

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 BUSINESS UPDATE

Introduction

Ascendis Health is a health and wellness company marketing a portfolio of leading brands and products. The business operates in related areas of healthcare and reports its performance using the following five primary segments:

- Consumer Health (wellness, health supplements, skincare)
- Pharma (generic and niche drug manufacture and distribution; OTC medicine manufacture and distribution)
- Medical (clinical and diagnostic medical devices)
- Animal Health (veterinary sciences and production animal health products)
- Biosciences (pesticides and crop protection solutions)

2020 proved another challenging year for Ascendis Health and its subsidiaries ("the Group") as it encountered the challenges of managing unsustainably high debt levels and a lack of liquidity in an economic environment constrained by the social and financial headwinds of the global Covid-19 pandemic.

Restructure and extension of debt facilities

In order to meet these challenges, in June 2020 during the Covid-19 pandemic, the Group and its lenders agreed to extend the repayment obligations on its debt facility to December 2021, with no payments required in advance of that date other than any excess cash which will be swept to the lenders. Importantly, the Group also raised R100 million ahead of concluding the refinance to fund the distribution of ventilation equipment and respiratory interventions which were, and remain, fundamental in the treatment of Covid-19.

The extension of the debt repayment provides the Group with the flexibility to continue driving growth and value of its various businesses as well as creating an environment for more efficient price discovery in relation to assets earmarked for sale which in turn should drive material de-gearing.

Covid-19 update

The Group's response to the Covid-19 state of disaster and national lockdown in South Africa was swift and decisive. A senior management Covid-19 response team implemented business continuity plans across the Group and continues to monitor the Group's response to the pandemic. 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 virus.

On balance, the Ascendis Health portfolio may be regarded as 'Covid-19 defensive'. Several of our businesses are well positioned to respond to the health and wellness needs of customers through the supply and manufacture of vitamins, minerals, supplements, nutraceuticals and over the counter medicines; ensuring that chronic co-morbidities are managed through the manufacture and supply of anti-retrovirals (ARVs), oncology and anti-infective treatments, as well as providing lifesaving hospital equipment including ventilators and respirators.

In addition, we responded to the humanitarian nature of the crisis and provided aid to multiple causes across several of our businesses. Some examples include the donations of vitamins, supplements and food products to nursing homes and the ambulance service in Hungary; the provision of chloroquine and respirators to the Ministry of Health

in Cyprus; and in South Africa, donating immunity boosting products to homes for the aged and young in disadvantaged communities, and the manufacturing of hand sanitisers for the Department of Minerals and Energy.

The Ascendis Health board of directors (“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.

Update on asset disposal programme

The Group has an ongoing asset disposal programme and is divesting from selected businesses to reduce debt. The Board remains committed to address the Group’s capital structure and deleverage the business through the disposal of certain identified assets in an orderly manner. Further announcements in this regard will be made when appropriate.

Recent changes to the Board

Mark Sardi was appointed as CEO of Ascendis Health in October 2019 and since his appointment just over a year ago he has made significant inroads to restructuring the Group’s debt, improving operational performance and strengthening relationships with its stakeholders.

Sango Ntsaluba was appointed to the Board in April 2020 and will assume responsibility as the chairman of the Company’s Audit and Risk Committee, subject to shareholder’s approval of his appointment to the committee.

Kieron Futter resigned as CFO effective 30 September 2020 having completed a successful debt refinancing in June 2020. CJ Kujenga has been appointed as the Company’s new CFO to replace Kieron and has extensive experience with balance sheet restructuring, strategy development and deployment, financial leadership, and operations management. The Board thanks Kieron for his contributions over the years and welcomes CJ to her new role.

Mary Bomela resigned as an independent non-executive director effective 30 October 2020. The Board thanks Mary for the vital role she has played as the chairperson of the Company’s Social, Ethics and Transformation Committee and as a valued member of the Company’s Audit and Risk Committee.

The information contained in this business update is the responsibility of the Board and has not been reviewed or reported on by the Company’s external auditors.

1 December 2020

Bryanston

Sponsor



Questco Corporate Advisory Proprietary Limited