

Lender-driven disposal process to deleverage balance sheet



- Embarked on a disposal process in June 2020 to sell the majority of assets
- Disposal process was challenging and further complicated by the debt overhang
- High execution risk from running multiple sales processes in parallel
- Process highly regulated by senior facilities agreement with lenders
- Complexity of outstanding DVLs
- Process was focused on returning capital to lenders, not value maximisation
- Unclear if material value would have been returned to shareholders through this process
- Indicative offers received for Remedica and Sun Wave Pharma were below initial expectations
 - Majority of lenders therefore opted to sell their debt to Blantyre and L1 Health; increased to >75%
 - Blantyre and L1 Health advised they would no longer support the disposal process
 - Sales processes for Remedica and Sun Wave Pharma were therefore terminated



June 2020 – January 2021

Lender-driven deleveraging process



Assets identified for disposal

Planned sale of assets before 31 December 2021 when debt repayment due

January – March 2021

- Jan: Blantyre Capital and L1 Health advised that they represent >33% of lender consortium
- Propose recapitalisation to maximise value of assets

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- Feb: Blantyre and L1 Health increase collective exposure to >75% of the lender consortium
- Enter consensual negotiations on recapitalisation structure
- Mar: Forbearance agreement concluded for interest standstill



Benefits of recapitalisation

- Ensures ASC has sufficient future liquidity
- Avoids the risk of undervaluing assets through fire sale disposals which could result in residual debt

- Enables ASC to monetise and optimise value from assets
- Provides certainty for all key stakeholders

Key principles of the group recapitalisation

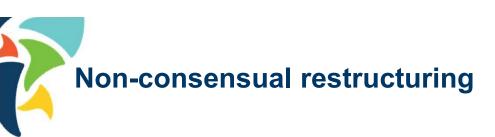


- Engage on a consensual basis with Blantyre and L1 Health
 - Aim to achieve an optimal outcome for all stakeholders, acknowledging the legacy capital structure
- Restore balance sheet stability through the following:
- Reduce the high level of gearing and short-term maturity obligations; debt is due in >12 months
- Address the need for short-term funding given working capital requirements
- Create a sustainable capital structure to optimise the value of the business
- Senior facilities agreement with the lender consortium remains binding on ASC
- Continue the disposal of non-core assets that are at advanced stage negotiations
- Recapitalisation to be structured as an exchange of debt for interests in operating subsidiaries
- Shareholder approval will be required for the eventual group recapitalisation to proceed





- Short-term funding required for working capital purposes, particularly to meet COVID-19 driven demand in Medical Devices
- Forbearance agreement concluded with Blantyre and L1 Health until 30 April 2021
 - Provides for an interest standstill which improves short term liquidity by R79 million
 - Interest standstill agreement may be extended by further agreement
- If agreement is not reached on a consensual recapitalisation transaction by 30 April 2021, risk that forbearance may not be extended and enforcement action could follow
- Should the recapitalisation transaction not be approved by shareholders, risk that senior lenders may then proceed with enforcement action





- A **non-consensual outcome** will occur in the following cases:
- The parties do no reach agreement on a consensual transaction by 30 April 2021, or
- The group recapitalisation is not approved by 75% of shareholders
- In both cases, Ascendis will then enter a business rescue (BR) process
- A BR practitioner will initiate an orderly sale of assets to settle debt with creditors
- In a BR process, shareholders rank behind all other creditors
- In an accelerated asset disposal process, the outstanding debt may exceed the proceeds from a distress sale of assets
- In this scenario, shareholders are likely to receive minimal to zero value.





Professional team advising on the group recapitalisation

Entity	Role
Rothschild and Co South Africa	Transaction advisor
Allen & Overy	Legal advisors
Questco Corporate Advisory	JSE sponsor
PricewaterhouseCoopers	Reporting accountants and auditors

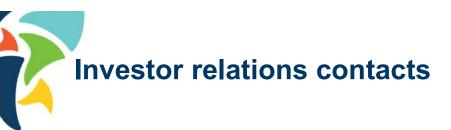
PSG Capital appointed as the independent expert to provide fair and reasonable opinion





Programme	Timing
Agreement with Blantyre/L1 Health on consensual transaction structure	By 30 April 2021
 Final terms of group recapitalisation to be announced on SENS immediately 	
after parties reach agreement	
Circular on consensual transaction distributed to shareholders	By 30 June 2021
 Will include notice of general meeting and voting instructions 	
• Will outline the implications for shareholders of a non-consensual transaction	
General meeting to vote on group recapitalisation	By 31 July 2021







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