital

Risk context

The ability to achieve our strategy is dependent on the availability of appropriately structured and priced capital. We need to achieve an optimal balance of equity and debt which enables us to finance future investments in a responsible manner.

Impact on value creation

Achieving an optimal capital structure is key to achieving sustainable value creation for the Group's key stakeholders.

Our response

Significant transactions or capital investment decisions are made following robust due diligence processes with consideration being given to achieving a balance between pursuing growth and protecting the Group's balance sheet. The Board provides oversight of the Group's capital structure and capital allocations. We have achieved our objective of de-leveraging the balance sheet, which, together with the further proceeds from the Thrombosis Europe transaction, creates headroom for new opportunities.

Our risks and opportunities continued

Continuity of supply

Strategic objectives

Capital

Risk context

Our end-to-end value chains may be impacted by unplanned external interruptions, including non-availability of essential raw materials, utilities and services or closure of our manufacturing sites as a result of natural disasters, civil unrest, regulatory interventions, fire and extreme weather and pandemics. The technical and regulated nature of the manufacturing and supply of pharmaceuticals leads to a heightened inherent risk of quality failures which could result in batch rejection or product recall (refer to Patient safety and product quality risk). We have a key reliance on certain specialised raw materials and third party manufacturers and we rely on these parties to supply products within specification and required time frames. We continue to be engaged in multiple projects to transfer the manufacture of certain products to new lines within our own facilities or to alternative production sites. These technical transfers offer access to Aspen's more cost-effective and/or reliable manufacturing, but can pose execution risk.

Impact on value creation

We strive to maintain a reliable supply of medicines to our customers and to the patients that depend on them. Our ability to effectively manage the risks within our complex supply chain and to effectively respond when disruptions do occur is a key value driver which underpins our reputation as a responsible and reliable pharmaceutical company. Consistent availability of supply also allows us to take advantage of supply disruptions experienced in respect of competing products.

Our response

We build strong long-term relationships with API suppliers and third party manufacturers to ensure continuity and security of supply. Where appropriate, we manufacture our own API. Our strategy to invest in our sterile manufacturing capability in order to in-source the manufacturing of the Anaesthetics further increases our control over the supply chain. Skilled and experienced teams are involved in technical transfer projects and there is oversight by the Group operations division to ensure required milestones are achieved. Safety stock of raw materials and finished product is generally held for key products to provide a buffer in the event of supply disruption. We are continually strengthening our systems and processes, as well as our business continuity plans, to allow for a coordinated response to supply disruptions. Appropriate insurance coverage is held for high-impact events.

Delivery of pipeline and new products

Strategic objectives

Capitals

Risk context

The identification, development and commercialisation of new products is both time consuming and costly involving a high degree of business risk. A project may fail or be delayed at any stage of the process due to a number of factors. As a result of the lengthy timeframes associated with new product development projects, the assumptions made at the initiation of these projects could change impacting the planned return on investment. New products may not be accepted by the health regulator, may not perform as expected or may face greater-than-anticipated competition. Timing of new product launches is dependent on the speed of processing of the necessary registrations by the regulatory authorities in each country.

Impact on value creation

Products that are successfully launched from the pipeline represent opportunities to expand access to treatment options for healthcare providers and patients. A healthy pipeline is a key driver in our sustainable growth strategy representing opportunities to leverage our investment in intellectual property and manufacturing capability.

Our response

Our product portfolio management strategy focuses on the identification of opportunities that align with our strategy, that leverage our intellectual and manufacturing advantage and that align with the local market conditions in a broad geographic footprint. Through the implementation of product development lifecycle management, our regional and Group business development teams continuously review and refine our pipeline, increasing focus on molecules with confirmed commercial feasibility and enhanced value creation potential.

Digital transformation and information security

Strategic objectives

Capital

Risk context

Digital technologies continue to revolutionise the way companies conduct business. Keeping pace with the speed of digital transformation is imperative to remaining competitive and relevant, requiring an agile digital strategy enabled by an investment in IT infrastructure, systems and capabilities. Large scale IT projects are exposed to implementation risk. With the increasing incidence of cyber attacks, there is an increasing need to ensure secure and reliable IT systems and infrastructure as well as the careful management of the information that is in our possession to ensure data privacy.

Impact on value creation

Digital technologies are a strategic enabler in driving our strategic objectives forward and supporting sustainable operations. Increased digitalisation provides opportunities for efficiency gains, improved collaboration internally and with our key partners, as well as data-driven decision-making. Failure to adequately protect critical and sensitive systems and information may affect our ongoing business operations, result in the loss of commercial or strategic advantage or a breach of data privacy regulations.

Our response

Our digital transformation has received increased focus over the past year, with an emphasis being placed on foundational areas that will position us for growth and optimisation, including governance, cyber security and risk management. We have continued to make considerable investment in modernising our enterprise resource planning ("ERP"), regulatory and compliance systems and manufacturing execution systems, while digital platforms are being increasingly used to enhance communication and collaboration with our various stakeholders. Our data privacy policies ensure we collect, transfer and store electronic and hard copy personal data appropriately. The Audit & Risk Committee provides oversight of Information & Technology.

Ethical conduct and stakeholder relationships

Strategic objectives

Capital

Risk context

We understand that to be successful, we must conduct our operations ethically and in a way that meets the expectations of our wide range of stakeholders. Poor ethical behaviour or a failure to subscribe to our values or our Code of Conduct could potentially result in the loss of trust by stakeholders and reputational damage.

Impact on value creation

Maintaining a corporate culture which is underpinned by ethical decision-making and conduct is fundamental to building trust with our various stakeholders.

Our response

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct is a values-based code aimed at governing the conduct of our employees. A formalised ethics management programme has been implemented and the effectiveness of this programme is overseen by the Social & Ethics Committee. Our approach to stakeholder relationship management aims to identify and transparently engage on issues that may impact our commitment to practice good corporate citizenship.

Our risks and opportunities continued

Execution of our commercial strategies

Strategic objectives

Capitals

Risk context

There are a number of risks that could impact the development and execution of our commercial strategies. Increased competition, the introduction of new treatment regimes, fluctuations in demand due to pandemics, changes in health policies, the introduction of new pricing policies, volatile market environments, commercial team performance and availability of supply are just some of the factors that could impact the achievement of expected performance. If commercial performance does not succeed as anticipated, increased pressure is placed on financial sustainability. Sustained deterioration in the commercial performance of specific products, may result in an impairment in intellectual property.

Impact on value creation

The ability to achieve our commercial performance expectations underpins the strategy of the Group to create sustainable long term value for all of our stakeholders.

Our response

We continue to reshape our product portfolio to achieve an appropriately balanced and diversified basket of Global and Regional Brands, with a focus on niche specialty brands where we perceive opportunities to be better. We continually invest in our commercial team structures, processes and skills as well as seeking mutually beneficial collaboration arrangements.

External macro factors

Strategic objectives

Capitals

Risk context

We are a multinational Group and therefore are exposed to various geopolitical, social and economic risks that may potentially impact our operations. These risks are complex and constantly evolving, creating an uncertain environment in which to do business. While many territories present opportunities, these macro factors can create impediments to potential growth such as policy uncertainty, access to funds, currency volatility, rising interest rates, social unrest and increased inflationary effects. Also refer to Our external operating context on page 28.

Impact on value creation

The ability to effectively navigate the dynamic and uncertain market environments creates opportunity to achieve growth, enhanced returns and further diversification.

Our response

Our diverse geographical footprint provides some mitigation to localised macro factors. We continuously monitor socio-economic trends and geopolitical events in countries where we operate and response strategies are implemented where required.

Legislation, regulation and compliance

Strategic objectives

Capitals

Risk context

The pharmaceutical industry is subject to extensive, complex, costly and evolving regulations governing the approval, manufacturing, labelling, marketing and sale of pharmaceutical products. These regulations vary by region and country and are rigorously monitored and enforced. All other aspects of our business are subject to extensive legislation and regulation, which increases in complexity due to the multinational nature of our business operations. Changes in these laws and regulations can significantly impact our operations or increase the risk of non-compliance.

Impact on value creation

Maintaining compliance with relevant laws, regulations and standards are our licence to operate and are fundamental to our commitment to be a responsible corporate citizen.

Our response

Our business behaviour is underpinned by our strong ethical and compliance culture. We have developed a robust regulatory and compliance management framework across the Group's operations. Legislative and regulatory developments are monitored on an ongoing basis. Internal communication and training of key regulatory and compliance requirements is performed. Legal and regulatory compliance is monitored by Group executives and the Board.

Patient safety and product quality

Strategic objectives

Capitals

Risk context

Our products, most of which are prescription medicines, are used by a multitude of patients in a vast number of countries. We have the responsibility to implement appropriate pharmacovigilance procedures and systems to identify, investigate and resolve any potential safety concern relating to these products. The quality requirements for pharmaceuticals are rigorous across the entire supply chain and include standards that are applicable to suppliers, manufacturing and distribution. The highly complex technical manufacturing processes associated with our products increases the inherent risk of quality deviations and batch rejection.

Impact on value creation

Our overriding responsibility is to the patients who use our products, the healthcare professionals who prescribe them and the regulators that protect public health. Our ability to provide a reliable supply of high quality, safe medicines, and effectively respond to safety or quality incidents as and when they occur, underpins the trust these stakeholders have in the Aspen brand.

Our response

Our Group Pharmacovigilance function, supported by local business units globally, is responsible for monitoring and managing the safety of all our products throughout the product lifecycle using robust systems and processes to monitor manufacturing quality standards in compliance with current GMP and other regulatory requirements. Our Quality Assurance department conduct audits to support the achievement of our high quality standards. Our responsibility to our patients and consumers is monitored by the Social & Ethics Committee. The Group holds the appropriate product liability insurance.

Our risks and opportunities continued

Pricing of medicines

Strategic objectives

Capitals

Risk context

There is a heightened focus on rising healthcare costs and government scrutiny in respect of the pricing of pharmaceuticals in most countries. Many governments have implemented programmes to control the pricing of pharmaceuticals which may include setting the price for pharmaceuticals, legislating price cuts and introducing programs to increase the use of generics. The governments of the countries where we operate in may, in future, implement further regulations that impose additional pressure on the price of pharmaceutical products. In emerging markets, governments are increasingly controlling pricing and introducing price referencing. Such changes impose increased pressure on margins and impact our financial performance. Also refer to Our external operating context on page 28.

Impact on value creation

Access to affordable healthcare is a global challenge. Through active engagement with healthcare providers, payers and regulators, we aim to implement responsible pricing strategies that achieve the appropriate balance between making our products affordable, while supporting the financial sustainability of the Company.

Our response

To manage pricing pressure, we actively engage with regulatory authorities and other key stakeholders on regulatory/pricing issues that affect the industry. The pricing mechanisms in each country are monitored and adjustments are made to the business model and/or product portfolio as necessary to maintain overall profitability in an ethical, responsible and compliant manner. By continuing to invest in our own manufacturing capacity and capabilities, and by implementing process improvement initiatives, efficiencies and synergies are also unlocked to protect profit margins in this restrictive and regulated pricing environment.

Protection of the health and safety of our employees and the environment

Strategic objectives

Capital

Risk context

The pharmaceutical and chemical manufacturing industries present inherent health and safety risks to our employees and contractors who perform work on our sites. Our manufacturing processes involve the use of chemicals and include hazardous or toxic materials increasing the risk of environmental contamination. Our operations are reliant on the consumption of scarce natural resources and result in negative impacts on the environment such as carbon emissions and waste. As the provider of essential medicines, our manufacturing sites remain operational during communicable disease outbreaks increasing risk to our employees. Continuous focus is required to achieve compliance with the environmental, health and safety laws, as well as regulatory enforcement in the various territories in which we operate.

Impact on value creation

Maintaining a safe and healthy working environment for our people and minimising the impact that our activities have on the environment in which we operate are strategic imperatives which underpin our commitment to be a responsible corporate citizen.

Our response

We have implemented a Group safety, health and environment ("SHE") programme, aligning our health and safety management systems to global standards. All our fully commercialised primary manufacturing sites and API sites hold either the OHSAS18001 or ISO45001 standard certification. We have implemented environmental and resource efficiency initiatives to reduce our reliance on scarce resources and our impact on the environment. Our SHE performance is monitored by the Social & Ethics Committee.

Realising expected benefits from acquisitions and divestments

Strategic objective

Capitals

Risk context

An integral component of our strategy is achieved through acquisition, licensing, collaboration and divestment transactions. The risk in respect of acquisitions is that the Group may fail to identify suitable acquisition opportunities, realise the expected benefits of the acquisitions or incur unexpected risks and obligations because of the transaction. The success of the Group's acquisition strategy is dependent, among other things, on the successful integration of the technologies, products and businesses it acquires, and their subsequent growth. The Group may decide to dispose of assets that are no longer deemed core. When disposing of assets, the Group may not be able to complete the disposal on terms deemed acceptable, may be required to give guarantees and warranties, or may expose itself to claims from purchasers, as well as creditors of the transferred business.

Impact on value creation

Through successful portfolio management, we are able to meet the medical needs of patients, build focused therapeutic portfolios, achieve a desired geographical footprint and leverage our manufacturing and supply chain capabilities. Transactions are key to our Portfolio Management Model, to provide the opportunity to accelerate strategy and to achieve accretive growth in the overall economic value of the Group.

Our response

We perform extensive due diligence to strategically identify, value and execute transactions. External specialists are involved where required. We have an established approvals framework and proposed transactions are critically reviewed by executive management, and where required, approved by the Board. We have dedicated integration teams to execute defined transition agreements to ensure a successful transfer of processes and product distribution. Post-acquisition performance is monitored closely to ensure integration and delivery on business plans.

Our sustainable business strategy

We recognise that doing business in a sustainable and responsible manner is integral to ensuring our future viability. Sustainability considerations underpin our strategy and are integrated into the way we do business.

Our vision

Our vision unites us in our purpose

To deliver value to all of our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines globally.

Our values

Our shared values are the foundation as we work toward achieving our vision

Teamwork: We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual.
Innovation: We constantly search for better ways of doing things and are solution oriented.
Commitment: We go the extra mile, seeking to exceed expectations.
Excellence: We strive to be the best we can be and to deliver to the highest standards.
Integrity: Our integrity is not negotiable.

Our five strategic objectives

provide the foundation to deliver our strategy of creating long term value for all of our stakeholders. Our focus areas outline our plan of action over the short-to-medium term.

To deliver a differentiated portfolio of high quality and affordable medicines to improve the health and quality of life of patients

Our focus areas
- Develop and strengthen pipeline and accelerate product launches
- Expand presence in emerging markets with a focus on establishing a meaningful presence in countries with high growth potential
- Implement initiatives to achieve security of supply
- Explore opportunities to reshape, optimise and revitalise product portfolio

KPI^
- Number of product recalls ▲

To optimise the strategic advantage of our integrated value chain

Our focus areas
- Optimise operations and drive efficiencies and reduce cost of goods
- Achieve the transfer of the manufacture of complex, sterile products to Aspen sites over the next three years
- Focus on supply performance and optimise carrying levels of inventory
- Partner with multinationals to leverage excess manufacturing capacity in niche specialty sterile manufacturing
- Advance digital transformation across our value chain

KPI^
- Gross profit percentage ●

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence

Our focus areas
- Build a culture of operational excellence and cross-functional collaboration
- Strengthen leadership capacity across the Group
- Harness the benefits of diversity and inclusion
- Focus on the development and retention of required skills
- Maintain a strong health and safety culture across our operations
- Align organisational design to position the Group for success

KPI^
- Average staff turnover ▲
- Average training spend per employee ▲
- Percentage of females in top management roles in the Group ▲
- Percentage of black employees in top management roles in South Africa ▲
- Lost work day frequency rate ("LWDFR") ◆

Healthcare. We Care.

Our credo underpins our commitment to create value for all our stakeholders in a manner that is responsible, transparent and respects the rights of all.

Our sustainability themes (page 42) are integrated in our corporate strategy:

- Patients
- Employees
- Society
- Environment

Strategic positioning

Our strategic positioning supports delivery of our vision.

We seek to achieve this through developing a differentiated portfolio of relevant IP, creating value through our complex manufacturing capabilities and enabling access through our globally integrated supply chain.

Our market positioning is focused on leveraging opportunities presented by emerging markets, balanced with presence in more established, stable developed markets.

Through our dynamic portfolio management model, we build, maximise and reshape our basket of products to achieve a global product portfolio of niche, specialty products complemented by leading Regional Brands, aligned to our manufacturing capability.

We implement our strategy by applying the resources we have available in execution of our business model to achieve sustainable growth and value creation (page 10).

We have identified KPIs designed to provide a defined measure of performance against our strategic objectives. We track our performance by reporting against these KPIs to the Board on a quarterly basis. In this way, the performance of executive directors, executives and senior management is aligned to our sustainable business strategy. Reporting on our performance against our strategic objectives is included in Our strategic business performance (pages 50 to 59).

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way

Our focus areas

- Maintain high governance and ethical standards
- Enhance relationships and reputation with our various stakeholders
- Recalibrate sustainability strategy and align ESG priorities
- Explore resource efficiency projects to ensure security of supply and minimise impact on the environment

KPI^

- BBBEE accreditation in South Africa ■
- FTSE/JSE Responsible Investment Index score
- Carbon emissions ◆
- Waste recycled ◆
- Water withdrawn ◆
- Electricity used ◆

To create sustainable economic value for all our stakeholders

Our focus areas

- Drive organic growth through maximisation of the potential of existing portfolios and markets
- Increase operating margins and generate strong free cash flow
- Remain alert to acquisition, disposal and collaboration opportunities which present strategic value
- Optimise the allocation of available capital
- Deliver economic benefits to suppliers, employees, governments, communities and shareholders

KPI^

- Revenue growth ●
- NHEPS growth ●
- Normalised EBITDA growth ●
- Normalised EBITDA margin percentage ●
- Return on ordinary shareholders' equity ●
- Operating cash flow per share ●
- Leverage ratio ●

Assurance on our KPIs

We obtain assurance on these reported KPIs through a combined assurance approach:

Empowerdex ■
IBIS ◆
Internal Audit ▲
PwC ●

Further discussion on combined assurance is included on page 03

^ KPI definitions are included in the Sustainability Data Supplement available online.

Our approach to sustainability

We are committed to creating value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all. We recognise that to achieve long-term success, we need to deliver our business strategy in a way that creates value not only to Aspen and our shareholders, but also to society and the planet.

Our sustainability commitments

We believe that doing business in a sustainable and responsible manner is integral to our purpose, our values and our philosophy "Healthcare. We Care". Our sustainability commitments are integrated into the Group's strategic objectives and underpin the way we do business. Our sustainability commitments are determined with consideration to the following key aspects:

UN Global Compact

We are signatories to the UN Global Compact and have aligned our sustainability commitments with the principles outlined in the UN Global Compact, which cover human rights, labour, environment and anti-corruption. Our Communication on Progress report, available online, sets out our approach to the application of these principles.

United Nations Sustainable Development Goals ("SDGs")

Launched in September 2015, the United Nations 2030 Agenda for Sustainable Development is a global action plan for people, planet and prosperity. The 17 SDGs aim to tackle the world's most pressing challenges through the promotion of sustainable development. As a multinational pharmaceutical company, we have an important role in contributing to the delivery of the SDGs. While all of the SDGs are essential, we have identified eight goals where we believe we are able to have the greatest impact, and linked these to our sustainability themes and material sustainability topics.

Material sustainability topics

We performed a sustainability related materiality assessment to identify the sustainability issues that are most critical to our business and our stakeholders. This process assists us in identifying sustainability focus areas and informs our strategy and the content of our reporting. We align our identification of material sustainability topics with the GRI standards, UN Global Compact, the FTSE/JSE Responsible Investor Index assessment criteria as well as considering information relating to the pharmaceutical sector; our regulatory requirements and matters raised during engagement with our people and our external stakeholders.

Our sustainability themes

We have grouped our sustainability commitments into four key themes:

Patients

Strategic objective

Capitals

We are committed to enhancing access to medicines and providing reliable supply of quality products, improving the health and quality of life of patients and enhancing access across the geographies of our operations.

SDG

Material topics

- Access to healthcare (page 76)
- Patient safety (page 79)
- Reliable supply of quality products (page 84)
- Responsible marketing (page 78)

Employees

Strategic objective

Capital

We are committed to creating a healthy and safe work environment, where everyone is treated fairly and with respect and has the opportunity to develop to their full potential.

SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Material topics

- Employee health and safety (page 93)
- Labour rights (page 91)
- Diversity and inclusion (page 91)
- Workforce development (page 90)

Society

Strategic objectives

Capitals

We strive to operate an ethical and responsible business underpinned by our shared values and governance structures. We uphold the dignity, fundamental freedoms and human rights of our employees, contractors and the communities in which we live and work, and others affected by our activities.

SDG

17 PARTNERSHIPS FOR THE GOALS

Material topics

- Human rights (page 97)
- Ethical business culture (page 96)
- Transformation in South Africa (page 99)
- Socio-economic development and investment in communities (page 98)
- Creating economic value for stakeholders (page 104)
- Fair taxation (page 104)

Environment

Strategic objective

Capital

We are committed to practising responsible environmental stewardship, seeking to minimise any negative impact our operations have on the environment and to comply with applicable laws, regulations and other environmental management requirements.

SDGs

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Material topics

- Carbon emissions (page 100)
- Electricity (page 103)
- Water and effluent (page 102)
- Waste (page 102)

Leveraging technology to stay connected with our stakeholders

We continue to advance our digital transformation, adapting our ways of working to remain connected with our employees, our customers, our suppliers and health authorities.

COVID-19 social distancing and lockdown protocols across the world necessitated a rapid adaptation of the way we work and engage with our stakeholders. Our marketing teams adjusted their activities using multiple digital platforms to ensure continued communication with key customers and HCPs. There was a rapid uptake in the adoption of digital resources such as websites, webinars, online forums, social media platforms, digital texting and medical device applications to push content, promote brands and host events such as continuous professional development sessions for HCPs. Prescription business representatives in Australia leveraged Aspen Xpress, an internally developed mobile application, to maintain a high level of support to HCPs. Internal conferences and training sessions were hosted digitally to ensure that commercial activities continued uninterrupted. A number of digital interventions were implemented to enable employees to work remotely, while remaining connected and productive from the safety of their homes. Group-wide communication to employees was ramped up using various digital platforms for "Town Hall" meetings, team meetings, announcements and seminars, supported by One Aspen Online – Aspen's intranet.

Group Chief Executive's report

Stephen Saad
Group Chief Executive

Key features of 2020

Significant progress in achieving medium-term goals

We remain focused on executing our strategy of differentiating Aspen as a specialty pharmaceutical company through our five strategic objectives.

See pages 26 and 27

Strong financial performance

We delivered strong revenue growth from continuing operations and delivered on our commitment to further reduce net borrowings.

See pages 61 and 64

Niche manufacturing capacity

We continue to invest in niche manufacturing capacity creating opportunity to enhance our offering in a growing sterile market.

See pages 82 to 84

A united team driven by our purpose and values

Our more than 9 800 employees have demonstrated their resolve and commitment, continuing the supply of much needed medicines to patients in need around the world.

See page 88

Aspen has always prided itself on being a company that serves humanity. In the face of the current global health and humanitarian crisis, we have built on this legacy. Our global supply of anaesthetics, dexamethasone and other essential products has assisted patients in need and we are committed to continuing our contribution to the improvement of the health of patients across the world.

The resolve shown by our employees in their dedication to deliver much needed medicines, despite a challenging operating environment, has been inspirational. I have been truly gratified to witness Aspen deliver on our purpose so meaningfully under these most testing of times.

The progress made in reshaping the Group has allowed for the differentiation of Aspen as an emerging markets focused specialty pharmaceutical company, anchored by a manufacturing platform with significant sterile manufacturing capacity.

Our stated strategic intent since 2018 has been to reshape the Group, leveraging our strengths and achieving focus, to drive sustainable organic growth in an industry characterised by increasing pricing pressures and fierce competition. We have made significant progress in moving towards achieving this strategy. During the year under review we took concrete steps to reposition our Commercial Pharmaceuticals platform and increased our weighting towards territories where we have demonstrated capabilities and a strong performance record, largely in emerging markets. Following these changes, a higher proportion of our business will be exposed to the private sector and will be better positioned to benefit from the expanding middle classes in emerging markets, where our trusted and proven brands are well placed to support the increasing medical demands of these growing populations. We have continued to invest in our manufacturing capabilities, allowing us to enhance our offering of quality and affordable medicines. Cash generated through our operations and proceeds from divestments have been used to further reduce our debt, strengthening our balance sheet and reducing future cash outflow commitments.

Impact of COVID-19 on performance

The COVID-19 pandemic has created great uncertainty and many challenges for people and companies across the globe. Despite this, our business model has proven to be resilient. Our diverse product portfolio, effective business continuity plans and the safety measures we have taken to protect our employees have enabled us to remain fully operational throughout this period.

The volatility associated with the pandemic has had an adverse impact on our results in the second half of the 2020 financial year, with the impact varying in timing and by region. The hard lockdown in China significantly restricted sales of medicines in this country for at least three months. Conversely, we experienced a spike in demand for certain of our medicines early in the first wave of the pandemic, most notably in South Africa, Australia and Mexico. An expected drop in demand followed, as the resultant abnormally high inventory levels in-market were normalised. In Europe, there was a significant requirement for certain of our sterile products to treat COVID-19 patients during the height of infections, but a decline in orders for products related to elective surgeries. The period after the first wave has been characterised by continued social distancing, leading to reduced infection rates in other communicable diseases and a slow and uncoordinated resumption of elective surgeries, resulting in an adverse impact on the Group's sales performance.

Despite the many challenges experienced during the second half of the financial year, we have made great progress against each of our medium-term priorities, while maintaining the supply of our medicines to patients around the world.

Commercial performance highlights

Overall, the Group has delivered strong revenue growth from continuing operations of 9% (4% at constant exchange rate CER) to R38,6 billion, while normalised EBITDA increased 7% (3% CER) to R11,0 billion. The increase in Group revenue was supported by growth from Commercial Pharmaceuticals of 6% (1% CER), despite the difficult trading conditions, and a pleasing performance from Manufacturing, which delivered an increase of 22% (14% CER).

NHEPS increased 9% (5% CER) to 1 464 cents, favourably impacted by lower financing costs.

Reshaping the Commercial Pharmaceuticals business

Following the divestments of the Nutritionals business and a portfolio of non-core pharmaceutical products in Asia-Pacific in the 2019 financial year, the following key transactions have been completed in accordance with our strategic intent to focus on our core pharmaceuticals business in territories where we have sufficient scale and where there is alignment between our business model and the relevant market dynamics. The completion of these transactions marks the end of the process to reshape the foundation of the Group.

Divestment of the Japanese business

Effective 31 January 2020, we divested of our Japanese business to Sandoz, a Novartis Division. While our portfolio and operational platform in this country did not provide the scale and leverage necessary for us to build on the positive results we had achieved in Japan, it represented a compelling value proposition to Sandoz in combination with their Japanese portfolio and pipeline. Additionally, we entered into a five-year Manufacturing and Supply Agreement with Sandoz (with an additional two-year extension option at the election of Sandoz), for the supply of APIs, semi-finished and finished products related to the portfolio of divested brands.

Exit from the commercialisation of public sector ARV's

We licensed our ARV portfolio in South Africa to Laurus Labs Ltd ("Laurus"), a leading Indian producer of ARV APIs, and entered into an agreement to toll manufacture these ARVs, thereby ensuring the South African government retains access to competitive prices for these critical medicines. We continue to sell ARVs in the South African private sector.

Divestment of Europe Thrombosis business

In March 2019, we announced that we would be undertaking a strategic review of our Europe & CIS Commercial business. We have, since then, assessed a number of alternative models for the conduct of the business in this region and considered a range of available options with a view to optimising the Group's sustainable returns.

Following this extensive review, we reached an agreement with Mylan Ireland Limited ("Mylan") in September 2020 to divest the assets related to the commercialisation of our Thrombosis portfolio in Europe. The transaction is conditional upon the fulfilment of customary conditions precedent and is anticipated to complete before 31 December 2020. Furthermore, we will continue to manufacture and supply the divested products to Mylan under a long-term supply agreement.

Group Chief Executive's report continued

This transaction will not only assist in streamlining Aspen's European business, but it is crucial to the reshaping of the Commercial Pharmaceuticals business segment towards a greater concentration of revenue in territories where we have a proven track record of success. Aspen retains a relevant exposure to Europe and EUR revenue generations through our Anaesthetics portfolio, Regional Brands and important manufacturing sites. Mylan represents the ideal partner to acquire these assets given its strength in Europe, commitment to the injectables and biosimilars space and comparable employee-first culture and values.

Niche specialty manufacturer

The strategic capital investment in our sterile manufacturing capacities has continued and, although slightly delayed by the COVID-19 pandemic, is progressing according to plan. Provided there are no additional challenges presented by the pandemic, investment in these capital projects is expected to peak in the year ahead before reducing rapidly in subsequent years as the projects reach their end.

While commercial production will commence in some of the new facilities in the year ahead, substantive commercial benefits in respect of our Anaesthetics portfolio are expected from FY2024 when most of the technical transfer of products to these new facilities is scheduled to be complete and full commercial production underway.

We have proven, high quality manufacturing expertise and these additional complex and niche production capabilities provide us with the opportunity to enhance our offering of quality and affordable medicines in a growing sterile market and allow us to reduce cost of goods within our existing portfolio. Demand for the additional capacity we already have available as well as that which will come on line in the next years is high and we are actively engaged with potential partners interested in securing part of our available sterile manufacturing capacity. Through partnering with multinationals in this way, we also create the opportunity to leverage our sought-after capacity to further expand our global presence in steriles.

Strengthened balance sheet

Strong operating cash flows and transaction proceeds have been used to reduce our level of debt, achieving a leverage ratio comfortably within the covenant level. Proceeds on the disposal of the European Thrombosis business will be used to further reduce debt. The strengthening of our balance sheet establishes financial headroom to support initiatives aimed at supporting our business strategies, including adding to our branded product portfolios in areas of existing focus and proven capabilities.

Transforming the way we work

People are at the centre of our business and we continue to work on creating a high-performance culture, while remaining grounded by high ethical standards and shared values. Diversity and inclusion initiatives have received increased focus as we create an environment in which each of our employees can thrive. We have implemented senior executive coaching to foster an inclusive leadership culture. During this period, we have had to find new ways of working and collaborating, fast tracking the implementation of work-from-home policies and the digitalisation of processes and workflows. This experience has taught us a lot about how we engage with our employees and has prepared us for an altered future in the way we work.

A team united by purpose

This year has tested us on so many fronts. In the midst of the execution of our ambitious strategy to reshape the Group, execute significant capital projects and complete a number of transformational projects across our operations, our people have had to respond to the rolling impacts of the COVID-19 pandemic in the workplace, in society and in their homes. I have been inspired by the agility and resilience displayed by our more than 9 800 employees who have pulled together as a team to remain focused on achieving our goals. I am most proud of the commitment shown by all of our employees, with special gratitude to those at the production sites, for ensuring we have been able to maintain the supply of essential medicines to COVID-19 and other patients around the world under these circumstances.

Our history

Foundation Phase 1997 to 2007

- Began trading in 1997
- Listed on the JSE in 1998, acquiring South African Druggists thereafter
- Established a presence in Australia, our first offshore operation
- Launched Africa's first generic ARV
- Received various international pharmaceutical regulatory accreditations for our Port Elizabeth-based manufacturing site
- Acquired FCC, South Africa's only manufacturer of APIs

Global Expansion Phase 2008 to 2014

- Established Aspen Global Incorporated as well as commercial and manufacturing operations in a number of new territories, including Europe, Latin America, the Middle East, Sub-Saharan Africa and South East Asia
- Concluded several acquisitions for rights and access to specialty brands, injectable anticoagulants, a sterile manufacturing site in France and an API business in the Netherlands

Specialty Focus Phase 2015 to 2020

- Increased specialty portfolio through the acquisition of a broad range of anaesthetics, making Aspen the leading supplier of anaesthetics outside of the USA
- Began producing complex specialty brands
- Established presence in China
- Reshaped the foundation of the Group through strategic divestments, including the disposal of the Nutritionals and Japanese businesses and the European Thrombosis portfolio

Looking ahead

The announcement of the transaction with Mylan signals the end of material commercial restructuring post the acquisitive period. Our focus now shifts to consolidating our position and delivering on the reshaped business. We will do so by building on the equity of our outstanding portfolio of Sterile Focus and Regional Brands through the targeted promotion and support of our proven sales teams in all territories.

As mentioned, we are creating additional opportunities with the capacity already available and being installed through our sterile capital projects, while we continue with the critical review of our organisational design and cost structures, including our plans to implement a number of digital transformation and efficiency projects aimed at positioning Aspen to compete effectively in the global arena. These projects will also secure the cost-competitiveness of our important Anaesthetics portfolio and realise savings in future cost of goods.

Notwithstanding the adversities presented in FY2020, we have delivered a sound performance and are well positioned for this momentum to continue. Our diversified portfolio across many geographies and differentiated manufacturing capability increases our resilience to the ongoing uncertainty.

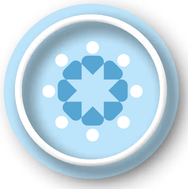
In closing, I would like to thank the Board for their strategic leadership, my executive team for their steadfast commitment and our employees who remain dedicated to the sustained success of the Group. In this time of a global pandemic, our purpose has never been more critical. With the continued support of our shareholders, employees and our many partners, we are able to positively impact the lives of many across the globe by enabling access to our medicines.

Stephen Saad
Group Chief Executive

Our strategic business performance

A high-level overview of our performance over the past year and the outlook for each of our strategic objectives are set out in the pages that follow.

Strategic objective

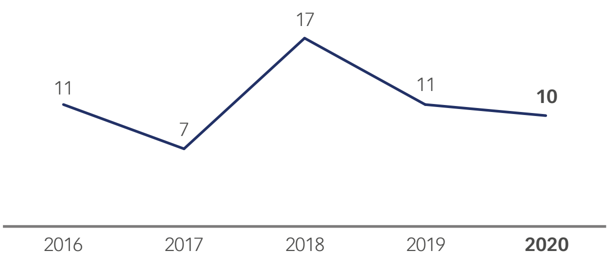


To deliver a differentiated portfolio of high quality and affordable medicines to improve the health and quality of life of patients

Performance highlights

- Contributed to the global response to the COVID-19 pandemic through the supply of essential medicines and treatments.
- Segmented the South African business between the branded portfolio (Aspen) and commoditised and traded portfolio ("Ethicare") effective 1 July 2019 achieving heightened product and customer focus in this important territory.
- Completed the strategic partnership in South Africa with Laurus in respect of public sector ARVs, reducing exposure to exchange rate fluctuations in input costs while leveraging our manufacturing and distribution capability.
- Divested the Japanese business, exiting a country where Aspen had insufficient critical mass to achieve best results from its portfolio.
- Strengthened the Group Commercial Executive team providing sharpened focus on China, USA and Russia CIS.

KPI: Number of product recalls (number)



The number of product recalls has remained stable. A full market recall of Zantac was executed in Australia following an instruction issued by the TGA for the recall of all pharmaceutical products containing the API ranitidine. Ranitidine contains traces of a by-product compound called N-nitrosodimethylamine ("NMDA") which was being investigated for posing a low carcinogenic risk from long-term exposure. The remaining product recalls were in respect of batch specific issues requiring recall of the affected batches only.

- Completed the restructure of regional leadership, reorganisation of sales resources and introduction of a sales effectiveness model in Europe & CIS.
- Continued the targeted approach to product development and licensing initiatives creating a product pipeline aligned with the Group's future growth plans, successfully launching a total of 40 products in 17 countries and territories, broadening access to high quality, affordable medicines and products.
- Maintained a strong quality culture achieving positive results from inspections undertaken by regulators and audits conducted by customers.
- Maintained lower levels of product recalls.

Challenges experienced

- COVID-19 negatively impacted the demand for some of our products as elective surgeries have been postponed, social distancing lowered the spread of other communicable diseases and in general, people reduced visits to doctors and pharmacies.
- Instances of supply delays and disruptions, together with spikes in demand as a result of COVID-19, required careful stock allocation and prioritisation to minimise the impact of supply shortages.
- Timing of new product launches is dependent on meeting regulatory requirements and the speed of processing of the necessary registrations by the regulatory authorities in each country. This was further impacted by the pandemic as regulatory bodies reprioritised their restricted resources to COVID-19-related matters.
- Increasing complexity of regulatory requirements and product regulations, requiring additional resources to maintain and upgrade our intellectual property.
- Effective 1 October 2019, we effected a full recall of Zantac in Australia, following an instruction issued by the Australian Regulatory Authority.

Key risks and opportunities

- Relevant product portfolio able to support COVID-19 treatment initiatives
- Continuity of supply
- Delivery of pipeline and new products
- Digital transformation and information security
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality
- Pricing of medicines

(pages 34 to 38)

Near- to medium-term outlook

- The divestment of the Thrombosis Europe business, anticipated to complete before 31 December 2020, will complete the review of our Commercial business creating a commercial platform with a strong weighting towards growing territories.
- The initiative of the South African Health Products Regulatory Agency to expedite the backlog of registrations is expected to accelerate the unlocking of further value from our pipeline.
- Development and refinement of the product pipeline in line with the Group's targeted therapeutic categories for each region is being pursued in order to build on the areas of expertise which we have developed.
- Sales structures will be assessed on an ongoing basis to ensure that we are delivering the appropriate services to meet the demands of healthcare providers.
- Ongoing consideration of collaboration and partnering opportunities to achieve enhanced distribution capability in territories where we lack sufficient critical mass.

Our strategic business performance continued

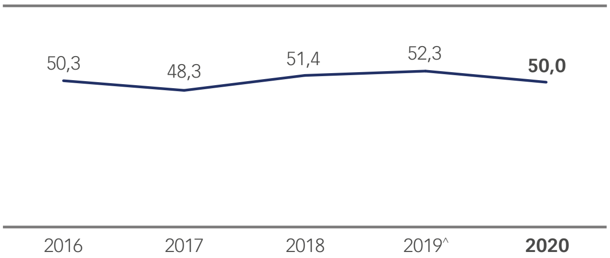
Strategic objective

To optimise the strategic advantage of our integrated value chain

Performance highlights

- Invoked business continuity plans and supply chain task force, maintaining the reliable supply of products during the disruption of COVID-19.
- Stabilised the Anaesthetics supply chain improving reliability of supply.
- Progressed the significant capital projects at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites that will increase our capacity and capability for the transition of the manufacture of a significant portion of our Anaesthetic portfolio to our own facilities over the next three years.
- Continued to implement changes required to meet serialisation regulations at our manufacturing sites.
- Increased liquid manufacturing capacity at our East London facility, operationalised in August 2019, supporting the South African commercial strategy to grow the consumer health and OTC business.

KPI: Gross profit percentage (%)



^ Restated for discontinued operations.

The lower gross profit is driven predominantly by lower Regional Brands gross profit margins, unfavourably impacted by higher costs of doing business under COVID-19, the recall of Zantac and the increased competition on the oncology portfolio in Europe CIS.

- Initiated a strategic project to optimise our end-to end value chain through an integrated business planning process.
- Continued investment in ERP systems and processes to enhance the integration of manufacturing and finance processes and systems, achieving increased efficiency and the ability to manage risks across the complex supply chain more effectively.
- Focused commercial strategy for our manufacturing sites achieved increased sales of APIs including sales of heparin.
- Transformational organisational design and process improvement initiatives initiated at certain API and FDF production sites identified opportunities for increased efficiency and cost reduction.

Challenges experienced

- COVID-19 created a challenging environment in which to operate – increased health and safety protocols at sites, increased absenteeism, instances of delays in supply of API, changes to production schedules required to meet fluctuations in demand and constrained shipping channels are some of the challenges experienced impacting costs and productivity levels.
- The pharmaceutical supply chain is complex and matching supply with demand in multiple territories remains a focus area for the Group.
- Currency volatility impacts the cost of goods across the supply network, and since many of our APIs are purchased in USD, the strengthening of the USD against a number of the currencies in which we trade caused margin pressure.
- Lockdown measures and travel restrictions resulted in delays in the capital expansion projects.
- Increases in the price of heparin resulted in a higher cost of goods sold for Thrombosis Brands.

Key risks and opportunities

- Continuity of supply
- Digital transformation and information security
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality

(pages 34 to 37)

Near- to medium-term outlook

- The consolidation of Anaesthetics manufacturing into Aspen sites will further increase our control over the supply chain, enhancing security of supply and thereby allowing better access to these essential medicines. It will also lead to lower cost of goods, allowing access to more competitively priced commercial opportunities. Full commercial production from all these projects is expected in the FY2024.
- While our strategic stock build allowed us to defer the impact of the pricing escalation of mucosa, a negative gross profit impact is still expected in FY2021.
- The strategy to source sustainable third party volumes to utilise surplus capacity within our manufacturing facilities is expected to have incremental commercial benefits with the additional potential to unlock further partnership opportunities with multinationals.
- The process improvement initiatives underway at some of our key sites are expected to yield considerable efficiency gains.
- Our integrated supply chain, niche manufacturing capabilities, matched with our global distribution capabilities, places us in a position to enter into value creating partnerships.
- The significant investment in digital transformation initiatives is expected to increase overall value chain efficiency.

Our strategic business performance continued

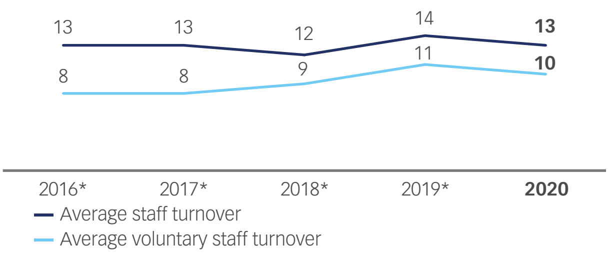
Strategic objective

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence

Performance highlights

- Prioritised the health, safety and wellness of our employees while remaining productive and engaged throughout the COVID-19 disruption.
- Further progressed the implementation of our global human resources strategy, with the global diversity and inclusion framework receiving heightened strategic focus during the year.
- Launched the Global Learning Management system in South Africa with the intention to extend its use across our global businesses.
- In South Africa, provided a total of 156 learners/apprentices with funding during the year, implemented 54 internships and provided 70 bursaries to employees to further their formal education.

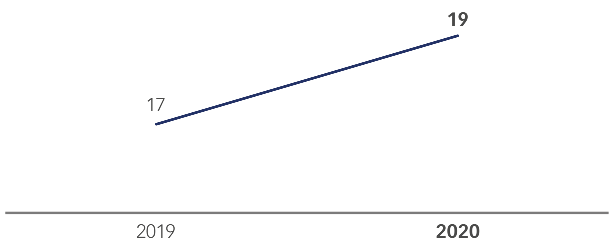
KPI: Average staff turnover (%)



** Average voluntary staff turnover restated due to change in definition.*

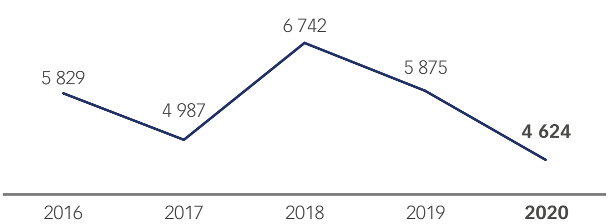
Staff turnover has improved indicating a more stable work environment in a number of the Group's business units.

KPI: Percentage of female employees in top management roles in the Group (%)



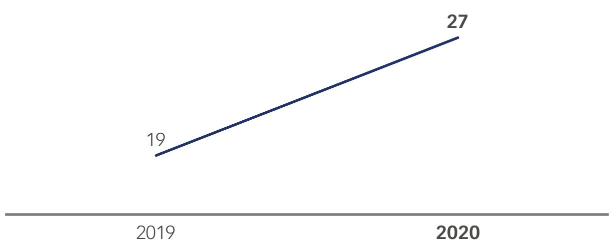
The representation of women in the senior positions in the Group has increased slightly to 19% as efforts continue to advance women within the organisational structure.

KPI: Average training spend per employee (Rand per employee)



The reduction in the average training spend per employee is partly attributable to the shift from external training to more cost effective internal and online training initiatives. Furthermore, certain initiatives were suspended, cancelled or rescheduled due to COVID-19 considerations.

KPI: Percentage of black employees in the top management roles in South Africa (%)



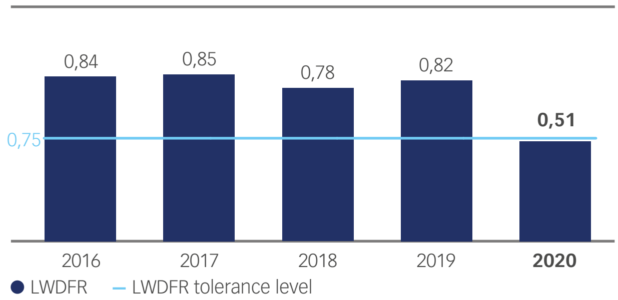
The percentage of black employees in the top management roles in South Africa has shown a substantial increase to 27% representation following a focused effort to implement employment equity plans.

- Continued efforts aimed at the targeted restructuring of the workforce in selected operations to achieve required operational efficiency.
- Successfully transitioned the employment of 80 employees impacted by the disposal of the Japanese business.
- Maintained our historically high safety standards with zero incidents of occupational fatalities and a significantly lower LWDFR.

Challenges experienced

- The ability to attract, retain and develop the diverse talent and specialist technical skills required to support the increasing complexity of the Group remains a focus area.
- Maintaining the health and safety of our employees during the COVID-19 pandemic while rapidly deploying new ways of working.
- The inherent health and safety risks relating to the pharmaceutical and chemical industry require an unwavering focus on maintaining a strong safety culture across all of our operations.

KPI: LWDFR (rate)



The LWDFR has reduced to below the tolerance level indicating an improved health and safety culture. No occupational fatalities were recorded. Despite the improvement, the investigation, analysis and remediation of all incidents remains a focus to prevent recurrence.

Key risks and opportunities

- Attraction, development and retention of skills
- Digital transformation and information security
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance
- Protection of the health and safety of our employees and the environment

(pages 33 to 38)

Near- to medium-term outlook

- The continued implementation of the global human resources strategy will further progress our objective to create an engaging, enabling and inclusive environment for all of our employees.
- Organisational redesign projects are underway to position the Group for increased effectiveness.
- The drive to improve gender (female) representation and racial diversity (in South Africa) in key management levels remains a focus in the medium term.
- Initiatives to further enhance the safety culture across our operations continue to receive attention.

Our strategic business performance continued

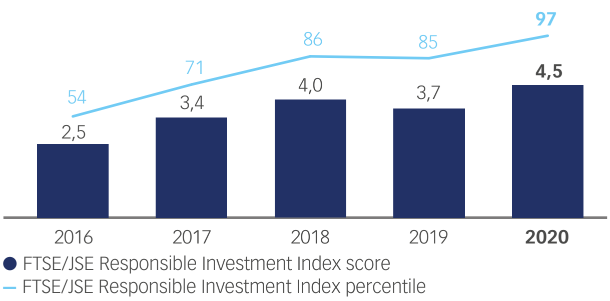
Strategic objective

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way

Performance highlights

- Actively supported efforts to respond to the COVID-19 pandemic.
- Significantly improved our performance in the FTSE/JSE Responsible Investment Index and included in the FSTE4Good Index Series.
- Maintained our support of the UN Global Compact, the Climate Change CDP and Water Security CDP initiatives.
- Continued to focus on targeted transformation initiatives in the South African business and the achievement of BBBEE objectives.
- Continued our support of SED projects contributing to the well-being of the communities in which we do business.

KPI: FTSE/JSE Responsible Investment Index score



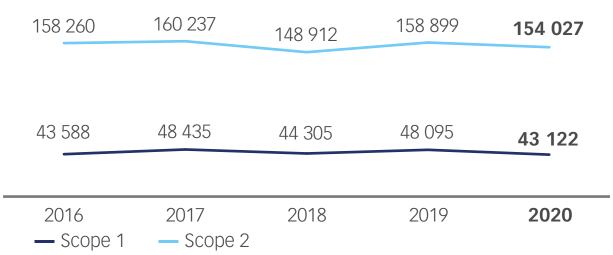
Through continued focus on key ESG indicators, we improved our score to 4,5, placing us in the top 30 FTSE/JSE Responsible Investment Index and resulted in our inclusion in the FTSE4Good index.

KPI: BBBEE accreditation in South Africa

	2016	2017	2018	2019	**2020**
Contributor level	4	4	4	4	**4**

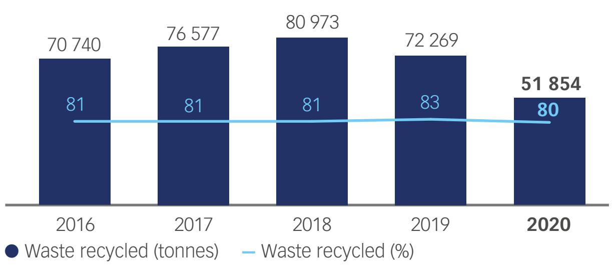
Through executing a focused BBBEE strategy, we have retained our contributor level.

KPI: Carbon emissions (tCO_2e)



Total carbon emissions have decreased due to the disposal of the Nutritionals business and through the decommissioning of certain units and equipment optimisation at Oss.

KPI: Waste recycled



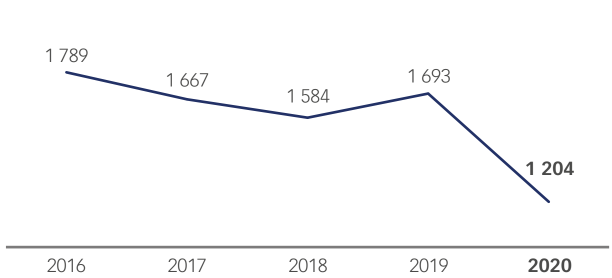
A reduction in certain high-waste-generating production activities together with a focus on waste management has resulted in a 25% decrease in total waste generated, however the percentage of total waste recycled trended downward slightly.

- Finalised the United Kingdom's Competition and Markets Authority investigation and proposed commitments to the European Commission regarding their respective investigations into certain pricing matters.
- Reduced total carbon emissions, waste generated, water withdrawn and electricity used.

Challenges experienced

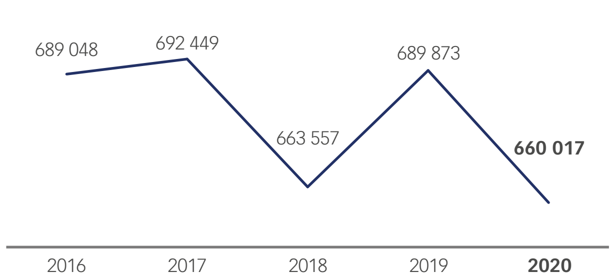
- Stakeholder expectations, reporting and disclosure requirements in respect of our corporate citizenship and sustainability commitments continue to increase and require ongoing attention to ensure we continue meeting these in a balanced and responsible manner.
- Our operations span multiple territories, with complex regulatory frameworks requiring ongoing vigilance to reduce the risk of non-compliance.

KPI: Water withdrawn (megalitres)



There has been a significant reduction in the volume of water withdrawn. While this is impacted by the disposal of the Nutritionals business and the decommission of certain units at Oss, certain water conservation projects did yield favourable results. These were offset by increased production demand at the East London and Port Elizabeth sites.

KPI: Electricity used (gigajoules)



Electricity consumption has decreased due to the disposal of the Nutritionals business and the decommissioning of certain units at Oss.

Key risks and opportunities

- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance
- Protection of the health and safety of our employees and the environment

(pages 35 to 38)

Near- to medium-term outlook

- Ongoing emphasis will be placed on ensuring an ethical and values driven culture throughout the Group.
- Continued investment in appropriate skills development and enterprise development initiatives as well as focus on preferential procurement to further improve our BBBEE performance.
- In line with a revised Group SED policy, projects aligned to specific objectives will be continued in the countries in which we do business.
- A climate change strategy is being developed for the Group aimed at addressing climate change risks.
- The recalibration of our sustainability strategy and alignment of our ESG priorities is underway to meet increasing expectations of our various stakeholders.

Our strategic business performance continued

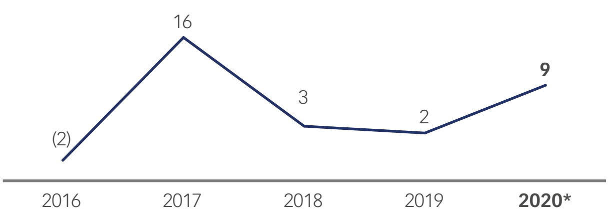
Strategic objective

To create sustainable economic value for all our stakeholders

Performance highlights

- Created R17 004 million in value, with R8 019 million being paid to employees, the generation of R1 222 million in revenue for governments, R22 314 million in payments to providers of goods and services and R21 million to support various SED initiatives.
- Achieved growth in Commercial Pharmaceuticals revenue (+1% CER) with strong performance in Sub-Saharan Africa (+6% CER), Latin America (+10% CER) and MENA (+12% CER).
- Revenue and margins in our Manufacturing business positively impacted by the resumption of the sale of heparin API to third parties and increased API sales and contract manufacturing volumes.

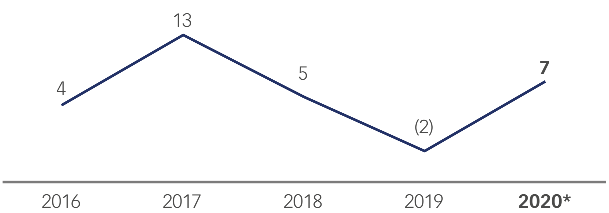
KPI: Revenue growth (%)



** Growth calculated on 2019 restated figure for discontinued operations.*

Reported revenue growth of +8.8% benefitted from the weaker ZAR (+5.2%) with CER revenue growth being +3.6%. Commercial Pharmaceutical grew by +1.3% CER (reported growth of +6.1%) and Manufacturing recorded growth of +14.1% (reported growth of +21.7%) with strong contributions from both heparin and non-heparin API products and consistent supply during the pandemic.

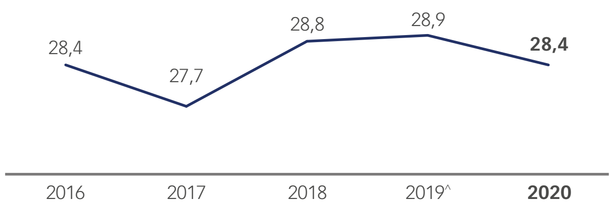
KPI: Normalised EBITDA growth (%)



** Growth calculated on 2019 restated figure for discontinued operations.*

Reported growth in normalised EBITDA of 6,7% has benefited from the weaker ZAR (+4,2%) with CER growth being +2,5%.

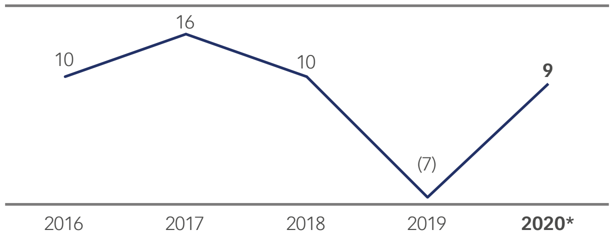
KPI: Normalised EBITDA margin (%)



^ Restated for discontinued operations.

The normalised EBITDA margin percentage is marginally lower due to the dilutive effect of the lower Regional Brand gross profit margin percentage offset by net expense savings arising from COVID-19 and the benefit of operational cost-reduction initiatives.

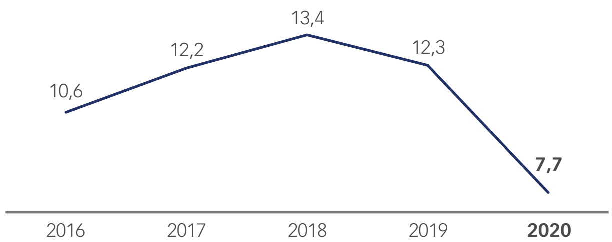
KPI: NHEPS growth (%)



** Growth calculated on 2019 restated figure for discontinued operations.*

Reported NHEPS growth of 8.9% has benefited from the weaker ZAR (+4.1%) with CER growth being +4.8%. Growth of NHEPS has been augmented by the reduction in net finance costs of 25% in the current year.

KPI: Return on ordinary shareholders' equity (%)



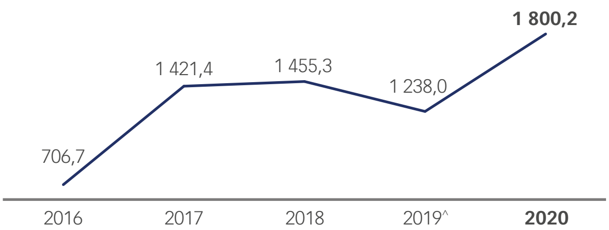
The weaker year-on-year ZAR has inflated the foreign exchange translation reserve and increased the total value of shareholders' equity which dilutes the return on shareholders' equity.

- Completed the divestment of the Japanese business in line with strategy to bring greater focus to the Commercial Pharmaceutical business. This transaction realised net cash proceeds before tax of R4 229 million.
- Achieved strong operating cash flows, realising a cash flow conversion ratio of 142%.
- Strong operating cash flows and net proceeds on divestments used to accelerate de-leveraging of the balance sheet, achieving a leverage ratio of 2,9 times at financial year end, with substantial headroom on covenant level of 3,5 times.

Challenges experienced

- Negative impact of the lockdown in China and lower demand for certain products due to lower spread of other communicable diseases and postponement of elective surgeries during the pandemic.
- Oncology pricing pressures continue to have an unfavourable impact on Commercial Pharmaceuticals revenue in the Europe & CIS region.
- Increasing costs of doing business under COVID-19.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories. The high cost of doing business in this complex regulatory environment places pressure on achieving satisfactory returns on investment.

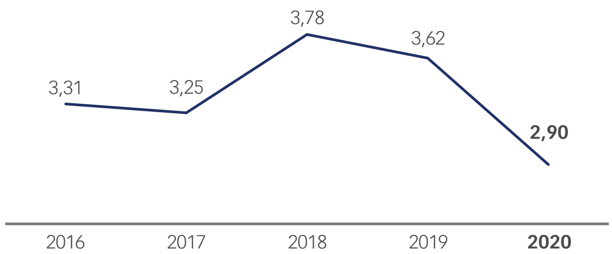
KPI: Operating cash flow per share (cents)



^ Restated for discontinued operations.

Strong operating cash flows aided by a working capital cash inflow increased the cash flow to profit ratio to 142% from 107% in the prior year.

KPI: Leverage ratio



Positive cash flows and proceeds on the disposal of the Japanese business have enabled the reduction of net borrowings, reducing the leverage ratio to comfortably within the covenant level of 3,5 times.

Key risks and opportunities

- Capital structure and debt obligations
- Delivery of pipeline and new products
- Digital transformation and information security
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Pricing of medicines
- Realising the expected benefits from acquisitions and divestments

(pages 33 to 39)

Near- to medium-term outlook

- The completion of the strategic reviews of the European CIS business is expected to deliver improved results.
- Product launches from our focused product pipeline, including some unique opportunities in the United States, provides further potential for growth.
- Anticipated positive free cash flows from operations and proceeds from the divesture of the Thrombosis assets in Europe will contribute to a further reduction in net borrowings and consequently to finance charges.
- Our favourable relationships with many multinational pharmaceutical companies positions us to engage with them regarding collaborations and mutually beneficial transactions.
- Overall, the business is well positioned to continue positive FY2020 momentum, however there is a high level of uncertainty in respect of the impact of COVID-19 on performance.

Deputy Group Chief Executive's financial review

Gus Attridge

Deputy Group Chief Executive

Key features of 2020

Strong performance from Manufacturing contributes to increase in revenue despite COVID-19 challenges

Group revenue increased 9% to R38,6 billion for the 12 months ended 30 June 2020, supported by growth from Commercial Pharmaceuticals (+6%) and a pleasing performance from Manufacturing (+22%).

See page 61

Earnings positively impacted by improved EBITDA and reduction in net funding costs

Normalised headline earnings of R6,7 billion is 9% higher than the R6,1 billion achieved in the prior year due to an increase in EBITDA and lower net financing costs.

See page 62

Positive cash inflow from working capital increases cash conversion rate

Strong second half cash flows resulted in a positive cash inflow from working capital for the 12 months ended 30 June 2020 and supported a cash conversion rate of 142%.

See page 63

Comfortable headroom on covenant leverage ratio

Positive cash flows and proceeds on divestments contribute toward reduction in net borrowings, increasing headroom on the covenant leverage ratio at the June measurement period.

See page 64

A resilient performance from our Commercial Pharmaceuticals business and good Manufacturing results have sustained strong operating cash flows despite challenging trading conditions.

Financial performance highlights

After a positive financial performance delivered in the first half of the year we confronted headwinds arising from the volatility associated with the pandemic in the second half of the year. Despite these challenges, the Group delivered pleasing results, demonstrating the resilience of the Aspen business model and the benefits reaped from the steps taken to strengthen our financial position, creating a stable base from which to generate sustainable value.

Revenue increased by 9% to R38,6 billion and normalised EBITDA increased 7% to R11,0 billion. The increase in revenue was supported by growth from Commercial Pharmaceuticals of 6% to R31,1 billion, despite the difficult trading conditions. A pleasing performance from Manufacturing was reflected in growth of 22%. NHEPS increased by 9% to 1 464,6 cents, favourably impacted by lower financing costs.

Strong cash flows in the second half supported by a positive cash inflow from working capital resulted in a cash conversion rate of 142%. Net borrowings declined R3,8 billion to R35,2 billion. The strong cash generation was offset by R5,6 billion in unfavourable currency movements. The leverage ratio in terms of the Facilities Agreement of 2,90 times was comfortably below the covenant leverage ratio of 3.5 times.

Rigorous impairment testing of tangible and intangible asset values was once again performed, resulting in total impairments of R1,5 billion of which R1,3 billion related to intangible asset impairments.

Our results separately disclose discontinued operations. These include the residual amounts relating to the divestments of the Nutritionals Business and the Asia Pacific non-core pharmaceutical portfolio, which were completed in the 2019 financial year, as well as the divestments of the Japanese business, effective 31 January 2020, and the public sector ARVs transaction, effective June 2020.

Material relative movements in exchange rates in the last four months of the financial year have had a positive impact on financial performance, as is illustrated in the table below, which compares performance in the prior comparable period at previously reported exchange rates and then at CER. The CER results for the 12 months ended 30 June 2019 restate the performance for that period using the average exchange rates for the 12 months ended 30 June 2020.

	Reported 2020 R'million	Reported 2019 R'million	Change %	2019 (CER) R'million	Change (CER) %
Revenue	**38 647**	35 514	9	37 320	4
Normalised EBITDA	**10 968**	10 277	7	10 699	3
NHEPS (cents)	**1 464,6**	1 344,8	9	1 397,7	5

The commentary that follows is based on performance on a CER basis and on continuing operations in order to enhance comparability of underlying performance.

Business segment performance

Strong performance from Manufacturing contributes to increase in revenue despite COVID-19 challenges

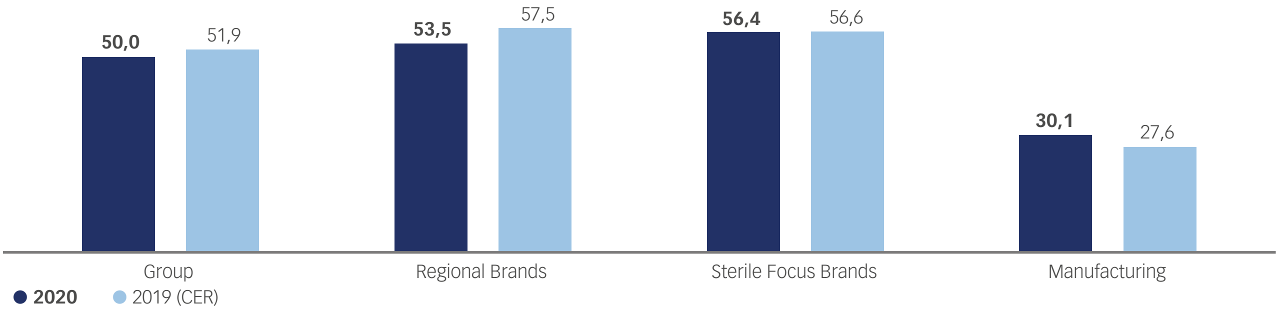
Revenue increased by 4% to R38,6 billion. The Commercial Pharmaceutical business segment, which comprises Regional Brands and Sterile Focus Brands, increased revenue by 1% to R31,1 billion. Regional Brands delivered a pleasing performance increasing revenue by 3% to R16,9 billion, notwithstanding the lower demand in the fourth quarter of FY2020 as a result of COVID-19. The performance of the Sterile Focus Brands segment was buoyed by the outcomes from the commercial intervention in Europe and the increase in demand for brands used in the clinical management of COVID-19, but this positive performance was offset by the impact of the postponement of elective surgeries and the China lockdown, resulting in an overall 1% decline in revenue in this segment to R14,3 billion. Manufacturing delivered a strong performance, increasing revenue by 14% to R7,5 billion, supported mainly by the resumption of heparin sales, but also by an increase in demand for other APIs and increased contract manufacturing volumes.

	2020 R'million	2019 (CER) R'million	Change %
Commercial Pharmaceuticals	**31 144**	30 742	1
Regional Brands	**16 881**	16 343	3
Sterile Focus Brands	**14 263**	14 399	(1)
Manufacturing	**7 503**	6 578	14
API	**6 115**	5 261	16
FDF	**1 388**	1 317	5
Group revenue	**38 647**	37 320	4

Reduced gross profit percentage in Regional Brands partially offset by improved performance in Manufacturing

Our gross profit percentage showed a decline from 51,9% to 50,0%. While Manufacturing gross profits benefitted from improved production efficiencies, factors such as the higher costs of doing business under COVID-19, the recall of Zantac in Australia and increased competition in respect of the oncology portfolio in Europe placed pressure on gross profit margins in the Regional Brands portfolio.

Gross profit by business segment (%)



Deputy Group Chief Executive's financial review continued

Earnings performance

Normalised EBITDA margin percentage diluted

Normalised EBITDA increased 3% from R10,7 billion to R11,0 billion, with well controlled operating expenses and an increase in net other operating income more than offsetting the decline in gross profit. Normalised EBITDA margin percentage is diluted by the higher proportion of lower gross profit margin Regional Brands and Manufacturing in the sales mix.

	2020 R'million	% of revenue	2019 (CER) R'million	% of revenue	% change
Gross profit*	**19 333**	50,0	19 364	51,9	0
Operating expenses	**(9 759)**	(25,2)	(9 778)	(26,1)	0
Net other operating income	**428**	1,1	354	0,9	21
Depreciation	**966**	2,5	759	2,0	27
Normalised EBITDA	**10 968**	28,4	10 699	28,7	3

** Gross profit is after the deduction of depreciation.*

Earnings positively impacted by improved EBITDA and reduction in net funding costs

Normalised headline earnings, which adjusts for specific non-trade items as set out in our accounting policies, is the primary measure management uses to assess our underlying financial performance. Normalised headline earnings of R6,7 billion was 5% higher than the R6,4 billion achieved in the prior year, positively impacted by the higher EBITDA and a reduction in normalised net funding costs (down 27%).

With no change in the issued share capital, NHEPS also increased by 5% to 1 464,6 cents per share.

Set out below is a reconciliation of earnings per share at the basic, headline and normalised headline levels.

	2020 Cents	2019 (CER) Cents	% change
Basic earnings per share (EPS)	**1 010,1**	342,2	195
Loss on sale of property, plant and equipment	**2,8**	4,0	
Impairment of property, plant and equipment	**1,8**	98,6	
Impairment of intangible assets	**280,9**	705,9	
Reversal of impairment of PPE	**(0,3)**	(2,3)	
Impairment of goodwill	**21,1**	25,2	
Impairment of non-current and current receivables	**2,0**	12,0	
Profit on sale of assets classified as held-for-sale	**(3,1)**	(1,8)	
(Profit)/loss on sale of intangible assets	**(47,3)**	9,1	
Headline earnings per share (HEPS)	**1 268,0**	1 192,9	6
Capital raising fees	**9,0**	15,2	
Restructuring costs	**67,3**	23,7	
Transactions costs	**79,1**	116,8	
Product litigation costs	**44,9**	108,7	
Reversal of deferred consideration no longer payable	**—**	(61,8)	
Foreign exchange (gain)/loss relating to acquisitions	**(3,7)**	2,2	
Normalised HEPS	**1 464,6**	1 397,7	5

Working capital and cash flow

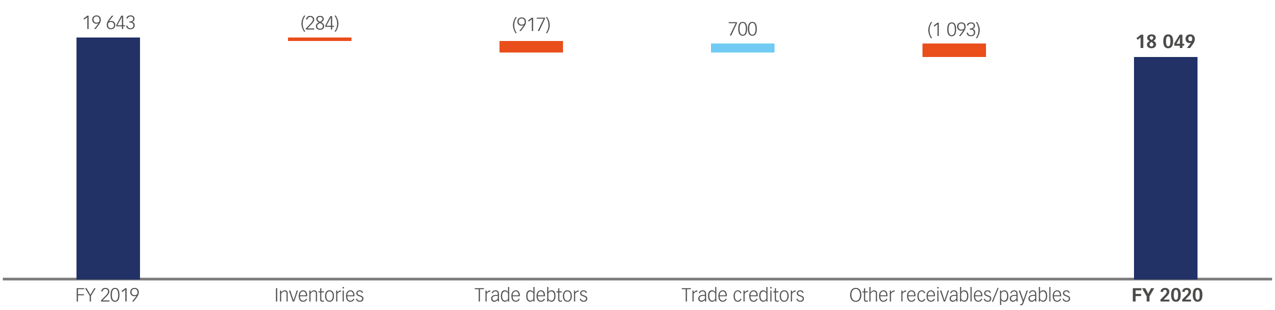
Reduced investment in net working capital

We continue to focus on optimising our investment in net working capital, while holding appropriate levels of inventory to ensure continued supply through periods of trading volatility and strategic site transfers. Net working capital levels decreased by 8% over the prior year, reducing the investment in working capital to 47% of revenue from 53% in the prior year. Key drivers of this reduction include:

- An increase in the sale of biochemical APIs out of Oss reducing inventory levels of heparin;
- A reduction in sales levels in the last quarter of the year (due to COVID-19) as well as the unwind of the residual Nutritionals business favourably impacting trade debtors; and
- The increased liquidation of VAT receivables and receipt of the hydroxyprogesterone caproate ("HPC") final milestone payment.

Our working capital levels are influenced by the long working capital cycle associated with our Oss API business, and adjusting for this business, working capital reduces to 38% of revenue (compared to 41% in the prior year).

Net working capital bridge (R'million CER)



Strong operating cash flow maintained

Generating positive cash flows is a strategic focus area for the Group and we maintained strong operating cash flow generation, especially over the second half of the year. This was boosted by the unwind in working capital as well as reductions in net finance costs and tax cash outflows. Cash generated from operating activities of R8,3 billion represents operating cash flow per share of 1 800,2 cents and a 142% conversion of headline earnings to cash from continuing operations.

	2020 R'million	2019 R'million	% change
Cash operating profit	**11 110**	10 918	2
Changes in working capital	**192**	(1 378)	
Cash generated from operations	**11 302**	9 540	18
Net finance costs paid	**(1 631)**	(1 742)	
Tax paid	**(1 411)**	(1 796)	
Cash generated from operating activities	**8 260**	6 002	38
Operating cash flow per share (cents)	**1 809,6**	1 314,9	38
Continuing	**1 800,2**	1 238,0	45
Discontinued	**9,4**	76,9	

Deputy Group Chief Executive's financial review continued

Non-current asset optimisation

Strategic projects continue to require high levels of capital expenditure

Extensive capital expenditure programmes at our Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites are in progress, and are aimed at ensuring the in-house manufacture of the majority of the Group's Anaesthetics products. Based on project budgeted exchange rates, the estimated total capital expenditure on these projects is R4,6 billion with R3,2 billion expended as at 30 June 2020. This expenditure is influenced by exchange rates, with the total project spend increasing to R5,0 billion calculated at year-end closing rates. The disruption to on-site activities due to COVID-19 has resulted in a shift of some capital expenditure planned for the 2020 financial year into the following year. While commercial production will commence in FY2021 at the Port Elizabeth and Bad Oldesloe sites and in FY2023 at the Notre Dame de Bondeville site, full commercialisation benefit from all of these strategic projects is expected in the 2024 financial year.

Total capital expenditure on property, plant and equipment is expected to amount to approximately R2,4 billion in the 2021 financial year, reducing to R1,5 billion in the next year.

Significant transactions to achieve strategic reshaping of Group

Aligned to our strategic intent to achieve focus on our core pharmaceutical business in territories where we have sufficient scale, we have implemented a number of transactions to reshape the Group. Following the divestments of the Nutritionals business and the Asia Pacific non-core pharmaceutical portfolio in 2019, the Japanese business was divested to Sandoz effective 31 January 2020. In addition, the public sector ARV business in South Africa was divested to Laurus effective 30 June 2020. Net cash inflows in the 2019 and 2020 financial years arising from transactions amounted to R16,8 billion and was utilised to reduce the level of net borrowings.

In September 2020 (subsequent to year-end), we concluded an agreement (subject to conditions precedent) to divest the assets related to the commercialisation of our Thrombosis products in Europe to Mylan for a purchase consideration of EUR641,9 million, plus the cost of the related inventory (the "Transaction"). It is anticipated that the Transaction will complete before 31 December 2020.

Impairment to intangible assets

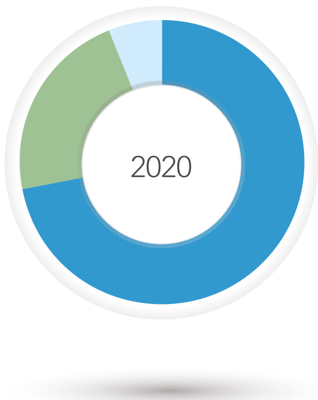
We classify certain of our intangible assets as being of indefinite life. Each year the carrying amounts of these assets are rigorously tested for impairment and carrying amounts are written down. Intangible assets which are no longer assessed as indefinite life are reclassified as definite life assets. This year the impairment testing resulted in total impairments of R1,5 billion of which R1,3 billion related to intangible asset impairments with a net book value of R73,0 billion at financial year end.

Funding and debt profile

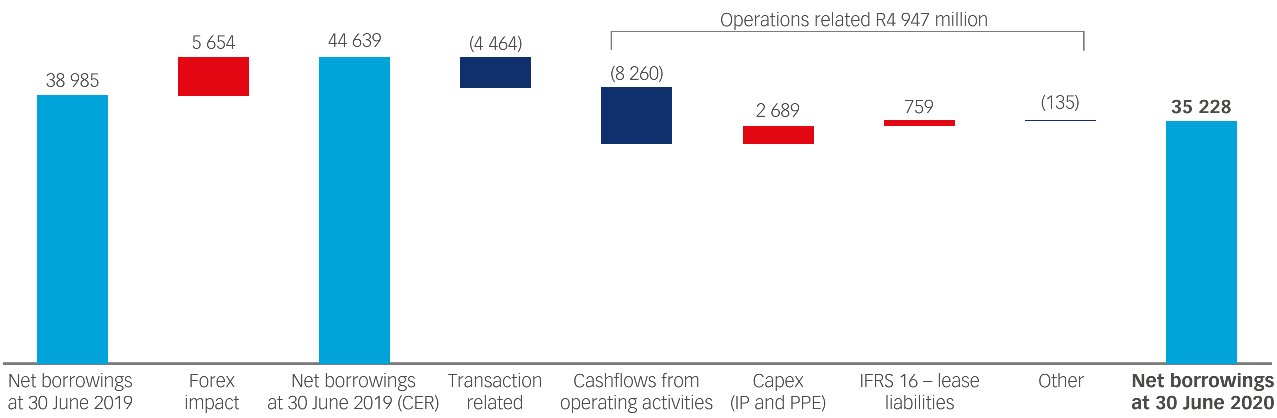
Significant headroom on covenant leverage ratio

The positive cash flows achieved together with the proceeds from the disposals have been utilised to reduce the level of net borrowings by R3,8 billion to R35,2 billion. The leverage ratio of 2,9 times is well within the covenant level of 3,5 times.

Net borrowings (R35,2 billion) (%)



Net borrowings bridge (R'million)



Analysis of R35,2 billion net borrowings

Maturity profile	Gross borrowings R'million	Cash (net of overdrafts) R'million	Net borrowings R'million
< 1 year	**4 636**	**(5 617)**	**(981)**
Between 1 – 5 years	**35 583**	**–**	**35 583**
Lease liabilities	**626**	**–**	**626**
Total	**40 845**	**(5 617)**	**35 228**

Net funding costs (continuing operations)

The lower net borrowings have contributed to a 25% reduction in net financing costs.

	2020 R'million	2019 R'million	% change
Net interest paid	**(1 240)**	(1 514)	
Foreign exchange losses	**(8)**	(66)	
Notional interest on financial instruments	**(182)**	(274)	
Normalised net funding costs	**(1 430)**	(1 854)	(23)
Debt raising fees on acquisitions	**(45)**	(70)	
Foreign exchange gains on acquisitions	**17**	(9)	
Reported net financing costs	**(1 458)**	(1 933)	(25)

Change in accounting standard relating to leases

The Group applied IFRS 16 retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated under this approach. Consequently, there was no impact to opening retained earnings on adoption of IFRS 16. Under this standard, depreciation on the right-of-use assets and finance costs on the lease liability is recognised in the Statement of Comprehensive Income, rather than previously recognised operating lease expenses (under IAS 17 – Leases). The net impact to earnings for the period ended 30 June 2020 resulting from the difference between operating lease expense under IAS 17 and IFRS 16 on the statement of comprehensive income (depreciation and finance costs) is not significant.

Continued improvement in financial reporting systems

We continue to implement our digitalisation strategy, investing in new ERP systems and advanced technology. These projects remain integral to our objective of achieving significant improvement in the quality, timeliness and depth of financial and tax reporting available to the Group.

Due to global uncertainty, no dividend declared

Taking into account the elevated level of uncertainty of the ongoing impact of COVID-19 on our activities and performance, the Board has felt it prudent to not declare a dividend at this time. The Board will re-evaluate the relevant circumstances regularly with a view to declaring a dividend when it is considered prudent to do so.

Looking ahead

The evolving impact of COVID-19 and the continued volatility in current economic climate creates significant uncertainty, with it remaining difficult to reliably estimate the near term impact on our performance. Despite this challenging environment, our focus remains firmly on positioning the business for sustainable business performance through achieving organic growth, seeking opportunities for efficiencies and cost savings and further optimisation of our working capital management. Our objective is the generation of positive free cash flows to create the required headroom to pursue opportunities for sustained future growth. The investment in our specialised manufacturing capability, our continued focus on our product pipeline and our strategic reshaping of our product portfolio provide a solid foundation for the Group and its organic growth prospects. The weakening of the Rand against almost all of the basket of Aspen's trading currencies has resulted in an uplift of our reported 2020 results. Should prevailing Rand weakness persist, this uplift in earnings will be even more pronounced in the 2021 financial year.

In this particularly challenging year, I would like to thank the finance teams for their continued diligence and their exceptional support to enable the achievements in our areas of strategic focus. I would also like to extend my appreciation to the various management and Board committees for their continued support and oversight of the Group's financial affairs.

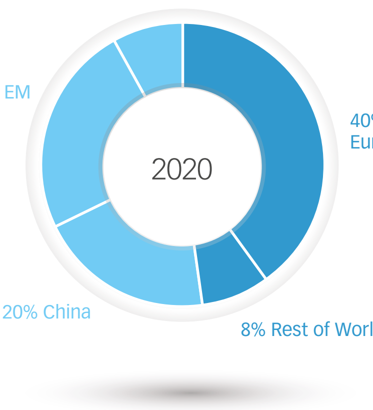
Gus Attridge
Deputy Group Chief Executive

Business segment overview

Sterile Focus Brands

Aspen's Sterile Focus Brands comprise Anaesthetics Brands and Thrombosis Brands, predominantly distributed to hospitals for use in an acute setting. The basket of established products and brands is largely niche with a weighting toward emerging markets.

52% EM revenue contribution **48% DM revenue contribution**



37%
of total Group Revenue

	2020 R'million	2019 (CER) R'million	Change %
Revenue			
Developed markets ("DM")	**6 909**	6 859	1
Emerging markets ("EM")	**7 354**	7 540	(2)
Total	**14 263**	14 399	(1)
Gross profit percentage	**56,4%**	56,6%	

All commentary in the Business segment overview reflects CER performance.

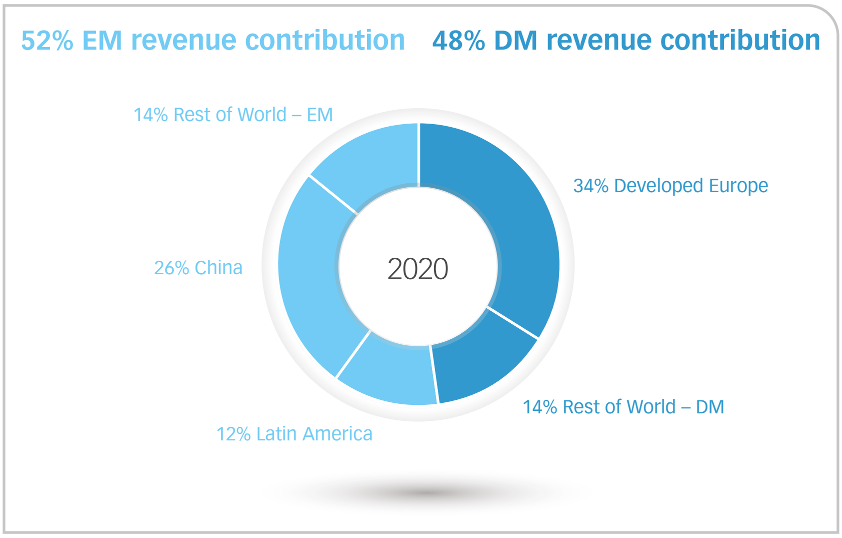
Anaesthetics Brands

The strategic capital investments undertaken to bring the manufacturing of our Anaesthetics Brands in-house will expand our sterile manufacturing production capabilities and ensure the sustainable supply of high quality anaesthetic products. Our comprehensive product basket includes general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents, making Aspen a leading global supplier in the Anaesthetics category, outside of the USA (where Aspen does not presently market anaesthetics).This portfolio provides reliable solutions to support the anaesthesiologist in the choice and combination of medication, dose, route and techniques, considering the risks to and benefits for the individual, improving the clinical experience for patients.

Key brands

Brand	Type of anaesthetic
Diprivan	General
Marcaine	Regional
Naropin	Regional
Ultiva	General
Xylocaine	Regional

21%
of total Group revenue



	2020 R'million	2019 (CER) R'million	Change %
Revenue			
Developed markets	**3 788**	3 563	6
Emerging markets	**4 179**	4 232	(1)
Total	**7 967**	7 795	2

Performance

The Anaesthetics Brands portfolio increased revenue by 2% for the 12 months ended 30 June 2020. The portfolio, which is largely supplied into hospitals, experienced a mixed impact due to the COVID-19 pandemic. Early during the pandemic, China underwent a hard lockdown resulting in the postponement of elective surgeries. Anaesthetics Brands sold in China, such as Naropin and Diprivan, experienced a marked drop in demand. Contrastingly, the first wave of COVID-19 resulted in increasing demand for our Anaesthetics Brands across other major territories, namely Europe and Latin America, where annual revenue increased 8% and 13% respectively. The increased demand from Europe and Latin America occurred across both general and regional anaesthetics segments.

Developed markets

Developed markets, which contributed 48% to revenue, increased by 6% to R3 788 million. Developed Europe contributed 34% of revenue, increasing 14% to R2 677 million. During the first half of FY2020, interventions made to our commercial approach across Europe and improving Anaesthetics supply conditions supported top-line growth of this therapeutic segment. During the second half of the financial year, general and Regional Brands experienced elevated demand associated with usage in hospital for the treatment of COVID-19 patients.

Australasia decreased 3% to R665 million. Prior to the lockdown, demand increased ahead of the expected increase in hospital admissions, however, limited usage, likely low due to a well-controlled first wave (as compared to other countries), resulted in low demand in the fourth quarter as the channels were sufficiently stocked. Following the first wave, certain Australian states remain subject to a level of restriction and the country has not yet experienced coordinated resumption of elective surgeries.

Emerging markets

Emerging markets contributed 52% to Anaesthetics Brands revenue and declined 1% to R4 179 million. The positive performance of Latin America, MENA and sub-Saharan Africa were offset by declines in Developing Europe & CIS and China.

China, which contributes 50% of emerging market Anaesthetics Brands revenue, decreased 2% to R 2 078 billion due to low demand during the restrictive lockdown which took place between February 2020 and April 2020. The demand trend in China began recovering as the economy normalised and reopened with demand returning to prior normal levels towards the end of the financial year. Latin America is the second largest emerging market territory by revenue contribution. Revenue grew 13% to R994 million, driven by volume growth associated with anaesthetics products being included in COVID-19 treatment protocols and guidelines as well as improved supply. Developing Europe & CIS was negatively impacted by postponed elective surgeries and the low level of hospitalisations during the first wave of COVID-19. Revenue in Developing Europe & CIS declined 42% to R174 million. The less severe COVID-19 infection rate has allowed certain countries in this region to resume hospital functions such as elective surgery at a slightly faster pace than the overall trend.

Prospects

Our investment in Anaesthetics increases our exposure to complex sterile products which are required on a day-to-day basis in healthcare facilities globally, allowing our business to benefit from the wider trends of increasing access to healthcare and demographics. The decision to invest in additional sterile capacity, some of which is intended to bring a large portion of the Anaesthetics Brands into our manufacturing facilities has been done with the aim of improving the underlying cost of goods for these products thereby providing a competitive cost base, providing scope to increase patient access to our quality medicines. The new sterile facilities have been constructed with surplus capacity, allowing for the potential increase in volume of the Anaesthetics Brands over the long-term as well as positioning us as a niche sterile specialty manufacturer capable of pursuing partnerships with other pharmaceutical companies.

Business segment overview continued

Thrombosis Brands

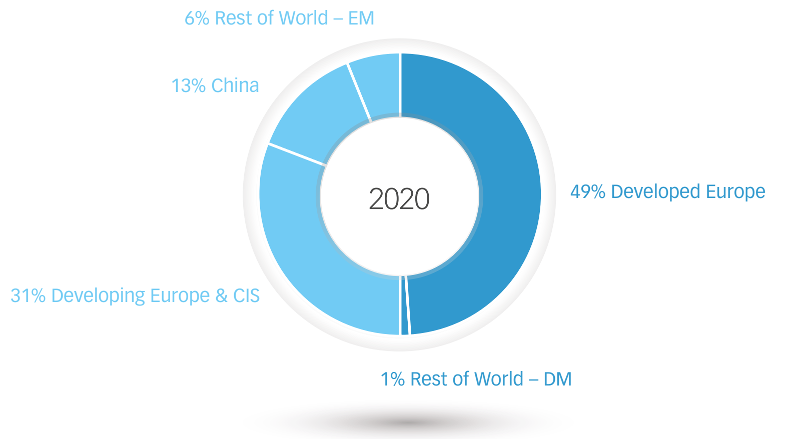
Our Thrombosis portfolio is a global offering (excluding USA) which comprises a broad range of specialist injectable anticoagulants. Our niche products are complex to manufacture and our fully integrated biochemical supply chain for heparin-based products combined with our sterile manufacturing capabilities allows us to respond to market and production needs as well as to execute control over the production of our high quality Thrombosis products. In addition to the heparin-based anticoagulant portfolio, Aspen also produces Arixtra, a synthetic anticoagulant not impacted by the supply and pricing dynamics of the market for heparin-based products. Arixtra is a Xa Inhibitor with a wide range of indications, including venous thromboembolism treatment and prophylaxis, deep vein thrombosis, pulmonary embolism and acute coronary syndrome treatment. Growth in ageing populations and our adapted dose for obese patients, provides growth potential for Arixtra.

Key brands

Brand	Type
Arixtra	Synthetic anticoagulant – Xa Inhibitor
Fraxiparine	Low molecular weight heparin
Fraxodi	Low molecular weight heparin
Mono-Embolex	Low molecular weight heparin
Orgaran	Heparin derivative

16%
of total Group revenue

50% EM revenue contribution **50% DM revenue contribution**



	2020 R'million	2019 (CER) R'million	Change %
Revenue			
Developed markets	**3 121**	3 296	(5)
Emerging markets	**3 175**	3 308	(4)
Total	**6 296**	6 604	(5)

Performance

Thrombosis Brands revenue declined 5% to R6 296 million. The Thrombosis Brands are sold into hospitals and dispensed in pharmacies to patients with prescriptions. COVID-19 negatively impacted demand for Thrombosis Brands due to the postponement of elective surgeries and limited demand for the treatment of clotting disorders in medically-ill COVID-19 patients across our key regions namely Developed Europe, Developing Europe & CIS and China. The protocol around the use of anticoagulants for the treatment of patients presenting with COVID-19 became more established towards the end of the financial year resulting in muted demand benefit to Aspen.

Developed Markets

Thrombosis Brands which are distributed in developed markets contribute 50% of the revenue from these medicines. Developed Market revenue declined 5% to R3 121 million. Developed Europe, which represents the largest developed market territory for these brands, declined 5%.

According to a recent IQVIA* study tracking weekly cardiovascular volume growth trends between the week ended 30 December 2019 and 7 September 2020 across the EU5^^, growth in anticoagulant volumes were flat to marginally positive year-on-year across the EU5^^ countries.

Emerging Markets

Emerging markets contributed 50% to Thrombosis Brands revenue and declined 4% to R3 175 million.

China declined 12% to R815 million, negatively impacted by almost no demand during the period of severe lockdown restrictions, namely February to April 2020. The demand trend began recovering thereafter and returned to prior normal levels towards the end of the financial year. The LMWH market in China largely comprises Nadroparin, Enoxaparin and Dalteparin which combined account for more than 90% of this therapeutic area. In contrast to Europe, where Enoxaparin is the leading LMWH by volume and value, Nadroparin is the market leading LMWH in China, with almost a third of the market. Aspen's Nadroparin, Fraxiparine competes against local generics and is mostly administered in haemodialysis treatment.

Russia CIS experienced a temporary benefit in the period due to Fraxiparine and Arixtra being included in protocols and guidelines for patients presenting with COVID-19.

Prospects

In March 2019, Aspen announced that we would undertake a strategic review in respect of our Europe & CIS (defined as Developed Europe and Developing Europe & CIS) Commercial business. The review focused on assessing alternative models for the conduct of the commercial operations in Europe & CIS and the range of available options with a view to optimising the Group's sustainable returns. On 8 September 2020, we announced that we had reached agreement for the divestment of our European Thrombosis Business (excluding Russia and the remainder of the CIS) to Mylan while retaining the manufacture and supply of the products at our FDF facility at Notre Dame de Bondeville in France (see page 100 of the Annual Financial statements for further detail). Following the conclusion of the transaction, expected to be before 31 December 2020, our remaining Thrombosis Brands territories will be mostly characterised as emerging markets where our trusted brands are well placed to support the increasing medical needs of these growing populations.

The retention of the manufacture and supply of the divested Thrombosis Business in Europe ensures essential volumes are retained within our sterile manufacturing facilities, allowing for efficiencies and synergies in costs for both Mylan and Aspen's Thrombosis Brands businesses.

After the disposal of the Europe region of the Thrombosis business, China will be the largest remaining territory. Given the return to more normal trading patterns after the hard lockdown in China, prospects of a strong recovery performance from LMWHs in this country are good. Aspen also commercialises Arixtra in China and the outlook for increasing the volume growth for this product is predicated upon the broadening of Arixtra's indications on the National Drug Reimbursement List. The review of this list by the Chinese regulator was expected in 2020 but has practically been delayed due to COVID-19.

* *COVID-19 Market Impact – Cross Country Report data week ending 7 September 2020 – published 28 September 2020.*

^^ *Italy, Germany, France, Spain and the UK.*

Business segment overview continued

Regional Brands

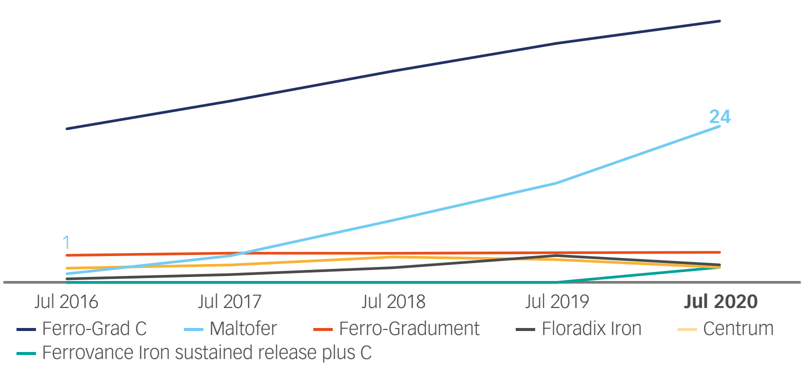
Regional Brands comprise a broad portfolio of branded consumer, prescription and OTC products across three main territories namely South Africa, Australasia and Latin America. The products, which are recognised domestic brands as well as globally identified brands, are promoted through the experienced regional marketing and sales teams. The organic performance of this business segment is supplemented with new product launches as well as bolt-on acquisitions and in-licensing of products strengthening each country's portfolio.

Key brands

Brand	Therapeutic category
Circadin	Sleeping aid
Foxair	Respiratory
Maltofer	Iron supplement
Mybulen	Analgesic
Zyloric	Uric acid production inhibitor

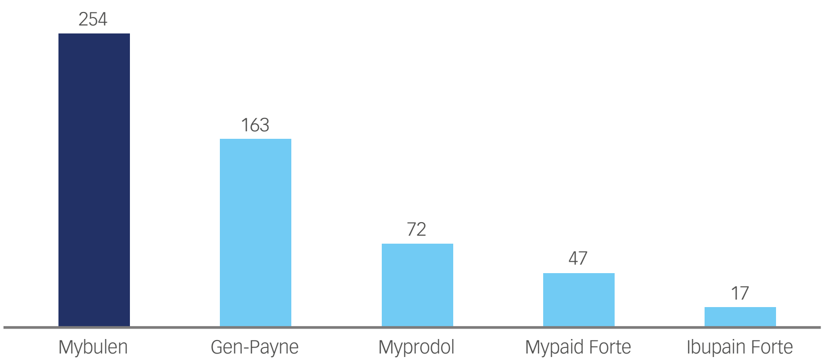
44%
of total Group revenue

Australia: Prescription iron deficiency market, Maltofer versus peers
(MAT values, AUD'million)



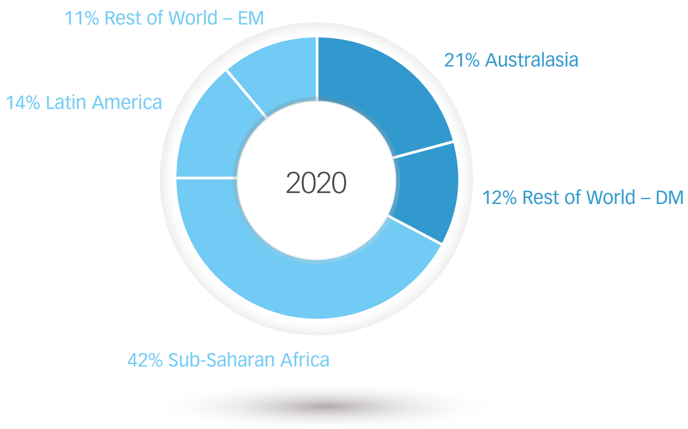
Source: IQVIA – July 2020

South Africa: Mybulen versus competitors (MAT values, R'million)



Source: IQVIA – June 2020

67% EM revenue contribution **33% DM revenue contribution**



	2020 R'million	2019 (CER) R'million	Change %
Revenue			
Developed markets	**5 660**	5 828	(3)
Emerging markets	**11 221**	10 515	7
Total	**16 881**	16 343	3
Gross profit percentage	**53,5%**	57,5%	

Performance

Regional Brands revenue increased 3% to R16 881 million, negatively impacted by volatile demand trends due to changes in consumer and patient behaviour as a result of COVID-19. Early during the first wave, demand for certain brands spiked most notably in South Africa, Australia and Mexico. The stockpiling of everyday healthcare products and advanced filling of prescriptions by consumers led to overstocking in supply channels and in households, resulting in a drop in demand as stock levels normalised. Even after lockdown regulations eased, continued social distancing measures negatively impacted the demand for medicines used for non-COVID-19 related communicable diseases.

Developed markets

Revenue in developed markets declined 3% to R5 660 million. Pleasing growth of 2% in Australasia was supported by the positive performance of the OTC division despite significant COVID-19-related disruptions as well as the global recall of Zantac. Key domestic brands such as Maltofer (iron supplement) and Dymadon (Paracetamol syrup) supported growth in Australasia.

Australasian performance was offset by the remaining developed markets namely Developed Europe and USA & Canada which contracted 6% to R1 784 million and 28% to R270 million respectively. Developed Europe's performance was negatively impacted by the divestment of Fludrocortisone[1] and the impact of generic pricing pressure across our Europe & CIS oncology portfolio. Excluding these events, the performance of the Developed Europe territory would have increased 3%.

Emerging markets

Emerging markets revenue increased 7% to R11 221 million. The stockpiling of everyday healthcare products and advanced filling of prescriptions by consumers positively impacted performance during the early and peak periods of COVID-19 infections across several territories. These positive trends were offset by a decrease in demand during the different lockdown periods as stock levels normalised.

Sub-Saharan Africa, Latin America and MENA all delivered excellent growth of 6%, 10% and 8% respectively, despite challenging circumstances. The South African business has been split into two portfolios to achieve a heightened customer focus namely, Aspen's branded portfolio and Ethicare (a commoditised portfolio).

Prospects

In South Africa, COVID-19 has created pockets of market instability specifically in OTC and consumer health portfolios, however, prescription and chronic portfolios have remained resilient. Restrictive lockdown measures instituted in March 2020 in South Africa resulted in panic buying of everyday healthcare products and pre-filling of prescriptions, however, this was followed by a period of destocking resulting in lower demand.

[1] *Disposal of Fludrocortisone in the UK in March 2020 in line with commitments proposed to and accepted by the UK Competition Markets Authority.*

Business segment overview continued

While schools were partially reopened in early June 2020 and the government has reduced restrictive measures, continued social distancing practices and work-from-home policies have impacted consumer behaviour. The persistence of the pandemic will likely result in continued demand volatility across parts of the South African portfolio. In the past financial year, we entered into an agreement with Laurus, a leading Indian producer of ARV APIs, to toll manufacture public sector ARVs thus ensuring the South African government retains access to competitive prices for these critical medicines. Aspen will continue to sell ARVs in the South African private sector.

The risk-off sentiment across global markets has negatively impacted emerging market currencies which depreciated relative to hard currencies in the second half of the financial year. The Rand has been one of the worst performing currencies during the second half of the financial year and depreciated 10% against the US Dollar (at average exchange rates) over FY2020. This depreciation suggests an inflationary impact on the cost of goods for pharmaceutical products in South Africa and other emerging markets given that many raw materials used in pharmaceutical production are US dollar denominated. The single exit price agreement (regulated price increase mechanism in South Africa) should alleviate some inflationary pressure on the cost of goods when prices are revised next, scheduled for early 2021.

Australia's response to COVID-19, while negatively impacting the economy, resulted in a well-controlled first wave with strict lockdown measures and border closures reducing the spread of the virus as compared to certain other developed markets. These necessary social distancing measures have negatively impacted therapeutic areas which treat person-to-person transmitted diseases. While a broad range of products has allowed the Australian business to manage the risk in certain therapies, restrictions remain in place and consumer behaviour continues to be difficult to predict.

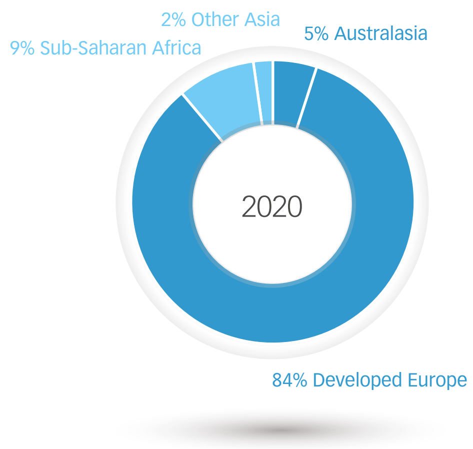
The Latin American operations, which largely comprise Mexico and Brazil, experienced increased demand across the broad portfolio of local and global brands, specifically OTC. Latin American currencies have depreciated, which impacts the cost of goods.

In May 2017, the European Commission opened an investigation of Aspen's oncology portfolio (see page 100 of the Annual Financial Statements for additional information). In July 2020, the European Commission adopted a preliminary assessment and, in response, Aspen have proposed commitments. The European Commission has responded positively to the commitments and intends to accept these subject to market testing. Key elements of the commitments include average price reductions, per product of between 27% and 79% for a period of 10 years, with guaranteed supply for five years. The outcome of market testing is expected before the end of FY2021 and if the commitments are accepted, the price reductions will adversely impact on profitability of the oncology portfolio.

Manufacturing

Aspen is a widely accredited and compliant manufacturer and supplier of quality affordable medicines. Our scale and capabilities allows us to manufacture complex products competitively. Our investment in sterile manufacturing production capacity positions us as a niche specialty sterile manufacturer. Our efficient supply chains ensure our medicines are delivered on time, supporting healthcare systems across the globe.

11% EM revenue contribution **89% DM revenue contribution**



** Based on source of manufacture.*

19%
of total Group revenue

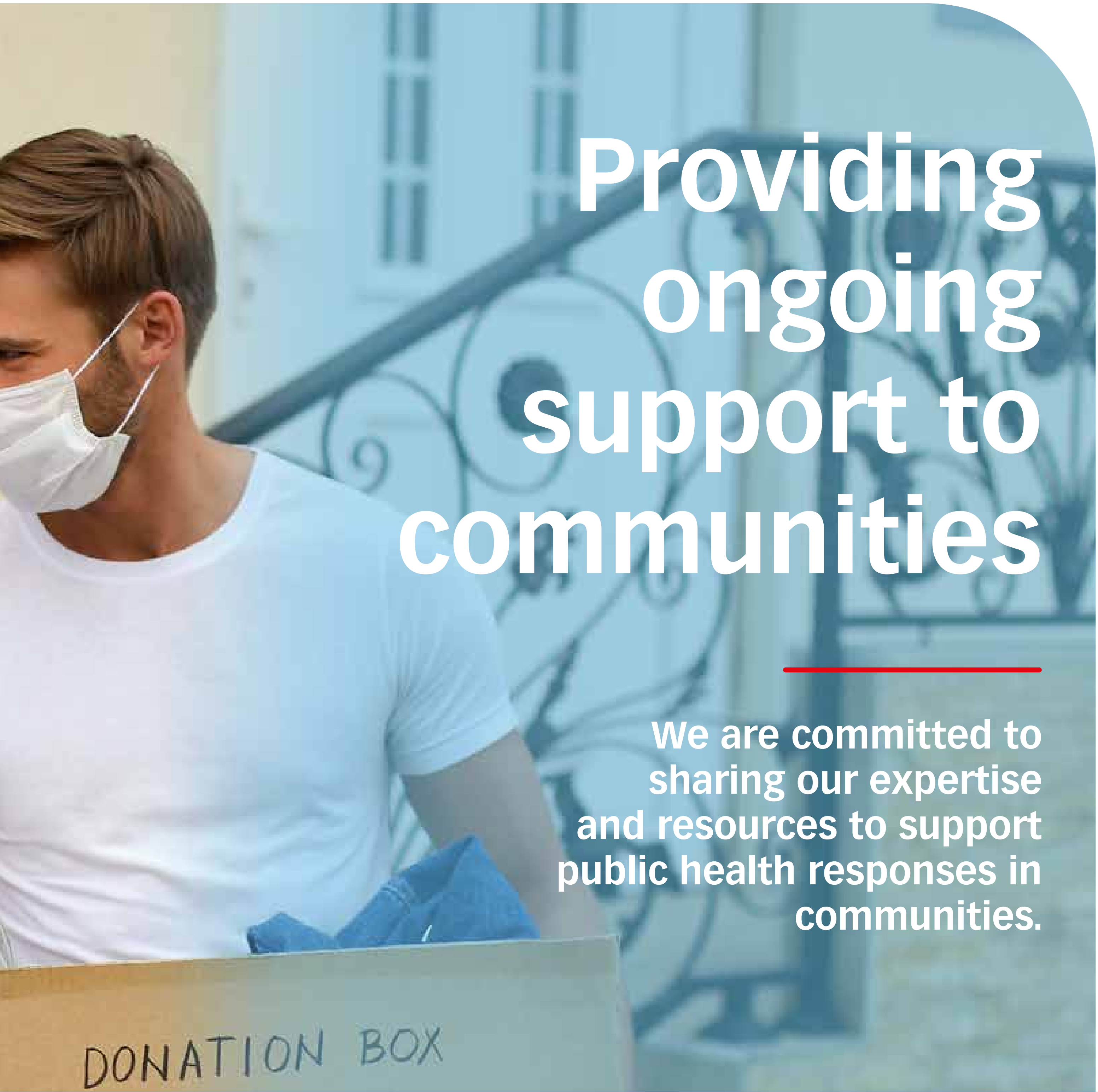
	2020 R'million	2019 (CER) R'million	Change %
Revenue			
API	**6 115**	5 261	16
FDF	**1 388**	1 317	5
Total	**7 503**	6 578	14
Gross profit percentage	**30,1%**	27,6%	

Performance
Manufacturing revenue increased 14% to R7 503 million in the period under review. COVID-19 disruption on the supply of APIs was minimal due to comfortable safety stock levels and internal manufacturing capabilities.

API
API sales contributed 82% to revenues in the Manufacturing segment and increased 16% to R6 115 million. The growth in revenue was driven by both heparin and non-heparin API sales. During the COVID-19 lockdown, API supply became restricted as global logistics were interrupted due to border closures and increased demand for medicines which placed pressure on the global pharmaceutical supply chain. Aspen's API facilities continued to operate as allowed by the relevant country's regulations and maintained a consistent supply of APIs. Additionally, increased demand for certain APIs used in the treatment of COVID-19 patients delivered strong growth.

FDF
FDF sales contributed 18% to revenues in the Manufacturing segment and increased 5% to R1 388 million. Growth in full year sales were delivered largely in H2 2020.

Prospects
We have invested in significant manufacturing capacity that will enable us to manufacture complex sterile products at high quality standards. This sterile capacity enhances our existing offering of oral solid dose, liquids and semi-solids manufacturing. The strategic capital expenditure projects underway, are at various stages of completion between our three sites: Port Elizabeth in South Africa, Notre Dame de Bondeville in France and Bad Oldesloe in Germany. These strategic projects are scheduled for completion in FY2023 with full commercial benefits to be realised in FY2024.



Providing ongoing support to communities

We are committed to sharing our expertise and resources to support public health responses in communities.

COVID-19 dealt a debilitating blow to vulnerable communities across the world, severely disrupting economic, educational and healthcare infrastructures, in addition to humanitarian aid. In the face of this global crisis, Aspen's businesses rallied to support communities through a number of initiatives. The need for personal protective equipment, primarily for frontline HCPs, prompted assistance across the Group, with masks, hand sanitising supplies, gloves and face shields being donated in many countries to various stakeholders. Many students were required to undertake distance learning as implemented by tertiary educational institutions. To assist, Aspen donated 900 internet-enabled electronic devices to medical students in South Africa to ensure continued uninterrupted online learning. We continued, where practical, our participation in Mandela Day for the 10th year. Our businesses across the world reached out with food parcel donations, entrepreneurship training, assistance to paediatric oncology, special needs and palliative care centres, while others attended to the needs of the elderly and provided education support where it was desperately required.

Intellectual capital

Inputs

- Intellectual property rights, marketing authorisations, licences, trademarks and software
- Goodwill
- Pipeline of products
- Information & Technology systems and processes
- Business acquisition and integration know-how
- Global sales, marketing and distribution centres

Key initiatives

- Development of a product pipeline that is carefully selected and tailored to each territory in which we operate and is aligned to the Group's therapeutic focus areas
- Product development projects performed by our own scientists in product development laboratories
- Identification and assessment of acquisition and partnership opportunities to accelerate growth and facilitate expansion into targeted growth territories
- Integration of acquired businesses into our value chain while ensuring synergistic efficiencies and economies of scale
- Assessment and rationalisation of existing product portfolio to reduce complexity, retaining focus on products providing adequate returns and relevance to the market it serves
- Development and maintenance of efficient and compliant regulatory, pharmacovigilance, procurement and supply chain systems
- Maintenance and protection of intellectual property rights
- Responsible and ethical marketing and promotion of our products
- Digital transformation through investment in systems and processes and enhancement of digital capability
- Focus on advancing Information & Technology governance maturity

Sustaining life and health through access to high quality, affordable medicines

Access to affordable healthcare is a global priority. The medicines we manufacture and distribute improve health, enhance the quality of life of patients globally and contribute to creating economic benefit through healthier, more productive populations. We continue to focus on developing a product portfolio that leverages our intellectual and manufacturing advantage, including investment in effective older specialty medicines that provide viable treatment options compared to expensive new innovative drugs. Effective treatments contribute to lower healthcare costs and prevent more costly treatment requirements. Through our extensive global presence, with a weighting in developing regions, we extend the availability of our medicines and products to new patient populations.

Product portfolio

Our medicines fall into the following business segments:

Regional Brands (page 70)	Our diverse regional portfolios provide patients and consumers with a broad range of treatments across a number of therapeutic categories in both the prescription and OTC areas. This segment includes our high potency and cytotoxic medicines which are often used in life-saving medical conditions and due to their potency and toxicity, are manufactured under specialist conditions. Included in the high potency and cytotoxics range are products designed to treat underactive thyroid conditions, immunosuppressants, oncological products, female hormonal replacement therapies, anabolic steroids, glucocorticoids and estrogens.
Sterile Focus Brands (page 66)	Our Sterile Focus Brands segment comprises our specialty brands in two therapeutic focused portfolios, Anaesthetics Brands and Thrombosis Brands.
Anaesthetics Brands (page 66)	Patients require anaesthesia during major surgery, local surgical procedures and for more minor pain control situations. Our portfolio offers the most comprehensive range of anaesthetic treatments available from any one company. It includes products indicated for the induction and maintenance of general anaesthesia, opioids used during induction, maintenance and recovery as well as neuro-muscular blocking agents used to facilitate intubation and to relax the muscles for surgical procedures. Our regional and local anaesthetic products, include injectables and topical agents such as ointments, gels, sprays, creams and patches.
Thrombosis Brands (page 68)	Thrombosis occurs as a result of the body's haemostatic pathway being activated inappropriately, leading to the formation of blood clots. This condition is life threatening as it may lead to a stroke, myocardial infarction, ischemia and other complications, if not appropriately treated. Our basket of thrombosis products fits into the injectable anticoagulant category, aimed at the prevention and treatment of thrombotic diseases, including deep vein thrombosis, pulmonary embolism and acute coronary syndrome. Our focus in this portfolio is the low molecular weight heparins, Xa inhibitors and heparin derivatives.

Our intellectual capital supports our commitment to increasing the number of lives that benefit from our focused therapeutic basket of high quality, affordable medicines and products.

Outcomes

- Increased number of patients benefiting from our products
- Broad portfolio of branded and generic products including prescription medicines, biologicals, generics and other consumer healthcare products
- Product portfolios aligned with targeted therapeutic categories for each region
- Consistent, compliant and efficient regulatory, pharmacovigilance, procurement and supply chain systems which provide competitive advantages for the Group
- Successful launch of 40 products from the pipeline during the past year
- High quality, affordable medicines and products that improve quality of health
- Technology enabled business processes

Value created

Improved health and quality of life for the patients and consumers that use our medicines

Material sustainability topics covered in this section:

- Access to healthcare
- Patient safety
- Responsible marketing

3 GOOD HEALTH AND WELL-BEING

Product pipeline

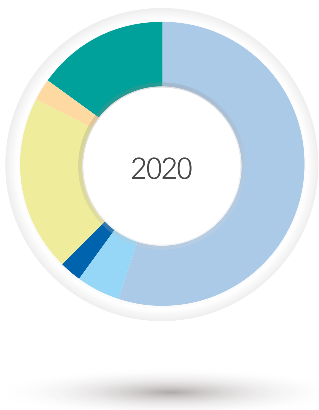
Intellectual property, in the form of developed, licensed and acquired product molecule dossiers, is the key driver for organic growth in the pharmaceutical industry. Our product pipeline largely represents opportunities related to acquired and internally developed product dossiers, planned product line extensions to leverage existing brands within and across territories and targeted branded product acquisitions. Our internal product development takes place under the direction of our highly skilled scientists, both in our own laboratories as well as in collaboration with other global pharmaceutical companies and research facilities. Products in the pipeline are aimed at therapeutic categories relevant to disease profiles in each territory. The pipeline is continually monitored for technical feasibility and alignment with the Group's commercial objectives in key territories. Acquisitive growth, in the form of corporate acquisitions and product distribution arrangements, largely entered into with leading multinational pharmaceutical companies, supplements our organic growth strategy and strengthens our ability to respond to identified healthcare needs.

During the year, we launched 40 products in 17 countries and territories. The Sub-Saharan African business has been consistent with the introduction of new products supporting primary health care across the region. Levothyroxine was launched in Mexico and the Thrombosis portfolio expanded in the MENA region. The year has also included launch contributions from the product pipelines of Australia and South Africa.

We continue to refine our pipeline to ensure that molecules with confirmed commercial feasibility are included, with a stronger focus on fewer products, but with an improved value offering. Some of the key opportunities included in our pipeline are:

- To increase our presence in the United States with further launches into the Women's Healthcare therapeutic area. The submission of batch manufacture for the synthetic conjugated estrogen has been completed. The anticipated launch of this product in FY2021 would represent an important milestone;
- COVID-19 has impeded progress on the clinical studies for Orgaran. We have initiated a formal process to identify potential strategic partners and to assess the associated commercial rationale;
- The registration for the extension of the Orgaran brand into new European markets is progressing. We have submitted further applications in the Thrombosis therapeutic area to the European Medicines Agency to harmonise the Thrombosis brand offerings in the region;
- SAHPRA has continued to expedite the backlog of registrations in South Africa. This is expected to unlock our pipeline of new chemical entities ("NCEs"), niche developed and licensed products in this country; and
- There is consistent focus across the Latin America and MENA regions to expand the presence of specialty brands in our current portfolio as well as the introduction of new products in our focus therapeutic categories.

Number of launches per region (40 in total)



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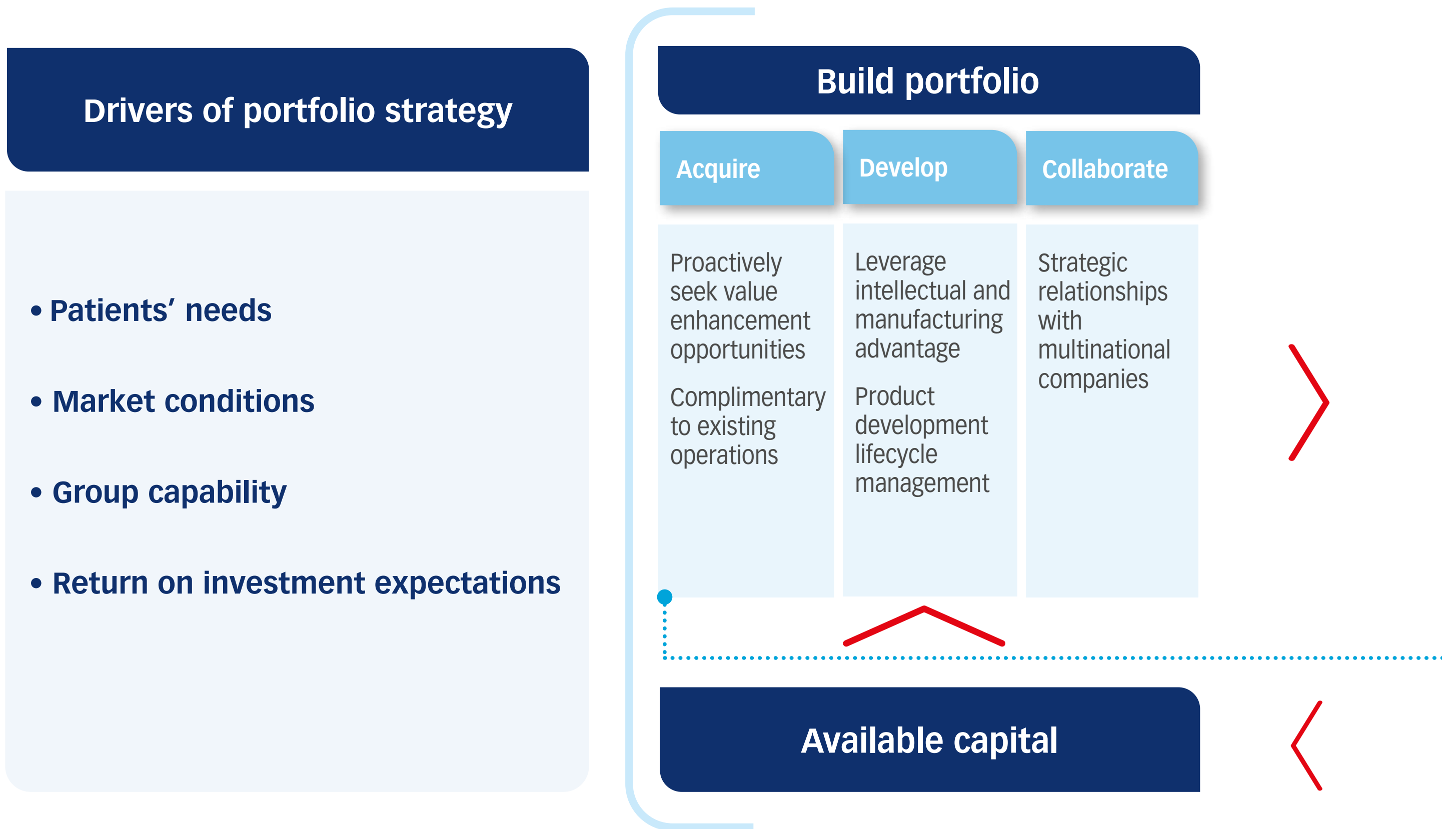
Intellectual capital continued

Product portfolio management
Through our dynamic portfolio management model, we build, maximise and reshape our basket of products to achieve a global product portfolio of niche, specialty products complemented by leading Regional Brands, aligned to our manufacturing capability. We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. The integration of global and regional acquisitions and pipeline launches into our product portfolio while divesting non-core products, positions us to provide affordable critical medicines with proven efficacy and safety to patients in a sustainable way.

Responsible marketing and promotion of products
We are committed to providing accurate and balanced information about our products by ensuring that we promote them responsibly across our commercial operations. Our Group Code of Marketing Practices is aimed at ensuring that any promotional activities and interactions with HCPs, other healthcare staff, government officials, regulatory officials, patient groups, media and the general public are carried out in a responsible, ethical, professional and legal manner. Training on the implementation of this code had been undertaken across our operations and forms part of country/regional ongoing training and monitoring programmes. We are also committed to complying with other relevant regulations and legislation in respect of matters relating to consumer relationships, including advertising standards and consumer engagement protection laws. Compliance is monitored through our Group legislative compliance framework (refer to page 97).

We have implemented programmes to provide world class training to our qualified medical representatives, ensuring that they have specialist product knowledge to support and guide those HCPs that they interact with. This includes competency training for all trainers within the organisation responsible for disease and product knowledge training and have further initiated continuous improvement projects for the standardisation of learning materials for brands shared across our learning management systems to support certification.



We conduct product awareness training for employees and for customers, as appropriate. Since we do not deliver products directly to the end customer or consumer, we ensure that only accredited third party distributors are used to provide logistics services and in certain markets, wholesale services. Our suppliers and service providers are bound by the Aspen Supplier and Service Provider Code of Conduct and are required to uphold prescribed ethical and human rights standards across the supply chain.

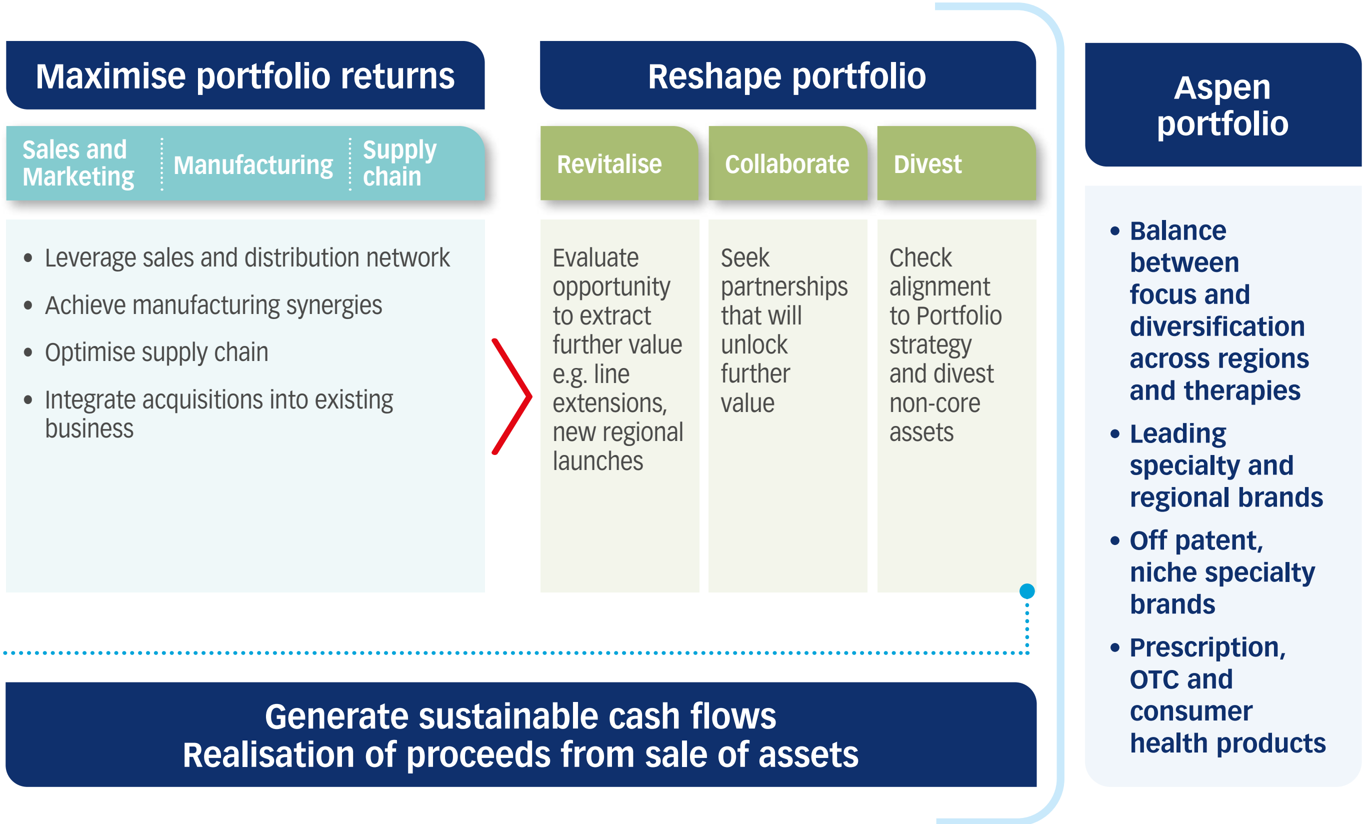
Patient safety

The Aspen Group Pharmacovigilance team, headquartered in Ireland and supported by the local business units globally, is responsible for monitoring and managing the safety of all Aspen products. Pharmacovigilance covers the activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problems, and is core to our patient responsibility.

As part of our product life-cycle management process, we continuously assess the risk/benefit relationship of our products. In collaboration with health regulatory authorities, we endeavour to provide all HCPs and patients with comprehensive up-to-date safety information, which allows for the safe use of our products. In line with best practice, we have continued to invest in digital tools to enhance our surveillance of product safety information from multiple global sources and ensure the effective consolidation and review of this data. We use this information to enhance our product safety information, which is made available through the required channels. The Social & Ethics Committee provides oversight on consumer relationships as it relates to product quality and adverse drug reaction incidents reported globally.

Clinical trials

We have limited involvement in clinical trials. The Phase III clinical study to support the addition of the HIT indication to the Orgaran NDA has been paused due to the COVID-19 clinical trial guidelines, however, site interest in participation remains positive. The study hold will be in place for the foreseeable future. The remainder of the clinical studies that are conducted are either to fulfil regulatory authority obligations or are limited to post marketing studies. Clinical activities are therefore limited to well-known and established medicines, involve a small number of patients and do not pose a risk to patient safety. Market research studies that are conducted involve gathering marketing related information by means of a patient or HCP questionnaire, or they involve a retrospective data review, which means these are non-interventional studies, with no risk to the patient. We currently have plans for two small Phase III studies. These studies are



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Intellectual capital continued

intended to show that two well established products are used safely when combined in one dosage form and are limited to a small number of patients (less than 200).

Before and during conducting a clinical trial (either a clinical study, a post marketing study or a bioequivalence study), it is mandatory to secure the required regulatory and ethics approvals. Aspen has several policies that govern the standards and processes utilised during the conduct of a clinical trial. These policies describe the role of the Sponsor and mandates that the Sponsor oversight should always be evident. Detailed project plans with milestones are in place for each trial, with performance measures to ensure completion of studies.

Product safety and quality

Since patient safety is of primary importance, we have a zero-defect approach to managing product quality. We recognise that we are accountable for the responsible manufacture and supply of products in accordance with applicable pharmaceutical regulations, legislation and guidelines. This underpins the trust in the Aspen brand. Stringent compliance procedures are in place across the supply chain to maintain and grow customer confidence. Regulated in-process and supply chain quality management controls are in place and adhered to. Raw materials and packaging materials are purchased from accredited and authorised suppliers who meet the necessary quality, regulatory and Aspen-specified requirements.

Products are manufactured at our own manufacturing sites or sourced from reputable third party suppliers. Manufacturing sites are required to comply with GMP, which governs the manufacture of products in the pharmaceutical industry, and to uphold the status of pharmaceutical regulatory approvals applicable to the supplied territories. The Aspen Quality Assurance Department as well as various regulatory agencies conduct audits of potential and existing suppliers to support the high quality objectives and compliance to GMP across the supply chain. All inspection findings are closely managed through to close out, with critical findings receiving executive management oversight. Only products that meet the prescribed quality and regulatory standards are released for sale and regulated quality compliance controls are in place. The quality and efficacy of supplied products are monitored throughout the product lifecycle using systems approved and monitored by regulatory authorities. As the owner and/or holder of the marketing authorisation, we are responsible for the quality of our own products across all territories.

Ten product recalls were initiated during the year, reducing from 11 in the prior year. There was a full recall of Zantac in Australia, effective 1 October 2019, following an instruction issued by the TGA for the recall of all pharmaceutical products containing the active pharmaceutical ingredient ranitidine, used in the treatment of heartburn, gastric reflux and ulcers and provides relief from stomach acid build-up. Ranitidine contains traces of a by-product compound called NMDA which was being investigated for posing a low carcinogenic risk from long-term exposure. This was part of a global recall of ranitidine-based products after many years in the market following new research findings regarding carcinogenic risk. The remaining product recalls were in respect of batch specific issues requiring recall of the affected batches only.

Measures to combat counterfeit medicines

In line with global trends to combat counterfeit medicinal products, we are committed to compliance with all medicine serialisation requirements implemented globally. These measures require a comprehensive system to track-and-trace medicines through the entire supply chain to the end user, the patient. This allows us to identify every product by a unique serial number in addition to the origin, shelf life and batch number for that product. We have implemented serialisation for 94% of our SKUs in Europe and continue to implement projects in our own sites and third party manufacturers to meet the serialisation requirements in respect of Russia, China, Japan, Brazil, and Middle Eastern markets.

Digital transformation to enhance processes across the Group

Digital technologies are a key enabler in driving our strategic objectives forward and supporting sustainable operations. Our digital transformation activities are aimed at developing digital solutions to improve our ways of working, reduce inefficiencies, facilitate collaboration and enhance our interactions with our many stakeholders. Key elements of this programme include significant investments in building our digital capabilities and modernising our ERPs, regulatory and compliance systems, manufacturing execution systems and collaboration tools. During the year, Aspen's Group IT department was rebranded to 'Group Digital Technology', repositioning the digital capability of the business as a strategic asset and enabler to Aspen. We plan to improve our Information & Technology foundation and invest in the skills, resources and tools to cost-effectively deliver high levels of operational support for business priorities. We continue to explore opportunities to build our digital capabilities to further drive efficiencies across the business, from supply chain management and manufacturing to our commercial operations.

Maturing Information & Technology governance

As digital technologies increase in strategic importance, the importance of effectively governing both Information & Technology systems increases. A focus this year has been on performing a critical evaluation of our Information & Technology governance framework and on developing an appropriate roadmap for refining and expanding this framework to better evaluate, direct and monitor our Information & Technology assets as well as to align these services with our current and future business needs. We have secured the services of specialist consulting houses to provide industry leading input and benchmarks as we continue to refine and reshape the way we do business. The following major initiatives are underway to mitigate critical risk areas:

- Development and implementation of an enterprise-wide, fit-for-purpose Information & Technology governance model;
- Enhancement of enterprise digital architecture to manage alignment with business strategy;
- Implementation of a Group-wide cyber security strategy, including a risk-weighted roadmap to improve cyber maturity; and
- Strengthening existing demand and portfolio management processes as well as ongoing total cost of ownership ("TCO") analysis and benchmarking.

The Audit & Risk Committee provides oversight on the Group's Information & Technology strategies and policies as well as the related risk and control environment.

Information security

The threat landscape in respect of information security is rapidly evolving and growing. Protecting our information and confidential data against security breaches and ensuring continuity of business operations are critical elements of focus in our broader Information & Technology governance project. Following the performance of an independent assessment of our information security maturity, we have embarked on a roadmap to increase the information security posture of the Group. Areas of focus include enhancements in Information & Technology security governance, the establishment of an enterprise-wide Centre of Excellence for cybersecurity, as well as further strengthening of capabilities over data, infrastructure and applications. An essential element of our response to the threat of security breaches and incidents are cyber security awareness training initiatives and masterclasses which have aided in raising the awareness levels of our employees, executives and non-executive directors.

Data privacy

We are committed to protect the personal information in our custody and to comply with the regulations relating to data privacy in the various countries and regions in which we operate. Our data privacy policies ensure we collect, transfer and store electronic and hard copy personal data appropriately and establish measures to protect the information. We have established procedures to deal with any breach, including when and how to communicate with relevant stakeholders and regulators.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Code of Conduct

Manufactured capital

Inputs

- **Strategic FDF and API manufacturing operations worldwide**
- **External supply contract manufacturing network**
- **Global distribution network**
- **Infrastructure in the countries and territories in which we operate**

Key initiatives

- Invocation of business continuity plans focused on ensuring the safety of employees while continuing the manufacturing and supply of medicines
- Continuous improvement initiatives to sustain a cost competitive manufacturing base including transformative processes
- Monitoring manufacturing quality standards, compliance with GMP and other applicable regulatory requirements
- Investment in manufacturing capability, technology and capacity
- Development and maintenance of external supply contract manufacturing network and consideration of options to outsource and insource
- Vertical integration between strategic manufacturing facilities providing a synergistic competitive advantage
- Distribution of manufactured product through pharmaceutical regulated supply chain

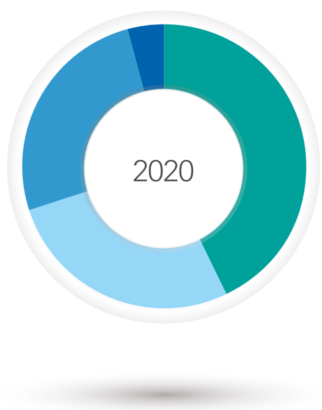
Sustaining a cost-competitive manufacturing base

Leveraging the Group's diverse and specialist production capabilities

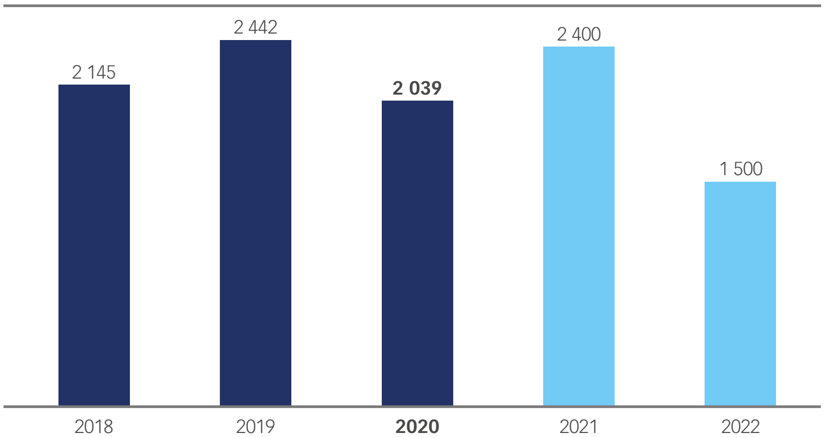
Our strategic objective of supplying high quality, affordable medicines is underpinned by our own manufacturing capabilities and the vertical integration of certain aspects of our supply chain. Our 23 manufacturing facilities present a range of production capabilities and capacities aligned with our current and future commercial objectives. These include steriles, oral solid, semi-solid, liquids, biologicals and API manufacturing. Our niche and complex production capabilities provide a strategic advantage in an increasingly commoditised environment.

During the last year, our strategic manufacturing projects continued to focus on the alignment of our facilities with our manufacturing and commercial strategies, enhancing technology as well as our quality and compliance standards, policies and procedures. Ongoing investment in the upgrading of our world-class manufacturing facilities in addition to the implementation of state-of-the-art electronic systems and Information & Technology capability supports our ability to supply quality products, ensures ongoing compliance to GMP and creates increased manufacturing capacity to meet both current and future operational requirements. Capital expenditure on the replacement and expansion of property, plant and equipment amounted to R2 039 million (2019: R2 442 million) with a further R2 400 million planned for 2021. The level of capital expenditure is forecast to reduce significantly from the 2022 financial year based on the current expectation that limited new strategic capital expansion programmes will be undertaken in the next three years.

Carrying amount of property, plant and equipment (R14 232 million) (%)



Property, plant and equipment capital expenditure (R'million)



The continued investment in our API facilities and FDF manufacturing capabilities, aimed at delivering flexible and scalable manufacturing and enhanced operational synergies is a key enabler in supporting our mission to produce high quality, affordable medicines, enhancing access to healthcare in more than 150 countries.

Outcomes

- Globally competitive, scalable, flexible and widely accredited manufacturing facilities that provide a sustainable competitive advantage
- Manufacturing capabilities and suppliers aligned to commercial objectives
- Economies of scale for key products
- Despite the challenges of COVID-19, continued provision of high quality, affordable medicines and products that improve the quality of health of patients in more than 150 countries

Value created

Reliable manufacture and supply of safe, efficacious, quality products that patients trust

Material sustainability topics covered in this section:

- Reliable supply of quality products

Following the transactions with AstraZeneca AB and AstraZeneca UK ("AstraZeneca") and GlaxoSmithKline Plc ("GSK") which resulted in the acquisition of our Anaesthetics portfolio, we have transitioned supply from their manufacturing sites into our supply chain network, providing us with a strategic opportunity to pursue synergies. Significant capital projects are in progress at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to transfer the manufacture from AstraZeneca, GSK and some external supply contract manufacturing sites. First commercial production of these products at the Port Elizabeth facility is scheduled for September 2020, with production being initiated at the Bad Oldesloe and Notre Dame de Bondeville sites in the 2021 and 2022 financial years, respectively. Full commercial benefit from this strategic investment of R4,6 billion (at project budgeted exchange rates) in total is expected in the 2024 financial year.

Oral solid dose manufacturing

We remain focused on increasing the complex manufacturing capability at the Port Elizabeth site. The Bad Oldesloe site's ability to provide specialised and flexible manufacturing and packing capabilities, as well as its favourable location within Europe, bolsters our ability to deliver competitive and bespoke manufacturing solutions. Capacity expansion and continuous improvement projects in respect of these sites are progressing well and delays due to the COVID-19 pandemic are in the process of being recovered, with key projects being:

Port Elizabeth, South Africa

- Completed the qualification activities and validation batches for the production of Purinethol. Commercial production commenced in the first quarter of FY2020;
- Continued the projects to implement a Manufacturing Execution System and a Laboratory Information System aimed at achieving additional operational efficiencies;
- An organisational redesign was initiated to improve efficiency;
- Increased focus on initiatives to enhance competence at all levels across the site to ensure sustainable performance in the long term;
- Introduced serialisation capability across the facilities to ensure compliance with the various serialisation requirements globally; and
- Introduced projects aimed at self-sufficiency in terms of water and electricity supply.

Bad Oldesloe, Germany

- Introduced aggregation capability to ensure compliance with selected markets;
- Successful first supply after site-to-site transfer of Eltroxin for Canadian market; and
- Significant increase of packaging capacity and efficiency for Eltroxin products to meet increasing market demands.

Semi solid and liquid dose manufacturing

Bad Oldesloe, Germany

The extension of the manufacturing and packing lines to accommodate the transfer of anaesthetic liquids, creams and ointments is in progress. The installation and qualification of the following equipment has been completed:

- A new mixing vessel enhancing efficiency and improving controls;
- An autoclave for terminal sterilisation of anaesthetic products;
- A new filling line enhancing efficiency and improving controls;
- Successful validation of manufacture of the first anaesthetic liquid; and
- Secondary packaging and successful first supply after site-to-site transfer of Xylocaine Spray.

The installation of a second Blow Fill Seal line, which will significantly increase the production capacity by an additional 120 million sterile single dose poly ampoules per annum, has been approved and is currently underway.

Manufactured capital continued

Sterile manufacturing

Our facilities at the Port Elizabeth and Notre Dame de Bondeville sites provide us with extensive sterile manufacturing capability. Capacity expansion plans in respect of these sites have progressed well in the past year:

Port Elizabeth, South Africa

- Commenced activities to introduce anaesthetics production, a significant step in the evolution of this site. Phases 1 and 2 of the new infrastructure build component is complete and equipment is in the process of being installed and commissioned. Phase 3 is expected to be complete by February 2021. Equipment already installed is undergoing site acceptance testing. The first commercial batches are planned for registration during FY2021. The introduction of these new products is expected to see the export volume for the total South African Operations business move from 20% to over 50% with more than 700 additional stock keeping units ("SKUs") being added to the existing portfolio over the ramp up phase of some four years.

Notre Dame de Bondeville, France

- Completed the infrastructure build phase of the new suite to manufacture anaesthetic dosage forms comprising polybags and poly ampoules;
- Continued the installation and qualification of another high-speed prefilled syringe filling line with commercialisation expected by the end of CY2020; and
- Initiated a project for the installation of a new automatic visual inspection line for prefilled syringes. Qualification and validation is planned to commence in FY2020 with commercialisation expected by the end of FY2021.

API manufacturing

Our API network comprises seven owned facilities, three located in the Netherlands (two in Oss and one in Boxtel), one in the USA (Sioux City), two in France (Notre Dame de Bondeville) and one in South Africa (Cape Town). In addition, we have two API manufacturing blocks situated at Laurus in India. These sites provide Aspen with specialised API capabilities in respect of both our own as well as third party commercial opportunities. The combination of the Oss and Sioux City sites with the Notre Dame de Bondeville site and Port Elizabeth steriles facility provides a fully integrated biochemical supply chain to support some of our Thrombosis portfolio of products. Initiatives to enhance our capacity and improve sustainability at the API sites have continued to receive focus as follows:

Oss, the Netherlands

- The De Geer site completed the qualification of isolators in the powder handling unit to enable the site to handle high potency APIs;
- Consolidation, redesign and automation of the laboratories which included the closure of the historical Correllistraat laboratories and the integration of all the laboratories into the Moleneind site (including Polymerase chain reaction for Biochem testing and upgraded laboratories to support the chemical unit) and a further investment in laboratory automation/LIMS software;
- The Moleneind site completed the validation of a new solvent recovery unit. This unit will contribute to a reduction in waste and will support the site's circular economy objectives by increasing the reuse of solvents;
- A water circulation unit was installed to improve the site's firefighting capability in line with the site's safety commitments; and
- An active footprint reduction programme aimed at concentrating activities in core buildings is being implemented at the different sites in the Netherlands as part of the transformation plan.

Notre Dame de Bondeville, France

- The new certoparin facility obtained regulatory approval from Bfarm and will commence commercial manufacture in the 2021 financial year.

FCC Cape Town, South Africa

- Commenced full scale commercial manufacture of API in the newly validated high containment/high efficiency production block C2, in support of backward integration projects;
- Final validation of the recently installed high containment milling and micronising process centre;
- Concluded the development and optimisation of an anaesthetic API, which will also support backward integration into the Aspen portfolio of products;
- Concluded phase 1 of product development for strategic backward integration of oncology products;
- Commissioned and validated a water treatment plant for the use of alternate underground water supply during times of drought/constrained local municipal supply;
- Concluded the design and placed orders for a new Hazardous Aqueous waste treatment plant and solvent recovery unit, both of which will be installed and commissioned in 2021 and result in significant long-term cost savings; and
- Continue to upgrade and expand fire prevention and control systems in line with regulatory requirements.

External supply manufacturing network

Our FDF manufacturing network also comprises supply from numerous contract-manufacturing organisations situated globally, several of which are located in Europe. A number of the products manufactured in the external network have been earmarked for transfer to our own manufacturing sites over the next five years. This move will enhance ongoing supply sustainability. We have an internal team of supply chain and quality experts who ensure that all the requisite controls are in place to facilitate supply, on time and in full, and in compliance with our required quality standards.

Reliable supply of quality products

We have commenced a strategic transformational project to create a modern, agile and integrated end-to-end supply chain. The improvement in the links between commercial forecasting and manufacturing, coupled with improved visibility and shared accountability for end-to-end supply chain performance will result in the overall improvement of delivery of quality medicines to patients that need them. This robust process, which will be underpinned by new technology and data tools, improves delivery to patients, reduces service costs, and reduces the risk of stock outs and inventory write-offs.

In response to the global demand for essential medicines during COVID-19 and to manage the various supply and logistics challenges arising, we immediately established a supply chain task force to coordinate our response to ensure the continued supply of products where they were needed most. This included engaging with our many suppliers, contract manufacturers and distribution partners.

Cost containment and increased efficiencies

We have a strong focus on continuous improvement initiatives and savings plans to enhance production efficiencies and optimise economies of scale across the Group. Comprehensive, detailed, multi-year savings plans, covering all aspects of the operations, are progressing to plan and the improvements to the South African operations, Oss and Notre Dame de Bondeville sites are poised to deliver important future cost savings to the Group.

The cost-reduction initiatives fall into two distinct categories namely procurement and organisational design. The savings plans have a phased implementation and should be complete by the end of FY2021.

The progress made in achieving these plans across the Group Operations is monitored on a regular basis. By owning our strategically important manufacturing capital, we are able to better manage our product quality, production efficiencies and cost competitiveness to ensure responsive management of the supply chain. This, in turn, supports the maintenance of Group margins.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Code of Conduct

Our manufacturing capabilities

Primary sites

PORT ELIZABETH, SOUTH AFRICA

UNIT 1 FACILITY
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Maximum output:
6 billion tablets.
Accreditation: ANVISA, EMA, HPRA, ISO 14001, NDA, OHSAS 18001, PMPB, PPB, SAHPRA, SAUDI FDA, TGA, US FDA, WHO.

UNIT 2 FACILITY
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Maximum output:
4 billion tablets.
Accreditation: ANVISA, EMA, HPRA, ISO 14001, NDA, OHSAS 18001, PMPB, PPB, SAHPRA, SAUDI FDA, TGA, US FDA, WHO.

UNIT 3 FACILITY
Capability: End state packing for domestic market.
Maximum output:
140 million packed units of tablets and capsules.
Accreditation: ISO 14001, OHSAS 18001, SAHPRA.

UNIT 4 FACILITY
Capability: Hormonal and high-potency solids manufacturing and packaging for the domestic and export markets.
Maximum output:
950 million tablets (hormonal); 395 million tablets (potency).
Accreditation: EMA, ISO 14001, LAsD, OHSAS 18001, SAHPRA, TGA, Turkey MoH, US FDA.

STERILE FACILITY SVP 1: MULTI-PRODUCT SUITES A AND B
Capability: Eye drops, ampoules, vials; aseptic and terminal sterilization capability for domestic and export markets.
Maximum output:
Suite A:
Up to 42 million units of eye drops;
Suite B:
Up to 25 million units of ampoules;
Up to 12 million units of liquid vials.
Accreditation:
Suite A: ISO 14001, OHSAS 18001, SAHPRA, TGA, US FDA, WHO.
Suite B: EMA, ISO 14001, LAsD, OHSAS 18001, SAHPRA, TGA, US FDA, WHO.

STERILE FACILITY SVP 2: HIGH-POTENCY SUITE
(Commercial production FY2021)
Capability: Liquid ampoules, vials and cartridges; emulsion ampoules, vials and cartridges; lyophilized vials; aseptic and terminal sterilization capability for domestic and export markets.
Maximum output:
Suite C, D and E:
90 million units (container size and bulk batch dependent).
Accreditation: Regulatory inspections pending (project phase).
LAsD tentatively planned, SAHPRA (all suites) and TGA (suite C).

NOTRE DAME DE BONDEVILLE, FRANCE

STERILE PREFILLED SYRINGE MANUFACTURING SITE
Capability: Aseptic and terminally sterilised prefilled syringe manufacturing and packing for domestic and export markets.
Maximum output:
85 million syringes (Etna line); 130 million syringes (Stromboli line); 180 million syringes (Vesuve line).
Accreditation: ANSM, ANVISA, ASN, HPB, ISO 14001, ISO 45001, ISO 50001, PMDA, US FDA.

NEW ANAESTHETICS FACILITY UNDER CONSTRUCTION
(Commercial production FY2023)
Capability: Aseptic and terminally sterilised blow-fill seal ampoule and polybag manufacturing and packing for domestic and export markets.

BAD OLDESLOE, GERMANY

MULTI-DOSE FORM SITE
(Ramp up of additional commercial production is expected over the next two years and capacity will be included in maximum output below as and when it becomes available)
Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seal, manufacturing and packing for domestic and export markets.
Maximum output:
3,3 billion tablets; 6 240 tonnes of liquids; 1 404 tonnes of topical liquids; 351 tonnes of semi-solids, 60 million units for blow-fill seals.
Accreditation: ANVISA, GRA, IRA, ISO 14001, ISO 45001, ISO 50001, LRA, PPB, PMDA, TGA, US FDA.

Regional facilities

MELBOURNE, AUSTRALIA

DANDENONG
Capability: High-volume solids, liquids and semi-solids.
Maximum output: 3 billion tablets; 90 million sachets; 1 167 tonnes semi-solids; 2 200 tonnes liquids.
Accreditation: ISO 14001, OSHAS 18001, TGA.

VITÓRIA, BRAZIL

Capability: Small to medium-volume solids, liquids and semi-solids.
Maximum output: 10,5 Million sealing; 195 million tablets and capsules; 1,5 million bottles of liquids; 912 000 packs of semi-solids.
Accreditation: ANVISA, GMP, ISO 14001, OHSAS 18001.

ACCRA, GHANA

Capability: Small to medium-volume liquids.
Maximum output: 567 kℓ of liquids.
Accreditation: GFDA.

HYDERABAD, INDIA

Capability: Small to medium-volume solids manufacturing for export markets.
Maximum output: 700 million tablets; 30 million effervescent tablets; 120 million capsules; 60 tonnes of pellets; 25 million powder filled sachets.
Accreditation: ANVISA, DCA, ISO 17025, ISO 9001, SAHPRA.

We manufacture a **wide variety of product types** including steriles, oral solid dose, liquids, semi-solids, biologicals and APIs.

The maximum output is an estimate based on a number of assumptions regarding product mix and complexity, batch size, type and size of products and overall equipment effectiveness.

Regional facilities

NAIROBI, KENYA

Capability: Small to medium-volume solids, liquids and fast-moving consumer goods.
Maximum output: 750 million tablets; 600 kℓ of liquid.
Accreditation: EFDA, GFDA, MoH -DRC, NAFDAC, MCAZ, PMPB, PPB, TMDA, UNDA, ZAMRA.

EAST LONDON, SOUTH AFRICA

ORAL CONTRACEPTIVE FACILITY
Capability: High-volume oral contraceptive manufacturing and packing for domestic market.
Maximum output: 1 billion tablets.
Accreditation: ISO 14001, OHSAS 18001, SAHPRA.

MULTI-PRODUCT FACILITY
Capability: Solids, semi-solids and liquid manufacturing and packing for domestic market.
Maximum output: 560 million tablets; 32 million packs of semi solids; 160 million packed units of liquids.
Accreditation: ISO 14001, OHSAS 18001, SAHPRA.

DAR ES SALAAM, TANZANIA

Capability: Small to medium volume semi-solids, large volume solids and liquids.
Maximum output: 1,0 billion tablets; 60 million capsules; 15 tonnes of semi-solids; 1 500 kℓ of liquids; 8 million sachets.
Accreditation: DPML-CI, EFDA, MoH – DRC, NAFDAC, PMPB, PPB, TMDA, ZAMRA.

23 manufacturing facilities at **15** sites on **6** continents.

Abbreviations of pharmaceutical regulatory authorities and acronyms on page 164.

API facilities

CAPE TOWN, SOUTH AFRICA

Capability: Specialised API and high potency manufacturing for domestic and export markets. Large diversity of reactor MOC and sizing ranging from 20l pilot lab to 6000 l commercial scale. OEL 1ug / m³ – 50ng / m³.
Maximum output:
Commercial volume batch sizes ranging from 4kg to 500kg.
Output of 46 000kg per annum.
Accreditation: EDQM, ISO 14001, ISO 45001, PMDA, SAHPRA, US FDA.

NOTRE DAME DE BONDEVILLE, FRANCE

NANDROPARIN & CERTOPARIN FACILITY
Nadroparin
Capability: Specialised biochemical API – conversion of heparin to nadroparin.
Maximum output:
200 batches of nadroparin.
Accreditation: ANSM, ISO 14001, ISO 45001, ISO 50001.

Certoparin
Capability: Specialised biochemical API – conversion of heparin to certoparin.
Maximum output:
45 batches of certoparin.
Accreditation: Bfarm, ISO 14001, ISO 45001, ISO 50001.

FONDAPARINUX FACILITY
Capability: Specialised chemical API – purification by chromatography of fondaparinux.
Maximum output:
34 batches of fondaparinux sodium.
Accreditation: ANSM, ANVISA, ISO 14001, ISO 45001, ISO 50001, KFDA, PMDA, TRA, US FDA.

SIOUX CITY, USA

Capability: Specialist biochemical API – heparin intermediates.
Maximum output:
Biologicals – capacity is measured on demand – dependent on product mix.
Accreditation: Re-registration for US FDA.

OSS, THE NETHERLANDS

DE GEER SITE
Capability: Specialised hormonal and chemical APIs: wet chemical multipurpose capability, final powder handling (milling/sieving) and solvent recovery by distillation.
Maximum output:
Installed reactor capacity: 114m³ with reactor size between 2m³ and 10m³ beside bulk tank storage capability.
Accreditation: ANVISA, EMA, ISO 14001, ISO 45001, KFDA, PMDA, Russia MoIT, US FDA.

MOLENEIND SITE
Capability: Specialised biochemical, hormonal and chemical APIs. Dedicated biochemical reactors, multipurpose chemical reactors and dedicated solvent recovery unit.
Maximum output:
Installed chemical reactor capacity (small molecule API + peptides): 59m³.
Biochem reactor capacity: 245m³ beside multiple storage capacity.
Accreditation: ANVISA, EMA, ISO 14001, ISO 45001, KFDA, PMDA, Russia MoIT, US FDA.

BOXTEL SITE
Capability: Specialised biochemical API – gonadotrophin intermediates and virus filtered API.
Maximum output:
Measured on demand.
Accreditation: EMA, ISO 14001, ISO 45001, PMDA, US FDA.

Human capital

Inputs

- **Employee expertise, skills sets and integrity**
- **Agile, resilient and diverse leadership team**
- **Human capital technology**
- **Bargaining arrangements and organisational rights in place**
- **Robust SHE management system**
- **Robust policies and procedures**

Key initiatives

- A focus on keeping our employees safe, productive, motivated, engaged and connected as we invoked COVID-19 business continuity planning
- Initiatives and programmes that break silo's, encourage collaboration and leverage geographic presence and expertise
- Continued investment in capability building for current and future skills needs
- Talent management and succession planning to ensure continuity in respect of critical skills and leadership bench strength
- Focus on achieving diversity and inclusion in the workforce
- Constructive engagement with employees and representative labour organisations
- Fostering our commitment to integrity and values-driven leadership
- Focus on employee health, safety and well-being
- Appropriate and proven remuneration, incentive and performance management practices
- Continued investment in technology to enable an agile workforce

Prioritising our people in the face of adversity

Our diverse team of skilled, accountable and engaged employees are critical to the success of the Group. The unprecedented disruption caused by the global COVID-19 pandemic required us to pivot our human resource focus to provide an enabling, supportive and safe environment for our employees in this period of significant change, uncertainty and stress. As a critical element of the business continuity plans across the Group, we prioritised keeping our people engaged, connected and well-informed as we changed our ways of working over a very short period of time. We swiftly implemented remote working for employees able to effectively work from home and provided them with the required support and tools to remain productive and engaged. The focus of our manufacturing operations has been on supporting our people to adapt to the measures implemented to reduce the risk of infection such as social distancing, shift rotations, increased PPE requirements and periods of self-isolation, where necessary. We focused on providing flexibility, supporting our employees as they faced significant shifts in all aspects of their lives. We adapted leave policies and placed an increased focus on employee support initiatives. We enhanced our leader support and training to provide our leaders and managers with effective tools to provide leadership and foster collaboration in their teams. We have taken the opportunity to progress our policies, procedures and practices to help us continue to enable an environment that respects and nurtures the diversity within our business despite the location of individuals. Maintaining an inclusive culture was at the centre of our approach, underpinning our overarching duty of care for our employees' wellness and safety.

Creating an environment in which our employees can thrive

Our leaders continue to shape our culture encouraging innovative thinking and inclusivity. We seek to attract, assess, develop and retain appropriately qualified and experienced individuals who present the right mix of technical and behavioural competencies for our targeted business requirements. We are also building sustainable future-fit structures that are agile and will allow us to adapt in times of disruption in order to compete and succeed consistently.

The human resource strategy continues to guide the focus for all human capital priorities, supporting the business in responding to a challenging environment of increasing competition, cost pressures, organisational changes, digital transformation and regulatory compliance. The strategy aims to create an environment where future-fit human capital solutions have a global focus, with localised relevancy. It has, at its core, the objective of fully integrated talent management, enhancing the employee experience by providing interesting, challenging and meaningful work, creating career growth opportunities, offering competitive and differentiated remuneration and ensuring an overall positive work environment. Our human resource information system strategy and our diversity and inclusion framework received heightened strategic focus during the year.

We pride ourselves in having committed and engaged employees. A key contributor to employee engagement is to ensure clear role profiles and the articulation of expected deliverables. Our global performance management framework continued to provide a standardised approach to performance

Built on the foundation of our values and a commitment to the Group Code of Conduct, we strive to provide a safe, challenging and rewarding environment for each of our employees.

Outcomes

- A supported and productive workforce during the COVID-19 disruption
- Skilled, capable and diverse teams motivated to achieve the strategic objectives of the Group
- Maintenance of a high performance culture and the retention of skills
- Stable and constructive industrial relations
- Employees are ambassadors of Aspen, our reputation and our values-based approach to ethics
- Safe and healthy workforce

Value created

Employment opportunities and skills development provided to our people

Material sustainability topics covered in this section:

- Employee health and safety
- Labour rights
- Diversity and inclusion
- Workforce development

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

management while respecting the local dynamics of managing high performing teams, ensuring that pay-for-performance underpins our remuneration strategy. The framework also encourages 360º feedback and continuous performance dialogues.

As the Group evolves, the human resource function continues to adapt to provide more integrated and relevant solutions. While aligning to the Group human resources strategy, policies and procedures, our decentralised human resources structures customise their policies to ensure local relevance and compliance with applicable labour legislation. Our global human resources system, implemented in 2017, serves as a Group platform for core employee data and is a strategic enabler for the implementation of the Group's human resources strategy and related processes. To support our goal of people-centred analytics, we have launched the global learning management system in South Africa and which we aim to extend for use across all the Group's businesses. The digitalisation of human resources processes is a further commitment to ensuring a rewarding employee experience and which allows for continued growth and development.

We operate in environments where scarce talents are targeted and therefore we are subject to robust and dynamic employee movement, challenging us to ensure we create a meaningful employee experience aimed at retaining and developing our current talent pool, while proactively sourcing talent in the various labour markets. To ensure we proactively retain talent we have embarked on retention activities such as stay-interviews, dynamic induction processes for new staff members, career and performance discussions as well as remuneration reviews to ensure internal equity in pay scales. We have focused on creating development plans intended to equip our employees to succeed in their current roles and develop capability for future roles.

In total, 1 591 permanent and temporary employees were recruited to support business expansion requirements in FY2020 and to replace vacancies or fill new roles.

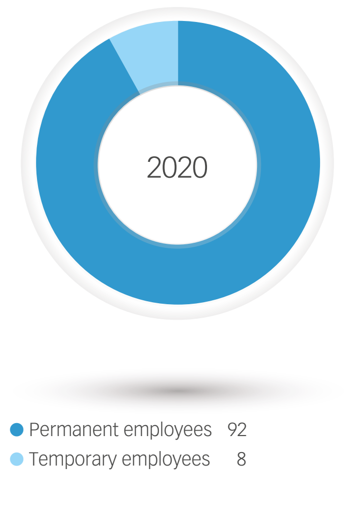
During the year, 56 employees retired due to non-work related ill health and reaching normal retirement age (less than 1% of the staff complement). No occupational fatalities occurred during the year (2019: none), but we regret to report the non-work-related deaths of 13 employees. During the year, the Group divested of its Japanese business. An important element of the transaction was the effective and fair transition of 80 employees to Sandoz at the end of March 2020.

We also embarked on a number of projects to align our organisational structure to operational requirements. This resulted in restructuring having to be undertaken in the South African, Australian and Mexican commercial business as well as at our manufacturing sites in Port Elizabeth and Oss affecting 153 employees. In implementing the restructuring processes, detailed consultation plans were prepared to ensure that the appropriate engagements were held with affected employees and with the relevant labour organisations, such as unions and works councils.

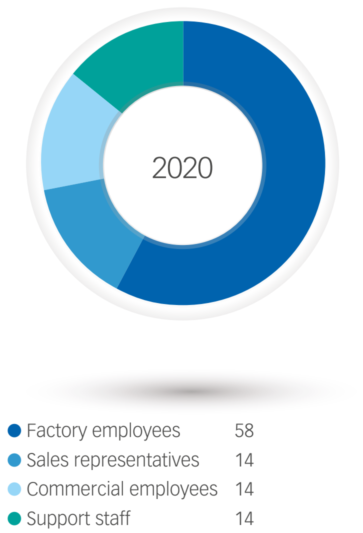
Despite us seeing an improvement over the 2019 reporting period, a highly competitive environment in China has contributed to a higher voluntary attrition rate in this business unit. The Group's overall employee turnover rate (voluntary and involuntary) has decreased to 13,1% (2019:14,3%).

Human capital continued

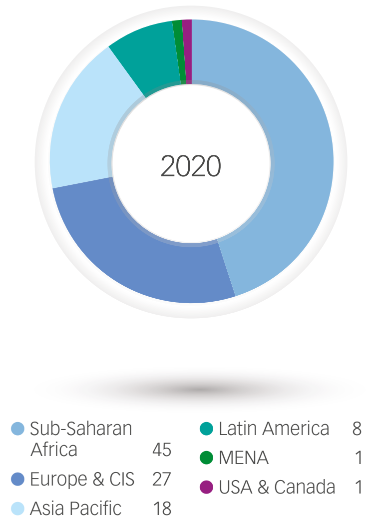
Total employees (9 868 employees) (%)



Employee categories (9 868 employees) (%)



Total employees by region (9 868 employees) (%)



Workforce development

Investment in human capital contributes to economic and business growth for the benefit of employees, employers and the wider economy. Our commitment to this is demonstrated in our learning and development focus for the year.

Building talent to drive performance excellence

Our dynamic environment requires our employees to be adaptable, results-driven, self-motivated, decisive and responsive team players. All employees are provided with equal opportunities for development, advancement and promotion on merit and without prejudice. The Remuneration & Nomination Committee monitors the adequacy of succession plans for the Group's executive directors and senior executives. Succession plans are revised for key business unit executives and managers aligned to the Group talent management strategy which is designed to drive talent attraction, assessment, retention and development across the business. The adequacy of these succession plans and the Group's talent planning landscape is monitored by Senior Executives. Enabling this high performing culture is a performance management process that is in place across the business. The performance reviews are based on functional and business unit strategic objectives. During the year, performance appraisals were completed for 96,0% of permanent employees across the Group through formal one-on-one meetings between employees and responsible managers. Performance incentives and annual salary increases for assessed staff are determined with reference to the completed appraisals.

Business unit managers are responsible for the implementation of effective training programmes to address identified skills development needs with the support of human resources departments. The Group human resources function supports business unit management teams to this end and monitors the adequacy of implemented training plans. In some of the business units, we use technology to support self-directed learning through the use of e-learning platforms. This was particularly pertinent during the last few months of the financial year, where instructor led training was put on hold for more virtual, e-learning. Our focus for the year was to make the right training available, by providing a combination of e-learning, virtual instructor-led training and collaborative learning. The global learning management system is expected to further support the implementation of our training plans.

Technical and managerial skills have been identified as critical and these areas have continued to receive focus in this year. We continued to provide fit-for-purpose programmes to build leadership and functional capacity and capability. Various other leadership development initiatives were offered to employees aimed at building core competencies, building team alignment and coaching teams for excellence. Training interventions across the Group have included short course training, internal training programmes, management and leadership development programmes as well as executive coaching programmes. In addition to the focused technical and soft skills training planned for the year, we developed and implemented COVID-19 specific training interventions. These focused on equipping employees with knowledge on navigating change and building resilience to equip them with the skills to effectively use the new collaborative tools that were implemented across the business.

In total 6 873 (2019: 8 447) employees were exposed to training interventions at an average cost of R4 624 (2019: R5 875) per employee. The total investment in training decreased by 26% to R42,4 million (2019: R56,6 million). Average training spend per employee has decreased over the previous reporting period. This is partly attributable to the shift from external training to more cost effective internal and e-learning training initiatives, but also due to certain programmes being suspended due to the COVID-19 disruption.

Skills development programmes in South Africa

Aligned to our business strategy and talent management focus to 'build our own timber', driving capability building has been key for us. In South Africa, 2 260 employees attended more than 10 000 interventions (84% of this spend was on Employment Equity employees). The development of female employees remains a focus for us, with over 51% of total training spend in South Africa being spent on women.

The following are some of the key initiatives implemented during the year:

- SA Operations have implemented 'Go To' – a coaching and peer pairing exercise (knowledge transfer) as well as specialised equipment training;
- SA Commercial implemented virtual sessions on 'Skills to Navigate the New Normal' and conducted an intensive wellness check-in programme;
- At Holdings, we focused our attention on developing Executive leadership and project management skills;
- The Advanced Certificate in Management was delivered through Milpark Business School, a bridging programme focused on providing an accredited qualification to line managers (NQF 6) and giving them an holistic view of management;
- We launched the Ascend Leadership Development Programme, facilitated through Gordon Institute of Business Science, which will equip 17 employees (71% employment equity delegates) with leadership skills to build agile leaders with business acumen and skills to lead effective teams;
- Employee financial, emotional and medical wellness sessions through ICAS (wellness partner);
- Disability awareness training; and
- COVID-19 training.

In total 156 learners/apprentices were provided with funding during the year and 26 new internships were initiated taking the total to 54 internships implemented in the business in the year. A combined total of 149 internships and learnerships continue to be provided to employed and unemployed individuals.

Financial assistance in the form of bursaries was awarded to 70 of our employees with a further 95 bursaries being awarded to external students in South Africa. Our external bursary scheme, with a total spend of R6,1 million, is directed toward the maintenance of a supply of relevant qualifications and skills to the industry in the future, while also contributing to the education of our youth.

Respecting employee rights

As a signatory to the UN Global Compact, we are committed to upholding the labour principles included therein. Our working environments are free of prejudice, bias, harassment and/or violation. Our Code of Conduct entrenches the rights of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of age, nationality, gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited and further entrenched in our Diversity and Inclusion framework and Sexual Harassment policy. Our policies further denounce the use of child labour and unfair labour practices. Human resources, industrial relations and legal compliance frameworks are in place to uphold employee rights and ensure compliance with labour legislation. During the year, no incidents of unfair discrimination were identified in the Group (2019: nil).

Employees are protected by local labour legislation and internal policies and practices to ensure appropriate hours of work and the management of overtime. Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. Salaries are benchmarked against industry standards in each territory to ensure that high performing employees are offered competitive remuneration packages that promote retention objectives. Our remuneration philosophy is detailed on page 112. Initiatives are also in place to provide formal and informal recognition to employees. Our global employee recognition programme celebrates employee excellence in the business.

We have policies and procedures in place that encourage a productive employee relations environment, underpinned by pro-active and constructive working relationships with unions and works councils. Employees across the Group are free to exercise their rights to belong to trade unions and collective bargaining councils. Relationships with trade union representatives, considered key stakeholders, are managed in a proactive and responsible manner by local human resources managers. Formal processes are in place to foster a culture of transparency and constructive engagement with trade union representatives in each territory. During 2020 approximately 24% of the Group's employees belonged to a trade union and 31% were represented by collective bargaining councils (some employees are members of a trade union and are also represented by a collective bargaining council).

Material operational changes are communicated to the employee trade unions, as necessary, within legislated timeframes. Formal grievance procedures are in place and are communicated to employees at each business unit. Another mechanism to address employees concerns over confidential matters, is the use of the whistleblowing Tip-offs Anonymous line. This independently operated reporting system provides employees with a channel to anonymously raise concerns in respect of matters related to unethical conduct, corruption and fraudulent activities. Our whistleblower's policy and standard operating procedure provides guidance to prospective whistleblowers and details the protections available to them, including protection against occupational detriment.

The Social & Ethics Committee provides oversight of the Group's activities with regards to labour and employment, including the Group's standing in terms of the International Labour Organization Protocol on decent work and working conditions. It further monitors Aspen's relationships with its employees and reviews the effectiveness of skills development programmes across the Group.

Respecting employee diversity and promoting equality in the workplace

Our success as Aspen is entrenched in our values and ability to adapt to the diversity of the global environment in which we operate. Leveraged through a diverse workforce that reflects the world in which we operate and an inclusive culture where our employees feel valued and appreciated, our Group Diversity and Inclusion Framework articulates that all employees, regardless of age, disability, gender, marital status, race, colour, religious beliefs, ethnic origin, nationality, sexual orientation or social-economic

Human capital continued

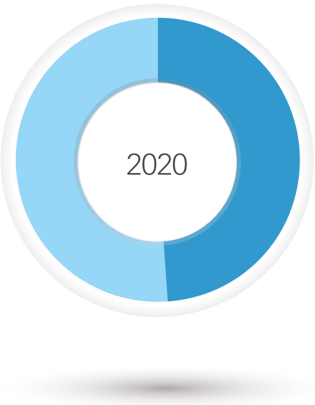
status and political beliefs, are treated with respect, dignity and fairness at all times. We are committed to building an organisation that is reflective of the demographics of the countries and communities in which we operate, in order to harness strength from the many diverse talents and cultures in the Group. As at 30 June 2020, Aspen's team represented over 50 different nationalities across six continents. In accordance with the Group's Code of Conduct, all employees are treated with fairness, equality and respect.

With a multi-focal philosophy, the Group Diversity and Inclusion Framework seeks to foster the embracing of diversity, the enablement of an inclusive environment and to build a relevant and sustainable leadership pipeline. The business units across the Group have embraced the principles and philosophy around diversity and inclusion, embarking on their individually unique journeys to build diverse and inclusive teams. Some key initiatives implemented in the year were the extension of working from home policies to provide further flexibility to employees; the management of various diversity training and World Diversity Day celebrations; and the provision of enhanced paternity and adoptive leave benefits; and the development of more inclusive onboarding programmes.

The attraction, retention and development of women employees is a priority for the Group and gender diversity is a key performance indicator monitored by the Social & Ethics Committee. We recognise that the advancement of women within our organisational structures is an important element in addressing gender equity. The percentage of women in the top management roles in the Group indicates that women represent 19% (2019: 17%) of our leadership teams and 49% (2019: 48%) of our total workforce. To empower our female employees, women's forums have been established in our respective South African businesses, providing a platform for women to engage, connect and enable transformation in the gender space. We consider having an external perspective on gender as critical and have strengthened our partnership with the South African chapter of the 30% Club during the year. The 30% Club is a non-profit organisation that campaigns for the greater representation of women on the boards of FTSE100 companies as well as the empowerment of women in senior positions within organisations. Over 30 of our employees, both men and women, have been exposed to networking sessions hosted by the 30% Club where issues of transformation and gender equality were debated. Our Group Operating Officer and Group Talent Manager are members of the 30% Club steering committee demonstrating our commitment to this important issue. Other initiatives during the year were:

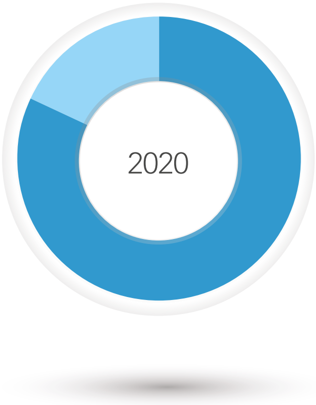
- The Global 'Women in IT @ Aspen' series, aimed at showcasing the work of women in this team, as well as to address issues of bias which may hamper the development and progression of women in this team;
- AGI participated in the Top Employers Accreditation in Mauritius, which

Employee gender diversity in the Group (%)



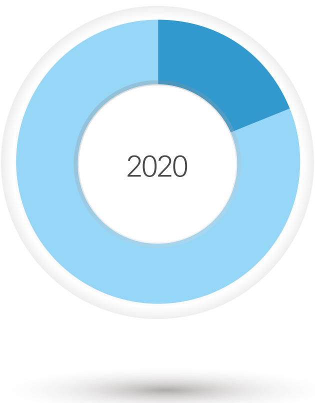
- Female 49
- Male 51

Employee race diversity in South Africa (%)



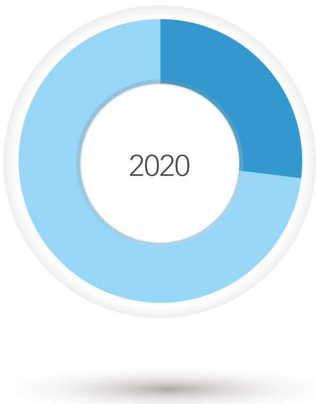
- Black employees 82
- Other employees 18

Gender diversity in top management positions in the Group (%)



- Female 19
- Male 81

Black employees in top management positions in South Africa (%)



- Black employees 27
- Others 73

reviewed policies and practices that encourage participation of all diverse groups within the business;
- Aspen Brazil won second best company in the Good Place to Work for LGBT workers in Brazilian Market; and
- A South African team member was nominated for Inclusive Leader in the Gender Mainstreaming awards.

We have also implemented specific interventions to create an inclusive working environment for people living with disabilities. This is an important element in our transformation journey in South Africa, where we have targets and plans to attract, develop and retain people living with disabilities in our business. To support this objective, disability awareness training has been provided to our human resources and Employment Equity Committees. The intent is to roll this training out to more employees and line managers. We have also provided learnerships to 24 disabled individuals. In our South African business, people living with disabilities represent 1,8% of our workforce.

Empowering historically disadvantaged individuals in South Africa

In line with our Employment Equity Policy and Talent Management Policies in South Africa, we have implemented the third year of our three-year employment equity plan. This plan was developed in conjunction with our South African businesses in accordance with the Employment Equity Act and the Department of Trade, Industry and Competitions' BBBEE Codes of Good Practice ("BBBEE Codes") to promote the advancement of historically disadvantaged individuals. Targets were set by taking into consideration staff turnover, growth and transformation rates after having consulted with the respective employment equity committees. Each business unit in South Africa has a transformation plan in place and employment equity committees meet regularly to drive delivery against agreed employment equity priorities. In South Africa, black employees represent 82% (2019: 82%) of the total employee workforce. A key focus is to improve representation at a senior management level and our KPI measuring the percentage of black employees in the top management positions in South Africa indicates an increase to 27% in line with our targeted employment equity plans. Representation of female employees in the South African workforce has remained fairly constant at 54%, while women hold 19% of the top management roles.

Supporting the well-being of our employees

COVID-19 has emphasised the importance of formally extending our health and safety measures beyond the boundaries of our workplace to ensure the physical and mental well-being of our workforce. Employee health, wellness and fitness for work are fundamental to enable the effective execution of designated responsibilities and implementation of value-adding initiatives for the business. Employee benefit arrangements include subsidisation of tailored healthcare insurance plans for employees and their direct dependents, where this is required. Employees at selected sites have access to on-site clinics, employee assistance programmes and wellness support programmes. Detailed wellness programmes are implemented in South Africa, with a focus on financial planning, stress management and mental wellness.

Supporting South African employees in the identification and management of HIV/AIDS

We are committed to promoting HIV/AIDS awareness and offering HIV/AIDS positive employees with the required counselling and support. Each year, we participate in World Aids Day on 1 December and World Tuberculosis Day on 24 March. Employee awareness of these diseases is created through the dissemination of information booklets, posters and making relevant information available electronically to staff. Our HIV/AIDS policy complies with legal guidelines and prescribes confidentiality of the employee's status. Free condom dispensers are installed in accessible areas across the South African and Kenyan sites. In South Africa, our HIV/AIDS management programme is administered by an independent health risk management company. HIV/AIDS positive employees have access to the disease management programmes through their healthcare insurance schemes which subsidise the provision of ARVs as well as voluntary counselling and support programmes. Peer educators provide staff with necessary HIV/AIDS prevention and disease management training and, where required, this is also offered to family members of affected employees. In South Africa, 239 employees participated in the voluntary HIV/AIDS testing and 258 participated in the voluntary counselling programme.

Providing a safe working environment

Our employees are entitled to a safe and healthy working environment and we are committed to ensuring the safety and security of all of our employees and third parties visiting our facilities. With the outbreak of the COVID-19 pandemic, health and safety has become more important than ever in the protection of our workforce. The extensive focus on the development and implementation of workplace response plans to address COVID-19-related health and safety risks at each site ensured that workers felt safe and knowledgeable on the necessary preventive measures. This provided the required reassurance to all workers, including the necessary external support services, to safely and proudly continue operations as an essential service provider of life saving medicines. A renewed vigilance in ensuring compliance to health and safety rules was evident during the pandemic and enabled a notable reduction in incident statistics.

Our commitment to safety and security management

Our commitment to our employees is outlined in the Aspen Code of Conduct. The Aspen Code of Conduct for Suppliers and Service Providers echoes this commitment, detailing the expectations and requirements in terms of adhering to our safety standards both in their own workplace and when operating at one of our facilities. The Aspen Group Standard for Contractor Management further supports the identification, evaluation and control of risks associated with on-site contractor and sub-contractor activities.

The prevention of work-related injuries, permanent disabling injuries and occupational diseases is a key focus area for site management teams, particularly at the manufacturing facilities where the inherent risks of health and safety incidents, including chemical exposure, are high. Health and safety baseline and issue-based risk assessments are conducted to identify and evaluate the magnitude of our health and safety risks through a dynamic, formal and structured process. Risk assessments are the

Human capital continued

foundation for the establishment, implementation and maintenance of our SHE Management Systems across the Group and the selection and mitigation influence of required control measures is determined by the principle of the hierarchy of controls. Issue-based risk assessments are conducted for the management of changes and any new projects prior to the design phase to ensure that all health and safety risks are considered and mitigated. New operations acquired are systematically incorporated into the Aspen Group SHE programme.

Due to the nature of pharmaceutical and chemical products, compliance control measures are in place across the supply chain, to address the safe and compliant handling and transport of all materials and products. All SHE training needs are essentially identified through applicable legal requirements and risk assessments and formally managed through internal and external training programmes. Competent registered or approved training service providers are appointed through a procurement and selection process.

SHE awareness and competency training programmes are conducted to promote the effective implementation and maintenance of SHE policies and procedures at no cost to personnel working for on behalf of the organisation. Employee competency and the effectiveness of training is generally measured through formal assessment questionnaires, job observations or the performance review process. Formal SHE representation and management structures are established at all manufacturing sites in order to create a platform of consultation and participation for the discussion and resolution of any SHE matters. Practices that penalise participation in the reporting of incidents, hazards, risks and opportunities are discouraged by addressing identified obstacles and barriers and employees who wish to remain anonymous are protected against reprisals through the Tip-Offs and Whistleblowing policy.

SHE compliance is monitored and managed on a day-to-day basis and SHE KPIs form part of site management reporting processes. The Group SHE Department develops and promotes Aspen's SHE standards and monitors the compliance and effectiveness of certified SHE management systems across the business units. Independent SHE legal compliance audits are conducted biannually across all manufacturing facilities. The Group SHE Department reviews the audit findings to establish trends and focus areas and tracks the status of corrective action plans. The Board monitors material SHE KPIs on a quarterly basis and, through the Social & Ethics Committee, monitors the effectiveness and compliance of SHE management systems across the Group.

Ensuring employee security

In the interest of employee safety and asset security, access controls and security systems are in place across all manufacturing and commercial sites to prevent unauthorised entry. Additional measures are implemented by local management teams to ensure employee safety in countries where the risk of social and/or political unrest is high.

Managing SHE compliance

We align our health and safety management systems to global standards, with all of our fully commercialised primary manufacturing facilities continuing to comply with recognised health and safety certification requirements. Six of our seven API facilities maintained or achieved health and safety certification. The Notre Dame de Bondeville (France), Aspen Bad Oldesloe (Germany), Oss (Netherlands) and FCC (South Africa) facilities have successfully transitioned to ISO 45001. The remaining sites currently certified to OHSAS 18001 will transition to the ISO 45001 standard by 2021. Due to the limited scale of their operations, the Sioux City and Ghana sites are not earmarked for certification. The OHSAS 18001/ ISO 45001 certificates and SHE policies for all internationally certified facilities are displayed across the manufacturing sites and are available online. Maintenance of an internationally recognised Health and Safety management system enables our sites to keep abreast of all applicable health and safety legal requirements, maintain a programme for evaluation of compliance and manage instances of non-conformance.

Measuring SHE performance

Independent SHE compliance audits were performed at 21 of the Group's manufacturing sites during the year. The overall compliance results for 2020 were satisfactory with a notable reduction of 57% in health and safety legal findings across the Group with the technical safety and fire and emergency preparedness categories showing the most improvement. All legal findings are managed by each facility through a formal Corrective and Preventative Action system and the Group SHE function monitors the compliance status and reports thereon to the Social & Ethics Committee. No fines were paid in respect of health and safety non-compliances this year.

The disabling incident frequency rate ("DIFR") and LWDFR represent the Group's material health and safety KPIs. The DIFR reflects the percentage of employees who suffered disabling injuries in the 12 months ended 30 June 2020, irrespective of whether such incidents resulted in lost work days. The DIFR tolerance is set at less than or equal to 1,00 and a rate of 0,56 was achieved. The LWDFR indicates the percentage of employees who were absent from work due to work-related disabling injuries over the last 12 months. The LWDFR tolerance, set at less than or equal to 0,75, was achieved for the first time with a rate of 0,51 obtained. The tolerance levels are reviewed and approved by the Social & Ethics Committee on a two-yearly cycle.

During the year, 40 disabling incidents were recorded across the Group's manufacturing facilities compared to 62 incidents in the prior year. It is pleasing to report that no occupational fatalities were experienced during the year.

Ergonomic related cases remain one of the highest contributors to our total reportable case rates. Slips, trips and falls and incidents resulting in health exposure, mainly due to unsafe behaviours, also contribute significantly to our incident rates. These areas were therefore highlighted as key focus areas for the Group in FY2020. Formal systems are in place to ensure that incidents are recorded, investigated and analysed in a structured and timely manner in order to identify root causes and prevent the recurrence of incidents.

To align our practices with the changes recommended by the GRI, we plan to transition our health and safety KPIs to Total Recordable Incident Frequency Rate ("TRIFR") and High Consequence Incident Frequency Rate ("HCIFR") for implementation with effect from our next financial year.

Ensuring commitment to continual improvement

We are committed to the continual improvement of health and safety management and performance through reasonably practicable measures. Incident statistics are utilised as an input to the identification of improvement opportunities. Continual improvement is demonstrated by the establishment of measurable health and safety objectives which are regularly monitored to ensure achievement thereof. The status of the various continual improvement programmes is also discussed at employee Health & Safety Committee meetings.

Additional information available online:

- Aspen Sustainability Data Supplement
- Social & Ethics Committee report
- Employment equity progress reports for FCC Cape Town and Pharmacare
- Aspen Code of Conduct
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2020
- Responsible corporate citizenship philosophy
- Aspen Code of Conduct for Suppliers and Service Providers

Social & relationship capital

Inputs

- **Relationships with communities, customers, regulators, HCPs, investors, suppliers, distribution partners, service providers, governments, media and other key stakeholders**
- **Responsible corporate citizenship**
- **Robust governance framework**
- **Integrated governance, risk and compliance structures**
- **Group-wide ethics and legal compliance processes**
- **Policies and procedures**

Key initiatives

- Contribution to public health and social responses to COVID-19
- Ongoing engagement with key internal and external stakeholders and management of reasonable stakeholder expectations
- Socio-economic investment focused on enhancing healthcare delivery to communities
- Participation in the South African Public Healthcare Enhancement Fund ("PHEF"), a collaboration between the South African Department of Health and private sector healthcare companies
- Support of Mandela Day across the Group's operations globally
- In-country initiatives aimed at community upliftment
- Support to empowering enterprises, including small and micro-enterprises, through preferential procurement and enterprise development and enterprise supplier development activities
- Contributing signatory to the UN Global Compact
- A focus on promoting equity in the Board and workforce composition

Conducting business in a responsible manner

Our responsible corporate citizen philosophy encapsulates our inherent approach of conducting business ethically, with integrity and with commercial wisdom that strives to enhance the economic and social well-being of our patients, consumers, investors, employees, customers and business partners.

Engaging stakeholders

We are committed to adopting a stakeholder inclusive governance approach and sustaining strong relationships with our stakeholders through transparency and effective communication. The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and a Group stakeholder engagement policy is in place. During the year, we have had a wide range of structured and ad-hoc engagements with our broad stakeholder base. Our approach to stakeholder engagement and a summary of the most material stakeholder engagements that we have undertaken is set out on pages 26 and 27 of this report.

Corporate governance

Led by an effective Board and long-serving, experienced executives, we operate on an established foundation of strong corporate governance. The King IV Report on Governance is implemented throughout the Group. More can be read about this in the abbreviated Corporate Governance report set out on pages 18 and 19 of this report.

Ethics management and Code of Conduct

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct, signed by all permanent employees, governs the conduct of employees throughout the Group. Furthermore, our service providers and suppliers are required to adhere to the Aspen Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders.

A formalised ethics management programme has been implemented at all our businesses. This programme is managed by the Company Secretary & Group Governance Officer under the direction of the Social & Ethics Committee.

One material breach of this Code was identified during the period under review (a non-disclosed conflict of interest), with the implicated employee resigning prior to the commencement of formal disciplinary processes.

Anti-bribery and corruption

We are committed to the fight against bribery and corruption. Our stance on bribery and corruption, as outlined in our Code of Conduct, is strengthened by our Anti-bribery and Anti-corruption policy, applicable to all our employees and our suppliers, service providers, consultants, agents or any third parties authorised to act on our behalf. This policy is aligned to the recommendations of the Organisation for Economic Cooperation and Development ("OECD") on corruption and prohibits any employee or agent of Aspen from directly or indirectly offering, paying, soliciting or accepting bribes in any form. Read with our Gifts and Benefits policy, it also prohibits the acceptance or giving of gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers. The Group has recently adopted its Socio-economic Development Policy, which prescribed the processes to follow in considering these types of investments, their contribution to the Group's overall SED strategy and their compliance with the Group's Code of Conduct.

Tip-Offs Anonymous Hotline

We promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions which they may become aware of. An independently monitored whistleblowing hotline, Deloitte's Tip-Offs Anonymous, has been made available to all our employees and allows other stakeholders to report suspected fraud and/or activities which are considered to be transgressions of our Code of Conduct. Our Whistleblowing Policy and standard operating procedure provides guidance to prospective whistleblowers and details the protections available to them, including protection against occupational detriment. Quarterly reports detailing the tip-offs received, how these tip-offs have been investigated and the corrective measures taken, are submitted to the Audit & Risk Committee and Social & Ethics Committee for consideration as appropriate. For more detailed reporting on this aspect, please refer to the Social & Ethics Committee report.

Being a responsible corporate citizen is more than a compliance requirement, it is fundamental to our objectives and the way we do business. We recognise that there are inseparable linkages between our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context.

Outcomes

- Enhanced profile as a good corporate citizen with a reputation for high quality, affordable medicines and products
- Value delivered to stakeholders
- Increasing healthcare skills and resources, primarily in South Africa
- Meeting legitimate stakeholder expectations and maintaining a "licence to operate"
- Contributing to the transformation of South African society
- Contribution to the economies and fiscus in the countries in which we operate
- Uplifting the lives of the communities in which we work around the world
- Giving credence to our philosophy "Healthcare. We Care."

Value created

Uplifting the lives in the communities in which Aspen works around the world

Material sustainability topics covered in this section:
- Human rights
- Ethical business culture
- Transformation in South Africa
- Socio-economic development and investment in communities
- Fair taxation

17 PARTNERSHIPS FOR THE GOALS

Respecting human rights

We are a signatory to the UN Global Compact and are committed to upholding the principles of respecting and protecting internationally proclaimed human rights, as well as ensuring that we are not complicit in human rights abuses. The Aspen Code of Conduct details our commitment to fundamental human rights and the Social & Ethics Committee monitors the effectiveness of ethics management in the Group. All our suppliers and business partners are required to confirm acceptance of the Aspen Code of Conduct for Suppliers and Service Providers to provide assurance that human rights and good ethical standards are upheld within the supply chain.

No businesses in the Group are deemed to be at risk of violating human rights which prevent child labour, slave or compulsory labour. During the year, no incidents of discrimination, slave labour or compulsory labour were reported within the Group (2019: nil).

As part of our commitment to good corporate citizenship, we support the United Nations Declaration on the Rights of Indigenous Peoples as adopted on 13 September 2007 and respect the rights of indigenous peoples in the countries and territories in which we operate. There were no reported incidents where the rights of indigenous people were violated (2019: nil). These aspects are monitored in respect of all business units.

Responsible tax citizen

As a Group that has a substantial presence in many countries, we understand our responsibility to pay an appropriate amount of tax. We comply with tax laws in the countries in which we operate and seek to maintain open and positive relationships with tax authorities. The taxes we pay make a positive contribution to the societies in which we operate. Our approach to taxation is set out on pages 104 to 106 of this report.

Political contributions

Our Code of Conduct precludes us from making payments or other contributions to political parties, organisations or their representatives or take part in party politics.

Legislative compliance

Lawful compliance and respect for the rule of law underpins an ordered and effective society. We are committed to complying with the applicable legal and regulatory requirements wherever we do business. The Group Legal Officer & Group Compliance Officer is responsible for the implementation of an effective legislative compliance framework and provides the Board with assurance in respect of the Group's compliance with applicable laws and regulations.

The following significant compliance matters received attention during the year:

- The UK Competition and Markets Authority ("CMA") investigation initiated in October 2017 was brought to a close. For the purposes of addressing the competition concerns arising from the CMA's investigation, Aspen admitted liability for entering into an agreement to acquire a potential competitor to Aspen's Fludrocortisone Acetate 0.1 mg tablets, with the consequence that the conclusion of this agreement resulted in anti-competitive behaviour. This matter has been settled with the payment of a penalty of GBP2,1 million to the CMA in September 2020, an ex-gratia payment in the aggregate amount of GBP8,0 million to the UK health authorities in October 2019 and the disposal of Aspen's rights to the ambient fludrocortisone in the UK to an independent third party, Mylan, in March 2020.
- Further to the investigation of the European Commission (EC) opened in May 2017 to investigate certain pricing aspects related to specific Aspen products in Europe, Aspen and the EC have settled the revised net selling prices of each of the products in each of the Member States. The Aspen Commitments (settlement) are in the process of a market review by the EC with the Member States, should this process not raise any substantive issues, the EC intends to accept the Commitments and make them binding upon Aspen. Once the Commitments are accepted by the EC, anticipated December 2020/January 2021, Aspen will need to work with each of the Member States on the price implementation.

Consistent with Article 9 of Regulation 1/2003, these Commitments do not constitute an acknowledgement that Aspen has infringed EU competition law. Upon acceptance of the Commitments, the EC will discontinue the investigation in the case, without concluding whether there has been or still is an infringement of EU law. An estimated liability relating to the one-time payment of EUR24 million has been provided for as a current liability in the statement of financial position (refer to page 100 of the Annual Financial Statements).

Social & relationship capital continued

Other than the above matters, no significant incidents of legislative infringements were recorded during the year reflecting effective compliance management and governance processes that were adhered to across the Group.

Contributing to the enhancement of healthcare, education and basic needs in communities

Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context and in compliance with our recently adopted SED policy.

The COVID-19 pandemic required an immediate response to the many challenges being experienced and we shifted our focus toward partnering with organisations aimed at assisting communities affected by the spread of the virus. In a number of initiatives across our operations, we assisted in providing much needed food parcels and hygiene products to vulnerable communities and made donations of much needed PPE to front-line healthcare workers. A major contribution in our fight against COVID-19, AGI donated approximately 30 000 vials of three anaesthetic products used to treat patients in intensive care units to the Mauritian Ministry of Health and Wellness.

Our additional efforts have included our active participation in the Business for South Africa ("B4SA") COVID-19 response team, mandated to support the national response to combat the COVID-19 pandemic in South Africa. The B4SA Health Workgroup chaired by Aspen's Senior Executive: Strategic Trade & Development, which included approximately 400 *pro bono* volunteers and 10 different working streams, successfully coordinated the efforts to secure significant PPE stock for frontline doctors, nurses and community health care workers as well as a large quantity of ventilators. In total, approximately 75 million units of PPE were procured and donated to the public sector for frontline healthcare workers. The B4SA Health Workgroup was a significant contributor to the overall South African COVID-19 public health response.

Our support was extended to medical students at the Faculty of Health Sciences at the University of Pretoria and the Tshwane University of Technology through the provision of 900 electronic devices to allow the students to continue their academic programme during the period of lockdown. We prioritised the continued support for scholars and students through our various bursaries and scholarship programmes during this period of uncertainty.

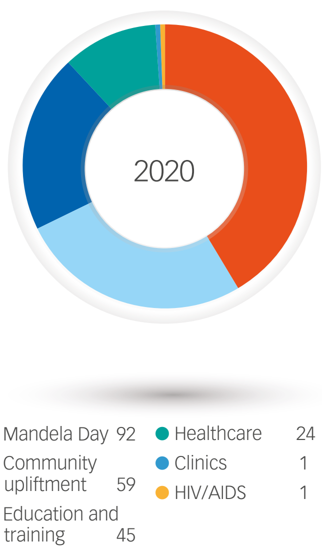
Despite the challenges presented due to the COVID-19 pandemic, we are proud of our continued commitment to Mandela Day in which business units across our operations initiated projects that positively impact beneficiaries in the many communities in which we operate. A detailed overview of our Mandela Day initiatives is available online.

During the year, we supported a total of 222 SED projects which were valued at R20,6 million, largely based in South Africa.

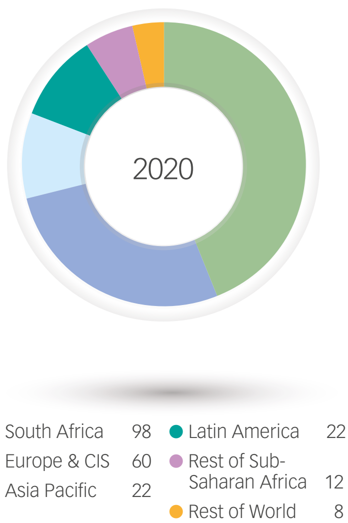
In South Africa, we are committed to supporting initiatives that are aligned with our country's overall socio-economic imperatives. Our SED strategy, led by the Senior Executive: Strategic Trade & Development, is primarily aimed at the following priority areas:

- Education, skills and human capital development, particularly in the areas of medicine, pharmaceutical sciences and chemical engineering;
- Public health enhancement;
- Women and youth empowerment, including sport and the promotion of healthy lifestyles;
- Social cohesion and the strengthening of our democracy and democratic institutions; and
- Community development and sustainability.

SED projects by type across the Group (222 projects)



SED projects supported per region (222 projects)



SED initiatives supported during the year include:

- We continue to be a lead contributor and the administrator of the highly acclaimed PHEF, which is a public-private collaboration between the National Department of Health and private sector companies. The PHEF has raised in excess of R200 million since inception and is making an impactful and meaningful contribution to much needed human capital development in healthcare, particularly in our country's most resource constrained communities. To date, 70 medical doctors have graduated with a target of a further 30 set to graduate in the next two years. Additionally, the fund has funded and supported 72 post-graduates, mainly PHDs in the field of HIV/AIDS and TB and is committed to taking on a further cohort of 25 post graduate students. This will bolster much needed research and innovation capacity in our country and will assist in empirically addressing some of the most difficult health challenges in our country.
- Independently of the PHEF, we continue to sponsor a number of secondary school, undergraduate and post-graduate students with the latter representing diversified fields of health and life sciences, commerce (including MBAs), engineering and economics. These are executed either directly or in direct partnership with universities or Public Benefit Organisations such as the Umthombo Youth Development Fund and the Centre for Education in Economics and Finance.
- In addition, and as part of our contribution to addressing the challenge of youth unemployment, we take on a number of interns and learnerships, with a view to providing young graduates with both experiential/hands-on learning and an opportunity to learn the dynamic pharmaceutical industry.
- We have continued our partnership with the Wits University Health Sciences Faculty in programmes aimed at providing pharmacy students real live pharmaceutical experience. This

year's programme focused on innovations that would generate solutions that would improve access to quality healthcare facilities in South Africa. The programme culminates with a two-day visit to our world-class manufacturing site in Port Elizabeth for the winning team.
- We have assisted in a number of initiatives aimed at supporting our public healthcare systems. This has, for example, included a partnership with the University of Cape Town's private academic hospital and Pink Drive to provide colonoscopy surveillance in the Northern Cape and providing funding for the establishment of a new pet-CT scanning facility at the University of Cape Town to support the clinical studies in TB.
- We have supported a number of programmes aimed at development of women and youth. Initiatives have included the sponsorship of the South African Football Association's Ima Nathi programme aimed at developing youth through soccer, the sponsorship of the Pan African Women's Organisation Day and partnering with organisations that distribute sanitary products to underprivileged young women.

As a leading pharmaceutical company in South Africa, through our membership of various industry, professional and organised business bodies, we aim to actively contribute to the dialogue on issues affecting our business and society at large. This has included actively participating in various initiatives to partner and collaborate with government towards strengthening the public healthcare system and creating an environment in which economic activity can thrive.

SED spend on projects in South Africa

	R'million	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	1,0	6
Education and training	9,2	56
Sport and the promotion of healthy lifestyles	2,2	14
Other (including Mandela Day and Community upliftment)	3,8	24
Total	**16,2**	100

Commitment to transparency in reporting

We appreciate that our stakeholders expect us to report on a broad range of environmental, social and governance aspects in a consistent and transparent way. We perform a review of material sustainability topics to understand the expectations of our stakeholders (refer to page 26). Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have improved overall score to place at the 97th percentile of the index. Our score improved to 4,5 out of a possible 5,0 on the most recent assessment mainly as a result of our improved water disclosures. Due to our improved performance on this assessment, we have placed in the top 30 of the FTSE/JSE Responsible Investment Index and have been included in the FTSE4Good Index Series, which recognises companies with strong ESG practices measured against global standards.

Promoting equality

Transformation in South Africa

As a proudly South African-based Group, we support the country's transformation objectives aimed at empowering historically disadvantaged groups in South Africa and subscribe to the notion that, through the legislated economic empowerment initiatives, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens.

We have developed transformation objectives and programmes and our employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals and women. In light of the significance we place on achieving progress in this regard, the performance against our Employment Equity plan is monitored by the Social & Ethics Committee while our transformation KPIs are reported to the Board. Refer to page 92 for further information on our initiatives to empower historically disadvantaged individuals in South Africa.

In addition, enterprise development programmes and preferential procurement objectives and targets are in place to support the emergence of black-owned and black female-owned businesses. COVID-19 resulted in a reduction in total procurement spend in South Africa, and this, together with other factors, impacted the proportion of our total measured procurement spend with empowering suppliers. In this regard, the Group spent R2 827 million (2019: R3 953 million) with BBBEE-recognised locally based suppliers, representing 74,8% (2019: 83,3%) of total measured procurement spend. Spend with black women-owned businesses, reduced from 10,4% to 7,9%. Through continued efforts to onboard new Black-owned businesses, we achieved an increase in the percentage of measured spend from these suppliers (from 21,7% in 2019 to 29,4% this year). We continue to focus on procurement from designated groups, exceeding the target level laid down in the BBBEE Codes.

Our enterprise development and enterprise supplier development programmes have seen loans to the value of R44,9 million advanced to selected beneficiaries.

We have maintained our Level 4 BBBEE contributor status for the year. The Group's BBBEE certification was performed by Empowerdex, an independent economic empowerment rating and research agency. The 2020 certificate can be accessed online.

A focus on gender diversity

The attraction, retention and development of female employees is a priority for the Group and gender diversity is a key performance area monitored by the Social & Ethics Committee. We recognise that the advancement of women within the organisational structures is an important element in addressing gender equity. Refer to page 92 for further information on our employee diversity and equality initiatives.

Additional information available online:
- Aspen Sustainability Data Supplement
- Unabridged Corporate Governance report
- Social & Ethics Committee report
- Audit & Risk Committee report
- Stakeholder Engagement report
- Aspen Code of Conduct
- Aspen Code of Conduct for Suppliers and Service Providers
- Aspen's 2020 BBBEE report
- Aspen's 2020 Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles
- BBBEE philosophy

Natural capital

Inputs

- **Natural resources which we use such as water, air, land, minerals and biodiversity**
- **Energy derived from non-renewable energy sources such as coal and natural gas and renewable energy sources which includes solar, wind and biomass**

Key initiatives

- Ongoing commitment to containment and reduction of our carbon footprint and reliance on fossil fuels from the activities we undertake through site management strategies, formal conservation projects and renewable energy initiatives
- Monitoring of emissions across manufacturing sites
- Responsible water management and usage across manufacturing sites
- Participation in annual Climate Change CDP and Water Security CDP
- Initiation of climate change strategy
- Implementation and monitoring of systems and processes in place to manage hazardous and non-hazardous waste
- Promotion of waste reduction and recycling initiatives across manufacturing sites
- Monitoring and control of the quality of effluent discharge
- Contributing signatory to the UN Global Compact, aligned with its principles in respect of environmental stewardship
- Compliance with ISO 14001 Environmental Management System by manufacturing sites in South Africa, Bad Oldesloe, Vitória, Dandenong, Oss and Notre Dame de Bondeville
- Compliance with ISO 50001 Energy Management System in Bad Oldesloe and Notre Dame de Bondeville

Approach to environmental stewardship

We are committed to practice responsible environmental stewardship, seeking to minimise any negative impact our operations have on the environment and to comply with applicable laws, regulations and other environmental management requirements. We promote the efficient use of resources such as energy, water, packaging and production materials with due regard to the scarcity of natural resources and the environmental impact resulting from the utilisation and application of such resources in conducting our business activities. We are a signatory to the UN Global Compact and fully support global initiatives aimed at protecting the environment and conserving natural resources.

The implementation of our Environmental Management Protocol (incorporating the Group's environmental management principles) and compliance with all applicable environmental legislation is the responsibility of designated business unit executives.

Our Board monitors the status of environmental risks through the review of material environmental management performance indicators at scheduled intervals. In addition, any significant environmental risks are escalated through the Group risk management process. The Social & Ethics Committee assists the Board in monitoring compliance to the relevant environmental legislation and adequacy of environmental management systems. Under the direction of a Group executive, Group SHE, a function within the Group Risk & Sustainability Department, develops and promotes our environmental management principles and standards, monitoring the alignment of business units' environmental management systems to the Group's standards.

Our environmental management systems are aligned to global standards, with all of our fully commercialised primary finished dose form manufacturing facilities and all, but one, of our API manufacturing facilities currently complying with ISO 14001:2015. The Sioux City, USA and Accra, Ghana sites have been excluded for certification due to the limited scale of the operations.

During the year, a number of environmental training interventions were conducted across the manufacturing sites to ensure consistent application of environmental principles, standard operating procedures, compliance with legislative requirements and to create awareness of new developments. The Group participates in a number of industry platforms in order to keep abreast of initiatives and technological developments focused on the efficient use of scarce natural resources. Awareness campaigns were rolled out across the Group in celebration of World Water Day and World Environment Day.

An external legal assurance process was conducted in 2020 and no exceptional legal environmental legal findings were noted, while improvements were achieved in the management of air emissions, water and waste. No fines were paid in respect of environmental non-compliances this year.

The Aspen Code of Conduct for Suppliers and Service Providers requires our vendors to conduct their business in an environmentally conscious manner and to ensure compliance with the applicable environmental legislation.

Material environmental issues

There are no material environmental issues to report.

Preserving the environment

Managing emissions

Climate change is undoubtedly one of the greatest challenges facing the world and we are cognisant of its effects on our health, livelihood, natural habitats and ecosystems, and extreme changing weather patterns to mention a few. We

As a manufacturer of quality medicines and APIs, we are reliant on the conversion and use of natural capital in creating value for our stakeholders. We recognise that our operations directly and indirectly impact the environment. Our Environmental Management Protocol affirms our commitment to reducing our impact on the environment through responsible environmental management, conservation and protection across all of our operations.

Outcomes

- Ensuring a sustainable supply of energy and water, critical to our ability to operate
- Reduction of carbon footprint
- Cost containment as a result of energy and water-saving initiatives allowing for competitive manufacture
- Responsible disposal and management of hazardous and non-hazardous waste, resulting in an increase in waste recycled and a reduction in waste to landfill
- Reduction of environmental pollution, risk and incidents

Value created

Initiatives to reduce the impact of our operations on the natural environment

Material sustainability topics covered in this section:

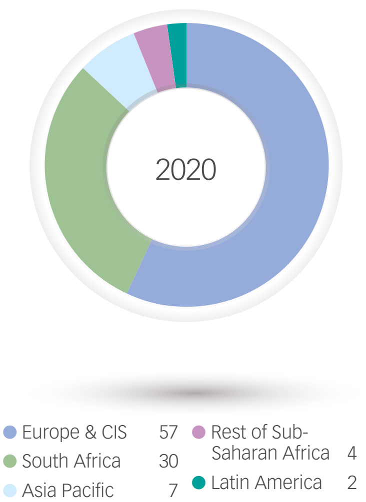
- Carbon emissions
- Electricity
- Water and effluent
- Waste

recognise the potential environmental, social, political and economic implications of climate change as a significant issue. Our environmental management principles promote the containment and reduction of our carbon footprint in our operations and in the broader supply chain in a technically and economically feasible manner through structured systems of environmental monitoring, reporting and management. We pursue this objective through the investment in energy-efficient equipment and the utilisation of green energy technologies where feasible. In addition to this, we have taken a strategic decision to implement bolder initiatives towards climate change. This process will commence with developing a Group position statement on climate change highlighting our intent, commitments and support of the SDGs. The strategy also includes identifying longer-term climate-related risks with the intention to complete a company-wide climate risk assessment, formalisation of company-wide targets and development of strategies to achieve these targets.

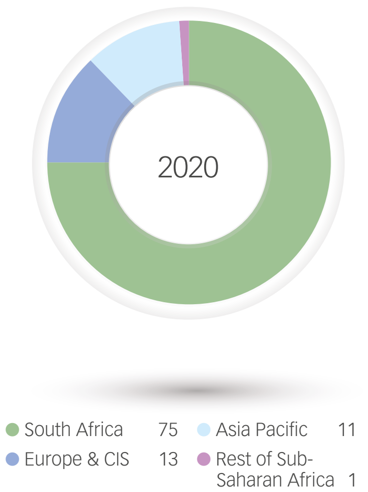
Scope 2 emissions, comprising purchased steam and purchased electricity, represent our largest source of emissions. The main sources of our Scope 1 emissions are from fugitive refrigerants, and the consumption of fuel and natural gas, primarily used in our stationery combustion equipment such as boilers and standby generators, and the operation of Aspen-owned vehicles.

Scope 1 and Scope 2 emissions for the Group have decreased by 10,3% and 3,1% respectively. The decrease in Scope 1 and Scope 2 emissions is mostly attributable to the Nutritionals business disposal in the prior year. Lower energy consumption from the closure of several facilities, including a solvent recovery unit, at the Oss site in the Netherlands also contributed to the reduction in Scope 1 and Scope 2 emissions. A notable reduction in Scope 2 emissions was also achieved through equipment optimisation at Oss.

Scope 1 emissions (43 122tCO_2e) (%)



Scope 2 emissions (154 027tCO_2e) (%)



Natural capital continued

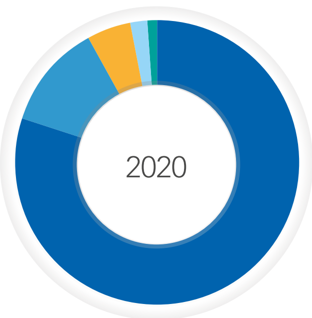
We continue to participate in the Climate Change CDP and achieved a "C- Awareness Level" rating for CDP 2019 which recognises knowledge of impacts on, and of, climate issues. Our C- rating is lower than our prior year score and we are striving to improve our rating through the setting of Group-wide carbon emission reduction targets and conducting climate change risk assessments which include scenario analysis.

In accordance with GMP regulations, we have installed technically advanced air handling systems and exhaust filtration systems at all relevant facilities to maintain the correct environmental conditions and minimise the risk of the release of harmful substances into the atmosphere. Through the implementation of periodic stack emission tests, we have established that the systems implemented have minimised harmful air emissions to immaterial levels.

Responsible management of waste

As part of the pharmaceutical and chemical industries, a large portion (32%) of our waste is classified as hazardous. Specific systems and processes are in place to manage both our hazardous and non-hazardous waste in compliance with the waste management legislation applicable in each territory. We use specialised licensed waste management service providers to manage the transportation, treatment and disposal of waste in accordance with contracted terms and relevant legislation.

Waste generated by disposal method (64 820 tonnes) (%)



Recycled	80
Incineration	12
Treatment plant	5
Landfill	2
Thermal desorption	1

While a significant reduction (25%) in total waste generated was achieved in 2020, there has been a reduction in the percentage of waste recycled from 83% to 80%. The lower volumes in total waste generated and recyclable waste are largely due to the discontinuation of certain chemical production units and start-up of the methanol recovery unit at Moleneind, Oss.

The continuous promotion of waste recycling as well as initiatives to significantly reduce waste disposed to landfill is ongoing for the entire Group. The Group recycles 80% of waste generated and only 2% (2019:2%) of waste generated is landfilled.

Responsible management of effluent

The quality of effluent discharge is monitored and controlled across all sites, in accordance with local municipal by-laws. Water treatment plants are in operation where required to ensure legal compliance. In the event that there is a deviation from the required standards, a thorough root cause analysis is conducted and corrective action plans are implemented.

Biodiversity

As at year-end, none of the Group's business units were located in conservation areas or areas of high biodiversity.

Spills and soil contamination/ground pollution

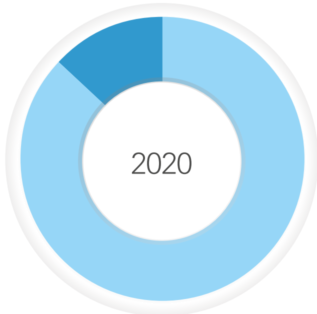
A total of six significant spillages were recorded in 2020, in comparison to five in 2019. A negligible portion of the total volume of material spills was not fully contained and the polluted ground was remediated. Continued focus is placed on implementing the necessary corrective actions to prevent recurrence of these incidents.

Managing the efficient utilisation of scarce natural resources

Water

We use water extensively in our manufacturing processes, in the cleaning of our equipment and facilities, for employee hygiene, in steam generation and to maintain the required manufacturing environmental conditions. Municipal water is the primary source of water across the Group, although groundwater is also used at the manufacturing sites in Notre Dame de Bondeville, Oss, Dar es Salaam, Hyderabad and the leased facility in Vallejo. Water scarcity and water supply are global risks that are increasing in impact and probability. In addition to climate change related risks, sustainable

Water withdrawal (1 204 megalitres) (%)



Municipal water	87
Ground water	13

water supply is further exacerbated by increased urbanisation and the ageing municipal infrastructure in certain areas.

As a scarce resource, we recognise that initiatives aimed at conserving and harvesting water will contribute to more sustainable water availability. We are committed to responsible water management at all our manufacturing facilities as per the stated environmental management principles. We conduct an annual review of our water risk assessment for all manufacturing sites using a web-based tool in order to better understand our exposure to these risks and inform our future sustainable water management and water stewardship initiatives.

Using the World Resource Institute's Aqueduct Water Risk Atlas, which uses 13 water risk indicators (including quantity, quality and reputational risks) to determine a composite overall water risk score by location, our sites in Vallejo, Mexico (leased), Port Elizabeth, South Africa and Cape Town, South Africa are situated in extremely high water stressed areas. The water withdrawn from these sites represent 37% of total water withdrawn for the Group. Our manufacturing sites in Sioux City, USA and Rouen, France are considered to be situated in low water stressed locations. Future projections show that our manufacturing sites in South Africa (Port Elizabeth, East London and Cape Town) as well as Australia (Dandenong) will be extremely water stressed in the next five to 10 years.

		Extremely high and high water stressed	Medium-high to low water stressed	Total
Water withdrawn	Mℓ	447	757	1 204
Water discharged	Mℓ	250	607	857
Water consumed	Mℓ	197	150	347
Water withdrawn	%	37	63	100
Water discharged	%	29	71	100
Water consumed	%	57	43	100

Recycling of cooling water and reuse of rejected water from the reverse osmosis water purification process are some of the water conservation projects that have been successfully implemented.

We participated in the annual Water Security Disclosure Project in 2019 and maintained a performance score of "B-Management Level". Our B- rating is within the "Management" band which recognises companies that are assessed as taking actions associated with good water management.

Water withdrawn has decreased by 28,9% (489 Megalitres) for the year. The decrease is mostly attributable to the use of efficient closed water-based cooling systems and the decommissioning of a chemical plant and processes at Oss, as well as the disposal of the Nutritionals business (2019: 166 Megalitres). The Notre Dame de Bondeville site also recorded a notable reduction in water usage due to the successful implementation of water conservation projects.

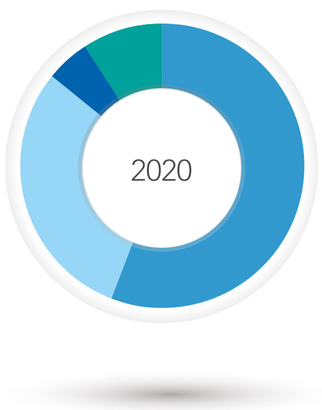
Energy

Electricity is a critical resource utilised in our manufacturing processes and is becoming an increasingly expensive commodity. In South Africa, there is a risk of supply interruptions at times of excessive load on the national electricity grid and load shedding was implemented by Eskom, the public power utility, periodically during the year. While our Port Elizabeth and East London sites were not subject to load shedding, FCC Cape Town did make use of generators to provide electricity requirements at times of load shedding. The Group's annual electricity usage for FY2020 has decreased by 4,3% (29 856 Gigajoules) in comparison to the prior year. This is mostly attributable to the Nutritionals business disposal in the prior year, and discontinuation of certain chemical production units at Oss. An increase in electricity consumption was noted in Port Elizabeth as a result of the commissioning of SVP 2. This was partially offset by reduced consumption in PE Units 1 to 3 resulting from the implementation of energy efficient lighting projects and usage of solar energy in some areas at the plants.

Through the efficient use and conscious conservation of electricity we are committed to reducing the impact of increased electricity prices on production costs, and will ensure that critical energy resources are conserved.

Additional energy sources utilised by Aspen are fuel, liquid petroleum gas, purchased steam and natural gas.

Energy used by source type (1 170 885GJ) (%)



Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Environmental Management Protocol
- Climate Change CDP 2020 submission
- Water CDP 2020 submission
- ERM Assurance Statement
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2020
- ISO 14001 certificates

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Financial capital

Inputs

- **Pool of funds available to Aspen through capital and debt funding**
- **Cash flow generation capabilities**
- **Reserves**
- **Financial internal control framework**
- **Financial and tax reporting systems**

Key initiatives

- Maintenance of strict financial discipline and controls
- Deciding on deployment of available capital
- Measurement of financial performance, value creation and cash generation
- Active engagement of providers of capital and debt funding
- Seeking out investment opportunities to increase revenue generation, profitability and shareholder returns
- Focus on organic growth
- Generation of synergistic benefits from acquired businesses
- Focus on working capital management
- Focus on increased tax reporting requirements and tax transparency

Adding economic value to stakeholders

While the provision of high quality, affordable medicines and products directly benefits patients and consumers, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups. The Deputy Group Chief Executive's Financial Review, set out on pages 60 to 65, provides an overview of our financial performance for the year.

Our activities this year have created R17 004 million in wealth. This is calculated after taking into account R22 314 million spent on purchasing materials and services which contributed to the sustainability of our suppliers in the various economies in which we operate. Our employees receive the largest share of the total value distribution (47%) while a significant portion (36%) is reinvested in the Group to fund growth and expansion. Our gross economic contribution in the form of direct tax, paid to central and local governments in the countries in which we operate, amounted to R1 222 million. Refer to the Group value added statement on page 107.

Maintenance of financial health

To sustain our business model and to generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. Robust financial controls and treasury management systems are in place to mitigate currency, interest rate and credit risks as far as reasonably possible. The Audit & Risk Committee assists the Board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of the Group and Company Annual Financial Statements.

Internal financial controls

The key internal financial controls in operation for all significant operating businesses within the Group are documented in formalised financial internal control frameworks and these frameworks are maintained and updated by financial management during the course of the year or as part of the year end process.

Funding and treasury risk management

The Group Treasury Committee monitors treasury relevant risks which affect the Group, including liquidity, foreign exchange, interest rate, covenant compliance and counterparty risks, 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.

Capital allocation

Our capital allocation decisions are integrated into our strategy and budget planning processes, driven by our overall objective of growing shareholder value sustainably. Key considerations driving our capital allocation include achieving an effective allocation between maintaining our intellectual and manufacturing assets to secure operational returns, protecting the strength of our balance sheet to give us stability and flexibility through business cycles, investing in value-based organic and inorganic growth opportunities and rewarding our shareholders though dividends and/or share buyback programmes. The Board provides oversight of capital and budget allocations, ensuring the most effective deployment of available capital resources.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in 56 countries around the world, predominantly in emerging markets. These entities are subject to the tax legislation of the countries in which they are domiciled. In addition, the countries in which the Group operates have committed to implement the OECD Base Erosion and Profit Shifting ("BEPS") recommendations, as they have all become members of the OECD's Inclusive Framework for BEPS. These recommendations include certain indirect taxes, international tax, domestic

We aim to create value for all of our stakeholders by managing our financial capital in a commercially astute and diligent manner, thereby harnessing opportunities for long-term sustainable economic growth.

Outcomes

- Economic value creation for Aspen's stakeholders, including its shareholders, employees, customers, providers of capital, governments and business partners
- Distributions to shareholders
- Delivered a CAGR of 19% in returns to shareholders from listing until 30 June 2020
- CAGR in excess of 31% for revenue, normalised EBITDA and NHEPS since listing
- Funding opportunities at competitive rates
- Strong operating cash generation enabling strategic deployment
- Transparent tax policies, principles and reporting systems

Value created

Sustainable earnings growth to fund future growth and provide a return for shareholders

Material sustainability topics covered in this section:
- Creating economic value for stakeholders

17 PARTNERSHIPS FOR THE GOALS

anti-avoidance provisions and transfer pricing. Domestic tax laws, including those dealing with international taxation, transfer pricing laws and enhanced transfer pricing documentation standards ("Domestic Law"), have or will be amended to incorporate the outcome of the BEPS project.

We have prepared for the implementation of the BEPS recommendations by significantly expanding our tax team and implementing tax reporting systems to meet the new transfer pricing documentation requirements. These specialists are required to:
- proactively monitor changes in Domestic Law and regulations published to interpret that law;
- ensure that the Group operates within these Domestic Laws and regulations;
- provide proactive advice to management and ensure that risks are identified in advance; and
- issue the new transfer pricing documentation reflecting both the OECD and the domestic tax law requirements, with the support of management of each entity.

In addition to implementing tax-reporting systems to meet the new transfer pricing documentation requirements, our tax team are utilising this system to enhance tax reporting and automate the Group's tax compliance obligations.

The tax team is also monitoring the implementation of real time reporting of transactions for value added tax purposes and are investigating how these obligations can be met through automation and developments relating to digital services.

The tax team undertakes this work under the guidance of the Group Tax Executive, who reports those activities to the Group Tax Committee, which comprises the Deputy Group Chief Executive, the Group Finance Officer, the Group Tax Executive and the Group Strategic Development Officer.

The Group Tax Executive is also charged with the responsibility of designing, implementing and maintaining a tax risk management framework for the Group which is aligned to Aspen's overall strategy and risk appetite. The tax risk management framework is based on the philosophy that the Group applies a risk-based approach to tax matters and that all of its tax affairs are proactively managed.

The Group Tax Executive is a standing attendee at the Audit & Risk Committee meetings and reports on the Group's affairs to that committee. In addition, reports are issued to the Board as decided upon by the Tax Committee or as requested by the Board.

Our tax strategy

Our strategic approach to taxes is to:
- implement systems and policies that provide for sustainable tax positions for each Group entity and that are compliant with the tax laws of the country in which each Group entity operates;
- engage with tax authorities with honesty and integrity in the spirit of cooperative compliance;
- identify and manage tax risks, ensuring that appropriate provisions are raised in relation to identified risks;
- ensure the business objectives are met in a tax compliant manner;
- remain up to date with taxation laws, regulations and trends to ensure the Group's business objectives remain tax compliant; and
- act responsibly with regards to tax positions taken ensuring that the Group's reputation is not negatively impacted by those positions.

Our tax risk appetite

Decisions on where our businesses are to be located are based on the Group's strategy and the commercial viability of doing so, taking into consideration the Group's need to support our customer base, the location of our investments in specialised manufacturing facilities and the availability of appropriately skilled people who contribute to the overall

Financial capital continued

value chain. Although certain of the Group's entities are located in low tax jurisdictions (as defined by the OECD), these principles are applied consistently and without consideration of the potential tax benefit that may accrue to the Group. When we enter into transactions, the tax laws that affect that transaction are strictly applied within the context of the commercial requirements.

We are particularly risk aware in relation to our transfer pricing strategy. Our strategy is aligned to the OECD Transfer Pricing Guidelines and follows the arm's length principle unless another principle has precedence under Domestic Law. For example, Brazil does not follow the arm's length principle but follows a formulary approach to determine the transfer price for transactions. The Group follows the Brazilian method in relation to transactions that are entered into between its Brazilian operations and other members of the Group. This is balanced against the arm's length principle that is applied by the company that is a counterparty to the transaction. The Group is currently monitoring developments in Brazil as that country significantly modifies its tax system generally and more specifically in relation to transfer pricing.

We are conservative in determining transfer prices by applying margins that are aligned to those expected by tax authorities in relation to both parties to the transaction. In addition, we do not hold any intellectual property in companies that do not actively participate in the value chain. Transfer pricing principles are implemented in a consistent manner by all Group companies.

Our tax compliance

We strive to submit all tax returns and other relevant forms and documents as they fall due, fully disclosing all necessary information that would be required by a tax authority to make an informed decision in relation to the tax positions that are taken in the tax return.

The Group is regularly subject to review by tax authorities. We are fully cooperative with the tax authorities conducting such reviews. These reviews are generally concluded without further taxes becoming payable under the law. Where the reviews do result in additional taxes becoming payable under the law, we determine whether or not we should defend the positions that were reflected in the returns and the information submitted to the tax authority. If a decision is made to defend the positions taken, the appropriate legislative processes are followed.

In addition to assessing whether or not the positions should be defended, we consider the likelihood of success and raise provisions based on this assessment. In addition, we consider how material the assessment is (including extrapolating that assessment to future years) and determine whether or not additional disclosures are required. Those provisions are reviewed by our external auditors who are satisfied that adequate provisions have been raised for potential exposures.

During the year, the Group was exposed to more indirect tax reviews, but these did not result in any material additional taxes becoming payable under the law.

Additional information available online:

- Annual Financial Statements
- Sustainability Data Supplement

Group value added statement

for the year ended 30 June 2020

	Change %	2020 R'million	2020 %	2019* R'million	2019* %
Revenue	9	**38 647**		35 514	
Sterile Focus Brands	5	**14 263**		13 524	
Regional Brands	7	**16 881**		15 823	
Manufacturing	22	**7 503**		6 167	
Other operating income		**515**		658	
Less: Purchased materials and services	(1)	**(22 314)**		(22 598)	
Value added from operations	24	**16 848**	**99**	13 574	97
Investment income		**156**	**1**	439	3
Total wealth created	21	**17 004**	**100**	14 013	100
Employees	1	**8 019**	**47**	7 942	57
Providers of capital – finance costs	(58)	**1 614**	**10**	3 809	27
Finance costs		**1 614**	**10**	2 372	17
Dividends paid to shareholders		**—**	**—**	1 437	10
Governments	5	**1 222**	**7**	1 161	8
Reinvested in the Group	458	**6 149**	**36**	1 101	8
Depreciation and amortisation		**1 581**	**9**	1 170	8
Deferred tax		**(43)**	**0**	(312)	(2)
Income retained in the business		**4 611**	**27**	243	2
Total value distribution	21	**17 004**	**100**	14 013	100
Value added statistics					
Number of permanent employees		**9 069**		9 289	
Revenue per employee ('000)	11	**4 261**		3 823	
Value added per employee ('000)	27	**1 858**		1 461	
Wealth created per employee ('000)	24	**1 875**		1 509	
Number of total employees		**9 868**		10 001	
Revenue per employee ('000)	10	**3 916**		3 551	
Value added per employee ('000)	26	**1 707**		1 357	
Wealth created per employee ('000)	23	**1 723**		1 401	
Monetary exchanges with government					
Current taxes (excluding deferred tax)	5	**1 034**		983	
Customs and excise duty	4	**172**		165	
Rates and similar levies	23	**16**		13	
Gross contribution to central and local governments	5	**1 222**		1 161	
Additional collections on behalf of government					
Employees' taxes	(5)	**1 160**		1 221	
Withholding taxes	0	**20**		20	
Net value added tax paid	108	**2 233**		1 075	
	47	**3 413**		2 316	

** Restated for discontinuing operations and segmental reclassifications.*

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Remuneration & Nomination Committee report

Activities, composition and attendance of the Remuneration & Nomination Committee ("the Committee")

The Committee's activities since the publication of Aspen's 2019 Integrated Report and the material outcomes resulting from these activities are set out below.

Activities	Outcome
Review of the Board composition, appointments and succession planning	• The review of the composition of our Board and its committees as well succession planning in respect both of these governance structures has resulted in a number of changes made to board composition over the past two years. • In the current year, it recommended the appointment of Ben Kruger and Reginald Haman as members of the Social & Ethics Committee. Succession planning in respect of the executive directors is dealt with separately below. An explanation of the Board's composition, its committees, succession planning and matters related to governance structures and systems are provided on pages 18 and 19 of this report.
Succession planning in respect of Group senior executives (those individuals listed on pages 22 and 23 of this report)	• Meaningful progress has been made with succession plans in respect of the Group senior executive team and enhancing the bench strength of the leadership. Three new Group senior executive positions have been created and filled, being: – Group Corporate Services Officer (Reginald Haman) – Group Strategic Development Officer (Zizipho Mmango) – Group Commercial Officer (Thushen Govender) • Further work is, however, required in respect of succession planning for Group senior executives as well as the layer of management below this group.
Board assessment	• An independently facilitated board assessment of the performance of the Board, its committees, individual directors and the Company Secretary & Group Governance Officer was conducted. The Board confirmed its satisfaction with the composition and performance of the Board, its committees, the Chairman of the Board, individual directors and the Company Secretary & Group Governance Officer. • Areas for improvement that were raised as part of the board assessment process mostly related to the need for a more formalised strategy setting process, more detailed updates between Board meetings and ongoing efforts to ensure appropriate executive succession planning. • The addressing of these areas for improvement is being monitored by the Committee and the Board.
Setting and reviewing the Group's remuneration policy	• The Committee reviewed the Group's remuneration policy and the setting of fair remuneration levels across the Group, with specific reference to achieving the following outcomes in the current year: – a better understanding of benchmarks in respect of executive directors' remuneration, which requires correction (further commented on later) and the rest of the senior executive team, which benchmarked well against their peer group; – implementing a new approach to standardising incentive schemes across the Group; – the adoption of Group-wide performance measures applicable to the universal incentive scheme; – the award and vesting criteria for short- medium-, and long-term incentives in respect of both executive directors and the rest of the Group executives; and – approving the proposed annual salary increase ranges at an Aspen business level, after considering salary increase benchmarks and CPI levels in the respective countries.
Group executives' performance reviews	• The Committee performed its annual review of the performance of the executive directors against the set Group performance targets and personal KPIs (both financial and non-financial) for the year under review. • In respect of other Group executives, an assessment of performance against targets was considered and approved, based on the recommendations by the executive directors. • Financial and non-financial performance targets and personal KPIs of the executive directors were set for the forthcoming financial year as detailed on page 117 of this report. Performance measures were set for the new universal incentive scheme as detailed on page 111 of this report.
Recommendation of non-executive directors' fees	• The non-executive directors' fees were benchmarked and aligned to South African peers and, will be recommended to shareholders for approval.
Remuneration disclosure	• The Committee continues to pay particular attention to remuneration disclosure in the Integrated Report both for accuracy, completeness and transparency, and to address the requests and needs raised by shareholders. • To this end, engagements took place with various institutional shareholders regarding concerns they had raised in respect of the design, implementation and disclosure of aspects of the Group's incentive schemes.

The Committee, whose members are all independent non-executive directors, is mandated by the Board to ensure that the Group remunerates fairly, responsibly, transparently and in a manner that promotes the achievement of its strategic objectives in the short-, medium- and long-term.

To assist the Committee with the execution of its mandate the executive directors, Group Corporate Services Officer and Company Secretary & Group Governance Officer attend meetings of the Committee as invitees, and other invitees attend as and when appropriate. Executive directors are not present when their remuneration is discussed and they hold no voting powers. Committee members do not decide on their own fees. Decisions in this regard are reserved for the Board to recommend to shareholders for approval.

The Committee has formal terms of reference, which are incorporated in the Board Charter and have been approved by the Board of Directors. The terms of reference are reviewed and amended by the Board as and when required. The Committee is satisfied that it has fulfilled its responsibilities for the reporting period in accordance with its terms of reference.

In support of its mandate, the Committee ensures that the Group's remuneration framework is aligned to King IV and best practice, meets the JSE Listings Requirements and the requirements of the Companies Act.

The following table reflects the meetings the Committee held during the year and the attendance of its members at these meetings:

Remuneration & Nomination Committee	11 July 2019	11 September 2019	8 October 2019	4 March 2020
Linda de Beer (Chairman)	✓	✓	✓	✓
Kuseni Dlamini	✓	Apology	✓	✓
Themba Mkhwanazi	✓	✓	✓	✓
Roy Andersen*	✓	✓	N/A	N/A

** Roy Andersen retired as a director with effect from 30 September 2019.*

Overall attendance at the Committee meetings held during the year was 92,85%. The Chairman of the Committee represents the Committee at the annual general meeting each year. The Company Secretary & Group Governance Officer is also the secretary of the Committee.

Remuneration review

Part one: Background statement

Introduction

We have pleasure in presenting Aspen's remuneration review for 2020 in which the Group's Remuneration Policy ("the Policy"), and the manner in which it was implemented, in 2020 are set out. We also provide a brief overview of the internal and external factors influencing this Policy and the progress we have made towards addressing concerns raised by shareholders regarding our Policy and its implementation, highlighting the key focus areas for the Committee in 2020 and beyond as they relate to employee and director remuneration.

This review is in accordance with the King IV recommendations and the JSE Listings Requirements, and consists of:

- a background statement;
- a Policy overview, which provides a high level explanation of the remuneration elements and design principles informing the remuneration arrangements for other employees; and
- an implementation report.

We provide commentary on our areas of focus for the year under review and future areas of focus in respect of the Policy and include insight into concerns raised by certain shareholders around the Policy and the implementation of certain remuneration practices.

Shareholder voting on remuneration matters

Our Policy and its implementation are subject to two separate non-binding advisory votes by shareholders at Aspen's annual general meeting, while a special resolution approving the fees of the non-executive directors is also submitted for approval at this meeting of shareholders.

The results of the voting in respect of the non-binding advisory notes were as follows:

Remuneration Policy	**For**	**Against**	**Abstain**	**Total**
2019	78,98%	21,02%	0,05%	**100%**
2018	92,98%	7,02%	0,15%	**100%**

Remuneration implementation report	For	Against	Abstain	**Total**
2019	78,29%	21,71%	0,05%	**100%**
2018	97,59%	2,41%	0,15%	**100%**

Remuneration & Nomination Committee report continued

The current Policy and implementation report will be tabled for separate non-binding advisory votes at the Company's 2020 annual general meeting, scheduled for 9 December 2020. Any material shareholder concerns about the Policy or the way it is implemented, specifically in instances where these are voted against by 25% or more of the voting rights exercised, will be considered and addressed by means of constructive engagement with the relevant shareholder or shareholders. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

The main concerns raised by shareholders in respect of remuneration, both at the 2019 AGM and during the year, together with our responses to these concerns are detailed below:

Shareholder concerns raised in 2020 regarding their concerns	Aspen's response
The vesting of medium-term incentives are not subject to further performance conditions.	**Note on our practices:** The schemes allow for a retention element through the three-year deferral to ensure that critical executive and professional skills are retained and that there is alignment between the interests of management and shareholders. Awards in respect of these incentives are based on the same Group performance measures used for the short-term cash-based incentive, ensuring an 'on the way in' performance measurement in order to qualify for the award. **Action to be taken:** The Committee has tasked management to investigate the revision of the vesting provisions of the current medium-term schemes, including the possible introduction of schemes allowing for the forfeiture of awards in instances where pre-determined performance targets are not achieved.
Use of medium-term incentive performance measures, such as the return on invested capital (ROIC) and budgeted compound annual growth rate in CER NHEPS, where the definition of ROIC is not disclosed. The budgeted compound annual growth rate in CER NHEPS and no scaled performance targets are disclosed as an alternative to disclosing exact budgeted performance targets.	**Note on our practices:** Aspen defines and calculates its ROIC as normalised operating profit before interest and tax (1 – normalised effective tax rate) / (Total equity + net debt). **Actions already taken:** Sliding scale stretch targets have been introduced in respect of budgeted compound annual growth rate in CER NHEPS to provide a more specific understanding of the performance hurdles the executive directors are expected to achieve.
Use of predetermined growth in predetermined Group performance measures (such as organic growth, de-leveraging of the balance sheet and free cash flow), considering that shareholders do not have insight into what has been predetermined.	**Action already taken:** Sliding scale stretch targets have been introduced in respect of these measures to provide a more specific understanding of the performance hurdles the executive directors are expected to achieve.
Request that clarity be provided in respect of which of the Group's incentive schemes the *malus* and clawback provisions are applied to.	**Action taken:** As disclosed on page 113 of this report, these provisions apply in equal measure to all participants of all of the Group's incentive schemes.
Clarity was requested in respect of instances where the Committee is allowed to exercise its discretion in granting certain awards.	**Note on our practices:** The Committee has limited discretionary authority in certain instances – the conditions under which this discretion may be exercised and the extent to which it has applied in the 2020 financial year are set out on page 114 of this report, under the heading "Short-term cash-based incentive".
Clarification was requested in respect to which employees qualified for the medium-term incentive as opposed to those who qualified for the long-term incentive.	**Note on our practices:** The two medium-term incentive schemes (South African Management Deferred Incentive Bonus Scheme and the International Phantom Share Scheme) apply to qualifying participants appointed at executive management level and above, while the long-term component of these schemes only apply to a limited number of key Group executives (specifically excluding the executive directors). This scheme is aimed at retaining these key individuals and aligning their interests with those of shareholders. No awards in terms of the long-term component of these schemes were made since the 2019 financial year. This is also disclosed on page 116 of this report.
Perceived low level of remuneration of the executive directors.	This aspect is dealt with on page 111 of this report.

Areas of focus for 2020

The following key aspects in respect of remuneration were areas of focus for the Committee:

Benchmarking of Group executives' remuneration and incentives

Executive directors

Benchmarking in respect of the level of remuneration paid to the executive directors indicated, as expected, that our executive directors are remunerated at levels below their respective peers in terms of their fixed remuneration as well as the variable components. The peer group included both pharmaceutical and other multi-national companies locally and internationally. To this end, quite significant adjustments need to be made to correct these shortfalls. However, in light of the current difficult economic conditions, exacerbated by COVID-19, only a marginal correction has been approved by the Committee, with a medium-term plan to correct these discrepancies.

Group executives (other than executive directors)

The benchmarking of the group executives' (other than executive directors') remuneration and incentive arrangements to peer companies indicated that this group was remunerated and incentivised in line with peers. However, while benchmarking in respect of Group executives indicated that their fixed remuneration is at least in line with, and in some instances, above that of their market peers, the variable portions (short and medium term incentives) need some alignment and it will be corrected over time.

Succession planning and Group executive bench strength

As previously reported, there was a need to enhance the bench strength of the Group executive team and in doing so also create a stronger succession plan for the executive directors. To this end, three new Group senior executive positions were created and filled in the past year. These are:
- Group Corporate Services Officer (Reginald Haman)
- Group Strategic Development Officer (Zizipho Mmango)
- Group Commercial Officer (Thushen Govender)

In addition, there is currently multiple restructuring exercises in progress, some of which have been concluded, across businesses. This also includes the organisational redesign of the Group's human resources operating model.

Redesign of Group's incentive schemes

There has been an awareness for some time that there is a need to reconsider, and potentially redesign, the Group's incentive schemes in as far as its philosophy is concerned. This was required for a number of reasons, including to ensure:
- greater alignment with current market practices and benchmark in respect of our components of remuneration in so far as guaranteed pay, cash and medium to long-term share incentives are concerned;
- that there is an alignment and focus across the Group on achieving Group strategic goals and objectives by creating a universal incentive measure (Group KPI) for the leadership in all our businesses; and
- more equitable incentive practices to motivate and incentivise executives and managers by introducing a universal incentive scheme where the components and related percentages thereof, between fixed and variable pay as well as cash and other incentives, are aligned as far as possible, across businesses and jurisdictions (subject to country specific laws and arrangements).

During the year we managed to obtain buy-in across our businesses and finalise the establishment of a universal incentive structure for implementation across the Group. The following performance measures, to be appropriately weighted subject to the parameters set at a Group level, each of the respective Aspen businesses, will be applied in future:
- a single Group performance measure adopted across all businesses;
- business-specific performance measures; and
- individual KPIs.

Changes were introduced to the process through which the Group's performance targets were set and how these aligned to the Group's strategy, action plans and other focus areas identified by the Board. This entailed an intensive review of how KPIs for each of Aspen's businesses were set for the 2021 financial year, enabling a centralised assessment of how these KPIs aligned with the Group's objectives and how businesses are to be measured against these KPIs.

These changes are aimed at ensuring that:
- appropriate and consistent performance objectives are set for each of Aspen's businesses;
- a balanced approach to how performance is set and measured from business level to individual performance; and
- there is synergy between our pay-for-performance philosophy and how we drive our high performance culture.

Remuneration & Nomination Committee report continued

Future areas of focus

The following aspects will be areas of focus for the Committee in the year ahead:

- considering measures to gradually correct the shortfall in the levels of remuneration of the executive directors, in comparison to their peers, as indicated by our benchmarking;
- progressing and further formalising succession plans in respect of the group executives, both for emergency and long term planning purposes;
- monitoring the work commenced on an organisational redesign, in so far as it impacts the Group's executive structures, the formalisation of an executive committee and the disclosures in relation to these activities;
- talent management and development plans in respect of executives across the Group to aid succession planning;
- reconsidering our existing medium-term incentive schemes and how those can be redesigned and renegotiated in order to allow for vesting to depend on the achievement of predetermined performance targets, thereby introducing an element of risk and to enhance the retention of key executives;
- ensuring that the remuneration strategies, practices and structures across the Group remain appropriate and adaptive, especially considering possible challenges brought about by the COVID-19 pandemic; and
- continual engagement with shareholders and other stakeholders, as well as referencing to local and international remuneration practices as they evolve, to continuously enhance and improve Aspen's approach to remuneration practices and how we report on them.

Part two: Overview of remuneration philosophy and policy

Our remuneration philosophy is aligned with our overall business strategy and values.

Our remuneration is structured around incentivising a performance culture in the Group and the need to retain our competitive advantage in the local and global pharmaceutical industry through the attraction and retention of high calibre individuals, who not only have the required technical qualifications and experience, but who also demonstrate the desired ethics and behaviour traits which fit our entrepreneurial and dynamic culture. We recognise that the appropriate remuneration of our directors, management and our employees is inextricably linked to our ability to attract, develop and retain talent.

Our remuneration philosophy

Pay for performance – driving our high-performance culture

An appropriate balance between fair and competitive remuneration and reward to attract and retain the right employees, and financial considerations and affordability, is an important element of sustainable value creation.

Our remuneration philosophy with regard to the Group's management team is aimed at:

- driving a high-performance culture through remuneration packages directly linked to individual and business performance and the achievement of predetermined targets in respect of each of these performance measures;
- aligning the rewards of employees with the value delivered to the Group;
- providing competitive remuneration packages, which enable Aspen to attract and retain employees of the highest quality;
- recognising and rewarding exceptional individual contributions to the achievement of the Group's strategic objectives; and
- transparent disclosure of our remuneration philosophy, policy and practices in order to provide stakeholders with an informed view of these aspects.

Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions in which we operate and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. In endeavouring to set our remuneration packages at levels which are fair to all our employees, competitive and market-related, we refer to independent surveys, benchmarks, publicly available economic data and local and international marketplace intelligence.

The guidelines contained in the universal incentive structure we recently adopted provide general alignment across the Aspen businesses, including the achievement of an overall Group performance objective. When awarding annual salary increases, we apply these guidelines to the measurement of:

- an employee's performance and achievement of predetermined individual KPIs; and
- predetermined performance measures adopted in respect of the Aspen business unit where the employee is employed.

Package structure and design

The remuneration packages designed and applied in respect of employees generally, with specific exclusions in certain countries and territories where existing arrangements and local requirements need to be met, consist of the following components:

	Guaranteed pay		Variable pay	
	Base salary	**Benefits**	**Short-term cash-based incentive**	**Medium- and long-term share-linked incentive schemes**
Purpose and strategic intent	Attraction, retention and rewarding of skilled and capable talent	To assist in improving financial well-being and security on retirement, as well as in the event of illness, death or disability	Aimed at creating a high-performance culture through a cash bonus that rewards employees for achieving: predetermined: • personal KPIs • enterprise or business performance measures	Alignment with the long-term strategic goals of the Group to achieve sustainable value creation
Eligibility	All Aspen employees	Employee benefits vary from region to region as they depend on customs and regulations	Permanent employees from middle to senior and executive management, including executive directors	Senior and executive management, including executive directors
Settlement	Cash-settled	Dependent on nature of the benefit	Cash-settled	Settled in Aspen shares or cash, depending on employee election upon award. Employees selecting shares receive an additional 10% upliftment in their award to encourage them to hold the award in shares
Remuneration methodology	Reflects market value of the role, reviewed annually, with reference to: • achievement of predetermined individual KPIs and business performance measures • inflationary consideration • industry and regional benchmarking	Include retirement funding as well as medical, life and disability insurance in certain countries. Statutory social employment and security benefits apply in other countries. Some employees enjoy benefits such as travel, meal and housing allowances	Annual cash incentives and the caps in respect of these incentives are determined as a percentage of total guaranteed remuneration, modified according to the achievement of predetermined individual KPIs, business-specific and Group performance measures during the year On-target annual incentive levels increase at higher levels of seniority, but are capped at different levels (100% for executive directors, with the potential of earning up to a maximum of 125% upon the achievement of set stretch targets) and a sliding scale from middle management upwards to a maximum of 32,25% upon the achievement of stretched targets	Annual grants, predominantly linked to the performance of the Aspen share price, vesting over either three, five, seven or ten years, based on the achievement of predetermined individual KPIs and business performance measures
Performance conditions	Increases in base salary depend partially on the achievement of predetermined personal KPIs and business unit performance measures	May vary depending on base salary and level of seniority	Achievement of predetermined individual KPIs, business-specific and Group performance measures during the year	Awards in respect of these incentives are currently based on the same performance measures used for the short-term cash-based incentive, ensuring an 'on the way in' performance measurement in order to qualify for the award
Clawback and *malus* provisions	Not applicable	Not applicable	Provisions have been introduced, which allow for incentive awards (partially or in their entirety, depending on the circumstances) to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, poor performance, negligence or causing harm to Aspen's reputation. These provisions apply in equal measure to all participants of the relevant schemes	Provisions have been introduced which allow for incentive awards (partially or in their entirety, depending on the circumstances) to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, poor performance, negligence or causing harm to Aspen's reputation. These provisions apply in equal measure to all participants of the relevant schemes

Remuneration & Nomination Committee report continued

Guaranteed pay

Base salary

Committee involvement

The Committee:
- considers and approves the average percentage increase allowed in respect of each Aspen business, following research into inflationary pressures and benchmarking;
- considers and approves the average percentage increases and incentives of group executives, having from time to time taken into consideration benchmarking; and
- reviews and approves the specific increases made to the base pay of executive directors.

Benefits

Committee involvement

Material changes to benefit schemes and funds are reviewed and approved by the Committee

Variable pay

Short-term cash-based incentive

Committee involvement

The Committee:
- approved incentive awards of individual executive directors and of Group executives;
- has the discretion to exclude extraneous factors and extraordinary events beyond the control of the Group, which may nevertheless favourably or adversely impact the Group's performance. Discretionary bonus awards may therefore be granted in the following instances where the Committee is convinced of their merit:
  - to individual employees who have rendered exceptional service during the year, on the recommendation of executive directors. No such awards were made during the year
  - to those Aspen business units which may not have met all performance measures but which may nonetheless be considered as deserving of such award due to extenuating circumstances, on the recommendation of the executive directors. For this financial year this discretion was applied in the following instances:
    - One of the businesses in the Group achieved 99.4% of its business target, but a discretionary increment was made in order for the relevant employees of this business to receive 100% of the company portion of their incentive awards. This decision was based on the fact that this business would have achieved 102.6% of its target, had it not been for the COVID-19 related impacts on the business;
    - Another business in the Group achieved 82% of its business target, but received an award of 88% to also compensate for COVID-19 related impacts, including stock constraints and other difficulties outside the control of this business; and
    - Employees in two of our manufacturing sites were granted 80% and 95%, respectively, of their company portions, despite slightly missing operational targets due to, on the one hand, experiencing very challenging operating conditions, handled very well under COVID-19, and, on the other hand, these businesses being important contributors in supporting the Group's overall performance. Similarly, a 5% discretionary award of the company portion was approved in respect of another of our manufacturing sites, which also bore the brunt of COVID-19 related difficulties outside of its control.
  - to the executive directors where this is deemed to be fair and equitable, at the sole discretion of the Committee. No such awards were made during the year;
- approves the rules in respect of our management incentive schemes, and any changes to it;
- reviews and approves the individual KPIs and Group performance measures (both short- and medium-term) to be applied for the following year; and
- assesses the performance of the executive directors and makes incentive awards in line with their performance against predetermined performance measures.

Medium-term and long-term incentive and retention schemes

An in-depth explanation of each of the various medium- and long-term schemes is provided below.

The Aspen South African Management Deferred Incentive Bonus Scheme

	Medium-term component of the scheme	Long-term component of the scheme
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. While it has the same performance measures as the annual cash incentive, it introduces a retention element through the three-year deferral to ensure that critical executive and professional skills are retained and that there is congruence between the interests of executive and managerial employees and shareholders. Considering that most eligible employees have historically elected to receive the value of the award in Aspen shares (2020: 88%, 2019: 90% and 2018: 93%), it is believed that the alignment between the strategic goals of the Group in respect of sustainable value creation and employee interests is being achieved.	This component of the scheme is aimed at the retention of a limited number of key executives and encouraging long-term thinking, which will contribute to long-term value creation, rather than a focus on short-term gains.
Eligibility	Senior and executive management, including executive directors.	Limited number of key executives may be granted these awards on an *ad hoc* basis. No awards in terms of the long-term component of these schemes were made since the 2019 financial year.
Assignment of awards	The award value varies according to the level of seniority of the executive or manager and is determined by the employee's performance in terms of the same performance targets that apply to the annual cash incentive. The maximum award does not exceed 33% of the employee's total remuneration cost, except in the case of executive directors' awards, which are capped at a maximum of 41,25% of their total remuneration cost. To encourage the holding of shares within the Company, a 10% enhancement is given to employees who elect to receive the award in shares.	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 Committee. No awards in terms of the long-term component of these schemes have been made since the 2019 financial year.
Vesting and settlement	Awards are deferred for three years and eligible employees are given the choice at the date of the award to receive the deferred bonus in cash or Aspen shares. There are, currently, no performance conditions for these awards to vest. Should an employee elect to receive his or her award in shares, share awards are acquired and held by the Aspen Share Incentive Trust (in respect of awards made up until 2015) and an unrelated intermediary (in respect of awards made from 2016 onwards). This ensures Aspen is able to settle its future obligation to participating employees upon vesting. No shares are issued in terms of this scheme and it has no dilutive effect. 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.	These awards vest after a period of five, seven or ten years and may only be settled in shares. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the five-, seven- or ten-year period and before the age of 65, unless the express approval of the Committee has been obtained for such an acceleration. There are, currently, no performance conditions for these awards to vest.

Remuneration & Nomination Committee report continued

The Aspen International Phantom Share Scheme

	Medium-term component of the scheme	Long-term component of the scheme
Purpose and strategic intent of the scheme	In order to incentivise the management of Aspen's non-South African businesses in the medium term, a phantom share scheme exists for selected employees. The scheme has been designed to incentivise managers in the medium-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, which is operated on a phantom basis, is designed to give an employee the same economic benefit.	The Aspen International Phantom Share Scheme is aimed at ensuring the retention of a limited number of key offshore executives.
Eligibility	Senior and executive management, including executive directors.	Limited number of key offshore executives may be granted these awards on an *ad hoc* basis. No awards in terms of the long-term component of these schemes were made since the 2019 financial year.
Assignment of awards	Awards are linked to the performance of the employee, the business, and the Aspen share price. The value of awards that can be awarded annually in terms of this component of the scheme is capped, with the cap varying according to the level of seniority of the executive or manager and where they are the employed territory of employment.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and is determined at the discretion of the Committee. No awards in terms of the long-term component of these schemes have been made since the 2019 financial year.
Vesting and settlement	These phantom shares entitle eligible employees to receive a cash amount linked to the Aspen share price. There are, currently, no performance conditions for these awards to vest. Awards vest after a period of three years and are paid out in cash by the Aspen business by which he or she is employed. Should the employee retire within the three-year period, the medium-term incentive 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.	These awards vest after a period of five, seven or ten years, and are settled in cash. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the five, seven or ten-year period (depending on the vesting period of the award made) and before the age of 65, unless the express approval of the Committee has been obtained for such an acceleration. There are, currently, no performance conditions for these awards to vest.

The Aspen South African Phantom Share Scheme

Purpose and strategic intent of the scheme	The scheme, which was introduced during the year under review, is intended, under exceptional circumstances, to compensate employees for medium- or long-term incentives, held at previous employers and which have been forfeited as a result of the employee accepting a position at Aspen. Participants of this scheme may elect to either receive the awards as phantom shares, with the value of the award being directly coupled to the Aspen share price, or may elect to receive their awards settled as a cash amount at the date of vesting, including any interest earned on the value awarded. To encourage the alignment of the participants' interest with those of the Aspen Group, an enhancement of 10% is awarded to employees who elect to receive the award in phantom shares, as opposed to an award of invested cash.
Eligibility	New executives who are compensated for medium- or long-term incentives, held at previous employers and which have been forfeited as a result of the employee accepting a position at Aspen.
Assignment of awards	Awards are made on an exceptional basis and at the sole discretion of the Remuneration & Nomination Committee, which also determines the value of the awards and the vesting periods which may apply, along with any other conditions it may deem appropriate. Should the employee retire within the three-year period, the medium-term incentive 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.

Executive director remuneration matters

Executive directors' contracts

Our executive directors are contracted as full-time, permanent employees and receive no additional remuneration on account of their being directors of the Company. Restraint of trade provisions are included in our service agreements with these directors, while notice periods are six months' written notice. Shorter notice periods may apply in the event of termination due to disciplinary procedures being instituted.

Bonus payments and the vesting of medium-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme. These contracts do not commit the Company to:

- pay additional remuneration on termination arising from the director's failure to perform agreed duties;
- make any form of balloon payments; and
- or make payments to executive directors in the event of a change of control of the Company.

Executive directors' remuneration

The principles in terms of which the remuneration packages of the Group's executive directors are determined are, for the most part, similar to those applicable to the Group's management as a whole. Executive directors receive a base salary, as well as short- and medium-term incentives, which are determined in accordance with the principles and policies approved by the Committee from time to time.

The financial and non-financial performance measures in respect of the executive directors' incentive bonuses are considered and approved by the Committee annually. The achievement of the 2020 performance measures and an explanation of the effect this achievement had on the incentive bonuses paid to directors for 2020 are dealt with on page 119 of this report. The targets set for 2021 are set out below:

Short- and medium-term incentive performance measures for 2021

Award principles

Calculated as a percentage of executive directors' total guaranteed annual pay and combines the elements of Group performance, representing 75% of total guaranteed annual pay (with a further possible 30% upon achievement of stretch targets) and individual KPI performance, representing 25% of total guaranteed annual pay. The incentive is capped at 125% of executive directors' total guaranteed annual pay.

The performance targets for the short-term incentive for 2021 are as follows:

Short-term incentive

Group performance 75% of award (with additional stretch awards up to a maximum of 30%)	Individual KPI performance – 25% of award	
This portion of the short-term incentive award will be granted based on the achievement of the following predetermined and equally weighted performance measures: 1) Organic growth • achievement of predetermined organic growth – 25% of possible award • achievement of agreed stretch organic growth target – additional 10% of possible award 2) De-leveraging Aspen's balance sheet • achievement of predetermined leverage ratios by specific dates – 25% of possible award • achievement of agreed stretch leverage ratio target – additional 10% of possible award 3) Free cash flow • achievement of predetermined free cash flow – 25% of possible award • achievement of agreed stretch free cash flow target – additional 10% of possible award	**Achievement of the following equally weighted personal KPI measures:** **Group Chief Executive** • **Strategy:** approval by the Board of sustained growth plan with evidence of implementation by financial year end • **Succession:** implement a succession plan in respect of his role, to the Board's satisfaction • **Ethics/culture:** ensure reputational and ethical positioning of the Group as assessed by the Chairman of the Social & Ethics Committee • **Environmental:** roadmap for dealing with water and electricity scarcity in respect of the South African production sites • **Leadership:** implementation of a functional and effective executive committee	**Deputy Group Chief Executive** • **Strategy:** Information & Technology strategy to demonstrate value from digitalisation • **Succession:** implement a succession plan in respect of his role, to the Board's satisfaction • **Ethics/culture:** ensure reputational and ethical positioning of the Group as assessed by the Chairman of the Social & Ethics Committee • **Environmental:** roadmap for dealing with water and electricity scarcity in respect of the South African production sites • **Leadership:** successful implementation of the Holdings organisational redesign

Remuneration & Nomination Committee report continued

Medium-term incentive

Award principles

Maximum of 37,5% of executive directors' total guaranteed pay, with a 10% upliftment should they elect to receive the award in shares, upon the achievement of the agreed performance targets. An additional 37,5% of total guaranteed pay will be awarded upon the achievement of agreed stretch targets. Awards in this regard (with the potential 10% uplift included) are, by operation, capped at an overall maximum of 82,5% of executive directors' total guaranteed annual pay.

The performance targets for the medium-term incentive awards for the 2021 financial year will be as follows:

ROIC – Achievement of targeted ROIC – 50% of possible award

- achievement of first agreed stretch ROIC target – additional 20% of possible award
- achievement of second agreed stretch ROIC target – additional 30% of possible award

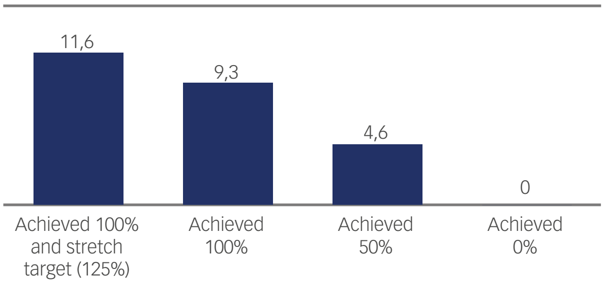
CAGR in CER NHEPS – Achievement of targeted CAGR in CER NHEPS – 50% of possible award

- achievement of first agreed stretch CAGR in CER NHEPS – additional 20% of possible award
- achievement of second agreed stretch compound annual growth rate in CER NHEPS – additional 30% of possible award

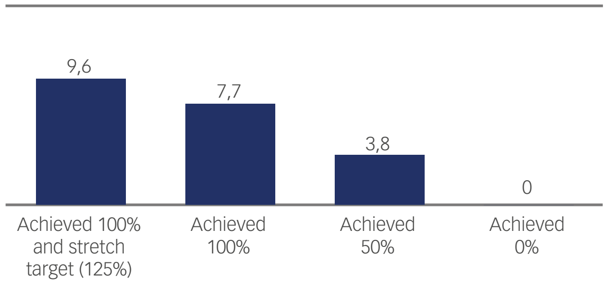
Executive director package design – performance scenarios

The following graphs illustrate the short- and medium-term incentives payable to executive directors, with the 2021 performance metrics described above applied to data from the 2020 financial year. Performance against these performance metrics may either be: achieving all performance targets as well as stretch targets; achieving performance targets; achieving 50% of performance targets; or not achieving performance targets at all.

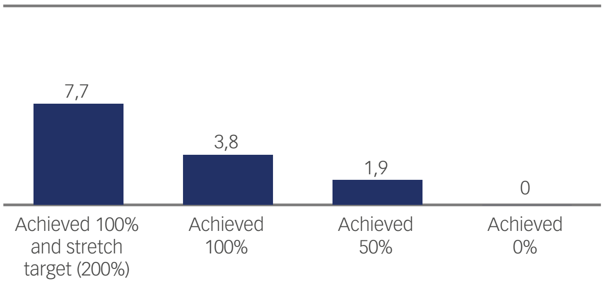
Short-term incentive – Stephen Saad (%)



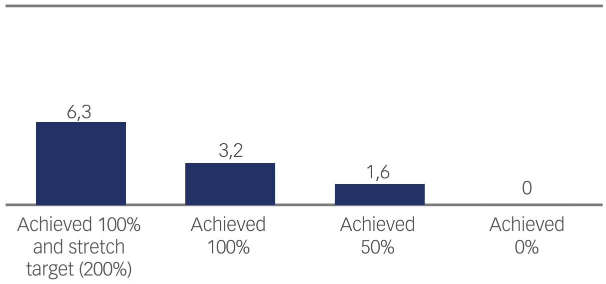
Short-term incentive – Gus Attridge (%)



Medium-term incentive – Stephen Saad (%)



Medium-term incentive – Gus Attridge (%)



Non-executive directors' fees

Purpose and strategic intent	To attract, retain and fairly reward capable and skilled non-executive directors.
Remuneration methodology	The Chairman of the Board receives a fixed annual fee for his role as Chairman. Other non-executive directors' fees are fixed for the year and include a quarterly base fee, payable to each non-executive director, in addition to a fee per meeting attended. Further fees will be paid for attendance at unscheduled meetings depending on the number of hours spent at the meeting, up to a maximum of the set fee per meeting. In the instance of non-attendance, non-executive directors are obliged to continue to participate in meetings by providing the Chairman or the Committee Chairman with detailed inputs for all agenda items. The proposed fees payable to these directors for FY2021 have been recommended for shareholder approval and will be submitted for approval at Aspen's annual general meeting to be held on 9 December 2020 (see page 04 of the annual general meeting notice which provides the detailed proposals to shareholders in this regard).

Part three: Remuneration implementation report

This section of the report provides an overview of the implementation of the remuneration policy as it applies to executive directors and non-executive directors.

Remuneration decisions taken during the year

Please refer to the table on page 108 of this report for a summary of the remuneration activities undertaken by the Remuneration & Nomination Committee during the year.

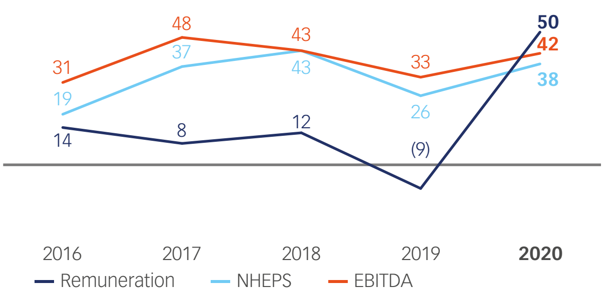
Annual guaranteed pay adjustments during the year

The following pay adjustments were applied to guaranteed pay (base salary plus benefits) for the year:

	Guaranteed pay 2020	Approved adjustment	Guaranteed pay 2019
Stephen Saad	**9 292 548**	5,0%	8 850 036
Gus Attridge	**7 681 968**	5,0%	7 316 160
Total	**16 974 516**		16 166 196

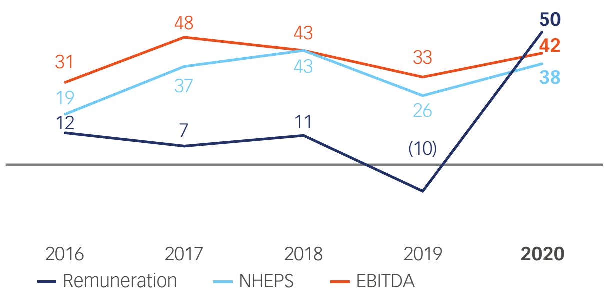
Stephen Saad (%)

Total percentage increase since 2014 financial year.



Gus Attridge (%)

Total percentage increase since 2014 financial year.



** Note: EBITDA and NHEPS for 2019 have been restated for discontinued operations.*

Short-term and medium-term incentive performance measures and outcomes for the 2020 financial year

Short-term incentive

Group performance 75% of the award (with additional stretch awards up to 30%)

Measure	Percentage awarded
1) Organic growth • achievement of predetermined organic growth – 25% of possible award • achievement of agreed stretch organic growth target – additional 10% of possible award	25% out of the 25% (0% out of 10% stretch)
2) De-leveraging Aspen's balance sheet • achievement of predetermined leverage ratios by specific dates – 25% of possible award • achievement of agreed stretch leverage ratio target – additional 10% of possible award	25% out of the 25% (10% out of 10% stretch)
3) Free cash flow • achievement of predetermined free cash flow – 25% of possible award • achievement of agreed stretch free cash flow target – additional 10% of possible award	25% out of the 25% (10% out of 10% stretch)
	Total achieved = 95%

Remuneration & Nomination Committee report continued

Individual KPI performance (25% of the award, with no additional stretch awards)

KPIs	Percentage awarded
Group Chief Executive: • Development of a sustainable growth strategy for the Group and implementation of an effective organisational structure for this strategy • Supply chain enhancements to decrease stock-outs without increasing overall inventory days • Ensure good reputational and ethical positioning of the Group • Maintain safety, health and environmental standards across the Group • Implement succession planning measures to the Board's satisfaction	• 25% out of the 25%
Deputy Group Chief Executive: • Ensure appropriate funding structure for Aspen, with appropriate balance of equity, long- and short-term funding to meet the Group's plans • Further develop investor relations strategy and plan • Deliver appropriate IT strategy and plan to the satisfaction of the Board • Implement succession planning measures to the Board's satisfaction • Enhance the internal image of Aspen and foster positive employee morale	• 25% out of the 25%
Total short-term incentive achieved by both executive directors = 120% out of a possible 125% (capped)	

Medium-term incentive

Award terms

- Maximum of 37,5% of executive directors' total guaranteed pay, with a 10% upliftment when electing to receive the award in shares, upon the achievement of the agreed performance targets
- An additional 37,5% of total guaranteed pay awarded upon the achievement of agreed stretch targets, with a 10% upliftment when electing to receive the award in shares, upon the achievement of the agreed stretch targets
- Executive directors elected to receive the deferred incentive awards in shares

Measure	Achieved
1) Return on invested capital	
• achievement of targeted ROIC – 50% of possible award	50% out of 50%
• achievement of first agreed stretch ROIC target – additional 20% of possible award	0% out of 20%
• achievement of second agreed stretch ROIC target – additional 30% of possible award	0% out of 30%
2) CAGR in CER NHEPS	
• achievement of targeted CAGR in CER NHEPS – 50% of possible award	50% out of 50%
• achievement of first agreed stretch CAGR in CER NHEPS – additional 20% of possible award	0% out of 20%
• achievement of second agreed stretch compound annual growth rate in CER NHEPS – additional 30% of possible award	0% out of 30%
Total achieved = 100% out of a possible 200%	

As a result of the achievement of the relevant performance measures as set out above, the short-term cash incentive payable to the executive directors, in terms of the South African Management Incentive Bonus Scheme is as follows:

		Achievement in respect of measures 1 and 2		Achievement in respect of KPI performance		Total short-term cash incentive paid
		%	Rand value	%	Rand value	Rand value
Stephen Saad	2019	5% out of 70%	442 502	28% out of 30%	2 478 010	2 920 512
	2020	**95% out of 105%**	**8 827 921**	**25% out of 25%**	**2 323 137**	**11 151 058**
Gus Attridge	2019	5% out of 70%	365 808	28% out of 30%	2 048 525	2 414 333
	2020	**95% out of 105%**	**7 297 870**	**25% out of 25%**	**1 920 492**	**9 218 362**

As a result of the achievement of the relevant performance measures as set out above, the medium-term incentive payable to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, was as follows:

		Award	Including additional 10% for opting for shares	Three-day VWAP of Aspen share price at award	Number of shares awarded
Stephen Saad	2019	1 095 192	1 204 711	R105,11	11 461
	2020	**3 484 705**	**3 833 176**	**R108,98**	**35 173**
Gus Attridge	2019	905 375	995 913	R105,11	9 475
	2020	**2 880 738**	**3 168 812**	**R108,98**	**29 077**

Vesting of medium-term incentives during 2020

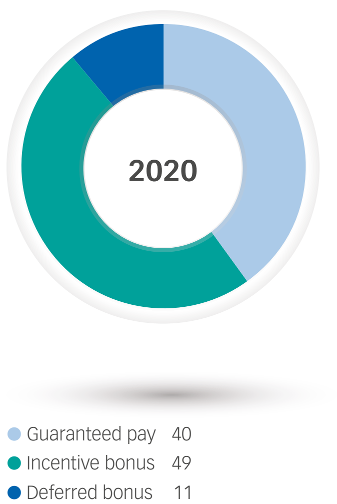
Awards made to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

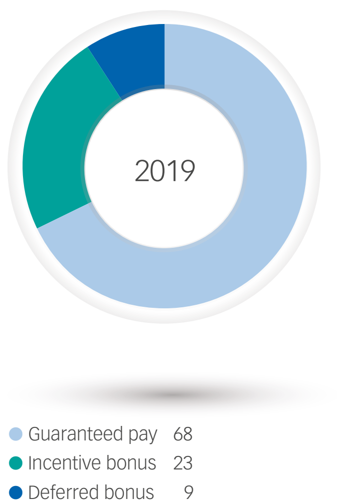
		Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
Stephen Saad	2019	October 2016	10 021	3 065 149	N/A	296	978 052
	2020	**October 2017**	**7 665**	**2 399 321**	**N/A**	**173**	**920 848**
Gus Attridge	2019	October 2016	7 870	2 407 205	N/A	232	768 070
	2020	**October 2017**	**6 337**	**1 933 873**	**N/A**	**143**	**761 400**

Total remuneration outcomes for 2020

Remuneration composition of executive directors

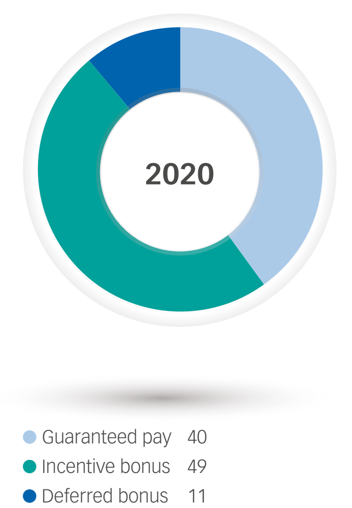
Stephen Saad (%)

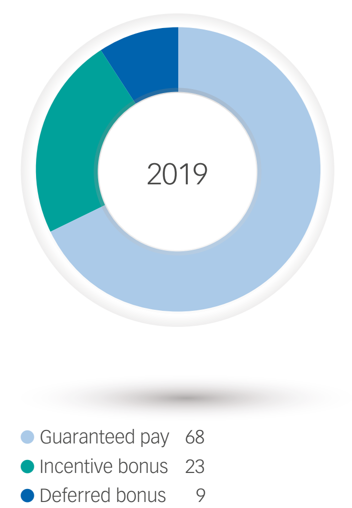




Remuneration & Nomination Committee report continued

Gus Attridge (%)





	Base pay R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expense R'000	Total remuneration R'000
2020					
Stephen Saad	**7 964**	**1 329**	**11 151**	**2 523**	**22 967**
Gus Attridge	**6 547**	**1 135**	**9 218**	**2 086**	**18 986**
	14 511	**2 464**	**20 369**	**4 609**	**41 953**
2019					
Stephen Saad	7 594	1 258	2 921	2 121	13 894
Gus Attridge	6 260	1 068	2 414	1 730	11 472
	13 854	2 326	5 335	3 851	25 366

Directors' interests in Aspen shares in terms of the South African Management Deferred Incentive Bonus Scheme

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by executive directors during the year were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2019 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2020 ('000)
Stephen Saad	305,86	Oct 2019	10	**—**	**10**	**—**
	305,18	Oct 2020	8	**—**	**—**	**8**
	164,96	Oct 2021	14	**—**	**—**	**14**
	105,11	Oct 2022	—	**11**	**—**	**11**
			32	**11**	**10**	**33**
Gus Attridge	305,86	Oct 2019	8	**—**	**8**	**—**
	305,18	Oct 2020	6	**—**	**—**	**6**
	164,96	Oct 2021	12	**—**	**—**	**12**
	105,11	Oct 2022	—	**9**	**—**	**9**
			26	**9**	**8**	**27**
			58	**20**	**18**	**60**

The deferred incentive bonus shares have a maturity date of three years on acceptance of the bonus.

Non-executive directors' remuneration

In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the financial year were approved by a special resolution of Aspen's shareholders at the Company's annual general meeting held on 6 December 2019. The following fees were paid to non-executive directors, either by the holding company or another company in the Group:

Non-executive director	**2020* R'000**	2019* R'000
Kuseni Dlamini	**1 223**	1 164
Linda de BeerTT***	**889**	608
Ben Kruger#	**685**	88
Themba Mkhwanazi#	**464**	56
Chris Mortimer***	**443**	308
Babalwa Ngonyama**	**977**	761
David Redfern	**349**	267
Sindi Zilwa	**854**	701
Roy Andersen****	**205**	623
John BuchananTT	**N/A**	34
	6 089	4 610

* *Fees exclude VAT.*
** *Babalwa Ngonyama receives an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in her capacity as Chairman of the Audit & Risk Committee of Aspen Pharmacare Holdings Limited.*
*** *Linda de Beer and Chris Mortimer also receive directors' fees in their capacity as non-executive directors of Aspen Finance (Pty) Limited.*
**** *Roy Andersen retired with effect from 30 September 2019.*
TT *John Buchanan retired from the Board effective 31 July 2018. Linda de Beer was appointed to the Board, effective 31 July 2018.*
\# *Ben Kruger and Themba Mkhwanazi were appointed to the Board effective 1 April 2019.*
Ben Kruger appointed to the Social & Ethics Committee effective 1 June 2020.

Directors' interests in Aspen shares

The direct and indirect beneficial interests of the directors and their associates in the shares of the Company were:

	Direct		**Indirect**	
	2020	2019	**2020**	2019
Kuseni Dlamini	**—**	—	**—**	—
Gus Attridge*	**3 836 471**	3 828 369	**15 169 319**	15 169 319
Ben Kruger	**13 100**	13 100	**400**	400
Themba Mkhwanazi	**—**	—	**—**	—
Chris Mortimer	**193 068**	110 068	**—**	—
Babalwa Ngonyama	**—**	—	**—**	—
David Redfern	**—**	—	**4 750**	4 750
Stephen Saad	**4 683 711**	4 673 394	**52 468 261**	51 302 718
Sindi Zilwa	**—**	—	**—**	—
Roy Andersen**	**41 150**	41 150	**—**	—
John Buchanan***	**N/A**	—	**N/A**	30 350
	8 767 500	8 666 081	**67 642 730**	66 507 537

None of the directors' holdings were subject to security, guarantee, collateral or similar arrangements as envisaged in terms of paragraph 8.63 (c)(i) of the JSE's Listings Requirements.

* *The direct shareholding of Gus Attridge, which was overstated by 11 231 shares in the 2019 integrated report due to a duplication error, has been corrected.*
** *Roy Andersen retired from the Board effective 30 September 2019.*
*** *John Buchanan retired from the Board effective 31 July 2018.*

None of the directors held any non-beneficial shares in the Company at 30 June 2020. As disclosed on page 121 of this report, the executive directors' medium-term incentive shares that were awarded in October 2017, vested in October 2020. There were no changes to the non-executive director's interests between the end of the financial year and date of approval.

Linda de Beer
Committee Chairman

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Statement of responsibility by the Board of Directors

The Board of directors ("Board") are responsible for the preparation, integrity and fair presentation of the Summarised Annual Financial Statements for the year ended 30 June 2020 ("Annual Financial Statements") of Aspen Pharmacare Holdings Limited and its subsidiaries.

The Board considers that in preparing the Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards ("IFRS") that they consider to be applicable have been followed.

The Board are satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors 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. The Board have 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 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.

Aspen Pharmacare Holdings Limited 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 going concern basis has been adopted in preparing the Annual Financial Statements. The Board have no reason to believe that the Group or any company within the Group will not continue as going concerns 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. We have also considered the potential implications of COVID-19 in the assessment of the Group's ability to continue as a going concern and whereas the situation is still evolving, we believe it will not have a significant adverse effect on our business. There has been no immediate material impact on our business that requires adjustments or disclosure in the financial statements for the year ended 30 June 2020. However, the impact is being assessed on a continuing basis.

The Code of Conduct has been adhered to in all material respects.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Annual Financial Statements, and their report is presented on page 127.

The Annual Financial Statements were prepared under the supervision of Deputy Group Chief Executive, Gus Attridge CA(SA) and approved by the Board of Directors on 27 October 2020 and are signed on its behalf.

Kuseni Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
27 October 2020

Basis of accounting

The summarised Group annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for Group summarised annual financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require Group summarised annual financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS34 – *Interim Financial Reporting*.

The accounting policies applied in the preparation of these summarised Group annual financial statements are in terms of International Financial Reporting Standards and are consistent with those used in the annual financial statements for the year ended 30 June 2019 except for changes to the segmental analysis, new standard implementations as well as discontinued operations which are explained in detail below.

These Group summarised annual financial statements have been prepared under the supervision of the deputy Group Chief Executive, MG Attridge CA(SA) and approved by the Board of Directors.

Restatement of the Group segmental analysis

Commercial responsibility for Turkey has been moved to MENA from Developed Europe and consequently the prior year numbers have been restated to reflect this segmental change.

The sale of Nadroparin to a manufacturer in Italy has been reclassified from Commercial Pharmaceuticals to Manufacturing due to a revision of the contractual arrangement with the manufacturer.

Restatement of discontinued operations

The Group is discontinuing the following portfolios:

Japanese Business

In November 2019 the Group concluded an agreement (subject to conditions precedent) to divest of its Japanese operations and any related intellectual property to Sandoz, a Novartis Division. Sandoz is a multinational pharmaceutical company and a global leader in generic and biosimilar medicines, headquartered in Holzkirchen, Germany. In Aspen's interim results for the six months ended 31 December 2019 the Japanese Business was classified as a discontinued operation with all related assets and liabilities transferred to assets held-for-sale in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The transaction was concluded effective 31 January 2020 and the results of the disposals are included as part of discontinued operations.

Public sector ARVs

The Group concluded a transaction in September 2019 (subject to conditions precedent which were fulfilled in June 2020) in terms of which the commercialisation and distribution rights for its major public sector ARVs were licensed to Laurus, a leading Indian API manufacturer. In terms of the agreement Aspen would continue to toll manufacture the products for Laurus. The deal forms part of Aspen's strategy to exit the commercialisation of public sector ARVs while ensuring that the South African Government gets access to competitively priced ARVs. The public sector ARV portfolio included in the transaction (mainly Tribuss and Emdolten) with Laurus has been classified as a discontinued operation and is included in the 'Other' category of the discontinued operations statement of comprehensive income. Aspen will continue to sell ARVs in the South African private sector.

Changes in accounting standards

IFRS 16 – *Leases*

The Group applied IFRS 16 – *Leases* retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated under this approach. Consequently, there was no impact to opening retained earnings on adoption of IFRS 16 – *Leases*.

Depreciation on the right-of-use assets and finance costs on the lease liability is recognised in the statement of comprehensive income, rather than previously recognised operating lease expenses (under IAS 17 – *Leases*). The net impact to earnings for the period ended 30 June 2020 resulting from the difference between operating lease expense under IAS 17 – *Leases* and IFRS 16 – *Leases* on the statement of comprehensive income (depreciation and finance costs) is not significant.

The details of the impact of the new standard are set out in note L.

The new accounting policy that has been applied from 1 July 2019 is set out below:

Basis of accounting continued

Right-of-use assets

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.

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 on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease Liabilities

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments or changes in assessment of whether the option to purchase, extend or terminate will be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Subsequent events

In September 2020 (refer SENS announcement of 8 September 2020) the Group concluded an agreement (subject to conditions precedent) to divest the assets related to the commercialisation of Aspen's Thrombosis business in Europe to Mylan Ireland Limited ("Mylan") for a purchase consideration of EUR642 million, plus the cost of the related inventory (the "Transaction"). It is anticipated that the Transaction will complete before 31 December 2020. Mylan is a global pharmaceutical company, with principal offices in Canonsburg, Pennsylvania, United States of America. Mylan has a significant presence in Europe, generating sales of over USD 4 billion in 2019.

The Transaction was not considered highly probable as at 30 June 2020 and accordingly will be disclosed as a post balance sheet non-adjusting event in terms of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* and IAS 10 – *Events after the Reporting Period*.

Independent auditor's report on the summary consolidated financial statements

To the shareholders of Aspen Pharmacare Holdings Limited

Opinion

The summary consolidated financial statements of Aspen Pharmacare Holdings Limited, set out on pages 128 to 146 of the Aspen Holdings Integrated Report 2020, which comprise the summary consolidated statement of financial position as at 30 June 2020, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated Annual Financial Statements of Aspen Pharmacare Holdings for the year ended 30 June 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in the Basis of Accounting to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 October 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated annual financial statements in accordance with the JSE's requirements for summary financial statements, set out in the Basis of accounting to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: A Tshesane
Registered Auditor

4 Lisbon Lane, Waterfall City, Johannesburg
27 October 2020

Summarised Group statement of financial position

at year ended 30 June 2020

	Notes	2020 R'million	2019 R'million
Assets			
Non-current assets			
Intangible assets		**73 040**	66 468
Property, plant and equipment		**14 232**	12 065
Right-of-use assets	L[#]	**601**	—
Goodwill		**5 375**	4 649
Deferred tax assets		**1 714**	1 163
Contingent environmental indemnification assets		**324**	801
Other non-current assets		**1 145**	1 018
Total non-current assets		**96 431**	86 164
Current assets			
Inventories		**16 413**	14 648
Receivables and other current assets		**13 232**	12 511
Cash and cash equivalents		**7 093**	8 977
Total operating current assets		**36 738**	36 136
Assets classified as held-for-sale		**—**	16
Total current assets		**36 738**	36 152
Total assets		**133 169**	122 316
Shareholders' equity			
Reserves		**67 313**	52 300
Share capital (including treasury shares)		**1 902**	1 911
Ordinary shareholders' equity		**69 215**	54 211
Non-controlling interests		**2**	2
Total shareholders' equity		**69 217**	54 213
Liabilities			
Non-current liabilities			
Borrowings*		**36 019**	39 713
Other non-current liabilities		**4 957**	3 702
Unfavourable and onerous contracts		**927**	1 055
Deferred tax liabilities		**2 701**	2 049
Contingent environmental liabilities		**324**	801
Retirement and other employee benefits		**945**	744
Total non-current liabilities		**45 873**	48 064
Current liabilities			
Borrowings*		**6 302**	8 248
Trade and other payables		**9 691**	9 555
Other current liabilities		**1 665**	1 911
Unfavourable and onerous contracts		**421**	325
Total operating current liabilities		**18 079**	20 039
Total liabilities		**63 952**	68 103
Total equity and liabilities		**133 169**	122 316

[#] *Refer to notes on Supplementary Information.*
* *Includes bank overdrafts and IFRS 16 – Leases adopted prospectively from 1 July 2019.*

Summarised Group statement of comprehensive income

for the year ended 30 June 2020

	Notes	Change %	2020 R'million	Restated* 2019 R'million
Continuing operations				
Revenue		9	**38 647**	35 514
Cost of sales			**(19 314)**	(16 930)
Gross profit		4	**19 333**	18 584
Selling and distribution expenses			**(6 528)**	(6 380)
Administrative expenses			**(3 231)**	(2 992)
Other operating income			**515**	658
Other operating expenses			**(3 029)**	(5 586)
Operating profit	B#	65	**7 060**	4 284
Investment income	C#		**156**	439
Financing costs	D#		**(1 614)**	(2 372)
Profit before tax		138	**5 602**	2 351
Tax			**(991)**	(671)
Profit for the year from continuing operations		174	**4 611**	1 680
Discontinued operations				
Profit from discontinued operations	F#		**53**	4 784
Profit for the year		(28)	**4 664**	6 464
Other comprehensive income, net of tax				
Currency translation gains/(losses)	E#		**10 282**	(19)
Net gains/(losses) from cash flow hedging in respect of business acquisition			**67**	(32)
Remeasurement of retirement and other employee benefits**			**1**	(47)
Total comprehensive income			**15 014**	6 366
Profit for the year attributable to				
Equity holders of the parent			**4 664**	6 463
Non-controlling interests			**—**	1
			4 664	6 464
Total comprehensive income attributable to				
Equity holders of the parent			**15 014**	6 365
Non-controlling interests			**—**	1
			15 014	6 366
Weighted average number of shares in issue ('million)			**456,5**	456,5
Diluted weighted average number of shares in issue ('million)			**456,5**	456,5
Earnings per share				
Basic and diluted earnings per share (cents)				
From continuing operations		175	**1 010,2**	367,8
From discontinued operations			**11,6**	1 048,1
		(28)	**1 021,8**	1 415,9

Refer to notes on Supplementary Information.
* *Refer to note F for restatement as a result of discontinued operations.*
** *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.*

Summarised Group statement of changes in equity

for the year ended 30 June 2020

	Share capital (including 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 2018	1 905	47 442	49 347	28	49 375
Total comprehensive income	—	6 365	6 365	1	6 366
Profit for the year	—	6 463	6 463	1	6 464
Other comprehensive losses	—	(98)	(98)	—	(98)
Dividends paid	—	(1 437)	(1 437)	—	(1 437)
Acquisition of non-controlling interest in subsidiary	—	(14)	(14)	(27)	(41)
Treasury shares purchased	(29)	—	(29)	—	(29)
Deferred incentive bonus shares exercised	35	(35)	—	—	—
Share-based payment expenses	—	24	24	—	24
Movement in joint ventures	—	(45)	(45)	—	(45)
Balance at 30 June 2019	**1 911**	**52 300**	**54 211**	**2**	**54 213**
Total comprehensive income	**—**	**15 014**	**15 014**	**—**	**15 014**
Profit for the year	**—**	**4 664**	**4 664**	**—**	**4 664**
Other comprehensive income	**—**	**10 350**	**10 350**	**—**	**10 350**
Treasury shares purchased	**(41)**	**—**	**(41)**	**—**	**(41)**
Deferred incentive bonus shares exercised	**32**	**(32)**	**—**	**—**	**—**
Share-based payment expenses	**—**	**31**	**31**	**—**	**31**
Balance at 30 June 2020	**1 902**	**67 313**	**69 215**	**2**	**69 217**

Distribution to shareholders

No dividend has been paid during the year (2019: 315 cents). The dividend to shareholders of 315 cents relates to dividend declared on 13 September 2018 and paid on 8 October 2018.

Summarised Group statement of cash flows

for the year ended 30 June 2020

	Notes	Change %	2020 R'million	Restated* 2019 R'million
Cash flows from operating activities				
Cash operating profit			**11 110**	10 918
Changes in working capital			**192**	(1 378)
Cash generated from operations			**11 302**	9 540
Net financing costs paid			**(1 631)**	(1 742)
Tax paid			**(1 411)**	(1 796)
Cash generated from operating activities		38	**8 260**	6 002
Cash flows from investing activities				
Capital expenditure – property, plant and equipment	A#		**(2 039)**	(2 442)
Proceeds on sale of property, plant and equipment			**6**	9
Capital expenditure – intangible assets	A#		**(651)**	(1 141)
Acquisition of subsidiaries and joint ventures			**—**	(1 016)
Proceeds received on disposal of Japanese Business	G#		**4 229**	—
Net proceeds received on disposal of Nutritionals Business	G#		**—**	12 016
Contractual adjustment – Nutritionals Business consideration	H#		**(334)**	—
Proceeds received on sale of other non-current assets			**86**	42
Proceeds received on sale of intangible assets	I#		**244**	90
Proceeds received on disposal of Asia Pacific non-core pharmaceutical portfolio	J#		**389**	1 299
Payment of deferred contingent consideration relating to prior year business acquisitions			**(338)**	(5 644)
Proceeds received on assets classified as held-for-sale			**32**	25
Cash generated from investing activities			**1 624**	3 238
Cash flows from financing activities				
Proceeds from borrowings			**14 217**	23 365
Repayment of borrowings			**(25 641)**	(33 123)
Dividends paid			**—**	(1 437)
Acquisition of non-controlling interest in subsidiary			**—**	(41)
Treasury shares purchased			**(41)**	(29)
Cash utilised in financing activities			**(11 465)**	(11 265)
Movement in cash and cash equivalents before currency translation movements			**(1 581)**	(2 025)
Currency translation movements			**1 050**	59
Movement in cash and cash equivalents			**(531)**	(1 966)
Cash and cash equivalents at the beginning of the year			**6 148**	8 114
Cash and cash equivalents at the end of the year			**5 617**	6 148
Operating cash flow per share (cents)				
From continuing operations		45	**1 800,2**	1 238,0
From discontinued operations			**9,4**	76,9
		38	**1 809,6**	1 314,9
Discontinued operations included in the above				
Cash generated from operating activities			**43**	351
Cash generated from investing activities			**4 284**	12 299
Cash disposed of in subsidiaries			**(109)**	(63)
			4 218	12 587
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per the statement of financial position			**7 093**	8 977
Less: bank overdrafts			**(1 476)**	(2 829)
			5 617	6 148

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.

Refer to notes on Supplementary Information.
* *Refer to note F for restatement as a result of discontinued operations.*

Summarised Group supplementary information

Summarised Group statement of headline earnings

for the year ended 30 June 2020

	Change %	2020 R'million	Restated* 2019 R'million
Headline earnings^			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	(28)	**4 664**	6 463
Adjusted for			
Continuing operations			
– Net impairment of property, plant and equipment (net of tax)		**7**	405
– Net impairment of intangible assets (net of tax)		**1 282**	2 993
– Impairment of goodwill (net of tax)		**96**	107
– Impairment of other non-current and current receivables (net of tax)		**9**	55
– Profit on the sale of assets classified as held-for-sale (net of tax)		**(14)**	(9)
– (Profit)/loss on the sale of tangible and intangible assets (net of tax)		**(203)**	56
Discontinued operations			
– Loss/(profit) on sale of discontinued operations (net of tax)		**194**	(4 346)
	5	**6 035**	5 724
Headline earnings			
From continuing operations	9	**5 788**	5 286
From discontinued operations		**247**	438
	5	**6 035**	5 724
Headline earnings and diluted headline earnings per share (cents)			
From continuing operations	9	**1 268,0**	1 158,1
From discontinued operations		**54,1**	95,9
	5	**1 322,1**	1 254,0
Normalised headline earnings			
Reconciliation of normalised headline earnings			
Headline earnings	5	**6 035**	5 724
Adjusted for			
Continuing operations			
– Restructuring costs (net of tax)		**307**	100
– Transaction costs (net of tax)		**402**	547
– Foreign exchange (gain)/loss on acquisitions (net of tax)		**(17)**	9
– Product litigation costs (net of tax)		**205**	459
– Reversal of deferred consideration no longer payable (net of tax)		**—**	(264)
Discontinued operations			
– Restructuring costs (net of tax)		**17**	16
– Transaction costs (net of tax)		**9**	216
– Foreign exchange gain on disposals (net of tax)		**(42)**	(114)
	3	**6 916**	6 693
Normalised headline earnings			
From continuing operations	9	**6 685**	6 137
From discontinued operations		**231**	556
	3	**6 916**	6 693
Normalised headline and normalised diluted headline earnings per share (cents)			
From continuing operations	9	**1 464,6**	1 344,8
From discontinued operations		**50,5**	121,6
	3	**1 515,1**	1 466,4

** Refer to note F for restatement as a result of discontinued operations.*
^ Headline earnings is disclosed net of income from non-controlling interests which are not material.

Summarised Group supplementary information continued

Summarised Group segmental analysis

	30 June 2020				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Manufacturing R'million	Total R'million
Revenue	14 263	16 881	31 144	7 503	38 647
Cost of sales	(6 223)	(7 844)	(14 067)	(5 247)	(19 314)
Gross profit	8 040	9 037	17 077	2 256	19 333
Selling and distribution expenses					(6 528)
Contribution profit					12 805
Administrative expenses					(3 231)
Net other operating income					428
Depreciation					966
Normalised EBITDA*					10 968
Adjusted for					
Depreciation					(966)
Amortisation					(615)
Profit on sale of assets					223
Net impairment of assets					(1 458)
Restructuring costs					(413)
Transaction costs					(445)
Product litigation costs					(234)
Operating profit					7 060
Gross profit (%)	56,4	53,5	54,8	30,1	50,0
Selling and distribution expenses (%)					16,9
Contribution profit (%)					33,1
Administrative expenses (%)					8,4
Normalised EBITDA (%)					28,4

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

Summarised Group supplementary information continued

Summarised Group segmental analysis continued

	Restated** 30 June 2019				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Manufacturing R'million	Total R'million
Revenue	13 524	15 823	29 347	6 167	35 514
Cost of sales	(5 852)	(6 669)	(12 521)	(4 409)	(16 930)
Gross profit	7 672	9 154	16 826	1 758	18 584
Selling and distribution expenses					(6 380)
Contribution profit					12 204
Administrative expenses					(2 992)
Net other operating income					332
Depreciation					733
Normalised EBITDA*					10 277
Adjusted for					
Depreciation					(733)
Amortisation					(437)
Loss on sale of assets					(80)
Reversal of deferred consideration no longer payable					264
Net impairment of assets					(3 812)
Restructuring costs					(131)
Transaction costs					(540)
Product litigation costs					(524)
Operating profit					4 284
Gross profit (%)	56,7	57,9	57,3	28,5	52,3
Selling and distribution expenses (%)					18,0
Contribution profit (%)					34,4
Administrative expenses (%)					8,4
Normalised EBITDA (%)					28,9

	Change %				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharma-ceuticals %	Manufacturing %	Total %
Revenue	5	7	6	22	9
Cost of sales	6	18	12	19	14
Gross profit	5	(1)	1	28	4
Selling and distribution expenses					2
Contribution profit					5
Administrative expenses					8
Net other operating income					29
Depreciation					32
Normalised EBITDA*					7

* *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*
** *Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

Summarised Group supplementary information continued

Summarised Group revenue segmental analysis

for the year ended 30 June 2020

	2020 R'million	Restated* 2019 R'million	Change %
Commercial Pharmaceuticals by customer geography	**31 144**	29 347	6
Developed Europe	**7 548**	7 002	8
Sub-Saharan Africa	**7 194**	6 752	7
Australasia	**4 229**	4 048	4
Latin America	**3 412**	3 083	11
China	**2 940**	2 872	2
Developing Europe & CIS	**2 551**	2 516	1
Other Asia	**1 381**	1 343	3
MENA	**1 305**	1 056	24
USA & Canada	**584**	675	(13)
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	**1 388**	1 235	12
Developed Europe	**681**	627	9
Australasia	**393**	372	6
Sub-Saharan Africa	**314**	236	33
Manufacturing revenue – active pharmaceutical ingredients	**6 115**	4 932	24
Developed Europe	**5 628**	4 466	26
Sub-Saharan Africa	**372**	353	5
Other Asia	**115**	113	2
Manufacturing	**7 503**	6 167	22
Total revenue	**38 647**	35 514	9
Summary of regions			
Developed Europe	**13 857**	12 095	15
Sub-Saharan Africa	**7 880**	7 341	7
Australasia	**4 622**	4 420	5
Latin America	**3 412**	3 083	11
China	**2 940**	2 872	2
Developing Europe & CIS	**2 551**	2 516	1
Other Asia	**1 496**	1 456	3
MENA	**1 305**	1 056	24
USA & Canada	**584**	675	(13)
Total revenue	**38 647**	35 514	9

** Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

Summarised Group supplementary information continued

Summarised Group revenue segmental analysis continued

Commercial Pharmaceuticals therapeutic area analysis

30 June 2020	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By Customer Geography					
Commercial Pharmaceuticals					
Developed Europe	**2 677**	**3 087**	**5 764**	**1 784**	**7 548**
Sub-Saharan Africa	**118**	**6**	**124**	**7 070**	**7 194**
Australasia	**665**	**18**	**683**	**3 546**	**4 229**
Latin America	**994**	**76**	**1 070**	**2 342**	**3 412**
China	**2 078**	**815**	**2 893**	**47**	**2 940**
Developing Europe & CIS	**174**	**1 942**	**2 116**	**435**	**2 551**
Other Asia	**691**	**144**	**835**	**546**	**1 381**
MENA	**266**	**198**	**464**	**841**	**1 305**
USA & Canada	**304**	**10**	**314**	**270**	**584**
	7 967	**6 296**	**14 263**	**16 881**	**31 144**

Restated* 30 June 2019	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By Customer Geography					
Commercial Pharmaceuticals					
Developed Europe	2 191	3 032	5 223	1 779	7 002
Sub-Saharan Africa	111	8	119	6 633	6 752
Australasia	663	22	685	3 363	4 048
Latin America	894	75	969	2 114	3 083
China	1 976	869	2 845	27	2 872
Developing Europe & CIS	283	1 868	2 151	365	2 516
Other Asia	675	167	842	501	1 343
MENA	237	118	355	701	1 056
USA & Canada	321	14	335	340	675
	7 351	6 173	13 524	15 823	29 347

Change %	Anaesthetics Brands %	Thrombosis Brands %	Sterile Focus Brands %	Regional Brands %	Total %
By Customer Geography					
Commercial Pharmaceuticals					
Developed Europe	22	2	10	0	8
Sub-Saharan Africa	6	(25)	4	7	7
Australasia	0	(18)	0	5	4
Latin America	11	1	10	11	11
China	5	(6)	2	74	2
Developing Europe & CIS	(39)	4	(2)	19	1
Other Asia	2	(14)	(1)	9	3
MENA	12	68	31	20	24
USA & Canada	(5)	(29)	(6)	(21)	(13)
	8	2	5	7	6

** Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

Summarised Group supplementary information continued

Summarised Notes

		30 June 2020 R'million	Restated* 30 June 2019 R'million
A.	**CAPITAL EXPENDITURE**		
	Incurred	**2 690**	3 583
	– Property, plant and equipment	**2 039**	2 442
	– Intangible assets	**651**	1 141
	Contracted	**1 819**	1 468
	– Property, plant and equipment	**1 279**	1 258
	– Intangible assets	**540**	210
	Authorised but not contracted for	**2 534**	3 882
	– Property, plant and equipment	**2 175**	3 191
	– Intangible assets	**359**	691
B.	**OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING)**		
	Continuing operations		
	Depreciation of property, plant and equipment and right-of-use assets	**966**	733
	Amortisation of intangible assets	**615**	437
	Net impairment of tangible and intangible assets	**1 458**	3 812
	Net impairment of property, plant and equipment	**9**	515
	Impairment of intangible assets M#	**1 339**	3 131
	Impairment of goodwill	**96**	111
	Impairment of other non-current and current receivables	**14**	55
	(Profit)/loss on the sale of tangible and intangible assets	**(223)**	80
	Transaction costs	**445**	540
	Restructuring costs	**413**	131
	Product litigation costs	**234**	524
	Reversal of deferred consideration no longer payable	**—**	(264)
C.	**INVESTMENT INCOME**		
	Interest received	**156**	439
D.	**FINANCING COSTS**		
	Interest paid	**(1 396)**	(1 953)
	Debt raising fees on acquisitions	**(45)**	(70)
	Net losses on financial instruments	**(8)**	(66)
	Foreign exchange losses	**(15)**	(66)
	Fair value gains on financial instruments	**7**	—
	Notional interest on financial instruments	**(182)**	(274)
	Foreign exchange gains/(losses) on acquisitions	**17**	(9)
		(1 614)	(2 372)
E.	**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 year the weaker closing Rand translation rate increased the Group net asset value.	**10 282**	(19)

 # Refer to note F for restatement as a result of discontinued operations.
** Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

Summarised Group supplementary information continued

Summarised Notes continued

F. DISCONTINUED OPERATIONS

Asia Pacific non-core pharmaceutical portfolio

During the financial year ended 30 June 2019 the Group divested and discontinued a portfolio of non-core pharmaceutical products in the Asia Pacific region and the results of these divestments and discontinuations were reported as discontinued operations and included in the 'Other' category of the discontinued operations statement of comprehensive income.

Nutritionals Business

During the financial year ended 30 June 2019 the Group divested its Nutritionals business and the results were reported as discontinued operations in the discontinued operations statement of comprehensive income.

Japanese Business

In November 2019 the Group concluded an agreement (subject to conditions precedent) to divest of its Japanese operations and any related intellectual property to Sandoz, a Novartis Division. Sandoz is a multinational pharmaceutical company and a global leader in generic and biosimilar medicines, headquartered in Holzkirchen, Germany. In Aspen's interim results for the six months ended 31 December 2019 the Japanese Business was classified as a discontinued operation with all related assets and liabilities transferred to assets-held-for-sale in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The transaction was concluded effective 31 January 2020 and the results of the disposals are included as part of discontinued operations.

Public Sector ARVs

The Group concluded a transaction in September 2019 (subject to conditions precedent which were fulfilled in June 2020) in terms of which the commercialisation and distribution rights for its major public sector ARVs were licensed to Laurus, a leading Indian API manufacturer. In terms of the agreement Aspen would continue to toll manufacture the products for Laurus. The deal forms part of Aspen's strategy to exit the commercialisation of public sector ARVs while ensuring that the South African Government gets access to competitively priced ARVs. The public sector ARV portfolio included in the transaction (mainly Tribuss and Emdolten) with Laurus has been classified as a discontinued operation and is included in the 'Other' category of the discontinued operations statement of comprehensive income. Aspen will continue to sell ARVs in the South African private sector.

Summarised discontinued operations statement of comprehensive income

	June 2020			
	Nutritionals Business R'million	Japanese Business R'million	Other* R'million	Total R'million
Revenue	—	1 434	454	1 888
Gross profit	—	637	123	760
Operating expenses	—	(337)	(7)	(344)
Selling and distribution expenses	—	(281)	(7)	(288)
Administration expenses	—	(56)	—	(56)
Normalised EBITA	—	300	116	416
Depreciation	—	5	—	5
Normalised EBITDA	—	305	116	421
Adjusted for				
Depreciation	—	(5)	—	(5)
Amortisation	—	(17)	—	(17)
Transaction costs	(2)	(10)	—	(12)
Restructuring costs	(27)	—	—	(27)
Operating (loss)/profit	(29)	273	116	360
Net financing costs	—	(74)	—	(74)
Foreign exchange gains on disposals	—	42	—	42
(Loss)/profit before tax	(29)	241	116	328
Tax	10	(42)	(49)	(81)
(Loss)/profit before tax from discontinuing operations	(19)	199	67	247
(Loss)/profit on the sale of discontinued operations (after tax)	(109)	(178)	93	(194)
(Loss)/profit from discontinued operations	(128)	21	160	53
Basic earnings per share (cents)				11,6
Headline earnings per share (cents)				54,1
Normalised headline earnings per share (cents)				50,5

** Refer to split of revenue on the next page*

Summarised Group supplementary information continued

Summarised Notes continued

F. DISCONTINUED OPERATIONS continued

	June 2019			
	Nutritionals Business R'million	Japanese Business R'million	Other* R'million	Restated Total R'million
Revenue	2 730	2 123	1 974	6 827
Gross profit	1 175	920	543	2 638
Operating expenses	(1 015)	(553)	(74)	(1 642)
Net other operating income	97	—	—	97
Normalised EBITA	257	367	469	1 093
Depreciation	47	4	—	51
Normalised EBITDA	304	371	469	1 144
Adjusted for				
Depreciation	(47)	(4)	—	(51)
Amortisation	(35)	(18)	—	(53)
Transaction costs	(238)	—	—	(238)
Restructuring costs	(22)	—	—	(22)
Operating (loss)/profit	(38)	349	469	780
Net financing costs	(128)	(105)	—	(233)
Foreign exchange gains on disposals	159	—	—	159
Operating (loss)/profit after investment income and financing costs	(7)	244	469	706
Share of after-tax net profit of joint ventures	62	—	—	62
Profit before tax	55	244	469	768
Tax	(122)	(54)	(154)	(330)
(Loss)/profit after tax from discontinued operations	(67)	190	315	438
Profit/(loss) on the sale of discontinued operations (after tax)	4 863	—	(517)	4 346
Profit/(loss) after tax from discontinued operations	4 796	190	(202)	4 784
Basic earnings per share (cents)				1 048,1
Headline earnings per share (cents)				95,9
Normalised headline earnings per share (cents)				121,6

** Included in other is revenue split as follows.*

	June 2020 R'million	June 2019 R'million
ARVs	**251**	1 235
Asia Pacific non-core pharmaceutical portfolio	**203**	739
	454	1 974

G. PROCEEDS RECEIVED FROM SALE OF DISCONTINUED OPERATIONS

Proceeds received from disposal of Japanese Business	30 June 2020 R'million
Proceeds	
Proceeds receivable	5 274
Proceeds outstanding at year-end*	(936)
Classified as other current receivables	(461)
Classified as other non-current receivables	(475)
Cash disposed of in subsidiaries	(109)
Cash inflow per statement of cash flows	4 229
Assets disposed	
Non-current assets	
Property, plant and equipment	4
Right-of-use assets	22
Goodwill	45
Intangible assets	4 689
Total non-current assets	4 760
Current assets	
Inventories	427
Receivables and other current assets	403
Cash and cash equivalents	109
Total current assets	939
Total assets	5 699
Liabilities	
Non-current liabilities	
Borrowings	(3)
Retirement and other employee benefits obligations	(4)
Deferred tax liabilities	(82)
Total non-current liabilities	(89)
Current liabilities	
Trade and other payables	(664)
Borrowings	(271)
Current tax liabilities	(32)
Total current liabilities	(967)
Total liabilities	(1 056)
Net assets disposed	4 643
Liabilities raised as part of disposal	
Non-current liabilities	
Other non-current financial liabilities	471
Current liabilities	
Other current financial liabilities	276
Net liabilities raised	747
Loss on sale of discontinued operations	(116)

* *The future disposal consideration receivables are dependent upon the achievement of various supply related, licence extension and new business development milestones.*

Summarised Group supplementary information continued

Summarised Notes continued

G. PROCEEDS RECEIVED FROM SALE OF DISCONTINUED OPERATIONS continued

	June 2019		
	Nutritionals Business R'million	Asia Pacific non-core pharmaceutical portfolio R'million	Total R'million
Proceeds			
Proceeds receivable	12 079	2 199	14 278
Proceeds outstanding at year-end	—	(900)	(900)
Cash disposed of in subsidiaries	(63)	—	(63)
Cash inflow per statement of cash flows	12 016	1 299	13 315
Assets disposed			
Non-current assets			
Property, plant and equipment	723	—	723
Goodwill	413	906	1 319
Intangible assets	2 176	1 110	3 286
Investments in joint ventures	1 983	—	1 983
Other non-current financial receivables	—	308	308
Deferred tax assets	2	—	2
Total non-current assets	5 297	2 324	7 621
Current assets			
Inventories	817	—	817
Receivables and other current assets	241	—	241
Cash and cash equivalents	63	—	63
Total current assets	1 121	—	1 121
Total assets	6 418	2 324	8 742
Liabilities			
Trade and other payables	(91)	—	(91)
Deferred tax liabilities	(33)	—	(33)
Total liabilities	(124)	—	(124)
Net assets disposed	6 294	2 324	8 618
Liabilities raised as part of disposals*			
Non-current liabilities			
Other non-current financial liabilities	618	81	699
Current liabilities			
Other current financial liabilities	233	86	319
Net liabilities raised	851	167	1 018
Profit/(loss) on sale of discontinued operations	5 690	(292)	5 398
Profit/(loss)	4 934	(292)	4 642
Fair value gain on revaluation of joint ventures	756	—	756

** The liabilities raised relating to disposals include post-closing working capital true-up adjustments, warranties related to saleability of inventory and other clawback mechanisms associated to the assets which have been disposed.*

		30 June 2020 R'million	30 June 2019 R'million
H.	**CONTRACTUAL ADJUSTMENTS – NUTRITIONALS BUSINESS**		
	Amounts provided in prior year	**(225)**	—
	Current year losses incurred included in loss on sale of discontinued operations	**(109)**	—
		(334)	—
I.	**PROCEEDS ON SALE OF INTANGIBLE ASSETS**		
	Proceeds receivable	**402**	90
	Proceeds outstanding at year-end	**(158)**	—
		244	90
J.	**PROCEEDS RECEIVED ON DISPOSAL OF ASIA PACIFIC NON-CORE PHARMACEUTICAL PORTFOLIO**		
	Proceeds receivable	**900**	2 199
	Proceeds outstanding at year-end	**(511)**	(900)
		389	1 299

K. POTENTIAL DISPUTED MATTER – EUROPEAN COMMISSION

In May 2017, the European Commission ("EC") opened an investigation in terms of Article 102 of the TFEU in respect of Aspen's pricing practices for its products containing the active pharmaceutical ingredients Chlorambucil, Melphalan, Mercaptopurine, Tioguanine and Busulfan ("Products"). The investigation covers all the European Economic Areas, excluding Italy.

Aspen and the EC have settled the revised net selling prices of each of the Products in each of the Member States. The Aspen Commitments (settlement) are in the process of Member State review and should this process not raise any substantive issues the EC intends to accept the Commitments and make them binding upon Aspen. Once the Commitments are accepted by the EC, Aspen will need to work with each of the Member States on their implementation.

In terms of the Commitments, which are in respect of the products:

i. Aspen will undertake to reduce its prices of the Products to achieve a pre-determined EBITDA margin and, subject to exceptional circumstances, not exceed these prices for a period of 10 years.

ii. Aspen will commit to continuing supply of the Products for a period of at least five years. Should it elect to discontinue the supply of any of the products prior to the end of 10 years, Aspen will either sell the rights to the Product(s) so discontinued or maintain the relevant marketing authorisations for the balance of 10 years.

iii. Aspen will make a one-time payment to the ultimate funders of the products in each Member State. This payment will be calculated as the difference between Aspen's actual sales of the products in the Member State between 1 October 2019 and the implementation date of the new prices and the same sales had they been made at the revised lower prices. It is estimated that the revised prices will be formally introduced in Q4 2020 in which case the payment will cover a period of between 12 and 15 months.

iv. The estimate of the above payment, based on an average 73% reduction in the prices of the products, is between EUR20 million and EUR24 million which would be paid over an estimated implementation period of six months.

Consistent with Article 9 of Regulation 1/2003, these Commitments do not constitute an acknowledgement that Aspen has infringed EU competition law. Upon acceptance of the Commitments, the Commission will discontinue the investigation in the case, without concluding whether there has been or still is an infringement of EU law.

An estimated liability relating to the one-time payment of EUR24 million has been provided for as a current liability in the statement of financial position.

Summarised Group supplementary information continued

Summarised Notes continued

L. NEW STANDARDS ADOPTED BY THE GROUP

Adoption of IFRS 16 – *Leases*

The Group applied IFRS 16 – *Leases* retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated under this approach. Consequently, there was no impact to opening retained earnings on adoption of IFRS 16 – *Leases*.

Depreciation on the right-of-use assets and finance costs on the lease liability is recognised in the statement of comprehensive income, rather than previously recognised operating lease expenses (under IAS 17 – *Leases*). The net impact to earnings for the period ended 30 June 2020 resulting from the difference between operating lease expense under IAS 17 – *Leases* and IFRS 16 – *Leases* on the statement of comprehensive income (depreciation and finance costs) is not significant.

The Group used the following practical expedients as permitted by the standard, when applying IFRS 16 – *Leases* to leases previously classified as operating leases under IAS 17 – *Leases*:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Accounted for leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- Relied on previous assessments on whether leases are onerous contracts as opposed to performing an impairment review on 1 July 2019
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease
- The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 – *Leases* and IFRIC 4 – *Determining whether an Arrangement contains a Lease*

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5%.

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16 – *Leases* because it is not party to any lease agreements where it is a lessor.

The associated right-of-use assets for all leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

On transition to IFRS 16 – *Leases*, the Group recognised right-of-use assets included in non-current assets and lease liabilities included in non-current and current borrowings on the statement of financial position. The impact on transition is summarised below:

	R'million
Operating lease commitments disclosed at 30 June 2019	**642**
Unreported opening lease commitments*	**141**
Adjusted operating lease commitments at 30 June 2019	**783**
Discounted using incremental borrowing rate at 1 July 2019	**647**
Add: finance lease liabilities recognised at 30 June 2019	**20**
Less: short-term leases not recognised as lease liability	**(23)**
Less: low-value leases not recognised as a lease liability	**(6)**
Lease liabilities and right-of-use assets recognised at 1 July 2019	**638**

* *At 30 June 2019, R141 million relating to operating leases was not disclosed in the operating lease commitments note. This has been included as part of the opening lease liability reconciliation on adoption of IFRS 16 – Leases. All contracts that meet the definition of a lease are actively managed and accounted for under IFRS 16 – Leases.*

Amounts recognised at 30 June 2020

Statement of comprehensive income	
Depreciation	**186**
Interest paid-leases	**58**
	244

The Group has recognised depreciation and interest costs of R244 million, instead of operating lease expenses of R166 million that would have been recognised under IAS 17 – *Leases*.

	R'million
Statement of financial position	
Right-of-use assets (included in non-current assets)	
Land and buildings	**450**
Motor vehicles	**127**
Plant and machinery	**5**
Computer hardware	**19**
Total carrying amount	**601**
Lease liabilities (included in non-current and current borrowings)	
Non-current lease liabilities	**436**
Current lease liabilities	**190**
Total carrying amount	**626**
Lease liabilities movement	
Recognised 1 July 2019	**638**
Additions during the year	**96**
Finance costs	**58**
Repayments	**(166)**
Balance at 30 June 2020	**626**

IFRIC 23 – *Uncertainty over Income Tax Treatment*

As of 1 July 2019, Aspen adopted the interpretation IFRIC 23 which clarifies the accounting treatment for uncertainties in income taxes as a part of the application of IAS 12. The interpretation specifically addresses whether an entity considers each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed and uncertain tax positions are measured at the most likely outcome. The Aspen Group maintains a provision, applying the principles of IFRIC 23 using methodologies that are made available in IFRIC 23 that are consistent with the methods that the Aspen Group has been following prior to the implementation of IFRIC 23. The Aspen Group was not required to raise a provision, to bring into account exposures that existed at 30 June 2019, as the Aspen Group held an adequate provision at that time.

Summarised Group supplementary information continued

Summarised Notes continued

M. IMPAIRMENT OF INTANGIBLE ASSETS

Impairment of intangible assets can be split as follows

	Note	2020 R'million	2019 R'million
Hydroxyprogesterone Caproate ("HPC")	1	**640**	—
GSK OTC brands	2	**286**	—
GSK Classic Brands distributed in Australia		**133**	180
Development costs in South Africa	3	**96**	162
Specialist Global Brands	4	**63**	876
MSD business		**52**	158
South African Regional Brands		**25**	321
Other		**24**	105
GSK Anaesthetics portfolio		**20**	264
Zantac		**—**	719
ELIZ product		**—**	248
Novartis Brands		**—**	98
		1 339	3 131

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) The introduction by market leader of a novel delivery system coupled with material price reductions by other competitors has resulted in a full impairment of this brand which is sold exclusively in the United States.

(2) The majority of this impairment relates to one brand that is primarily sold in the Middle East and which is experiencing a more subdued commercial outlook and heightened risk environment.

(3) Product development projects which were no longer technically or commercially feasible.

(4) Decline in sales outlook in the United States of one of the oncology products.

N. 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 30 June 2020. The illustrative constant exchange rate report on selected financial data has been derived from the audited financial information and has been reported on by Aspen's auditors in an assurance report, which is available for inspection at the Company's registered office.

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 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 2020 average rates R	June 2019 average rates R
Euro	**17,327**	16,193
Australia Dollar	**10,494**	10,149
US Dollar	**15,677**	14,194
Chinese Renminbi	**2,229**	2,080
Mexican Peso	**0,759**	0,735
Brazilian Real	**3,478**	3,647
British Pound	**19,735**	18,367
Canadian Dollar	**11,659**	10,723
Russian Ruble	**0,234**	0,216
Polish Zloty	**3,969**	3,770

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.

Summarised Group supplementary information continued

Summarised Notes continued

	June 2020 (at 2020 average rates) R'million	Restated June 2019 (at 2019 average rates) R'million	Change at reported exchange rates %	Restated Illustrative constant exchange rates June 2019 (at 2020 average rates) R'million	Change in constant exchange rates %
Key constant exchange rate indicators					
Continuing operations					
Revenue	**38 647**	35 514	9	37 320	4
Gross profit	**19 333**	18 584	4	19 364	—
Normalised EBITDA*	**10 968**	10 277	7	10 699	3
Operating profit	**7 060**	4 284	65	4 307	64
Normalised headline earnings	**6 685**	6 137	9	6 380	5
Earnings per share (basic and diluted)	**1 010,2**	367,8	175	342,2	195
Headline per share (basic and diluted)	**1 268,0**	1 158,1	9	1 192,9	6
Normalised headline earnings per share (basic and diluted)	**1 464,6**	1 344,8	9	1 397,7	5

	June 2020 (at 2020 average rates) %	Restated June 2019 (at 2020 average rates) %
Revenue currency mix		
Euro	**32**	32
South African Rand	**18**	17
Australia Dollar	**11**	11
Chinese Renminbi	**8**	8
US Dollar	**7**	7
Brazilian Real	**4**	3
Mexican Peso	**3**	3
British Pound	**2**	2
Canadian Dollar	**1**	1
Russian Ruble	**1**	1
Polish Zloty	**1**	1
Other currencies	**12**	14
	100	100

	Year ended June 2020 (at 2020 average rates)				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Manufacturing R'million	Total R'million
Revenue	14 263	16 881	31 144	7 503	38 647
Cost of sales	(6 223)	(7 844)	(14 067)	(5 247)	(19 314)
Gross profit	8 040	9 037	17 077	2 256	19 333
Selling and distribution expenses					(6 528)
Contribution profit					12 805
Administrative expenses					(3 231)
Net other operating income					428
Depreciation					966
Normalised EBITDA*					10 968
Adjusted for:					
Depreciation					(966)
Amortisation					(615)
Profit on sale of assets					223
Net impairment of assets					(1 458)
Restructuring costs					(413)
Transaction costs					(445)
Product litigation costs					(234)
Operating profit					7 060
Gross profit (%)	56,4	53,5	54,8	30,1	50,0
Selling and distribution expenses (%)					16,9
Contribution profit (%)					33,1
Administrative expenses (%)					8,4
Normalised EBITDA (%)					28,4

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

Summarised Group supplementary information continued

Summarised Notes continued

	Restated illustrative constant exchange rate June 2019 (at 2020 average rates)**				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharmaceuticals R'million	Manufacturing R'million	Total R'million
Revenue	14 399	16 343	30 742	6 578	37 320
Cost of sales	(6 248)	(6 944)	(13 192)	(4 764)	(17 956)
Gross profit	8 151	9 399	17 550	1 814	19 364
Selling and distribution expenses					(6 676)
Contribution profit					12 688
Administrative expenses					(3 102)
Net other operating income					354
Depreciation					759
Normalised EBITDA*					10 699
Adjusted for:					
Depreciation					(759)
Amortisation					(456)
Loss on sale of assets					(84)
Reversal of deferred consideration no longer payables					282
Impairment of assets					(4 084)
Restructuring costs					(139)
Transaction costs					(591)
Product litigation costs					(561)
Operating profit					4 307
Gross profit (%)	56,6	57,5	57,1	27,6	51,9
Selling and distribution expenses (%)					17,9
Contribution profit (%)					34,0
Administrative expenses (%)					8,3
Normalised EBITDA (%)					28,7

	Change %				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharmaceuticals %	Total manufacturing revenue %	Total %
Revenue	(1)	3	1	14	4
Cost of sales	0	13	7	10	8
Gross profit	(1)	(4)	(3)	24	0
Selling and distribution expenses					(2)
Contribution profit					1
Administrative expenses					4
Net other operating income					21
Depreciation					27
Normalised EBITDA*					3

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

** *Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

	June 2020 (at 2020 average rates) R'million	Illustrative constant exchange rate June 2019 (at 2020 average rates)* R'million	Change %
Commercial Pharmaceuticals by customer geography	**31 144**	30 742	1
Developed Europe	**7 548**	7 498	1
Sub-Saharan Africa	**7 194**	6 810	6
Australasia	**4 229**	4 189	1
Latin America	**3 412**	3 093	10
China	**2 940**	3 077	(4)
Developing Europe & CIS	**2 551**	2 682	(5)
Other Asia	**1 381**	1 493	(8)
MENA	**1 305**	1 162	12
USA & Canada	**584**	738	(21)
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	**1 388**	1 317	5
Developed Europe	**681**	686	(1)
Australasia	**393**	378	(4)
Sub-Saharan Africa	**314**	253	24
Manufacturing revenue – active pharmaceutical ingredients	**6 115**	5 261	16
Developed Europe	**5 628**	4 780	18
Sub-Saharan Africa	**372**	360	3
Other Asia	**115**	121	(5)
Total Manufacturing revenue	**7 503**	6 578	14
Total revenue	**38 647**	37 320	4
Summary of regions			
Developed Europe	**13 857**	12 964	7
Sub-Saharan Africa	**7 880**	7 423	6
Australasia	**4 622**	4 567	1
Latin America	**3 412**	3 093	10
China	**2 940**	3 077	(4)
Developing Europe & CIS	**2 551**	2 682	(5)
Other Asia	**1 496**	1 614	(7)
MENA	**1 305**	1 162	12
USA & Canada	**584**	738	(21)
Total revenue	**38 647**	37 320	4

** Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

Summarised Group supplementary information continued

Summarised Notes continued

	June 2020 (at 2020 average rates)				
	Anaesthetics Brands R'million	**Thrombosis Brands R'million**	**Sterile Focus Brands R'million**	**Regional Brands R'million**	**Total R'million**
By customer geography					
Commercial Pharmaceuticals					
Developed Europe	**2 677**	**3 087**	**5 764**	**1 784**	**7 548**
Sub-Saharan Africa	**118**	**6**	**124**	**7 070**	**7 194**
Australasia	**665**	**18**	**683**	**3 546**	**4 229**
Latin America	**994**	**76**	**1 070**	**2 342**	**3 412**
China	**2 078**	**815**	**2 893**	**47**	**2 940**
Developing Europe & CIS	**174**	**1 942**	**2 116**	**435**	**2 551**
Other Asia	**691**	**144**	**835**	**546**	**1 381**
MENA	**266**	**198**	**464**	**841**	**1 305**
USA & Canada	**304**	**10**	**314**	**270**	**584**
	7 967	**6 296**	**14 263**	**16 881**	**31 144**

	Restated illustrative constant exchange rate June 2019 (at 2020 average rates)*				
	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By customer geography					
Commercial Pharmaceuticals					
Developed Europe	2 346	3 247	5 593	1 905	7 498
Sub-Saharan Africa	112	7	119	6 691	6 810
Australasia	686	23	709	3 480	4 189
Latin America	882	75	957	2 136	3 093
China	2 117	931	3 048	29	3 077
Developing Europe & CIS	299	1 990	2 289	393	2 682
Other Asia	749	185	934	559	1 493
MENA	255	130	385	777	1 162
USA & Canada	349	16	365	373	738
	7 795	6 604	14 399	16 343	30 742

** Restated for discontinued operations and segmental reclassifications (refer to Basis of Accounting).*

	Change %				
	Anaesthetics Brands %	Thrombosis Brands %	Sterile Focus Brands %	Regional Brands %	Total %
By customer geography					
Commercial Pharmaceuticals					
Developed Europe	14	(5)	3	(6)	1
Sub-Saharan Africa	5	(14)	4	6	6
Australasia	(3)	(22)	(4)	2	1
Latin America	13	1	12	10	10
China	(2)	(12)	(5)	62	(4)
Developing Europe & CIS	(42)	(2)	(8)	11	(5)
Other Asia	(8)	(22)	(11)	(2)	(8)
MENA	4	52	21	8	12
USA & Canada	(13)	(38)	(14)	(28)	(21)
	2	(5)	(1)	3	1

Summarised Group supplementary information continued

Three-year review

	3-year CAGR %	Year ended 30 June 2020 R'million	Restated* Year ended 30 June 2019 R'million	Year ended 30 June 2018# R'million
Group income statements				
Continuing operations				
Revenue	(2)	**38 647**	35 514	38 314
Gross profit	(1)	**19 333**	18 584	19 686
Normalised EBITDA**	(1)	**10 968**	10 277	11 031
Total amortisation, depreciation and non-trading adjustments		**(3 908)**	(5 993)	(2 525)
Operating profit	(5)	**7 060**	4 284	8 506
Net financing costs		**(1 458)**	(1 933)	(1 762)
Profit before tax	(4)	**5 602**	2 351	6 744
Discontinued operations				
Profit from discontinued operations		**53**	4 784	#
Group statements of financial position				
Assets				
Non-current assets				
Intangible assets		**73 040**	66 468	72 163
Property, plant and equipment		**14 232**	12 065	11 368
Goodwill		**5 375**	4 649	6 126
Right-of-use assets		**601**	—	—
Deferred tax assets		**1 714**	1 163	966
Contingent environmental indemnification assets		**324**	801	802
Other non-current assets		**1 145**	1 018	1 189
Total non-current assets		**96 431**	86 164	92 614
Current assets				
Inventories		**16 413**	14 648	14 959
Receivables and other current assets		**13 232**	12 511	13 229
Cash and cash equivalents		**7 093**	8 977	11 170
Total operating current assets		**36 738**	36 136	39 358
Assets classified as held-for-sale		**—**	16	135
Total current assets		**36 738**	36 152	39 493
Total assets		**133 169**	122 316	132 107
Equity and liabilities				
Ordinary shareholders' equity		**69 215**	54 211	49 347
Non-controlling interests		**2**	2	28
Total shareholders' equity		**69 217**	54 213	49 375
Non-current liabilities				
Borrowings		**36 019**	39 713	46 725
Other non-current financial liabilities		**4 957**	3 702	2 775
Unfavourable and onerous contracts		**927**	1 055	1 382
Contingent environmental liabilities		**324**	801	802
Deferred tax liabilities		**2 701**	2 049	2 213
Retirement and other employee benefits obligations		**945**	744	635
Total non-current liabilities		**45 873**	48 064	54 532
Current liabilities				
Borrowings		**6 302**	8 248	11 225
Trade and other payables		**9 691**	9 555	10 414
Unfavourable and onerous contracts		**421**	325	374
Other current financial liabilities		**1 665**	1 911	6 187
Total operating current liabilities		**18 079**	20 039	28 200
Total equity and liabilities		**133 169**	122 316	132 107

* *Comparative figures have been restated for discontinued operations.*
** *Normalised EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*
# *Comparable information for June 2018 is not split between continuing and discontinued operations or restated for the adoption of new standards.*

Three-year review continued

		3-year CAGR %	Year ended 30 June 2020 R'million	Restated* Year ended 30 June 2019 R'million	Year ended 30 June 2018# R'million
Group statements of cash flows					
Cash operating profit		1	**11 110**	10 918	11 925
Working capital movements			**192**	(1 378)	(1 597)
Cash generated from operations		5	**11 302**	9 540	10 328
Net financing costs paid			**(1 631)**	(1 742)	(1 816)
Tax paid			**(1 411)**	(1 796)	(1 495)
Cash generated from operating activities			**8 260**	6 002	7 017
Cash generated from/(used in) investing activities			**1 624**	3 238	(12 813)
Cash (used in)/generated from financing activities			**(11 465)**	(11 265)	6 333
Translation effects on cash and cash equivalents of foreign operations			**1 050**	59	389
Movement in cash and cash equivalents			**(531)**	(1 966)	926
Cash and cash equivalents at the beginning of the year			**6 148**	8 114	7 188
Cash and cash equivalents at the end of the year			**5 617**	6 148	8 114
Share performance					
Earnings per share (basic and diluted)	cents	(3)	**1 021,8**	1 415,9	1 322,5
From continuing operations	cents		**1 010,2**	367,8	#
From discontinued operations	cents		**11,6**	1 048,1	#
Headline earnings per share (basic and diluted)	cents	1	**1 322,1**	1 254,0	1 474,7
From continuing operations	cents		**1 268,0**	1 158,1	#
From discontinued operations	cents		**54,1**	95,9	#
Normalised headline earnings per share (basic and diluted)	cents	1	**1 515,1**	1 466,4	1 610,8
From continuing operations	cents		**1 464,6**	1 344,8	#
From discontinued operations	cents		**50,5**	121,6	#
Capital distribution/dividend per share	cents		**—**	315,0	287,0
Net asset value per share	cents	17	**15 194,1**	11 894,0	10 823,0
Operating cash flow per share	cents	8	**1 809,6**	1 314,9	1 537,3
From continuing operations	cents		**1 800,2**	1 238,0	#
From discontinued operations	cents		**9,4**	76,9	#
Share information					
Number of shares in issue – at the end of the year	million		**456,5**	456,5	456,5
Number of shares in issue (net of treasury shares) – at the end of the year	million		**455,6**	455,8	456,0
Weighted number of shares in issue	million		**456,5**	456,5	456,4
Diluted weighted number of shares in issue	million		**456,5**	456,5	456,4
Market capitalisation at year-end	R'billion		**65,5**	45,9	117,9

* *Comparative figures have been restated for discontinued operations.*

\# *Comparable information for June 2018 is not split between continuing and discontinued operations or restated for the adoption of new standards.*

Summarised Group supplementary information continued

Three-year review continued

		Year ended 30 June 2020	Restated* Year ended 30 June 2019	Year ended 30 June 2018#
JSE statistics				
Number of shares traded	million	**446,5**	442,6	324,1
Number of shares traded as % of weighted average number of shares	%	**97,8**	96,9	71,0
Market price per share				
year end	cents	**14 351**	10 045	25 822
highest	cents	**16 514**	29 800	32 759
lowest	cents	**6 407**	6 899	22 987
Key market performance ratios				
Earnings yield	%	**10,6**	14,6	6,2
Price:earnings ratio	times	**9,5**	6,9	16,0
Business performance				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**7,7**	12,3	13,4
Return on total assets	%	**8,7**	7,6	9,8
Revenue growth	%	**9**	#	#
Gross margin	%	**50,0**	52,3	51,4
Normalised EBITDA** margin	%	**28,4**	28,9	28,8
Effective tax rate	%	**17,7**	28,5	16,6
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**2,0**	1,8	1,4
Quick ratio	times	**1,1**	1,1	0,9
Cash ratio	times	**0,4**	0,4	0,4
Working capital as % of revenue	%	**46,7**	47,5	45,5
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Net borrowings	R'million	**35 228**	38 984	46 780
Leverage ratio	times	**2,9**	3,6	3,8
Net interest cover	times	**6,2**	3,1	6,3
Gearing ratio	%	**34**	42	49

* *Comparative figures have been restated for discontinued operations.*

** *Normalised EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*

\# *Comparable information for June 2018 is not split between continuing and discontinued operations or restated for the adoption of new standards.*

Definitions and formulas

Cash ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts}}$$

Current ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Earnings yield (%)

$$\frac{\text{Normalised headline earnings per share}}{\text{Market price per share at year-end}}$$

Effective tax rate (%)

$$\frac{\text{Tax from continuing operations}}{\text{Profit before tax from continuing operations}}$$

Gearing ratio (%)

$$\frac{\text{Net borrowings}}{\text{Total shareholders' equity – non-controlling interests + net borrowings}}$$

Gross profit (%)

$$\frac{\text{Gross profit from continuing operations}}{\text{Revenue from continuing operations}}$$

Leverage ratio^

$$\frac{\text{Net debt\^{}}}{\text{Normalised EBITDA\^{}}}$$

^ Calculated in accordance with the Group's long-term debt agreements.

Net asset value per share (cents)

$$\frac{\text{Ordinary shareholders' equity}}{\text{Number of shares in issue (net of treasury shares)}}$$

Net borrowings

Non-current borrowings + current borrowings – cash and cash equivalents

Net interest cover (times)

$$\frac{\text{Operating profit before amortisation from continuing operations}}{\text{Interest paid from continuing operations – interest received from continuing operations (excluding capital raising fees)}}$$

Normalised EBITDA

Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the accounting policies of the Group's Annual Financial Statements

Summarised Group supplementary information

Definitions and formulas continued

Normalised EBITDA growth (%)

$$\frac{\text{Normalised EBITDA from continuing operations (current year)} - \text{Normalised EBITDA from continuing operations (prior year)}}{\text{Normalised EBITDA from continuing operations (prior year)}}$$

Normalised EBITDA margin (%)

$$\frac{\text{EBITDA from continuing operations}}{\text{Revenue from continuing operations}}$$

Normalised headline earnings from continuing operations

Normalised headline earnings from continuing operations are headline earnings from continuing operations 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 re-measurement 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

Market capitalisation

Year-end market price per share multiplied by number of shares in issue at year-end

Operating cash flow per share (cents)

$$\frac{\text{Cash generated from operating activities}}{\text{Weighted number of shares in issue}}$$

Price:earnings ratio

$$\frac{\text{Market price per share at year-end}}{\text{Normalised headline earnings per share}}$$

Return on net assets (%)

$$\frac{\text{Profit before tax}}{\text{Total weighted average assets} - \text{total weighted average liabilities}}$$

Return on ordinary shareholders' equity (%)

$$\frac{\text{Profit attributable to equity holders of the parent}}{\text{Weighted average ordinary shareholders' equity}}$$

Return on total assets (%)

$$\frac{\text{Normalised EBITDA from continuing operations}}{\text{Total weighted average assets}}$$

Revenue growth (%)

$$\frac{\text{Revenue (current year) from continuing operations – Revenue from continuing operations (prior year)}}{\text{Revenue from continuing operations (Prior year)}}$$

Total weighted average assets

Average assets is total assets (excluding cash and cash equivalents and assets classified as held-for-sale) weighted monthly

Total weighted average liabilities

Average liabilities is total liabilities weighted monthly

Quick ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale) – inventories}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Working capital as % of revenue

$$\frac{\text{Inventories + trade and other receivables – trade and other payables}}{\text{Revenue from continuing operations}}$$

Unaudited share statistics

Analysis of shareholders at 30 June 2020

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	38 905	91,8	12 737 100	2,8
2 501 – 12 500	2 176	5,1	11 487 797	2,5
12 501 – 25 000	411	1,0	7 344 764	1,6
25 001 – 50 000	297	0,7	10 568 349	2,3
50 001 and over	588	1,4	414 313 531	90,8
	42 377	100,0	456 451 541	100,0

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2020, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	55 781 582	12,2
Coronation Asset Management	48 003 421	10,5
Foord Asset Management	20 370 557	4,5
Sanlam Investment Management	16 961 386	3,7
BlackRock	16 437 911	3,6
The Vanguard Group Inc.	14 699 659	3,2
Allan Gray (Pty) Ltd	10 991 262	2,4
Investec Wealth & Investment	7 774 107	1,7
State Street Global Advisors Ltd	7 197 597	1,6
Old Mutual Ltd	6 405 945	1,4
	204 623 427	44,8

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2020, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on page 123 of the Remuneration Report.

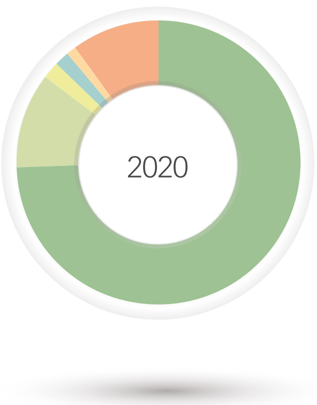
	Number of shares	% of total shareholding
Shareholder		
Government Employees Pension Fund	71 694 131	15,7
Saad, SB	57 151 972	12,5
Attridge, MG	19 005 790	4,2
Alexander Forbes Investments	10 968 235	2,4
Ceppwawu Investments (Pty) Ltd	10 053 368	2,2
Coronation Balanced Plus Fund	8 022 016	1,8
Vanguard Total International Stock Index	6 808 361	1,5
Coronation Top 20 Fund	6 398 154	1,4
Foord Balanced Fund	6 201 766	1,4
GIC Asset Management Pte Ltd	5 340 472	1,2
	201 644 265	44,3

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 2020 was as follows:

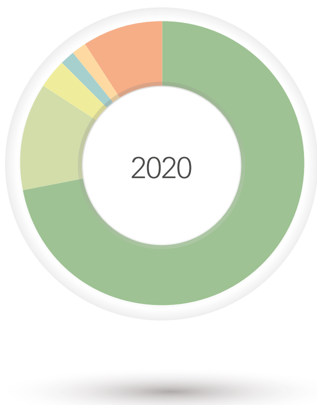
	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	13	149 097 845	32,7
Directors of the Company and directors of material subsidiaries	11	76 410 230	16,8
Government Employees Pension Fund ("GEPF")	1	71 694 131	15,7
Employee share trusts – treasury shares	1	993 484	0,2
Public shareholders	42 364	307 353 696	67,3
Total shareholding	42 377	456 451 541	100,0
Public shareholders (including the GEPF)	42 365	379 047 827	83,0

Beneficial shareholders – country (%)



South Africa	74,7	Switzerland	1,6
USA	10,7	Singapore	1,3
UK	1,9	Various other	9,8

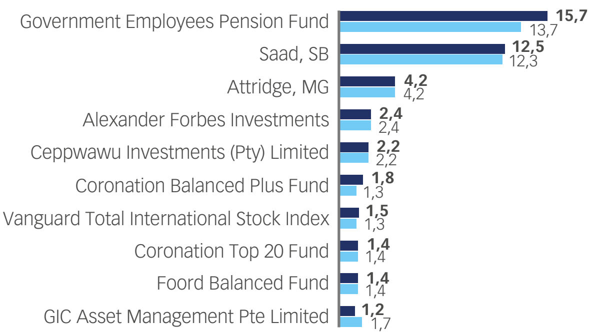
Institutional shareholders – country (%)



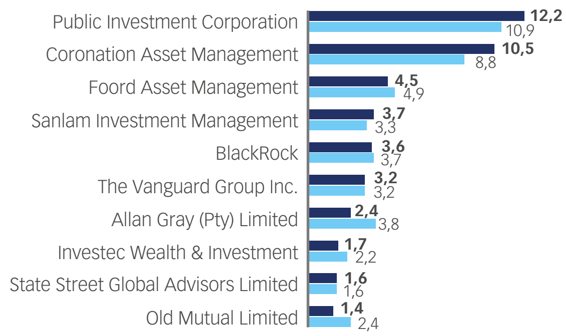
South Africa	72,2	Switzerland	1,5
USA	12,1	Singapore	1,8
UK	3,4	Various other	9,0

The geographical split of beneficial and institutional shareholders above is based on shareholders who own more than 25 000 Aspen shares.

Top 10 beneficial shareholders (%)



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.

Shareholders' diary

Financial year end	30 June 2020
Annual general meeting	9 December 2020

Reports and Group results announcement for the 2020 financial year

Interim results for the 6 months ended 31 December 2020	March 2021
Provisional results for the year	September 2021
Integrated Report and Annual Financial Statements	October 2021

Administration

Company Secretary & Group Governance Officer
Riaan Verster
BProc, LLB, LLM (Labour Law)

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Registration number
1985/002935/06

Share code
APN ISIN: ZAE 000066692
APN Legal Entity Identifier ("LEI"): 635400ZYSN1IRD5QWQ94

Website address
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Auditors
PricewaterhouseCoopers Inc. (FY2020)
Ernst & Young Inc. recommended to shareholders for FY2021

Sponsors
Investec Bank Limited

Transfer secretaries
Link Market Services South Africa (Pty) Limited
13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
PO Box 4844, Johannesburg, 2000, South Africa
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Abbreviations of pharmaceutical regulatory authorities and acronyms (manufacturing capabilities)

ANSM	French National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
ASN	Nuclear Safety Authority for E-beam
DCA	Drug Control Administration – India
DPML-CI	Directorate of Pharmacy, Medicines and Laboratories – Ivory Coast
EDQM	European Directorate for the Quality of Medicines
EFDA	Ethiopian Food and Drug Administration
EMA	European Medicines Agency
GFDA	Ghanian Food and Drugs Authority
GMP	Good Manufacturing Practice
GRA	German Regulatory Authority
HPB	Health Protection Branch (Canada)
HPRA	Health Products Regulatory Authority (Ireland)
ICHA	Ivory Coast Health Authority
IRA	Israeli Regulatory Authorities
ISO	International Organisation for Standardisation
KFDA	Korean Food and Drug Administration
Kℓ	Kilolitre
KvH	Kilo vessel hours
LAsD	Local vs Federal Agencies
LRA	Libyan Regulatory Authorities
MCAZ	Medicines Control Agency of Zimbabwe
MOH – DRC	Ministry of Health – Democratic Republic of Congo
NAFDAC	Nigerian National Agency for Food and Drug Administration and Control
OHSAS	Occupational Health and Safety Management Systems
PMDA	Japanese Pharmaceutical and Medical Device Agency
PMPB	Malawian Pharmacy, Medicines and Poisons Board
PPB	Kenyan Pharmacy and Poisons Board
Russian MoIT	Ministry of Industry and Trade of the Russian Federation
Saudi FDA	Saudi Food and Drug Authority
SAHPRA	South African Health Products Regulatory Authority
TGA	Australian Therapeutic Goods Administration
TMDA	Tanzania Medicines and Medical Devices Authority
TRA	Turkish Regulatory Authority
UNDA	Ugandan National Drug Authority
US FDA	United States Food and Drug Administration
WHO	World Health Organisation
ZAMRA	Zambia Medicine Regulatory Authority

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.

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