
POSTPONEMENT OF ANNUAL GENERAL MEETING, APPOINTMENT OF ACTING CEO AND ACTING CHAIRMAN, MARKET UPDATE AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

1. Postponement of annual general meeting ("AGM")

Shareholders are referred to the revised notice of AGM and to the announcement published on SENS on 18 November 2021 in which it was confirmed that the AGM would be held on 20 December 2021. Due to, among other factors, the proposed date of the AGM falling during the holiday season, the board of directors ("Board") is concerned that a significant number of shareholders will already be on holiday and unable to participate in the AGM. In addition, the Company has received certain allegations regarding shareholder representation, which must be verified in order to comply with requisite disclosures and in this regard the Company will be working closely with its transfer secretaries, Computershare, and the Takeover Regulation Panel, where applicable. Further, as communicated in the announcement published on SENS on 13 October 2021 shareholders were advised of the proposed Pharma disposal, and the Board is of the view that a postponement of the AGM to a date after the holiday season will also assist in progressing the disposal process. Accordingly, the Companies Tribunal has granted the Company an extension for the AGM to be held by no later than 1 March 2022 and therefore, the AGM is hereby postponed.

The Company will publish an announcement on SENS with the new salient dates and times for the rescheduled AGM in due course.

Shareholders are reminded that, for purposes of voting at the AGM, once the date has been announced, dematerialised shareholders, other than dematerialised shareholders with "own-name" registration, should instruct their Central Securities Depository Participant (CSDP) or broker as to what action they wish to take. Certificated shareholders and dematerialised shareholders with "own name" registration who are entitled to attend and vote at the AGM are entitled to appoint one or more proxies to attend, speak and vote in their stead.

2. Appointment of acting chief executive officer ("CEO") and acting chairman

In order to ensure leadership continuity and stability following the resignation of the Group's CEO, Mark Sardi, with effect from 31 December 2021 (as announced on SENS on 22 October 2021), the Board advises that Andrew Marshall, the Group's independent non-executive chairman, has been appointed as acting CEO with effect from 1 January 2022.

Andrew 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. He previously served as acting CEO of Ascendis Health from May to October 2019.

To enable Andrew to focus on his role as acting CEO, the board has appointed Bharti Harie, the lead independent non-executive director, as acting chairman from 1 January 2022.

Mark Sardi has made himself available for the six months to June 2022 to advise the company and facilitate a smooth leadership transition. The Board has commenced the process for the recruitment and appointment of a permanent CEO for the Group.

The Board and management continue to engage with the lender, Emma Healthcare Holdings Limited ("the Lender"), to ensure that the Group's strategy will enable the outstanding debt to be repaid in the near term.

Shareholders were advised in the Group Recapitalisation circular issued on 3 September 2021 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 or a change to the CEO which has not received the prior written approval of the agent (acting on behalf of the Lender) may trigger a cancellation of the debt facilities and may result in such debt facilities becoming immediately due and payable.

The Lender has advised that it continues to reserve its rights as outlined above, should there be changes to the board of directors that do not meet with its approval, including, without limitation, changes that could impede, impair or compromise the Group's ability to settle or refinance the Group's outstanding debt in the near term. Shareholders are referred to the Explanatory Notes on resolutions 4 to 6, and the additional resolutions of the notice of AGM, that outline this risk further.

3. Market update

3.1. Strategy update

The Group Recapitalisation concluded in October 2021 enabled the Group to settle the EUR444 million debt owing to the lenders. Post the Group Recapitalisation transaction the Group remains with a reinstated debt facility of EUR15 million and a new drawdown facility of EUR20 million.

As previously communicated, the Board is considering whether Ascendis Health should remain a listed entity, given the reduced scale of its post-Group Recapitalisation business, the costs associated with being listed and the limited availability of capital for growth.

The viability of this option is greatly dependent on the Group's ability to achieve an appropriate capital structure with the right level of gearing, while ensuring the availability of sufficient liquidity to meet the operational and growth requirements of the businesses.

In order to ensure a restoration of an appropriate capital structure that supports a turnaround of the Group, the Board believes that a combination of a disposal of one or more of the remaining businesses will be required, together with raising funding through a potential equity capital raise.

To this end, and as advised on SENS on 13 October 2021, the Group embarked on a process for the potential disposal of its business known as Ascendis Pharma. Three binding offers have been received from potential buyers which the Board is currently evaluating. The Group is targeting to conclude a sale agreement in this regard by the end of February 2022, following which an announcement will be published on SENS and in the press.

The proceeds from the disposal of Ascendis Pharma will be used to partially repay the Group's existing debt and this is expected to reduce the Group's gearing to within a 2.0 times debt to sustainable Earnings before Interest, Taxation, Depreciation and Amortisation level. This gearing level preserves strategic optionality for the Group and increases the possibility of a refinance of the remaining debt with South African lenders. The Board continues to focus on the availability of growth capital, and the viability of additional asset disposals and / or an equity capital raise.

The disposal of Ascendis Pharma would be classified as a category 1 transaction in terms of the JSE Listings Requirements. As a result, it will require the approval by way of an ordinary resolution of shareholders, constituting more than 50% (fifty per cent) of the votes exercised thereon.

3.2. Head office cost reduction programme

The Group continues to implement a material reduction in its head office structure and associated costs. The Group is on track to reduce head office costs to within 2.5% of revenue by FY2023, while retaining critical capability required to execute on the next phase of the Group's strategy.

3.3. Disposal of Animal Health

Shareholders are referred to the announcement published on 19 July 2021 relating to the proposed disposal of the Group's "Animal Health" division ("the Animal Health Transaction"), and the announcement of 4 October 2021 on the general meeting held by the Company, at which shareholders approved, among other things, the Animal Health Transaction.

The Board is pleased to advise that all the conditions precedent to the Animal Health Transaction have been fulfilled. The net proceeds from the Animal Health Transaction will be used to reduce the Group's debt.

4. Renewal of Cautionary Announcement

Shareholders are referred to the SENS announcements dated 13 October 2021 and 24 November 2021, respectively, and are reminded to continue to exercise caution when trading in their Ascendis Health shares.

15 December 2021
Bryanston

Sponsor



Questco Corporate Advisory Proprietary Limited