



Ascendis
HEALTH

GROUP RECAPITALISATION UPDATE

12 May 2021



Key principles of proposed transaction



- Addresses unsustainable capital structure – an estimated €447 million debt - and provides operational liquidity
- Exchange of outstanding debt for interests in operating company assets
- Transaction unanimously supported by the board after consensual negotiations
- Best possible outcome given the financial position of the group
- Outcome better than divestment programme or a business rescue/enforcement scenario
- Board has elected to obtain an independent fair and reasonable opinion on the transaction

Opportunity to protect the value of the South African assets and the interests of all stakeholders, including shareholders, creditors, suppliers, customers and employees



Group recapitalisation process

June 2020 – January 2021

Lender-driven divestment programme

EUROPE	SOUTH AFRICA
Remedica	Medical Devices
Sun Wave	Consumer Brands
Farmalider	Pharma
Scitec	Dezzo
	Biosciences
	Animal Health

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
- Proposed recapitalisation to maximise value of assets
- **Feb:** Blantyre and L1 Health increased collective exposure to >75% of the lender consortium
- Entered consensual negotiations on recapitalisation structure
- **Mar:** Forbearance agreement concluded for interest standstill

April 2021 onwards

Where we have landed

EUROPE	SOUTH AFRICA
Remedica	Medical Devices (excl RCA)
Sun Wave	Consumer Brands
Farmalider*	Pharma
Scitec	Dezzo
	Biosciences
	Animal Health

Assets identified for exchange or disposal

* Ascendis not required to consolidate €15.3m debt in Farmalider and will share in 50% of the upside of a future sale, above a pre-agreed level



Assets to be exchanged for debt by participating lenders



- Participating senior lenders Blantyre Capital and L1 Health will exchange senior debt for the following assets:
 - 100% of the shares in **Remedica**
 - 100% of the shares in **Sun Wave Pharma**
 - The group's 49% shareholding in **Farmalider**
 - Net proceeds from the sale of **Animal Health, Biosciences** and **Respiratory Care Africa**



Assets to be retained by Ascendis Health



- Ascendis Health will retain the following South African assets:
 - **Medical Devices** (excluding RCA)
 - **Consumer Brands**
 - **Pharma**
- Participating senior lenders will provide the following facilities:
 - Access to a new draw down facility of **ZAR equivalent of €20 million**
 - Two-year term loan of **ZAR equivalent of €15 million**



Why a better outcome than divestment programme



- Proposed transaction provides access to liquidity to settle outstanding and future interest, transaction costs, future head office costs and working capital requirements
- Financing arrangement facilitates transition from international group with 8 operating entities to smaller domestic business with 3 SA-based divisions
- Group retains Medical Devices (excluding RCA) previously identified for disposal
- 50% upside participation in anticipated future sale of Farmalider, above a pre-agreed level, with no group requirement to consolidate debt of €15.3 million held in the subsidiary
- No actionable funding alternatives from local banks or shareholders to repay senior debt and fund future head office costs or working capital requirements

Adequate funding to operate in the future and optimise value of assets



Impact of failure to implement proposed transaction



- If proposed transaction is not implemented, lenders are entitled to enforce their rights
- This will result in a business rescue process being initiated
- Creditor-approved business rescue plan will lead to a sale of assets to settle debt
- Shareholders rank behind creditors in business rescue process
- Outstanding senior debt could exceed asset sale proceeds, leaving minimal to zero value for shareholders
- Board has engaged a business rescue practitioner to prepare for an orderly business rescue if shareholder approved is not secured



Next steps



1. Finalise definitive agreements with announcement published on SENS
2. Shareholder circular, issued within 60 days of final definitive agreements, will provide full transaction details, including pro forma financials
3. Will include notice convening general meeting as well as key dates and times (also published on SENS)
4. General meeting to vote on proposed transaction
5. Outcome of voting announced on SENS immediately following general meeting

Transaction requires approval by 75% of votes cast at general meeting



**Thank you
Q&A**





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