

ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2008/005856/06)

ISIN: ZAE000185005 JSE share code: ASC

("Ascendis" or "the Company")

ACQUISITION OF ASSETS OF SUNWAVE PHARMA SRL AND NHP PHARMA LTD

1. Introduction

Ascendis shareholders ("Shareholders") are advised that the Company has entered into two separate agreements in terms of which Ascendis will acquire:

- 1.1. The core business assets of Sunwave Pharma SRL ("Sunwave"), a distribution company based in Romania, for a total consideration of EUR 16,350,000 (the "Sunwave Purchase Consideration"), from Sunwave. An agreement was entered into with Sunwave on 7 March 2017 ("Sunwave Transaction"); and
- 1.2. 100% of the intellectual property ("IP") of NHP Natural Health Pharma Ltd ("NHP Pharma"), a nutraceutical company based in Cyprus, for a total consideration of between EUR 26,100,000 and EUR 49,100,000, depending on the financial performance of the business over the next three years (the "NHP Pharma Purchase Consideration"), from NHP Pharma. An agreement was entered into with NHP Pharma on 7 March 2017 ("NHP Pharma Transaction").

The Sunwave Transaction and the NHP Pharma Transaction are collectively referred to as the "Proposed Transactions" for the purpose of this announcement.

Sunwave is a distributor of complementary and alternative medicines ("CAMs") and food supplement products in Romania. It is the largest player in the food supplements category and sixth largest player in the broader over-the-counter ("OTC") category in the country. The company specialises in marketing its products directly to the doctor community, through a sales force of approximately 290 effective and well-trained individuals.

NHP Pharma, in collaboration with its third-party suppliers, has developed a vast product portfolio of complementary medicines across nine major therapeutic areas. The efficacy of its products have been further validated through clinical and post-marketing studies. NHP Pharma owns the trademarks and other relevant IP relating to its products, with Sunwave being NHP Pharma's largest customer.

The Proposed Transactions are inter-conditional and, going forward, will be treated as a single business combination in the hands of Ascendis. Ascendis aims to achieve an EBITDA margin of approximately 20% from the Proposed Transactions.

2. **Strategic rationale**

As previously communicated to Shareholders, Ascendis' strategy is to complement its growth in the domestic market through international expansion achieved organically and through acquisitions of market-leading complementary brands in attractive regions, specifically emerging markets.

The Proposed Transactions will provide an attractive platform for Ascendis' entry into the Romanian OTC market, which aligns with Ascendis' stated strategy of focusing on the Central and Eastern European region ("CEE"), and will furthermore provide access to a vast portfolio of complementary medicines and pipeline of new products, that can be sold into many territories in which Ascendis is active.

The Romanian food supplement and broader OTC categories have grown by impressive double digit compound annual growth rate ("CAGR") since 2013. Not only is Sunwave a key player in an attractive market, it has generated superior returns due to a clear increase in market share, as it continues to outpace industry growth.

In addition, Romania is seen to be one of the top investment destinations in the CEE region, presenting a fast-growing GDP, a population size of approximately 20 million people, stable currency and declining unemployment rate. Ascendis is pleased to bulk up its presence in the European pharmaceutical industry having already gained traction in Hungary and Cyprus through its previous acquisitions of Scitec International S.A.R.L and Remedica Holdings Limited respectively.

Key features of the Sunwave Transaction include:

- A unique and niche distribution model through the marketing of complementary medicines directly to doctors, which could be replicated successfully in surrounding CEE countries;
- Exposure to Romania, a high-growth food supplements and OTC market, which has become an attractive investment destination;
- Experienced and solid management team with the key executives to remain in the business for a minimum period of three years;
- Strong historical financial performance with double digit revenue growth.

Key features of the NHP Pharma Transaction include:

- A portfolio of strong, owned trademarks with verified efficacy supported through clinical and post-marketing studies;
- Broad range of complementary food supplement products covering a variety of therapeutic areas.

3. **Salient terms of the Sunwave Transaction**

The Sunwave Purchase Consideration of EUR 16,350,000, incorporating an agreed upon minimum working capital, will be settled in cash on closing, funded by Ascendis' existing cash and debt facilities.

At the date of this announcement the only significant conditions precedent outstanding include the relevant regulatory approvals, including the South African Reserve Bank and the relevant public authorities regarding product registrations.

The effective date of the Sunwave Transaction is expected to be 30 April 2017.

4. Salient terms of the NHP Transaction

The NHP Pharma Purchase Consideration of between EUR 26,100,000 and EUR 49,100,000 will be settled as follows:

- 4.1 EUR 26,100,000 which will be settled in cash on closing, funded using Ascendis' existing cash and debt facilities;
- 4.2 EUR 5,000,000 payable on the first anniversary of the closing date and subject to a certain EBITDA target achieved for the preceding year at that point in time;
- 4.3 EUR 8,000,000 payable on the second anniversary of the closing date and subject to a certain EBITDA target achieved for the preceding year at that point in time;
- 4.4 EUR 6,000,000 payable on the third anniversary of the closing date and subject to a certain EBITDA target achieved for the preceding year at that point in time; and
- 4.5 EUR 4,000,000 payable on the third anniversary of the closing date and subject to a certain 3-year average EBITDA target achieved at that point in time.

At the date of this announcement the only significant conditions precedent outstanding include the relevant regulatory approvals, including the South African Reserve Bank.

The effective date for the NHP Pharma Transaction is expected to be 30 April 2017.

5. Financial Information

The financial information of each of the two companies is as follows.

- 5.1 The net value of the assets of Sunwave acquired by the Company are EUR 11.9 million as at 31 December 2016 and the profit attributable to the net assets is EUR 1.5 million for the year ended 31 December 2016.
- 5.2 The net value of the assets of NHP Pharma acquired by the Company are EUR 0.1 million as at 31 December 2016 and the profit attributable to the net assets is EUR 2.4 million for the year ended 31 December 2016.

6. Categorisation of the Acquisition

The Acquisition is categorised as a Category 2 transaction in terms of the JSE Limited Listings Requirements.

Johannesburg

Arranger and Financial Advisor

Coast2Coast Capital Proprietary Limited

Sponsor

Investec Bank Limited

8 March 2017