
APPOINTMENT OF CEO, DEBT FACILITIES AND CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION AND BACKGROUND

Shareholders are referred to the announcement published on SENS on 20 December 2021 entitled "Board Consultation Period" ("the **Announcement**"), in which they were reminded that, in terms of the Company's senior financing arrangements (as approved pursuant to the shareholder vote held on 4 October 2021 for the Group Recapitalisation Transaction), any change to the board of directors of the Company which has not received the prior written approval of the agent (acting on behalf of the Lenders) ("the **Agent**") may trigger a cancellation of the debt facilities that were put in place pursuant to the Group Recapitalisation Transaction ("the **Facilities**") and may result in the Facilities becoming immediately due and payable ("the **Mandatory Prepayment Provision**").

Shareholders are referred to the announcement published on 24th November 2021 advising that the Company had commenced the process regarding the potential disposal of its business segment known as "Ascendis Pharma", which, if successfully concluded, may have a material effect on the price at which the Company's shares trade. These discussions are now at an advanced stage and the board of directors of Ascendis Health ("the **Board**") expects to make an announcement in the near future with further details.

Shareholders are further referred to the announcement published on 21 December 2021 advising that the Board has approached Andrew Marshall about the Chief Executive Officer ("**CEO**") role. These discussions have now been concluded and the Board is happy to advise that Andrew Marshall has been appointed the CEO. Andrew Marshall is a highly experienced CEO, having served in this capacity at JSE-listed companies Oceana Group Limited and Nampak Limited for ten years and five years, respectively. Andrew previously served as Chairman of Ascendis Health from May 2019 to December 2021. He previously also served as acting CEO of Ascendis Health from May to October 2019.

The Board has been engaging with the Lenders in respect of a proposal to settle the outstanding debt and the conclusion of the Pharma process, and possible other business units amongst other options.

Shareholders are now advised that the Agent delivered a notice to the Company confirming that the Mandatory Prepayment Provision had been triggered and that as such all outstanding utilisations of the Facilities, together with accrued interest and all other amounts accrued and payable under the related finance documents, were immediately due and payable and that failure to make immediate payment of all such amounts would lead to the occurrence of an event of default, entitling the Lenders to exercise their rights pursuant to such finance documents ("the **Acceleration**").

2. FORBEARANCE AGREEMENT, ACTIONS FOR REPAYMENT AND TIMEFRAMES

Pursuant to the Acceleration, the Company and the Lenders have entered into a forbearance agreement, ("the **Forbearance Agreement**"), in terms of which the Lenders have, on the following terms and conditions, agreed to refrain from taking immediate enforcement action in respect of the triggered Mandatory Prepayment Provision:

- the achievement of the following milestones:
 - by not later than 3pm on 29 December 2021, the delivery to the Lenders (and at their sole discretion):
 - (a) signed and dated sale and purchase agreements for the disposal of the Company's "Pharma" and "Consumer Health" divisions; or
 - (b) signed and dated sale and purchase agreements for the disposal of the "Pharma" division ("the **Pharma Disposal**") and a signed and dated commitment letter and term sheet in relation to an underwritten and backstopped rights issue of the Company ("**Rights Issue**"), the proceeds of which together with the net proceeds of sale of the Pharma Disposal are sufficient to prepay all amounts due under the Finance Documents governing the Facilities ("the **Finance Documents**"); or
 - (c) a signed and dated binding commitment letter and term sheet in relation to any finance or other funding agreement sufficient to prepay all amounts due under the Finance Documents (including all amounts of principal, interest, fees, costs and expenses) ("**Other Funding Source**"); or

- any combination of (a), (b) or (c) that results in the net proceeds to the Company being sufficient to prepay all amounts due under the Finance Documents (including all amounts of principal, interest, fees, costs and expenses); (“collectively **Milestone 1**”)
- by not later than 3pm on 29 December 2021, the delivery to the Lenders of signed irrevocable undertakings from not less than 30% of the shareholders of the Company to vote (or cause the relevant person to vote) and exercise any powers or rights available to them in favour of any of the steps contemplated by Milestone 1 that are presented to the shareholders for approval (“**Milestone 2**”);
- by not later than 3pm on 29 December 2021, the delivery to the Lenders of signed irrevocable undertakings from each director of the Company in respect of any shares they directly or indirectly hold in the Company to vote and exercise any powers or rights available to them in favour of any of the steps contemplated by Milestone 1 that are presented to the shareholders for approval (“**Milestone 3**”);
- by not later than 3pm on 29 December 2021, the delivery to the Lenders of signed unanimous, irrevocable recommendations from each director of the Company in relation to each of the steps contemplated by Milestone 1 (as applicable) (“**Milestone 4**”);
- by not later than 3pm on 6 January 2022, the delivery to the Lenders of signed and dated definitive documentation in connection with paragraphs (b) and/or (c) of Milestone 1, provided such definitive documentation shall only be conditional upon the approval of the South African Reserve Bank, the Competition Authorities and/or shareholder approval (in each case, as applicable) (“**Milestone 5**”);
- by not later than 3pm on 15 January 2022, the delivery to the Lenders of Signed irrevocable undertakings from not less than 50% of the shareholders of the Company to vote (or cause the relevant person to vote) and exercise any powers or rights available to them in favour of any of the steps contemplated by Milestone 1 above that are presented to the shareholders for approval (“**Milestone 6**”); and
- the extraordinary general meeting of shareholders to have occurred, voting upon and to have approved the relevant steps contemplated by Milestone 1 (as applicable).by not later than 28 February 2022 (“**Milestone 7**”).

To the extent that each and any of the aforementioned milestones are not met by the stipulated date, the Forbearance Agreement shall terminate. Upon termination, the Company undertakes to promptly do all such acts or execute all such documents as the Lenders shall request of them.

The Board remains fully committed to cooperating with the Lenders including, without limitation, taking all necessary steps and actions to deliver each milestone by the respective milestone deadlines and to repay the debt.

3. COSTS

With immediate effect and following the trigger of the Mandatory Prepayment Provision, a default rate of interest of 4 per cent per annum higher than the rate which would have applied in relation to the Facilities shall apply.

In addition, the Company shall bear the Lenders’ costs incurred in connection with the Forbearance Agreement and any of the actions that are to be taken by the Lenders pursuant thereto.

4. CAUTIONARY ANNOUNCEMENT

The actions to be taken to achieve Milestone 1 may have an impact on the price of the Company’s securities. Accordingly, shareholders are advised to exercise caution when trading in their Ascendis Health shares until a further announcement is made.

22 December 2021
Bryanston

Sponsor



Questco Corporate Advisory Proprietary Limited