

---

## PROPOSED DISPOSAL OF SCITEC

---

### 1. INTRODUCTION AND RATIONALE

The board of directors of Ascendis Health ("**Board**") is pleased to advise shareholders that a sale and purchase agreement ("**the Sale Agreement**") has been concluded between Ascendis Health International Holdings Limited, a wholly owned subsidiary of the Company ("**the Seller**") and Atlas Invest B.V., a Dutch limited liability company registered in Netherlands forming part of the BioTech USA group of companies, a leading international sports nutrition business ("**Atlas**" or the "**Purchaser**") for the disposal of Ascendis Health's Scitec business unit in its Consumer Health segment, for a total consideration of €5 million ("**Proposed Transaction**").

As communicated by the Board in previous announcements, the Board has taken a view to investigate and progress the disposal of non-core and underperforming assets, in order to reduce the Ascendis Health group's debt levels. In line with this strategy, the Proposed Transaction represents a good opportunity for the Company to reduce its debt levels and thereby enhance its balance sheet and liquidity position.

Over the past few years, Scitec's financial performance has deteriorated mainly driven by increased competition, profit erosion and volume losses caused by loss of key partners. As a result of the business' weak performance, Ascendis Health has impaired all of Scitec's goodwill in 2019.

### 2. OVERVIEW OF THE PROPOSED TRANSACTION

#### 2.1. Entities subject to the Proposed Transaction

The Proposed Transaction involves the disposal by the Ascendis Health group of 100% of the shares in Scitec International S.à r.l ("**Scitec International**"), an Ascendis Health subsidiary, that in turn holds the following wholly owned subsidiaries:

- i. SCITEC Ipari és Kereskedelmi Kft, a Hungarian limited liability company and whose registered office is at Csörsz árok köz 2., 2120 Dunakeszi, Hungary;
- ii. Scitec Institute for Sport and Nutritional Science Ltd., a Hungarian limited liability company and whose registered office is at Váci út 178, 1138 Budapest, Hungary;
- iii. Colossal-Trade Kft. a Hungarian limited liability company and whose registered office is at 2120 Dunakeszi, Csörsz árok köz 2;
- iv. Nutribution España SL, a Spanish limited liability company and whose registered office is at C/ General Pardiñas 114 1 A, Madrid, Spain;
- v. Cytogen sp. z o.o., a Polish company limited by shares and whose registered office is at Pod Fortem, 15A, 31-302 Kraków, Poland;
- vi. STC Nutrition Romania S.R.L., a Romanian limited liability company and whose registered office is at Bucuresti Sectoru 1, Calea Serban Voda, NR 133, Central Business Park, Cladireaa, Sectiunea.2.55, Etaj 2, Romania;
- vii. SUPERWELL-HUNGARY Kft., a Hungarian limited liability company and whose registered office is at Váci út 178, 1138 Budapest, Hungary;

- viii. Scitec Nutrition UK Limited, a limited liability company incorporated under the law of England and Wales, with company number 10110522 and whose registered office is at C/O Tmf Group 8<sup>th</sup> Floor, 20 Farringdon Street, London, EC4A 4AB, United Kingdom; and
- ix. Scitec USA Inc, a Delaware corporation and whose principal place of business is at 11555 Heron Bay Blvd., Suite 200, Coral Springs, FL, 33076, USA,

collectively, the “**Scitec Business Unit**”.

The following entities are also currently owned by Scitec International (constituting Ascendis’ Remedica and Sunwave business units), but will be transferred to another Ascendis Health subsidiary (“**the Carve-Out**”), and accordingly do not form part of the Proposed Transaction:

- i. Pernbrook Limited and its subsidiaries; and
- ii. Ascendis Wellness S.R.L.

(collectively, the “**Carve-out Entities**”)

## 2.2. Transaction Consideration

The total consideration payable to the Seller for the disposal of the Scitec Business Unit is €5 million (R100.1 million based on a ZAR/€ exchange rate of R20.02 as at the date of this announcement) less the actual debt of the Scitec Business Unit plus actual cash of the Scitec Business Unit on implementation of the Proposed Transaction, provided that the total consideration is limited to €5 million.

## 2.3. Conditions Precedent

The Proposed Transaction is subject to the fulfilment and/or waiver, where appropriate, of certain material conditions precedent including, *inter alia*:

- i. there shall not be any injunction, judgment, order, decree or ruling of any Governmental Authority or arbitral tribunal in effect preventing consummation of the transactions contemplated by the Sale Agreement;
- ii. Ascendis Health shall have completed the Carve-Out;
- iii. no Governmental Authority having initiated any procedure as against any company within the Scitec Business Unit to have such a company struck-off the relevant companies register maintained by it (or, if any such procedure has been so initiated, such procedure has been withdrawn and the situation has been remedied by Ascendis Health to the satisfaction of Atlas (acting reasonably));
- iv. Ascendis Health shall have obtained the written approval of the lenders under the existing bank facilities for implementation of the Proposed Transaction and released from any applicable pledges; and
- v. the fundamental warranties under the Proposed Transaction shall be true and correct in all respects at and as of the completion date.

## 2.4. Effective Date

The effective date of the Proposed Transaction will be: (a) the last business day of such calendar month in which the last condition precedent is satisfied; or (b) if the last business day of such calendar month is less than five business days after all of the conditions precedent have been satisfied, the last business day of the following calendar month; or (c) such other date as the Parties may agree.

## 2.5. Brief description of the Scitec Business Unit

The Scitec Business Unit is a leading manufacturer and distributor of sports nutrition and other dietary supplements in Europe.

## 2.6. Application of sale proceeds

Proceeds of the Proposed Transaction will be applied towards reducing the Ascendis Health senior debt facilities.

## 2.7. Warranties and indemnities

The Sale Agreement contain limited fundamental warranties and indemnities that are customary for agreements of this nature. Under the Sale Agreement, the Seller has agreed to indemnify the Purchaser in respect of losses it may suffer in connection with the Seller's implementation of the Carve-Out (with aggregate liability therefor capped at the total consideration payable by the Purchaser).

## 3. FINANCIAL INFORMATION

The net asset value of the Scitec Business Unit as at 31 December 2019 was R(3 066.6) million, being a separate reportable segment in the Group's consolidated financial results. Included in the net asset value is financial liabilities with a balance of R(3 238.3) million which relate to the Carve-out Entities, and therefore will not form part of the Scitec Business Unit that is the subject of the Proposed Transaction.

The revenue in respect of the Scitec Business Unit reportable segment for the six-month period ended 31 December 2019 was R620.1 million. Included in the revenue is dividend income amounting to R0.8 million which relate to the Carve-out Entities, and therefore will not form part of the Scitec Business Unit that is the subject of the Proposed Transaction.

The net loss after taxation in respect of the Scitec Business Unit reportable segment for the six-month period ended 31 December 2019 was R(107.9) million. Included in the loss after tax is the following income and expenses which relate to the Carve-out Entities, and therefore will not form part of the Scitec Business Unit that is the subject of the Proposed Transaction:

- financial expenses amounting to R94.4 million; and
- management fees amounting to R1.6 million.

The above financial information has been extracted from the Ascendis Health group published unaudited consolidated interim financial results for the six-month interim period year ended 31 December 2019, and with reference to the segment report contained in note 1 (Group Segment Analysis), which was prepared in accordance with International Financial Reporting Standards.

## 4. JSE CATEGORISATION

The Proposed Transaction is categorised as a category 2 transaction in terms of section 9 of the JSE Listings Requirements and accordingly is not subject to approval by the shareholders of the Company. There are no related parties involved in the Proposed Transaction.

16 April 2020  
Johannesburg

Sponsor



Questco Corporate Advisory Proprietary Limited