

---

## ANNOUNCEMENT REGARDING THE GROUP RECAPITALISATION AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

---

### 1. INTRODUCTION

Shareholders of Ascendis Health ("**ASC Shareholders**") are referred to various announcements relating to the proposed Group Recapitalisation released on SENS by Ascendis Health, and specifically the announcement dated 12 May 2021 (the "**12 May Announcement**"). The terms used in this announcement bear the same meaning as those defined in the 12 May Announcement.

Ascendis Health is pleased to announce that Emma Healthcare Holdings Limited ("**Bidco**"), a company incorporated under the laws of Cyprus in respect of which the Forbearance Creditors (being Blantyre and L1 Health) and any other Senior Lenders which participate ("**Participating Senior Lenders**") will be the ultimate beneficial owners, has acceded to a primary restructuring implementation deed entered into between Ascendis Health and its subsidiaries (the "**Group**") (the "**Implementation Deed**") and is now bound by its terms and conditions. The Implementation Deed sets out the detailed steps that must be taken for the implementation of the Group Recapitalisation and the conditions to which the Group Recapitalisation is subject. The Implementation Deed supplements the Restructuring Support Agreement, details of which were contained in the 12 May Announcement and which remains in force.

The Group Recapitalisation constitutes a Category 1 transaction in terms of the JSE Listings Requirements and a disposal subject to approval under Chapter 5 of the Companies Act and is subject to the approval of ASC Shareholders by way of a special resolution at a general meeting which will be called in terms of the notice of general meeting attached to the circular referred to in paragraph 8 below (the "**General Meeting**").

### 2. RATIONALE FOR THE GROUP RECAPITALISATION

The rationale for the Group Recapitalisation was set out in detail in the 12 May Announcement. The Group Recapitalisation represents the best opportunity to protect value in Ascendis Health's remaining businesses and is also considered better than placing the Group, or entities within the Group, in business rescue, which is the likely result if the relevant resolutions are not approved by ASC Shareholders at the General Meeting.

### 3. SALIENT TERMS OF THE GROUP RECAPITALISATION

#### 3.1. Background

The Participating Senior Lenders have debt claims against the Group that are guaranteed and secured by companies within the Group. It is estimated that, as at the proposed effective date of the Group Recapitalisation, which is expected to be after the fulfilment or waiver (where legally possible) of the last of the conditions precedent to the Group Recapitalisation, the aggregate amount of these claims will be EUR444 million (the "**Existing Debt**").

#### 3.2. Terms

3.2.1. In terms of the Implementation Deed, the Existing Debt will be consolidated into Bidco and the Existing Debt will be fully and finally discharged and settled pursuant to, *inter alia*, the following transactions:

- Bidco will take transfer of the shares in Ascendis Health International Holdings ("**AHIH**") ("**AHIH Shares**"), which holds all of the Group's interests in the Remedica and Sun Wave businesses;
- the Participating Senior Lenders will receive (by way of mandatory prepayment of the short term loan facility as described in more detail below) the net disposal proceeds paid by the relevant purchasers pursuant to the Animal Health Disposal and the RCA Disposal;
- a two-year loan facility will be advanced by the Participating Senior Lenders in the aggregate Rand equivalent amount of EUR15 million (the "**Term Loan**") constituted by the following:

- a loan facility used to settle any accumulated and unpaid cash interest accrued under the Rand denominated Senior Facilities (the “**New Money Term Loan**”); and
- a loan facility, being reinstated debt from the Existing Debt (the “**Restated Term Loan**”).

In addition to the above, the Participating Senior Lenders have agreed to provide a new term loan facility to the Group in the Rand equivalent amount of EUR20 million (the “**New Draw Down Facility**”) that can be utilised as required by Ascendis Health to fund any remaining transaction costs, future head office optimisation costs and future working capital requirements.

### 3.2.2. The Short Term Loan Facility

The net disposal proceeds paid by the relevant purchasers of Animal Health and RCA will be paid over to the Participating Senior Lenders in discharge of the Existing Debt by way of the following loan mechanics. There will be a reinstatement and deemed advance of a loan with the following salient terms (the “**Short Term Loan**”):

- Facility Amount: EUR equivalent of ZAR 1 010 million (the “**Estimated Proceeds Amount**”).
- Term: 6 months.
- Margin: EURIBOR (Euro Interbank Offered Rate) (with a 1% floor) + 9.0% PIK.
- Repayment:
  - Mandatory prepayment of the facility from net proceeds of the Animal Health Disposal and the RCA Disposal.
  - Any shortfall of net proceeds from the Estimated Proceeds Amount will be added as reinstated debt to the New Draw Down Facility as outlined below.
  - If net proceeds are greater than the Estimated Proceeds Amount but less than the aggregate of the Estimated Proceeds Amount plus all accrued and unpaid PIK interest, such proceeds will be applied to repay all principal and as much PIK interest as the proceeds permit, with any outstanding PIK interest remaining being waived.
  - If net proceeds are greater than the aggregate of the Estimated Proceeds Amount and all accrued and unpaid PIK interest, such surplus proceeds will be applied in mandatory prepayment of the New Draw Down Facility as outlined below.

The Short Term Loan is an amount equal to the aggregate expected net proceeds of the Animal Health Disposal and the RCA Disposal. Accordingly, as and when the aforementioned disposal proceeds are received by the relevant member of the Group, such proceeds will be applied in discharge of the Short Term Loan.

### 3.2.3. The Term Loan

The Participating Senior Lenders will provide a new loan facility, comprising the New Money Term Loan and the Restated Term Loan, with the following salient terms:

- Facility Amount: ZAR equivalent of EUR15million.
- Term: 2 years.
- Margin: JIBAR (Johannesburg Interbank Average Rate) (with a 1% floor) + 9.0% PIK.
- Purpose:
  - The New Money Term Loan will be drawn to settle any accumulated and unpaid cash interest accrued under the Rand denominated Senior Facilities.
  - The Restated Term Loan will be reinstated debt from the Existing Debt.

### 3.2.4. The New Draw Down Facility

The Participating Senior Lenders will provide a new term loan facility with the following salient terms:

- Facility Amount: ZAR equivalent of EUR20million.
- Term: 2 years.
- Margin: JIBAR (with a 1% floor) + 3.3% (cash) and 3% PIK.
- Purpose: To fund any remaining transaction costs, future head office optimisation costs and future working capital requirements and any shortfall relative to the Short Term Loan from the Animal Health Disposal and the RCA Disposal.
- Hedging: Hedging costs of the Participating Senior Lenders associated with this Facility will be for the account of Ascendis Financial Service

The Short Term Loan, Term Loan and New Drawdown Facility will be guaranteed by Ascendis Health and certain of its subsidiaries (the “**Obligors**”).

Security for the Short Term Loan, Term Loan and New Drawdown Facility will be provided by the Obligor over the following assets:

- the shares in each Obligor (other than the Company);
- the shares in certain non-wholly owned subsidiaries incorporated in South Africa;
- medical dossiers held by Akacia Healthcare Proprietary Limited;
- intercompany loan receivables;
- bank accounts;
- insurance receivables;
- trade receivables;
- intellectual property rights; and
- movable property.

Ascendis Health will retain the residual South African assets – being the subsidiaries of the Ascendis Health through which the business units known as “Medical Devices”, “Consumer Health” and “Pharma” operate (the “**Residual South African Assets**”). The New Draw Down Facility will provide adequate liquidity to optimise the value of the Residual South African Assets over the next two years and to reduce the head office costs to a level commensurate with the reduced size of the Group after the implementation of the Group Recapitalisation.

Following the implementation of the Group Recapitalisation, there will be no further claims on Ascendis Health and/or the Residual South African Assets arising from, and/or in connection with AHIH and its subsidiaries.

As described above, in terms of the Group Recapitalisation, the renegotiated debt facilities (being the Short Term Loan, the Restated Term Loan and the New Draw Down Facility) are made available to the Group. Notably, these renegotiated loan facilities are of a far smaller quantum than the existing facilities (being the Senior Facilities), with the pricing and terms being substantially more favourable to the Group when compared to that of the Senior Facilities.

### 3.3. Conditions precedent to the Group Recapitalisation

The Group Recapitalisation is subject to the fulfilment of the following conditions precedent by no later than 29 October 2021:

- 3.3.1. approval by ASC Shareholders in General Meeting of the relevant resolutions relating to the Animal Health Disposal, the RCA Disposal and the Group Recapitalisation;
- 3.3.2. in the event that the provisions of section 115(2)(c) of the Companies Act become applicable in respect of the special resolution approving the Group Recapitalisation, the High Court of South Africa approving the implementation of that special resolution and no appeal or review of that decision being timeously lodged (or if timeously lodged, such appeal or review is not successful), or the provisions of section 115(2)(c) otherwise cease to be applicable;
- 3.3.3. with regard to ASC Shareholders entitled to and exercising their appraisal rights in terms of section 164 of the Companies Act (“**Appraisal Rights**”) either: (i) ASC Shareholders having given notice objecting to the special resolution giving effect to the Group Recapitalisation as contemplated in section 164(3) of the Companies Act and having voted against such special resolution at the General Meeting in respect of less than or equal to 5% of all of the Ascendis Health Shares; or (ii) if ASC Shareholders give notice objecting to the special resolution giving effect to the Group Recapitalisation and vote against such special resolution at the General Meeting in respect of more than 5% of all of the Ascendis Health Shares, then, within the time period permitted in terms of the Companies Act, dissenting ASC Shareholders having exercised Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 5% of all the Ascendis Health Shares, or not at all, provided that, where ASC Shareholders have given such valid demands but have subsequently withdrawn such demands, then the Ascendis Health Shares in respect of which such demands have been withdrawn will not be counted towards the number of Ascendis Health Shares in respect of which Appraisal Rights have been exercised under this condition precedent;
- 3.3.4. Bidco becoming the holder of all of the Existing Debt (it being recorded that, at the date of this announcement, Bidco holds approximately 81% thereof); and
- 3.3.5. the Takeover Regulation Panel (“**TRP**”) issues a compliance certificate in terms of sections 115(1)(b) and 119(4)(b) of the Companies Act in respect of the Group Recapitalisation.

3.4. The Implementation Deed will terminate:

- automatically if the resolutions relating to the Group Recapitalisation, the Animal Health Disposal and the RCA Disposal are not approved at the General Meeting;
  - automatically if all conditions precedent to the implementation of the Group Recapitalisation are not satisfied by 29 October 2021 (or such later date that the Participating Senior Lenders and Ascendis Health may agree);
- or

- by written notice to Ascendis Health by the Senior Participating Lenders if:
  - the resolutions relating to the Group Recapitalisation, the Animal Health Disposal and the RCA Disposal are approved by shareholders but do not later become effective and capable of implementation by 29 October 2021 (or such later date that the Participating Senior Lenders and Ascendis Health may agree);
  - a director of Ascendis Health withdraws his or her support for the Group Recapitalisation or recommendation to ASC Shareholders to support the Group Recapitalisation or makes any public statement which in any way undermines that director's support for and/or recommendation of the Group Recapitalisation or otherwise disparages or denigrates the Group Recapitalisation; or
  - any formal step is taken by any person to commence insolvency proceedings or appoint an insolvency officeholder (liquidator, receiver, administrator, administrative receiver, examiner, business rescue practitioner, compulsory manager or similar officer) in respect of any Group company that is party to the Restructuring Support Agreement unless such step or proceeding is contemplated, necessary or desirable to implement the Group Recapitalisation; or
  - any event or circumstance or series of events or series of circumstances occurs, including any action or omission on the part of any member of the Group, which separately or taken together has, or could reasonably be expected to have, a material adverse effect on:
    - the business, assets, financial condition or prospects of:
      - the Group taken as a whole;
      - the European portion of the Group taken as a whole;
      - the South African portion of the Group taken as a whole; or
      - any Obligor;
    - the ability of any Obligor or security provider to perform or fulfil its obligations under the Senior Facilities Agreement (the “SFA”) or the documents giving effect to the Group Recapitalisation; or
    - subject to certain legal reservations, the validity and enforceability of, or the effectiveness or ranking of, any security granted pursuant to the SFA, or the rights or remedies of any Senior Lender under the SFA, or the rights or remedies of any Participating Senior Lender under the Restructuring Support Agreement or the Implementation Deed; or
  - it is or becomes unlawful for any member of the Group to perform any of its obligations under the Implementation Deed or the Restructuring Support Agreement, or any obligation or obligations of any member of the Group under the Implementation Deed or the Restructuring Support Agreement are not or cease to be legal, valid, binding or enforceable, and the cessation, individually or cumulatively, materially and adversely affects the interests of the Participating Senior Lenders under the Implementation Deed and the Restructuring Support Agreement; or
  - any member of the Group rescinds or purports to rescind or repudiates or purports to repudiate the Implementation Deed or the Restructuring Support Agreement; or
  - an event of default that is not within the scope of the forbearance provided by the Participating Senior Lenders under the Restructuring Support Agreement occurs and remains continuing under the SFA pursuant to clauses 26.9 (*Insolvency*), 26.10 (*Insolvency proceedings and business rescue proceedings*), 26.11 (*Creditors' Process*), 26.12 (*Unlawfulness and Invalidity*), 26.14 (*Cessation of business*), 26.15 (*Audit qualification*), 26.16 (*Expropriation*), 26.17 (*Repudiation and rescission of agreements*) and 26.18 (*Litigation*) of the SFA.

#### 4. CONSEQUENCES OF FAILURE TO IMPLEMENT THE GROUP RECAPITALISATION

ASC Shareholders are reminded that, in terms of the Restructuring Support Agreement, if the Group Recapitalisation is not implemented for any reason, including failure to receive adequate ASC Shareholder support, the Forbearance Creditors will be entitled to enforce their rights under the SFA. Accordingly, in such a scenario, the Senior Lenders will seek to enforce their security by taking control of the European assets and a business rescue process in terms of section 129 of the Companies Act (“**Business Rescue**”) will be initiated. A Business Rescue practitioner will be appointed who will, in all probability, initiate an orderly sale of the South African assets to settle the outstanding Senior Debt that remains after the enforcement action in relation to the European assets, by way of a creditor approved Business Rescue plan.

In a Business Rescue process, shareholders rank behind creditors. Furthermore, in an accelerated Business Rescue-driven asset disposal process (as is envisaged), it is likely that lower proceeds will be realised given the distressed circumstances in which they take place. It is therefore also likely that outstanding Senior Debt will exceed such proceeds. If the Group Recapitalisation fails, the most likely result is that there will be no return to ASC Shareholders.

#### 5. INDEPENDENT EXPERT

- 5.1. In accordance with section 114(2) of the Companies Act and Regulation 90 of the Companies Regulations 2011, the independent board of directors of Ascendis Health, being those directors of Ascendis Health who act independently as contemplated in the Companies Regulations, namely Andrew Marshall, Bharti Harie, George

Sebulela, Sango Ntsaluba, and Kinesh Pather (the “**Independent Board**”) has appointed PSG Capital Proprietary Limited (the “**Independent Expert**”) to provide the Independent Board with advice in relation to the Group Recapitalisation.

5.2. The Independent Expert has performed a valuation of the AHIH Shares. Taking into consideration the terms of the Group Recapitalisation, the Independent Expert has issued a report in which it opines that the terms and conditions of the Group Recapitalisation are fair and reasonable to ASC Shareholders.

5.3. The full report of the Independent Expert will be contained in the circular referred to in paragraph [8] below), together with the Independent Board’s recommendations and intentions regarding their own holdings of Ascendis Health Shares.

## 6. **INTERESTS OF BIDCO IN ASCENDIS HEALTH SHARES**

Neither Bidco, nor any parties acting in concert with Bidco, hold any Ascendis Health Shares.

## 7. **RESPONSIBILITY STATEMENTS**

The Independent Board accepts responsibility for the information contained in this announcement as it pertains to Ascendis Health. To the best of the Independent Board's knowledge and belief, the information contained in this announcement as it pertains to Ascendis Health is true and nothing has been omitted which is likely to affect the importance of such information.

The board of directors of Bidco (the “**Bidco Board**”) accepts responsibility for the information contained in this announcement as it pertains to Bidco. To the best of the Bidco Board's knowledge and belief, the information contained in this announcement as it pertains to Bidco is true and nothing has been omitted which is likely to affect the importance of such information.

## 8. **CIRCULAR**

A circular providing full details of the Group Recapitalisation and incorporating, *inter alia*, a notice of the General Meeting will be posted to ASC Shareholders on or about 3 September 2021.

## 9. **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are advised that the cautionary announcement is withdrawn and that caution is no longer required to be exercised when dealing in Ascendis Health’s securities.

30 August 2021  
Bryanston

---

**Sponsor and  
Regulatory Advisor**



**Advisor to Ascendis  
Health in relation to the  
Group Recapitalisation**



**Legal Advisor to Ascendis  
Health in relation to the  
Group Recapitalisation**

**ALLEN & OVERY**

**Independent Expert in  
relation to the Group  
Recapitalisation**

