

Ascendis Health Limited
(Registration number 2008/005856/06)
(Incorporated in the Republic of South Africa)
Share code: ASC
ISIN: ZAE000185005
("Ascendis Health" or "the Company")



Voluntary update relating to the impact of COVID-19 on the Ascendis Health operations

The South African government announced a 21-day nationwide lockdown effective from midnight on 26 March 2020 ("the Lockdown") to assist in the containment of the spread of the global pandemic of the coronavirus disease 2019 ("COVID-19") in South Africa. Ascendis Health supports the Lockdown and applauds the decisive actions taken by the South African government. In line with the Lockdown requirements, the Company has implemented appropriate measures across its operations.

An update on the Ascendis Health operations is set out below.

1. Remedica

Remedica manufactures generic pharmaceuticals focusing on anti-retrovirals ("ARVs") and antibiotic treatments. Remedica also manufactures Chloroquine (a drug historically used for the treatment and prevention of malaria) and, while there are no approved treatments for COVID-19, the United States Food and Drug Administration ("FDA") has authorised the use of Chloroquine for emergency use for severely ill COVID-19 patients admitted to hospital.

Chloroquine has been submitted to the FDA for testing to establish long-term efficacy and safety in the United States. This has led to a significant increase in demand for Chloroquine, however it is too early to speculate on the positive impact of the increased demand on Remedica's financial performance. Equally, the continued production of ARVs in the fight against AIDS remains fundamental to stemming the potential impact of COVID-19 on those who are immune compromised.

2. Medical Devices

Respiratory Care Africa, a division of Medical Devices, distributes several respiratory interventions which are fundamental in the treatment of COVID-19. The demand for these devices is likely to remain robust in both the private and state sectors during the continuing fight against COVID-19.

Surgical Innovations, another division of Medical Devices, distributes extracorporeal membrane oxygenation (ECMO) devices which are used as a last resort in the treatment of COVID-19 patients.

The Scientific Group distributes in vitro diagnostic (IVD) products essential for COVID-19 screening as well as confirming infection through reverse transcription polymerase chain reaction (RT-PCR).

The Medical Devices businesses are, however, expected to be negatively impacted in the fight against COVID-19, specifically where elective surgeries have been cancelled or postponed as hospitals are increasingly focusing on converting wings used for elective surgeries to COVID-19 ready facilities. The export of medical devices into other African countries is also being impacted at this time.

To offset the negative impact in these divisions, the Company is investigating the following:

- Procuring and distributing COVID-19 Antibody Rapid test kits that have been used successfully in other parts of the world. The group is in the final stages of completing the necessary certification process for these test kits; and
- Similarly, through the group's global devices and consumables distribution network, the Company is assisting the South African government in the sourcing of medical masks and sanitisation products.

3. Ascendis Pharma South Africa

Ascendis Pharma continues manufacturing at maximum capacity during the Lockdown to supply its products to all customers, ensuring that the government tenders are fulfilled, including additional quantities required due to COVID-19.

Products include Reuterina (clinically proven to strengthen immunity and improve general gut health), Sinucon and Sinuend (pharmaceutical preparations formulated for the symptomatic relief of colds, influenza, hay fever and sinus congestion), Actamol (paracetamol; commonly used painkiller and in the treatment of fever) and anti-infective drugs like Varimax and Azithromycin

In addition, drugs treating lifestyle diseases such as high blood pressure, heart disease and diabetes namely Zetenol (Atenolol), Enalapril, Metformin are supplied to patients on chronic medication to ensure compliance to reduce co-morbidities during the COVID-19 pandemic.

Ascendis Pharma continues to work closely with local and international manufacturers and distribution partners to ensure consistent supply of pharmaceuticals to the South African market.

4. Consumer Health

Vitamins, minerals and supplements ('VMS') a division in Consumer Health, plays a key role in providing immunity and as a result our Bettaway, Biobalance, Vitaforce and Solal brands remain highly relevant in the current environment.

Owing to the essential nature of these products the group's manufacturing plant in Wynberg, Gauteng, therefore remains operational. The Company acknowledges that the health and safety of its employees are essential and therefore has implemented measures to enhance a safe working environment. These include distributing the workforce to ensure that 35% of the workforce is spread over two shifts (to allow for optimal social distancing) and only focusing on the production of critical immunity products. Additional preventative precautions have been implemented for staff, including the daily measurement of temperatures to identify any symptoms commonly associated with COVID-19.

In a resource scarce environment, this business segment remains well positioned to source raw materials for its immunity range and other critical products through the group's strategic sourcing division, Chempure.

5. Sun Wave Pharma ('Sun Wave')

Sun Wave's products are specifically designed to bridge the gaps of conventional therapy suitable for co-prescription. Sun Wave continues to perform well in its core nutraceutical and over-the-counter products, as these remain highly relevant to the Romanian doctors and pharmacist network as part of the immunity and co-morbidity treatment regime for COVID-19.

6. Animal Health

While the impact of the Lockdown will negatively impact the 'companion animal' business unit, the 'large animal' business unit continues to supply animal health products to agricultural co-ops and remains highly relevant in sustaining the country's animal food production eco system which is essential for food security.

7. Biosciences

Biosciences is an important input supplier into the food security and environmental health sectors in sub-Saharan Africa. Biosciences will continue to supply critical food security products into the following sectors:

- Agriculture (food security)
- Stored grain and seed treatment products (food security)
- Environmental and Public Health products for human health (malaria control and household pests like rodents, cockroaches, etc.)
- Speciality product like tsetse fly and locust control products (food security – both animals and plants/crops)

8. Safety of our people

As COVID-19 continues to spread, our top priority remains the health and safety of our employees and maintaining business continuity where it meets the needs of the nation in curbing the spread of this disease.

To ensure continued delivery and sustainability within the parameters of the Lockdown, the group has implemented a number of measures including the following:

- Increased COVID-19 diagnosis and precautionary measures, including but not limited to:
 - intensified hygiene practices;
 - no-touch, thermal scanning at each access point to identify potential risks; and
 - personal preventative equipment.
- Ensuring that older members of staff and those with known compromised immunity do not attend work;
- Providing transport for all staff who rely on the public transport system within our VMS operations;
- Scheduling fewer staff to maintain safe distances;
- Shift reductions to minimise staff movements;
- Issuing staff with the necessary operating permits certificates, confirming their eligibility to continue working during the Lockdown;
- Running COVID-19 awareness campaigns across the business;
- Distribution of sanitisers, produced in the Wynberg plant, to all staff members; and
- Providing immune boosters to all our staff.

The board and management of Ascendis Health remains committed to preventing the spread of COVID-19. The group's diversified health and wellness offering will not only assist in offsetting the negative commercial impact of COVID-19 but also allow Ascendis Health to play a meaningful part in our country's efforts to combat the spread of this disease.

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Johannesburg

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