

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



ANNOUNCEMENT RELATING TO THE PROPOSED DISPOSAL OF THE BIOSCIENCES BUSINESS

1. INTRODUCTION

Shareholders of Ascendis Health ("**ASC Shareholders**") are referred to the announcement published today regarding a proposed transaction for the recapitalisation of Ascendis Health ("**the Group Recapitalisation**") ("**the Group Recapitalisation Announcement**"), which referred to the potential disposal of non-core assets. ASC Shareholders are further advised that a sale of shares agreement ("**SPA**") has been concluded between Ascendis Biosciences Proprietary Limited ("**Ascendis Biosciences**") and Klipspringer Products Proprietary Limited ("**Klipspringer**") (collectively "**the Sellers**"), the Company, Agricultural Biosciences Proprietary Limited ("**the Purchaser**"), Avima Proprietary Limited ("**Avima**"), Ascendis Biosciences (East Africa) Limited ("**East Africa**"), Klub M5 Proprietary Limited ("**KM5**"), Ortus Chemicals Proprietary Limited ("**Ortus**"), pursuant to which the Sellers shall dispose of its entire shareholdings in Avima, East Africa, Ortus and KM5 (the "**Sale Shares**" and the "**Biosciences Business**") ("**the Disposal**"). The Disposal is subject to the fulfilment of the conditions precedent detailed in paragraph 4.3 below.

2. NATURE OF THE BIOSCIENCES BUSINESS

The Biosciences Business manufactures and distributes a range of agro-chemical pesticides, herbicides and insecticides for the South African and Sub-Saharan African agriculture and public health sectors.

3. RATIONALE FOR THE DISPOSAL

The Company's board of directors ("**the Board**") has previously communicated its commitment to reduce the Group's unsustainable debt levels. The Disposal is in line with the Group Recapitalisation.

4. SALIENT TERMS OF THE DISPOSAL

4.1. Purchase consideration

4.1.1. With effect from the Closing Date (defined in paragraph 4.4 below), the Seller will sell the Sale Shares to the Purchaser for a cash consideration equal to the Final Purchase Consideration, provided that the Conditions Precedent (per paragraph 4.3) have been fulfilled.

4.1.2. The Final Purchase Consideration shall be:

- 4.1.2.1 an amount equal to R85,000,000.00 (“the **Initial Purchase Consideration**”) payable on Closing Date, plus or less,
 - 4.1.2.2 the Adjustment Amount (as defined in paragraph 4.1.3),
 - 4.1.2.3 subject to a cap of R115,000,000
- 4.1.3 The Adjustment Amount will be determined within 10 (ten) days of the Closing Date as the difference between the Actual Working Capital (“**AWC**”) on the Closing Date and the Target Working Capital (“**TWC**”), leading, as the case may be, to an increase or decrease to the Initial Purchase Consideration, where:
- 4.1.3.1 AWC shall be calculated as the aggregate of the Biosciences Business’s inventory, trade and other receivables, cash-on-hand less trade and other payables as at the Closing Date; and
 - 4.1.3.2 TWC is R95,080,000.00 (ninety-five million and eighty thousand Rand).

4.2. Use of proceeds

As detailed in paragraph 3 above, Ascendis Health will use the net proceeds of the Disposal to reduce the Group’s debt.

4.3. Conditions precedent

The Disposal is subject to the fulfilment or waiver (to the extent permissible) of the conditions precedent contained in the SPA, including, *inter alia*, the following:

- 4.3.1. the holder of the right of first refusal (“**ROFR Holder**”) indicating, in writing, to the Company that it does not wish to follow its right of first refusal to acquire the shares and claims in Avima (“**Avima Shares**”) on the same terms and conditions as set out in the SPA within a period of 30 days commencing from the date that Ascendis delivers a signed copy of the SPA to the ROFR Holder. Alternatively, the ROFR Holder failing to indicate, in writing, to the Company within a period of 30 days commencing from the date that Ascendis delivers a signed copy of the SPA to the ROFR Holder, that it wishes to exercise its right of first refusal to acquire the Avima Shares on the same terms and conditions;
- 4.3.2. the Sellers obtaining the written approval of the Company’s lenders under the existing bank facilities to the sale and transfer of the Sale Shares contemplated by the SPA; and the written consent of the lenders to the release of any security in relation to the Sale Shares or any assets of Avima, East Africa, KM5 and Ortus; and
- 4.3.3. the approval of relevant competition authorities in relation to the Disposal, to the extent legally required.

4.4. Closing Date

The Disposal will be implemented on the Closing Date, which is expected to take place in the third quarter of the 2021 calendar year. The Closing Date shall be determined as the last business day of the calendar month in which the last condition precedent is fulfilled or waived or if the last business day of such calendar month is less than five business days after all of the conditions precedent have been fulfilled or

waived, as the case may be, the Closing Date shall be the last business day of the following calendar month.

4.5. Other significant terms

The SPA contains certain representations and warranties which are standard for a transaction of this nature.

5. FINANCIAL INFORMATION

The net asset value of the Biosciences Business as at 31 December 2020, being the date of the last unaudited six-month interim financial information of the Biosciences Business, was R70,000,000.00 (seventy million Rand). The unaudited loss before tax attributable to the Biosciences Business for the six months ended 31 December 2020 was R57,843,332.00 (fifty-seven million eight hundred and forty-three thousand three hundred and thirty-two Rand). The financial information was prepared in accordance with International Financial Reporting Standards and the Companies Act.

6. CLASSIFICATION OF THE DISPOSAL

The Disposal meets the definition of a category 2 transaction as contemplated in the JSE Listings Requirements.

7. REFERRAL TO RENEWAL OF CAUTIONARY ANNOUNCEMENT

ASC Shareholders are referred to the Group Recapitalisation Announcement and are advised to continue to exercise caution when trading in their Ascendis Health shares until a further announcement is made.

12 May 2021
Bryanston

Financial Advisor
Deloitte Capital (Pty) Limited

Deloitte.

Transaction Sponsor and Regulatory Advisor
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