PRESS RELEASE

Aspen Pharmacare Holdings Limited
and its subsidiaries ("Aspen" or "the Group")
(Registration number 1985/002935/06)
Share code: APN / ISIN: ZAE000066692
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9 March 2022 **Aspen One**

Aspen delivers double digit organic revenue growth in constant exchange rates

Johannesburg - JSE Limited listed Aspen Pharmacare Holdings Limited (APN), a global multinational specialty pharmaceutical company, has announced unaudited interim financial results for the six months ended 31 December 2021.

SALIENT RESULTS

Aspen reported the following salient results:

- Revenue from continuing operations increased by 4% (+10% in constant exchange rate ("CER") to R19,4 billion (December 2020: R18,6 billion);
- Normalised EBITDA from continuing operations increased by 10% (+15% in CER) to R5,7 billion (December 2020: R5,2 billion);
- Normalised headline earnings per share from continuing operations increased by 21% (+26% in CER) to 816.4 cents (December 2020:676,2 cents);
- Headline earnings per share from total operations increased by 37% (+43% in CER) to 777,2 cents (December 2020: 566,2 cents); and
- Earnings per share from total operations increased by 32% (+37% in CER) to 736,2 cents (December 2020: 558,4 cents); and
- Aspen secures right to branded COVID-19 vaccine Aspenovax[1].

Stephen Saad, Aspen Group Chief Executive said, "We are proud to announce the arrival of Aspenovax with these results. Aspenovax is testament to the skills and capabilities within Aspen and their ability to deliver at the very highest level globally. Aspen shares this proud moment with all of Africa. These results reflect both the strong operating performance within Aspen and a sound balance sheet. The progress being made to margins has been through the operationalisation of the significant historic investments. Our highlight has been the delivery of 180m vaccines to Johnson & Johnson, almost all for Africa. The business has faced and continues to face unprecedented supply chain challenges as a result of COVID-19 related impacts, exacerbated by the conflict within Ukraine. We have built great momentum in the first half and providing the geopolitical challenges do not cause further deterioration, we are hopeful to repeat this performance into the second half. Our performance and capacities within our sterile manufacturing platform has created many more opportunities. We believe this demonstration of competence will be the enabler for the enhancement of future growth. "

COMMENTARY

GROUP HIGHLIGHTS (CONTINUING OPERATIONS)

The Group has delivered double digit organic revenue growth in constant exchange rate ("CER") and even stronger normalised EBITDA and earnings outcomes against the backdrop of challenging trading conditions. Headwinds from the COVID-19 pandemic disrupted procurement, supply, logistics, employee productivity and customer demand.

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

Consistent supply of the COVID -19 vaccines manufactured at our Gqeberha site in South Africa further illustrated Aspen's capability and commitment to providing access to high quality medicine to patients.

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

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

For the unaudited six months ended 31 December 2021

Continuing operations	Reported H1 2022 R'million	Reported H1 2021 R'million	Change at reported rates %	Change at CER %
Revenue	19,381	18,633	4%	10%
Normalised EBITDA[1]	5,716	5,192	10%	15%
NHEPS[2](cents)	816.4	676.2	21%	26%

The CER % change is based upon the performance for the six months ended 31 December 2020 restated using the average exchange rates for the six months ended 31 December 2021.
[1] Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.
[2] NHEPS is HEPS adjusted for specific non-trading items as defined in the Group's accounting policy.

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

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

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

SEGMENTAL PERFORMANCE (CONTINUING OPERATIONS AT CER)

Commercial Pharmaceuticals

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

Regional Brands

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

Gross profit percentage was up for the period at 56.9% (H1 2021 : 56.0%), driven by cost of goods savings and favourable product mix.

Sterile Focus Brands

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

A higher gross profit percentage of 61.0% (H1 2021 : 60.1%) benefitted from a favourable Anaesthetic product mix and cost of goods savings partly offset by lower Thrombosis portfolio margins.

Manufacturing

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

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

PROSPECTS

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

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

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

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Quick links:
Supporting visual and supplementary material can be accessed here
Aspen's website
About Aspen
Aspen's global presence
Aspen's manufacturing capabilities

About Aspen

Headquartered in Durban, South Africa, Aspen is a leading global specialty and branded multinational pharmaceutical company in both emerging and developed markets.

With an acknowledged presence of more than two decades in the pharmaceutical sector, Aspen improves the health of patients in more than 150 countries through its high quality, affordable and effective healthcare solutions. The Group's key business segments are Manufacturing and Commercial Pharmaceuticals comprising Regional Brands and Sterile Focus Brands that include Anaesthetics and Thrombosis products.

Aspen employs approximately 9 100 people and has 69 established offices in over 50 countries. The Group operates 23 manufacturing facilities across 15 sites and holds international manufacturing approvals from some of the most stringent global regulatory agencies. Its manufacturing capabilities are scalable to demand and cover a wide variety of product-types including steriles, oral solid dose, liquids, semi-solids, biologicals and active pharmaceutical ingredients. For more information visit www.aspenpharma.com

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