THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, to this cover page and throughout the Circular.

Action required:

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled *"Action required by Shareholders"*, which commences on page 6 of this Circular.
2. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. If you have disposed of all of your Ascendis Health Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Ascendis Health does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Ascendis Health Shares to notify such beneficial owner of the details set out in this Circular.

Ascendis Health Limited

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

CIRCULAR TO SHAREHOLDERS

regarding:

- the recapitalisation and restructure of the Company and its subsidiaries by way of a Group Recapitalisation Transaction that constitutes both a category 1 disposal in terms of the Listings Requirements and a disposal subject to approval under Chapter 5 of the Companies Act in terms of section 112 and section 115(2)(b) of the Companies Act;
- the disposal of Animal Health, which constitutes a category 1 disposal in terms of the Listings Requirements; and
- the disposal of RCA, which constitutes a category 1 disposal in terms of the Listings Requirements;

and incorporating:

i. a notice convening the General Meeting;
ii. extracts of section 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with dissenting Shareholders' Appraisal Rights attached as Annexure 12; and
iii. a Form of Proxy (*grey*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "*own name*" registration only).

Transactions Sponsor and Regulatory Advisor	Advisor to the Company in relation to the Group Recapitalisation Transaction and the RCA Disposal	Legal Advisor to the Company in relation to the Group Recapitalisation Transaction	Independent Expert in relation to the Group Recapitalisation Transaction
questco	Rothschild	ALLEN & OVERY	PSG CAPITAL

Legal Advisor to the Company in relation to the Animal Health Disposal and the RCA Disposal	Independent Reporting Accountant	Advisor in relation to the Animal Health Disposal
ENSafrica	pwc	absa

Date of issue: Friday, 3 September 2021

This Circular is available in English only. Copies of this Circular are available during normal business hours by prior arrangement from the registered offices of the Company and the offices of the Transaction Sponsor, at the addresses set out in the *"Corporate Information and Advisors"* section of this Circular, from the date of issue of this Circular until the date of the General Meeting, both days inclusive. This Circular is also available on the Company's website, www.ascendishealth.com, with effect from the date of issue of the Circular.
https://ascendishealth.com/wp-content/uploads/2021/09/Ascendis-Health-Group-Recapitalisation-Circular-3-Sept.-2021.pdf

CORPORATE INFORMATION AND ADVISORS

Directors
Executive
MJ Sardi (*Chief Executive Officer*)
C-J Kujenga (*Chief Financial Officer)*
Non-executive
AB Marshall (*Chairman*) #
B Harie#*
Dr K Pather#
JG Sebulela#
SS Ntsaluba#
Independent
* *Lead independent*

Ongoing Sponsor
Questco Corporate Advisory Proprietary Limited
(Registration number 2011/106751/07)
Ground Floor, Block C
Investment Place, 10th Road
Hyde Park, 2196

Transaction Sponsor and Regulatory Advisor
Questco Proprietary Limited
(Registration number 2002/005616/07)
Ground Floor, Block C
Investment Place, 10th Road
Hyde Park, 2196

Independent Reporting Accountant
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
4 Lisbon Lane
Waterfall City, Jukskei View
Midrand, 2090
(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries
Computershare Investor Services
Proprietary Limited
(Registration number 2004/003647/07)
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)
Telephone +27 11 370 5000

Legal Advisor to the Company in relation to the Animal Health Disposal and the RCA Disposal
ENSafrica
The Marc, Tower 1, 129 Rivonia Road
Sandton
Johannesburg
2196

Date and place of incorporation of Ascendis Health
5 March 2008
South Africa

Company Secretary and registered office
Mpeo Nkuna
31 Georgian Crescent East
Bryanston, 2191
(PostNet Suite #252, Private Bag X21, Bryanston, 2021)

Independent Expert in relation to the Group Recapitalisation Transaction
PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch 7600
(PO Box 7403, Stellenbosch, 7599)

Transaction Advisor to the Company in relation to the Group Recapitalisation Transaction and the RCA Disposal
Rothschild & Co South Africa Proprietary Limited
(Registration number 1999/021764/07)
7th Floor, 144 Oxford, 144 Oxford Road
Johannesburg, 2196
(PO Box 411332, Craighall, 2024)

Legal Advisor to the Company in relation to the Group Recapitalisation Transaction
Allen & Overy (South Africa) LLP
6th Floor, 90 Grayston
90 Grayston Drive
Sandown,
Sandton, 2196

Transaction Advisor to the Company in relation to the Animal Health Disposal
Absa Capital
1st Floor, North Building, Sandton Campus
15 Alice Lane
Sandton
Johannesburg
2196

TABLE OF CONTENTS

The definitions and interpretations commencing on page 8 of this Appendix have, where appropriate, been used in the following table of contents.

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IMPORTANT INFORMATION, FORWARD-LOOKING STATEMENTS AND OTHER DISCLAIMERS

The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements included in this Circular reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements included in this Circular are made only as at the Last Practicable Date, and Ascendis Health undertakes no obligation and does not intend to update publicly or release any revisions to these forward-looking statements.

The forward-looking statements contained in this Circular have not been reviewed nor reported on by the auditors of the Company.

Many factors could cause Ascendis Health's actual performance, results or achievements to be materially different from any future performance, results or achievements that may be expressed or implied by such forward-looking statements.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

Detail	**2021**
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 27 August
Circular incorporating the Notice of General Meeting and Form of Proxy *(grey)*, distributed to Shareholders on	Friday, 3 September
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Friday, 3 September
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Monday, 6 September
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Monday, 20 September
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to electronically attend and participate in the General Meeting and to vote thereat, by close of trade on	Thursday, 23 September
For administrative reasons, Forms of Proxy (*grey*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 10:00 on	Thursday, 30 September
Last date and time for Shareholders to give notice in terms of section 164 of the Companies Act to Ascendis Health, objecting to the Special Resolution approving the Group Recapitalisation Transaction by 10:00 on	Monday, 4 October
Forms of Proxy (*grey*) not lodged with the Transfer Secretaries to be handed to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Monday, 4 October
General Meeting held at 10:00 on	Monday, 4 October
Results of the General Meeting released on SENS on	Monday, 4 October
Results of the General Meeting published in the South African press on	Tuesday, 5 October
If the Group Recapitalisation Transaction is approved by Shareholders:	
Last date on which Shareholders who voted against the Special Resolution may require Ascendis Health to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the Special Resolution was opposed by at least 15% of the voting rights exercised thereon, on	Monday, 11 October
Last date on which Shareholders who voted against the Special Resolution can make application to the court in terms of section 115(3)(b) of the Companies Act on	Monday, 18 October
Last date for Ascendis Health to send objecting Shareholders notices of the adoption of the Special Resolution approving the Group Recapitalisation Transaction, in terms of section 164 of the Companies Act, on	Monday, 18 October
If Shareholders do not exercise their rights in terms of section 115(3)(a) and section 115(3)(b) of the Companies Act, date upon which Special Resolution becomes effective:	
Receipt of the Takeover Panel Compliance Certificate in respect of the Group Recapitalisation Transaction	Once all of the conditions to the Group Recapitalisation Transaction have been fulfilled

Notes:

1. The above dates and times are subject to amendment at the discretion of Ascendis Health, with the approval of the Takeover Panel (where required). Any such amendment will be released on SENS and published in the South African press.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Monday, 20 September 2021 will not be eligible to electronically attend, participate in and vote at the General Meeting.
3. Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 12 to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. The exercise of Appraisal Rights may result in changes to the above salient dates and times and Shareholders will be notified separately of the applicable dates and times resulting from any such changes.
5. Shareholders who wish to exercise their rights in terms of section 115(3) of the Companies Act, to require the approval of a court for the Group Recapitalisation Transaction, should refer to Annexure 12 to this Circular which includes an extract of section 115 of the Companies Act. Should Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS and published in the South African press.
6. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
7. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
8. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
9. All dates and times indicated above are South African Standard Time.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, to this Action Required by Shareholders section and throughout this Circular.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Ascendis Health Shares, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

As a result of the impact of the COVID-19 pandemic and the restrictions placed on public gatherings, the General Meeting will be conducted entirely by electronic participation as contemplated in section 63(2)(a) of the Act, on Monday, 4 October 2021 at 10:00, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice of General Meeting attached to this Circular.

1. **DEMATERIALISED SHAREHOLDERS WHO ARE NOT OWN-NAME REGISTERED DEMATERIALISED SHAREHOLDERS**

1.1 **Voting at the General Meeting**

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your Broker or CSDP.

1.1.4 **You must not complete the attached Form of Proxy (*grey*)**.

1.2 **Electronic attendance and representation at the General Meeting**

1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 electronically attend, speak and vote at the General Meeting; or

1.2.1.2 send a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to electronically attend, speak and vote at the General Meeting.

2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO ARE OWN-NAME REGISTERED DEMATERIALISED SHAREHOLDERS**

2.1 **Voting and electronic attendance at the General Meeting**

2.1.1 You may electronically attend the General Meeting in person and may speak and vote at the General Meeting.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein and lodging it, posting it or sending it via email to the Transfer Secretaries at the details below, to be received by them, for administrative purposes, by no later than 10:00 (South African time) on Thursday, 30 September 2021 or thereafter by emailing such Form of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at proxy@computershare.co.za, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)
proxy@computershare.co.za

3. **IDENTIFICATION OF SHAREHOLDERS AND PROXIES**

In terms of section 63(1) of the Companies Act, before any person may electronically attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or a valid passport.

4. **ELECTRONIC PARTICIPATION IN THE GENERAL MEETING**

Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (Participant(s)) must either 1. register online using the online registration portal at www.smartagm.co.za; or 2. apply to Computershare, by sending an email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Thursday, 30 September 2021. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The company will inform Participants who notified Computershare of their intended participation by no later than 10:00 on Friday, 1 October 2021 by email of the relevant details through which Participants can participate electronically.

5. **POTENTIAL COURT APPROVAL**

Shareholders are advised that, in accordance with section 115(3) of the Companies Act, the Company may, in certain circumstances, not proceed to implement the Group Recapitalisation Transaction without the approval of the court, despite the fact that the Group Recapitalisation Transaction set out in the notice of General Meeting will have been duly adopted at the General Meeting. In this regard, a copy of section 115 of the Companies Act, which details the circumstances under which court approval may be required for implementation of the Group Recapitalisation Transaction, is set out in Annexure 12 of this Circular.

6. **SHAREHOLDERS' APPRAISAL RIGHTS**

Shareholders who wish to exercise their rights in terms of section 115 and section 164 of the Companies Act, in relation to the Group Recapitalisation Transaction, are referred to Annexure 12 of this Circular.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa,* words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons and *vice versa*:

"2020 SFA Amendment"	the amendment and restatement of the SFA on 5 June 2020 as described in more detail in Part A, paragraph 2.1;
"Act" or "Companies Act"	the Companies Act (No. 71 of 2008), as amended from time to time;
"Absa"	Absa Bank Limited (acting through its Corporate and Investment Banking division);
"AHIH"	Ascendis Health International Holdings Limited, incorporated and registered in Malta under registration number C71102 and a wholly-owned subsidiary of Lux Holdco, being the holding company for the entities through which Remedica and Sun Wave operate;
"AHSH"	Ascendis Health Spain Holdings, S.L.U, incorporated and registered in Spain with tax identification number B-87407771 and a wholly-owned subsidiary of SA Holdco;
"AHIH Disposal Group Assets"	all of the issued shares of AHIH, and therefore indirectly all the assets, investments and subsidiaries owned by AHIH on the effective date of the Group Recapitalisation Transaction, the most significant of which are Remedica and Sun Wave;
"AHIH Reporting Entity"	AHIH and its subsidiaries as at the Last Practicable Date, excluding Farmalider;
"Animal Health"	the Ascendis Animal Health division, which at the time of the Animal Health Disposal will comprise of the Animal Health Target Companies;
"Animal Health Closing Date"	the last business day of the month following the month in which the date of fulfilment or waiver, as the case may be, of the conditions precedents to the Animal Health SPA occurs, subject to any extension as required in accordance with the provisions of the Animal Health SPA;
"Animal Health Disposal"	the disposal of all the Animal Health Sale Shares by the Animal Health Seller to the Animal Health Purchaser as more fully detailed in Part B of this Circular;
"Animal Health Final Disposal Consideration"	the final purchase consideration payable by the Animal Health Purchaser to the Animal Health Seller for the Animal Health Sale Shares described in paragraph 6.1.2 of Part B of this Circular;
"Animal Health Purchaser"	Acorn Agri & Food Limited ("AAF"), through its nominee, Sun Valley Estates Proprietary Limited and who is not a related party as defined by the Listings Requirements;
"Animal Health Reporting Entity"	Animal Health, comprising the Animal Health Target Companies;
"Animal Health Sale Shares"	the entire issued share capital of the Animal Health Target Companies;
"Animal Health Target Companies"	the following wholly owned Subsidiaries and assets in the Group: – Ascendis Vet Proprietary Limited ("Ascendis Vet"); – Kyron Prescriptions Proprietary Limited and Kyron Laboratories Proprietary Limited (collectively "Kyron"); and – Ascendis Animal Health Proprietary Limited ("Ascendis Animal").
"Animal Health Seller"	SA Holdco;
"Animal Health SPA"	the sale of shares agreement entered into on 16 July 2021 between, amongst others, the Animal Health Seller and the Animal Health Purchaser in relation to the Animal Health Disposal;

"APIs"	active pharmaceutical ingredients;
"Appraisal Rights"	the rights afforded to Shareholders in terms of section 164 of the Companies Act in relation to the Group Recapitalisation Transaction as set out in Annexure 12 to this Circular;
"Ascendis Health" or "the Company"	Ascendis Health Limited (registration number 2008/005856/06), a public company, registered and incorporated in terms of the laws of South Africa and listed on the Main Board of the JSE under share code ASC;
"Ascendis Health Shares" or "Shares"	ordinary no par value shares in the stated capital of the Company;
"Ascendis Financial Services"	Ascendis Financial Services Proprietary Limited (registration number 2012/021393/07), a private company, registered and incorporated in terms of the laws of South Africa and a wholly owned subsidiary of SA Holdco;
"Ata"	Ata Fund 3 GP Proprietary Limited, registration number 2016/202209/07, a private company incorporated in accordance with the laws of South Africa, in its capacity as the ultimate general partner of the Ata Fund III Partnership (or its nominee group company), as described in more detail in Part C, paragraph 5 of this Circular;
"Bidco"	means Emma Healthcare Holdings Limited, a company incorporated under the laws of Cyprus in respect of which the Participating Lenders will be the ultimate beneficial owners;
"Biosciences Disposal"	the disposal implemented pursuant to the Biosciences Disposal SPA;
"Biosciences Disposal SPA"	the sale of shares agreement which has been concluded between the Company, Ascendis Biosciences Proprietary Limited and Klipspringer Products Proprietary Limited (both subsidiaries of the Company), Agricultural Biosciences Proprietary Limited (as purchaser), Avima Proprietary Limited ("Avima"), Ascendis Biosciences (East Africa) Limited ("East Africa"), Klub M5 Proprietary Limited ("KM5") and Ortus Chemicals Proprietary Limited ("Ortus") on 11 May 2021, pursuant to which Ascendis Biosciences Proprietary Limited and Klipspringer Products Proprietary Limited disposed of their entire shareholdings in Avima, East Africa, Ortus and KM5 to Agricultural Biosciences Proprietary Limited;
"Blantyre"	each of BSSF II Ireland DAC, Meru V S.A R.L. and Livingstonia S.A R.L., which are funds affiliated with Blantyre Capital Limited, a London-based investment firm, authorised and regulated by the UK Financial Conduct Authority (registration number 771579);
"Board" or "Directors"	the board of directors of the Company as at the Last Practicable Date, the names of whom are set out in the "*Corporate Information and Advisors*" section of this Circular, or any one or each of them, as the context may require;
"Broker"	any person registered as a "broking member (Equities)" in terms of the rules of the JSE, issued and published in accordance with the Financial Markets Act;
"business day"	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
"Business Rescue"	a business rescue process pursuant to Chapter 6 of the Companies Act;
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Ascendis Health Shares which are evidenced by physical Documents of Title which have not yet been surrendered for Dematerialisation in terms of Strate;
"Circular"	this bound document to Shareholders, dated Friday, 3 September 2021, including the annexures hereto and incorporating the Notice of General Meeting and the Form of Proxy;

"Companies Regulations"	the Companies Regulations, 2011, published in terms of section 223, and Item 14 of Schedule 5, of the Companies Act, as amended;
"Conditions Precedent"	the conditions precedent to each of the Transactions as set out in paragraph 6.2 of Part A, paragraph 6.3 of Part B and paragraph 6.3 of Part C of this Circular, respectively;
"COVID-19"	severe acute respiratory syndrome coronavirus 2;
"CSDP"	Central Securities Depository Participant, being a "participant" as defined in the Financial Markets Act;
"Dematerialisation" or "Dematerialise" or "Dematerialised"	the process by which securities which are evidenced by physical Documents of Title are converted to securities that are held in collective custody by a CSDP or its nominee in a separate central securities account and are transferable by electronic entry without a certificate or written instrument;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	Ascendis Health Shares which have been Dematerialised;
"Dezzo"	Dezzo Trading 392 Proprietary Limited (registration number 2002/001923/07), a private company, registered and incorporated in terms of the laws of South Africa and previously indirectly wholly owned by Ascendis Pharma Holdings Proprietary Limited, (registration number 2012/021486/07), a private company, registered and incorporated in terms of the laws of South Africa and an indirectly wholly-owned subsidiary of SA Holdco;
"Divestment Programme"	a divestment programme mandated pursuant to the SFA to facilitate the repayment of the Senior Debt;
"Documents of Title"	share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of Ascendis Health Shares;
"dossier"	a collection of documents that contain all the technical data of pharmaceutical products as approved and/or registered by the requisite regulatory authority;
"EBIT"	earnings before interest and taxation;
"EBITDA"	earnings before interest, taxation, depreciation and amortisation;
"EU"	European Union;
"EU Group"	Lux Holdco and its direct and indirect subsidiaries;
"EUR"	a unit of money that is used by the member countries of the EU which have accepted European monetary union;
"Farmalider"	Farmalider, S.A., a company incorporated and registered in Spain with tax identification number A-78285301, being the company through which the business known as Farmalider operates, in respect of which AHSA previously held 49% and which, following the conclusion of the Farmalider Disposal on 8 July 2021, is now owned by MMC International Health Holding, S.L.U., a company duly incorporated and existing under the laws of Spain, having it registered office at Paseo de la Fuente s/n, edificio 1, portal 2, oficina 5A, 28109, Alcobendas, Madrid, (Spain), registered with the Commercial Registry of Madrid in volume 34, 240, page 151, sheet M615,965 and with tax identification number B87454534;
"Farmalider Disposal"	the disposal of AHSH's 49% interest in Farmalider to MMC International Health Holdings, S.L.U, a company incorporated and registered in Spain with tax identification number B-8745434, the terms of which were announced on SENS on 25 June 2021;
"Farmalider SPA"	the sale of shares agreement entered into on 25 June 2021 governing the Farmalider Disposal;
"Financial Markets Act"	the Financial Markets Act (No. 19 of 2012), as amended or replaced from time to time;

"Forbearance Agreement"	the agreement dated 26 February 2021, entered into between the Forbearance Creditors and Absa (in its capacity as former agent for the Senior Lenders) with the Company;
"Forbearance Creditors"	Blantyre and L1 Health;
"Form of Proxy"	the form of proxy incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with "*own name*" registration only, for purposes of appointing a proxy to represent such Shareholder at the General Meeting;
"General Meeting"	the general meeting of Shareholders to be held electronically on Monday, 4 October 2021 at 10:00, to consider and if deemed fit, pass the Resolutions set out in the Notice of General Meeting, with or without modification;
"GMP"	Good Manufacturing Practice;
"Group" or "Ascendis Health Group	collectively, Ascendis Health and its Subsidiaries;
"Group Recapitalisation Documents"	the Implementation Deed, the documents setting out the terms and conditions of the Short-Term Loan, the Term Loan and the New Draw Down Facility and the RSA;
"Group Recapitalisation Transaction"	the transaction between (among others) Ascendis Health, Bidco and the Participating Lenders whereby the Group will be restructured and recapitalised as described in more detail in Part A, paragraph 2 of this Circular;
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board;
"Implementation Deed"	the written deed entitled "Primary Restructuring Implementation Deed" entered into on 29 July 2021 between Ascendis Health and other members of the Group and to which the Participating Lenders acceded on 27 August 2021, as amended from time to time, setting out, *inter alia*, certain terms and conditions of, and steps required to implement, the Group Recapitalisation Transaction;
"Independent Board"	collectively, Andrew Marshall, Bharti Harie, George Sebulela, Sango Ntsaluba, and Kinesh Pather, being those Directors who have been assessed as being independent in relation to the Group Recapitalisation Transaction for purposes of the Companies Act and the Companies Regulations;
"Independent Expert"	PSG Capital Proprietary Limited (registration number 2006/015817/07), incorporated in accordance with the laws of South Africa and appointed to provide the Independent Expert Report;
"Independent Expert Report"	the fair and reasonable opinion provided by the Independent Expert to the Independent Board in respect of the Group Recapitalisation Transaction, in terms of section 114(3) of the Companies Act and regulation 90 of the Companies Regulations, an extract of which is set out in Annexure 9 of this Circular;
"Independent Reporting Accountant" or "PwC"	PricewaterhouseCoopers Inc. (registration number 1998/012055/21), a personal liability company duly incorporated in accordance with the laws of South Africa, and the Company's reporting accountants for the purpose of the Circular;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company incorporated in South Africa and licensed to operate an exchange under the Financial Markets Act or the securities exchange operated by JSE Limited, as the context may require;
"Listings Requirements"	the JSE Limited Listings Requirements in force as at the Last Practicable Date;

"L1 Health"	L1 Health GP SARL, a société à responsabilité limitée incorporated in Luxembourg and registered with the Registre de Commerce et des Sociétés in Luxembourg under number B208299 and whose registered office is at 1-3, Boulevard de la Foire, L-1528, Luxembourg, a wholly owned indirect subsidiary of LIHS;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Friday, 27 August 2021;
"LIHS"	Letterone Investment Holdings S.A., a société anonyme incorporated in Luxembourg and registered with the Registre de Commerce et des Sociétés in Luxembourg and whose registered office is at 1-3, Boulevard de la Foire, L-1528, Luxembourg, whose indirect ultimate beneficial owners are Mikhail Fridman, German Khan, Alexey Kuzmichev, Petr Aven, Andrei Kosogov and The Mark Foundation for Cancer Research (none of whom has a beneficial interest of 50% or more) and certain of their charitable foundations and family members;
"Lux Holdco"	Ascendis Health Europe Holdings SARL, a company incorporated and registered in Luxembourg under registration number B241037 and indirectly a wholly-owned subsidiary of Ascendis Health;
"Management"	the management team of Ascendis Health, including the executive directors of the Company from time to time;
"MIP"	the management incentive plan described in paragraph 2.3 of Part D of this Circular;
"New Draw Down Facility"	the loan facility as described in more detail in Part A, paragraph 1.2.4 of this Circular;
"New Money Term Loan"	the loan facility, forming part of the Term Loan, as described in more detail in Part A, paragraph 1.2 of this Circular;
"NGO"	non-governmental organisation;
"Non-Core Disposals"	the Animal Health Disposal and the Biosciences Disposal;
"Notice of General Meeting"	the notice to Shareholders convening the General Meeting to conduct the business described therein and which notice is attached to, and is incorporated in, this Circular;
"Ordinary Resolutions"	the ordinary resolutions which will be tabled at the General Meeting and in terms of which Shareholders will, subject to the passing thereof, authorise the Animal Health Disposal and the RCA Disposal, as is required in terms of section 9 of the Listings Requirements, and authorise the Directors to implement the Transactions;
"OTC"	over the counter;
"PIK Instruments"	payment in kind instruments that are not cash settled;
"Participating Lenders"	the Forbearance Creditors and (if applicable) TCA ECDF II Investments SARL, TCA Event Investments SARL and/or TCA Opportunity Investments SARL, each being société à responsabilité limitée entity incorporated in Luxembourg and registered with the Registre de Commerce et des Sociétés in Luxembourg which Senior Lender may elect to participate (with the consent of the Forbearance Creditors) in the Group Recapitalisation Transaction or, once it holds the claims of such Forbearance Creditors and Senior Lenders in connection with the implementation of the Recapitalisation Transaction, Bidco;
"Purchasers"	collectively the Animal Health Purchaser and the RCA Purchaser;
"RCA"	Respiratory Care Africa Proprietary Limited (registration number 1998/017606/07), a private company, registered and incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of the RCA Seller;

"RCA Closing Date"	unless otherwise agreed by the parties, the last business day of the calendar month in which the last of the conditions precedent relevant to the RCA Disposal and as set out in the RCA SPA are fulfilled or waived (as the case may be), provided that 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;
"RCA Disposal"	the disposal of all the RCA Sale Shares by the RCA Seller to the RCA Purchaser, as more fully detailed in Part C of this Circular;
"RCA MancoSPV"	K2021517317 (South Africa) Proprietary Limited (registration number 2021/517317/07), a private company incorporated in accordance with the laws of South Africa;
"RCA Purchaser"	K2021519417 (South Africa) Proprietary Limited (registration number 2021/519417/07), a private company incorporated in accordance with the laws of South Africa and indirectly owned by Ata Fund III Partnership and RCA MancoSPV as more fully described in Part C, paragraph 5 of this Circular;
"RCA Reporting Entity"	RCA excluding investments in Lexshell 834 (Proprietary) Limited, Respiratory Care Africa (Botswana) (Proprietary) Limited and Ascendis Medical Supplies Namibia (Proprietary) Limited;
"RCA Sale Shares"	all the shares in RCA;
"RCA Seller"	Surgical Innovations Proprietary Limited (registration number 2008/013545/07), an indirectly wholly-owned subsidiary of the Company;
"RCA SPA"	the sale of shares agreement entered into on 25 May 2021 between the RCA Seller, the RCA Purchaser and RCA, in relation to the RCA Disposal;
"Register"	collectively, the register of Shareholders holding Certificated Shares maintained by the Transfer Secretaries and each of the sub-registers of Shareholders who hold Dematerialised Shares maintained by the relevant CSDPs, in accordance with section 50 of the Act;
"Remedica"	the Remedica business, which comprises the shares in all subsidiaries (other than Sun Wave Pharma International Limited) held by Remedica Holdings, incorporated and registered in Cyprus under registration number HE 3559, an indirect, wholly-owned subsidiary of the Company;
"Residual South African Assets"	the legal entities, being subsidiaries of the Company, through which the businesses known as "Medical Devices" (excluding RCA), "Consumer Brands" and "Pharma" operate;
"the Resolutions"	the Special Resolution and the Ordinary Resolutions to be proposed at and voted on at the General Meeting in order to give effect to the Transactions, as set out in the Notice of General Meeting;
"Restated Term Loan"	the loan facility, forming part of the Term Loan, as described in more detail in Part A, paragraph 1.2 of this Circular;
"Restructuring Support Agreement" or "RSA"	the written agreement entitled "Restructuring Support Agreement" entered into between Ascendis Health and L1 Health and Blantyre on 11 May 2021, as amended from time to time, setting out, *inter alia*, certain terms and conditions of the Group Recapitalisation Transaction;
"SA Holdco"	Ascendis Health SA Holdings Proprietary Limited (registration number 2020/440954/07), a wholly-owned subsidiary of the Company and a private company, registered and incorporated in terms of the laws of South Africa;
"SA Group"	all the members of the Group other than the EU Group;
"Senior Debt" or "Senior Facilities"	all amounts outstanding under the SFA;
"Senior Lenders"	a consortium of third-party lenders to the Group as defined as "Lenders" under the SFA;

"SENS"	the Stock Exchange News Service of the JSE;
"SFA"	the Senior Facilities Agreement originally dated 19 August 2016, as amended and/or restated from time to time (and most recently amended and restated on 9 March 2021) entered into between the Company, certain subsidiaries and the Senior Lenders;
"SFA Guarantors"	the guarantors under the SFA as listed in Annexure 10;
"SFA Share Security Providers"	the Share Security Providers under the SFA as listed in Annexure 10;
"Shareholders"	holders of Ascendis Health Shares;
"Short-Term Loan"	the loan facility as described in more detail in Part A, paragraph 1.2.2 of this Circular;
"SOCI"	statement of comprehensive income;
"SOFP"	statement of financial position;
"South Africa"	the Republic of South Africa;
"SPAs"	collectively, the RCA SPA and the Animal Health SPA;
"Special Resolution"	the special resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the Group Recapitalisation Transaction, as contemplated in section 112 and section 115(2)(b) of the Companies Act;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company registered and incorporated in terms of the laws of South Africa, and a registered central securities depository in terms of the Financial Markets Act;
"Subsidiary"	a "subsidiary" as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act;
"Sun Wave"	the Sun Wave business, which comprises the shares in Ascendis Wellness S.R.L, incorporated and registered in Romania under registration number J40/3916/201 and the assets held in Sun Wave Pharma International Limited, incorporated and registered in Cyprus under registration number HE 3562, both indirect wholly-owned subsidiaries of the Company;
"Takeover Panel" or "TRP"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
"Takeover Panel Compliance Certificate"	the compliance certificate to be issued by the Takeover Panel in terms of section 115(1)(b) and section 119(4)(b) of the Companies Act, in respect of the Group Recapitalisation Transaction;
"Term Loan"	the loan facility as described in more detail in Part A, paragraph 1.2.3 of this Circular;
"Terms Announcements" or "Announcements"	the terms announcement published by Ascendis Health on SENS dated 30 August 2021;
"Total SFA Commitments"	all outstanding loans under the SFA;
"Transactions"	each of the Group Recapitalisation Transaction, the Animal Health Disposal and the RCA Disposal;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company registered and incorporated in terms of the laws of South Africa;
"VAT"	Value Added Taxation, levied in terms of the Value Added Tax Act (No. 89 of 1991), as amended; and
"Working Capital Report"	the loan facility as described in more detail in Part A, paragraph 1.2.2 of this Circular;
"ZAR", "Rand" or "R"	South African Rand.

Ascendis Health Limited

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

CIRCULAR TO SHAREHOLDERS

INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement released by Ascendis Health on SENS on 12 May 2021 in which it was announced that Ascendis Health had entered into the Restructuring Support Agreement with the Forbearance Creditors regarding the recapitalisation and restructuring of the Group and also to the announcement published on SENS on 30 August 2021, in which it was announced that Ascendis Health had entered into the Implementation Deed and that the Participating Lenders had acceded to its terms. The RSA and the Implementation Deed collectively set out the terms and conditions of the Group Recapitalisation Transaction and the steps that must be taken to implement it.

The Group Recapitalisation Transaction envisages the transfer to Bidco of certain of the Group's assets, comprising the AHIH Disposal Group Assets, in exchange for the extinguishment of certain existing debt obligations and the provision of reinstated and new debt facilities. The Group Recapitalisation Transaction constitutes both a Category 1 disposal in terms of the Listings Requirements and a disposal as contemplated in section 112 and section 115(2)(b) of the Act. Accordingly, it is subject to the approval by shareholders by way of a special resolution.

Shareholders are also referred to the SENS announcements dated Wednesday, 26 May 2021 and 19 July 2021, which contained details of the RCA Disposal and the Animal Health Disposal, respectively. Both the aforementioned disposals constitute Category 1 disposals in terms of the Listings Requirements and are therefore subject to the approval by shareholders by way of an ordinary resolution.

The purpose of this Circular is to, *inter alia*:

- provide Shareholders with relevant information regarding three separate transactions, (1) the Group Recapitalisation Transaction; (2) the Animal Health Disposal and (3) the RCA Disposal so as to enable them to make an informed decision as to how they should vote on the Resolutions set out in the Notice of General Meeting; and
- convene the General Meeting, in terms of the Notice of the General Meeting, at which meeting the Resolutions required to approve and implement each Transaction will be considered and, if deemed fit, passed by the Shareholders.

Information on the three separate transactions, being the Group Recapitalisation Transaction, the Animal Health Disposal and the RCA Disposal is contained in Parts A, B and C of this Circular, respectively. Part D provides information that is applicable to all three transactions. Shareholders are reminded that they will be required to vote separately for each of the proposed transactions.

PART A – THE GROUP RECAPITALISATION TRANSACTION

1. **TERMS OF THE GROUP RECAPITALISATION TRANSACTION**

1.1 Background

The Participating Lenders have debt claims against the Group pursuant to, *inter alia*, the SFA that are guaranteed and secured by the material companies within the Group. It is estimated that, as at the proposed effective date of the Group Recapitalisation Transaction, which is expected to be after the fulfilment or waiver (where legally possible) of the last of the conditions precedent to the Group Recapitalisation Transaction, the aggregate amount of these claims will be EUR444 million (the "**Existing Debt**"). The Existing Debt amounted to approximately EUR437 million at the Last Practicable Date.

1.2 Terms of the Group Recapitalisation Transaction

In order to provide for a long-term solution to the Existing Debt, it is proposed that Bidco will be established by the Participating Lenders, 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 100% of the shares in AHIH;
- The Short-Term Loan (as described in more detail below and being reinstated debt from the Existing Debt) will be established between the Participating Lenders and the Group in the aggregate Euro equivalent of ZAR1,010 million and which will entitle the Participating Lenders to receive (by way of mandatory prepayment of the Short-Term Loan) the net disposal proceeds paid by the relevant purchasers of the Animal Health Disposal, and the RCA Disposal;
- A two-year loan facility will be advanced by the Participating 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 Lenders have agreed to provide a new term loan facility to Ascendis Financial Services in the Rand equivalent amount of EUR20 million (the "**New Draw Down Facility**") that can be utilised as required by the Company to fund any remaining transaction costs, future head office optimisation costs and future working capital requirements.

In order to implement the above described transactions constituting the Group Recapitalisation Transaction, Bidco must hold all the Existing Debt (which includes the Total SFA Commitments). Bidco currently holds approximately 81 % of the Total SFA Commitments and discussions are ongoing between the Participating Lenders and Senior Lenders (who are not Participating Lenders) in relation to the remaining approximately 19%. If Bidco does not acquire the remaining Existing Debt, prior to the date of the General Meeting the Company intends to take such steps as may be necessary to ensure that Bidco is the holder of all the Existing Debt (including, following the taking of such steps, the Total SFA Commitments). If such steps are not taken or Bidco does not hold all of the Existing Debt, the condition precedent requiring Bidco to hold the Total SFA Commitments will not be satisfied and, unless waived, will result in the Group Recapitalisation Transaction not being implemented. Shareholders are referred to paragraph 4 of Part A of for the consequences of a failure to implement the Group Recapitalisation Transaction.

1.2.1 Bidco will take transfer of 100% of the shares in AHIH

AHIH is the holding company of the Group's European assets. As such, by taking transfer of the shares in AHIH, Bidco will take ownership and control over all Group's interests in Europe, specifically including its shares in and claims against Remedica and Sun Wave. The shares in Remedica and Sun Wave currently form part of the security package granted in favour of the Senior Lenders in respect of the Senior Debt.

1.2.2 The Short-Term Loan (comprising existing debt on amended and restated terms)

The net disposal proceeds paid by the relevant purchasers of the Animal Health Disposal and the RCA Disposal will be paid over to the Participating Lenders in discharge of the Existing Debt by way of the loan mechanic described below.

There will be a reinstatement and deemed advance of a loan to Ascendis Financial Services with the following salient terms (the "**Short-term Loan**"):

- Facility Amount: EUR equivalent of ZAR1,010 million (the "**Estimated Proceeds Amount**").
- Term: six months.
- Margin: EURIBOR (Euro Interbank Offered Rate) (with a 1% floor) + 9.0% PIK.
- Repayment:
  - Mandatory prepayment of the facility from net proceeds of Animal Health Disposal and the RCA Disposal paid by the relevant purchasers.
  - 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 Ascendis Group, such proceeds will be applied in discharge of the Short-term Loan.

1.2.3 The Term Loan

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

- Facility amount: ZAR equivalent of EUR15 million.
- Term: two 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.

1.2.4 The New Draw Down Facility

The Participating Lenders will provide a new term loan facility to Ascendis Financial Services with the following salient terms:

- Facility amount: ZAR equivalent of EUR20 million.
- Term: two 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 Non-Core Disposals and the RCA Disposal.
- Hedging: Hedging costs of the Participating Lenders associated with this Facility will be for the account of Ascendis Financial Services.

The Short-Term Loan, Term Loan and New Drawdown Facility will be guaranteed by the Company and certain of its subsidiaries (other than the AHIH Disposal Group Assets) (collectively the "**Obligors**") as listed below.

	Guarantors	Registration number
1.	Ascendis Health Limited	2008/005856/06
2.	Ascendis Pharma Proprietary Limited	2002/001567/07
3.	Ascendis Financial Services Proprietary Limited	2012/021393/07
4.	Ortho-Xact Proprietary Limited	2009/016275/07
5.	Ascendis Supply Chain Proprietary Limited	1971/012303/07
6.	Chempure Proprietary Limited	2011/011010/07
7.	Pharmachem Pharmaceuticals Proprietary Limited	2006/033994/07
8.	Respiratory Care Africa Proprietary Limited*	1998/017606/07
9.	Surgical Innovations Proprietary Limited	2008/013545/07
10.	The Scientific Group Proprietary Limited	2010/017082/07
11.	Ascendis Vet Proprietary Limited*	2001/017471/07
12.	Ascendis Skin and Body Proprietary Limited	2011/004858/07
13.	Ascendis Consumer Brands	2013/195936/07
14.	Kyron Laboratories Proprietary Limited*	1990/004442/07
15.	Ascendis Health SA Holdings Proprietary Limited	2020/440954/07

* Obligor will be released pursuant to RCA Disposal or Animal Health Disposal (as applicable)

Security for the Short-Term Loan, Term Loan and New Drawdown Facility will be provided by the Obligors 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 Ascendis Pharma Healthcare Holdings Proprietary Limited (formerly Akacia Healthcare Proprietary Limited).
- Intercompany loan receivables.
- Bank accounts.
- Insurance receivables.
- Trade receivables.
- Intellectual property rights.
- Movable property.

The Short-Term Loan, Term Loan and the New Draw Down Facility are subject to the following key terms, amongst others:

- An obligation to complete the Animal Health Disposal and the RCA Disposal.
- A cash sweep in respect of cash generated by the assets subject to the Animal Health Disposal and RCA Disposal.
- No dividends to be paid while the facilities are outstanding.
- No additional financial indebtedness to be incurred save for ordinary course and existing financial indebtedness.
- A minimum liquidity headroom covenant of ZAR50 million (as further detailed in Annexure 10);
- Monthly reporting in respect of the business and operations of the Group.
- A remediation plan to be presented to the Participating Lenders if there is a cash flow shortfall (on a cumulative year to date basis) from the budget of more than 15%.
- No changes to the MIP without prior consent of the Participating Lenders.
- If the appointment or replacement of a director of the Company or other proposed change to the Board is not satisfactory to the Participating Lenders (taking in account whether or not such change adversely affects their interests as lenders), Participating Lenders may require full repayment of the facilities.

The Company will retain 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 Transactions.

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

The terms of the renegotiated debt facilities (being the Short-Term Loan, the Restated Term Loan and the New Draw Down Facility) are described above. The terms of the existing facilities as at the Last Practicable Date are set out in note 4 of the Group's interim results for the period ended 31 December 2020, which is incorporated into this Circular in terms of paragraph 11 below. In addition, the Group Recapitalisation Transaction will result in the extinguishment of other indebtedness of the Group (as described in note 5 of the Group's interim results for the period ended 31 December 2020).

As described above, in terms of the Group Recapitalisation Transaction, 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. These loan facilities refinance the existing facilities (being the Senior Facilities) as described in Annexure 10. Notably, these renegotiated loan facilities are of a far smaller quantum than the existing facilities, with the pricing and terms being substantially more favourable to the Group when compared to that of the existing facilities.

1.3 **The Implementation Deed**

The Implementation Deed provides the contractual framework pursuant to which the Group Recapitalisation Transaction will be implemented. Once the Company and the Participating Lenders have confirmed in writing that all Conditions Precedent to the implementation of the Group Recapitalisation Transaction (which includes the approval of the relevant Resolutions) have been satisfied or waived, the steps required to implement the Group Recapitalisation Transaction will automatically begin. The majority of the steps will be effected automatically and immediately in accordance with the terms of the Implementation Deed and the Group Recapitalisation Transaction should be completed within a single day.

The Group remains bound by the SFA and related finance documentation. Other than in relation to specific forbearance provided for under the terms of the RSA, no waiver of defaults or events of default that may occur under or in connection with the Senior Facilities has been provided by the Senior Lenders.

As at the Last Practicable Date, the only outstanding condition precedent(s) to the implementation of the Group Recapitalisation Transaction are set out in paragraph 1.4 below.

1.4 **Conditions Precedent to the Group Recapitalisation Transaction**

At the Last Practicable Date, the Group Recapitalisation Transaction remains subject to the fulfilment or waiver (to the extent permissible pursuant to the terms of the Implementation Deed) of the following Conditions Precedent by no later than 29 October 2021:

- Ordinary Resolutions number 1 (approval of the Animal Health Disposal), Ordinary Resolution number 2 (approval of the RCA Disposal) and the Special Resolution (approval of the Group Recapitalisation Transaction) being approved at the General Meeting and being effective and capable of implementation.
- 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 Transaction, 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.
- With regard to Shareholders entitled to and exercising their Appraisal Rights either: (i) Shareholders having given notice objecting to the Special Resolution giving effect to the Group Recapitalisation Transaction as contemplated in section 164(3) of the South African 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 Shareholders give notice

objecting to the Special Resolution giving effect to the Group Recapitalisation Transaction 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 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 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.

- Bidco becoming the holder of the Total SFA Commitments (it being recorded that at the date of this Circular, Bidco holds the said commitments previously held by the Forbearance Creditors, constituting more than 75% of the Total SFA Commitments).
- the Takeover Panel issues the Takeover Panel Compliance Certificate.

In addition to the above, the Company and the Participating Lenders expect to complete or confirm satisfaction or waiver of the following Conditions Precedent prior to or around the date of the General Meeting or, if later, the date of satisfaction of the other conditions referred to above:

- the delivery and release of certain technical documentation pertaining to the steps contemplated under the Implementation Deed (for example, certain legal opinions to be issued on or shortly before the implementation of the Group Recapitalisation Transaction, and certain other documentary deliverables) and the settlement of outstanding transaction fees and certain intra-group management fees;
- the release of documentation (as executed at the Last Practicable Date and currently held in escrow); and
- there being no breach of, or dispute arising under, certain agreements entered into in connection with the fallback scenario (as defined in paragraph 4 below).

In relation to the documentation referred to above comprising resolutions and legal opinions, to the extent not already in effect, such documentation is in a form substantially agreed between the Company and the Participating Lenders.

To the extent legally permissible, the Company and the Participating Lenders shall be entitled to waive (in whole or in part) by agreement in writing any one or more of the Conditions Precedent stipulated in this paragraph 1.4.

The Implementation Deed is also subject to certain termination provisions as follows:

The Implementation Deed will terminate:

- automatically if, on the date of the General Meeting, the Special Resolution and Ordinary Resolutions 1 and 2 are not approved; or
- automatically if all conditions precedent to the implementation of the Group Recapitalisation Transaction as set out in the Implementation Deed are not satisfied by the long-stop date of 29 October 2021; or
- by written notice to the Company by the Majority Participating Lenders:
  - the Special Resolution and Ordinary Resolutions 1 and 2 if approved at the General Meeting but do not later become effective and capable of implementation by 29 October 2021;
  - a director of Ascendis Health withdraws his or her support for the Group Recapitalisation Transaction or recommendation to the Shareholders to support the Group Recapitalisation Transaction or makes any public statement which in any way undermines that director's support for and/or recommendation of the Group Recapitalisation Transaction or otherwise disparages or denigrates the Group Recapitalisation Transaction; 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 (being, broadly, all material Group companies including those who are guarantors and/or security providers in connection with the SFA) unless such step or proceeding is contemplated, necessary or desirable to implement the Group Recapitalisation Transaction; 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 EU Group taken as a whole;
    - the SA Group taken as a whole; or
    - any SFA Guarantor;
  - the ability of any SFA Guarantor or SFA Share Security Provider to perform or fulfil its obligations under the SFA or the Group Recapitalisation Documents; 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 Lender under the RSA 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 RSA, or any obligation or obligations of any member of the Group under the Implementation Deed or the RSA 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 Lenders under the Implementation Deed and the RSA; or
- any member of the Group rescinds or purports to rescind or repudiates or purports to repudiate the Implementation Deed or the RSA; or
- an event of default that is not within the scope of the forbearance provided by the Participating Lenders under the RSA 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.

1.5 Classification of the Group Recapitalisation Transaction

The Group Recapitalisation Transaction constitutes the disposal of a greater part of the assets of the Company as contemplated in section 112 of the Companies Act and therefore requires the approval of the TRP as well as the approval of Shareholders by way of special resolution in terms of section 115 of the Companies Act, an extract of which is contained in Annexure 12 to this Circular.

1.6 Shareholders' Appraisal Rights

Shareholders are advised that if there are objections to the Group Recapitalisation Transaction as stipulated in paragraph 1.4 above, the Group Recapitalisation Transaction may fail. Nonetheless, Shareholders who have objections to the Group Recapitalisation Transaction are referred to section 115 and section 164 of the Companies Act, extracts of which are contained in Annexure 12 to this Circular, which set out, *inter alia*, their Appraisal Rights in relation thereto.

2. BACKGROUND AND RATIONALE FOR THE GROUP RECAPITALISATION TRANSACTION

2.1 Background

Shareholders are referred to the announcements published by the Company on SENS on 2 February 2021 and 10 March 2021 in which it announced that the Company was exploring potential solutions with the Forbearance Creditors for the Group Recapitalisation Transaction as an alternative to the Divestment Programme that the Company had previously embarked upon.

Shareholders were also advised in the announcement of 10 March 2021 that the Forbearance Creditors and Absa (in its former capacity as agent for the Senior Lenders) had entered into a Forbearance Agreement with the Company to address the Company's short-term liquidity requirements and certain other specified potential events of default. In terms of the Forbearance Agreement, the Forbearance Creditors agreed not to take enforcement action in respect of the nonpayment of interest and certain other events of default until 30 April 2021 ("**Forbearance Period**"). On 30 April 2021, the Company announced that discussions with the Forbearance Creditors were ongoing and as such, the Forbearance Creditors had agreed to extend the Forbearance Period until close of business on 11 May 2021.

The Company then entered into the Restructuring Support Agreement and has subsequently entered into the Implementation Deed. The salient terms of the Group Recapitalisation Transaction are set out in section 1 above. Subject to certain events of default, the Restructuring Support Agreement envisages the extension of the Forbearance Period in respect of those specified events of default only up until the implementation of the Group Recapitalisation Transaction, or earlier if certain events occur under the Restructuring Support Agreement, including the Shareholders not approving the relevant Resolutions at the General Meeting.

Over the past three years, the Board has considered several solutions to reduce the Group's unsustainable gearing levels, which arose from debt-funded acquisitions undertaken in 2016 and 2017, and to settle loans outstanding to the Senior Lenders.

The Company and certain Subsidiaries entered into an amended and restated SFA with the Senior Lenders on 5 June 2020 ("the **2020 SFA Amendment**") to restructure the Group's existing debt facilities of R6.9 billion, provide for the advance of new debt facilities of R464 million to fund working capital requirements and play a meaningful role in the country's efforts to combat the effects and spread of the COVID-19 pandemic.

This arrangement enabled the Group to extend the repayment obligations of the Senior Debt to 31 December 2021, with no capital payments required in advance of that date other than repayments triggered as a result of asset disposals and the repayment of debt using excess cash beyond the Group's needs. In addition, it enabled Management to focus on driving operational performance, while a cash sweeping arrangement implemented at Group level allowed improved oversight of the governance related to capital allocation.

The cost of extending the Senior Facilities was EURIBOR plus 10% to 14% (4% to 5% related to margin and an additional 5% to 10% PIK interest charge) on the Euro-denominated facilities and JIBAR plus 10% to 14.2% (3.75% to 5% related to margin and an additional 5% to 10% PIK interest charge) for the South African Rand-denominated facilities.

The quantum of the Group's debt and cost of funding in the form of PIK interest meant that the total level of debt, including deferred vendor liabilities, continued to rise. Despite a strong half-year performance from the underlying businesses, which generated operating profits from continuing operations of R368 million for the six months ended 31 December 2020, the quantum of Senior Debt and cost of funding under the SFA in the form of PIK interest meant that the total level of debt, including deferred vendor liabilities, continued to rise. In the six-month reporting period to 31 December 2020, the proportionate average effective cost of debt was approximately 14.4% and 16.9% for European and South African denominated facilities, respectively, and the total interest cost for the six month period was R476 million in respect of the Senior Facilities and R31 million in respect of the deferred vendor liabilities.

The SFA mandated the Divestment Programme to facilitate the repayment of the Senior Debt. This Divestment Programme was aimed at disposing of all Group assets except for the businesses known as "Farmalider", "Pharma" and "Consumer Brands". Compliance with the terms of the SFA would have required the successful execution of multiple asset disposals simultaneously. These sales processes were regulated by the SFA, including milestone obligations agreed by the Company with the Senior Lenders.

Although the Company received indicative offers for the businesses known as "Remedica" and "Sun Wave", they were below the Board's initial expectations. In addition, several of the Divestment Programme milestones were not met, resulting in events of default and an increase in the PIK margin of 2.5% from 31 January 2021. Given the escalating financing costs, and the indicative offers received for the disposal of certain assets, a sale of all the assets identified for divestment was unlikely to generate sufficient cash to repay the Senior Debt.

On 18 January 2021, Blantyre and L1 Health, as Senior Lenders, advised the Board that they had collectively increased their Senior Debt exposure to more than one third of the aggregate exposure of all Senior Lenders. Blantyre and L1 Health subsequently advised the Board on 28 January 2021 that they had increased this exposure to more than 75%. Under the terms of the SFA, this level of exposure enabled Blantyre and L1 Health to provide or withhold all waivers, deferrals and consents requiring majority lender approval and thus constituted them "Majority Lenders" for the purposes of the SFA.

Blantyre and L1 Health communicated that in their view the divestment of core assets was not in the best long-term interests of the Group and its stakeholders and would not be supported by them in their capacity as Majority Lenders, whose consent was required for any material disposals. Given the unfavourable disposal dynamics, the Board acknowledged that the Divestment Programme and associated milestones put the Group at a disadvantage and terminated the disposal processes of Remedica and Sun Wave.

In parallel with the Divestment Programme, Management conducted an extensive search for equity-linked and operating company gearing solutions to address Ascendis Health's unsustainable debt levels and repayment of the Senior Debt. The SFA has a mandatory debt repayment clause in the event of a change of control, as is common for this form of agreement, which meant that any alternative transaction would need to settle 100% of the Senior Debt. This proved to be an insurmountable obstacle for all the equity investors with whom Management engaged.

A further alternative explored by Management was a merger of Remedica with a suitable product development partner to reduce new product development complexity. This approach would have also introduced debt at the merged entity level to allow for a partial reduction of the Senior Debt whilst keeping a residual equity stake in the merged entity. However, this structure was not approved by the Senior Lenders as it would not have addressed the Group's unsustainable levels of debt.

As an alternative, Blantyre and L1 Health proposed the Group Recapitalisation Transaction to reduce debt levels and indicated their willingness to provide funding to maximise the long-term strategic value of the Group.

The assets subject to the Divestment Programme were granted as security for the Senior Debt. As such, the Company required the approval of the Majority Lenders to each such disposal as the relevant assets would have to be released from the Senior Debt security package in order to be sold to a third party purchaser. Given the outstanding quantum of the Senior Debt and the indicative offers received for the disposal of certain assets as outlined above, the Majority Lenders requested that the Company halt all disposal processes except for the Non-Core Disposals as these businesses were identified as non-core and were all in late-stage disposal negotiations. In addition, an unsolicited management buy-out offer for RCA, a component of the Medical Devices business, had been received prior to this date, and its disposal was then sanctioned by the Majority Lenders in February 2021. The course of action with RCA was supported by the Board on the basis that the RCA Disposal would enable maximum value realisation relative to its retention, considering the longer-term prospects for respiratory care post the COVID-19 pandemic.

The Board and Management were supportive and receptive to the Group Recapitalisation Transaction due to:

- the Group's unsustainable debt levels;
- the critical need for additional short-term liquidity to support the increased working capital demands incumbent on some of the business operations arising from anticipated volumes during a potential third wave of COVID-19 (through the supply of relevant products and services); and
- the absence of an actionable alternative to repay all of the outstanding Senior Debt plus accrued interest by 31 December 2021.

In February 2021, Management began consensual negotiations with Blantyre and L1 Health on the Group Recapitalisation Transaction, with the objective of resolving the unsustainable level of Senior Debt to achieve an optimal outcome and balancing the position of all stakeholders.

The Board believes that the Group Recapitalisation Transaction addresses the Group's unsustainable debt structure, as well as its short-term debt maturities and operational liquidity requirements.

The Non-Core Disposals, the disposal of Dezzo, the RCA Disposal and the Farmalider Disposal have progressed as follows:

- The disposal of Dezzo was implemented on 19 March 2021. This disposal was classified as a category 2 transaction in terms of the Listings Requirements and, as such, did not require Shareholder approval.
- The Biosciences Disposal SPA was signed on 11 May 2021 and details were published on SENS on 12 May 2021. This disposal was classified as a category 2 transaction in terms of the Listings Requirements and, as such, did not require Shareholder approval. The Biosciences Disposal was implemented on 30 June 2021.

- The Farmalider Disposal SPA was signed on 25 June 2021 and details were published on SENS on 25 June 2021. This disposal was classified as a category 2 transaction in terms of the Listings Requirements and, as such, did not require Shareholder approval. The Farmalider Disposal was implemented on 8 July 2021.
- The Animal Health Disposal SPA was signed on 16 July 2021 and details were published on SENS on 19 July 2021. This disposal is classified as a category 1 transaction in terms of the Listings Requirements and, as a consequence, requires Shareholder approval. Details of the Animal Health Disposal are included in Part B of this Circular.
- The RCA SPA was signed on 25 May 2021 and details were published on SENS on 26 May 2021. This disposal is classified as a category 1 transaction in terms of the Listings Requirements and, as a consequence, requires Shareholder approval. Details of the RCA Disposal are included in Part C of this Circular.

2.2 **Rationale**

The Group Recapitalisation Transaction provides an opportunity to protect the value of the Residual South African Assets and the interests of all stakeholders, including Shareholders, creditors, suppliers, customers and employees.

The outcome of the Group Recapitalisation Transaction is considered better than the original Divestment Programme since Ascendis Health will, in addition to retaining the Pharma and Consumer Brands businesses:

- retain the Medical Devices business (excluding RCA), which had previously been identified as a mandatory disposal; and
- have access to the ZAR equivalent of €20 million of additional liquidity via the New Draw Down Facility.

The Group Recapitalisation Transaction represents the best opportunity to protect value in its 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 Shareholders at the General Meeting. The consequences of a failure to implement the Group Recapitalisation Transaction are set out in paragraph 4 below.

An important part of the Group Recapitalisation Transaction is Ascendis Health's access to sufficient liquidity to support its future operations (via the New Draw Down Facility), as it transitions from an international group with eight separate operating entities to a smaller domestic group with three South African operating entities. The liquidity provided by the New Draw Down Facility is imperative to protecting and maximising the value of the Residual South African Assets. Following engagements with Shareholders, it became apparent that any rights issue was unlikely to be supported. Furthermore, despite engagements with them, it was unlikely that local banks would provide further financing. Therefore, Ascendis Health had to engage with Blantyre and L1 Health to provide future liquidity.

The New Draw Down Facility provides Ascendis Health with working capital and bridge financing that will enable the Group to continue as a going concern, to optimise the value of the Residual South African Assets and to reduce the head office cost structure of Ascendis Health to an appropriate level in an orderly manner. The New Draw Down Facility and the Term Loan (as described in paragraph 1.2) can be repaid at any time without any early repayment penalties and can therefore be refinanced in future. The loans have been largely structured as PIK instruments in order to optimise the cash position of Ascendis Health. The Board has also taken into account a working capital report prepared by an independent third party in assessing the adequacy of the liquidity provided by the New Draw Down Facility for the 18-month period following the possible implementation of the Group Recapitalisation Transaction.

The Board believes that this outcome is the best that could have been achieved given the level of the Senior Debt in the Group and the cost and terms of this debt. The Group Recapitalisation Transaction also provides Ascendis Health with greater certainty and future value optionality than the Divestment Programme. Management now has up to two years to optimise the value of the Residual South African Assets for the benefit of the Shareholders.

3. **FINANCIAL INFORMATION**

3.1 **Historical financial information of the AHIH Reporting Entity**

Commentary on the report on the combined and carve-out historical financial information of the AHIH Reporting Entity for the financial years ended 30 June 2018, 2019 and 2020 and for the six month period ended 31 December 2020 is contained in Annexure 1 of this Circular ("**Historical Financial Information of the AHIH Reporting Entity**").

The full Historical Financial Information of the AHIH Reporting Entity is incorporated by reference in terms of paragraph 11 of Part D of this Circular.

The Historical Financial Information of the AHIH Reporting Entity is the responsibility of the Directors.

The Independent Reporting Accountants report on the Historical Financial Information of the AHIH Reporting Entity is contained in Annexure 4 of this Circular.

3.2 ***Pro forma* financial information of the Transactions**

The *pro forma* financial effects set out below should be read in conjunction with the *pro forma* statement of profit or loss and other comprehensive income and *pro forma* statement of financial position and related notes ("**Transactions *pro forma* financial information**") as set out in Annexure 5.

The Transactions *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Transactions may have affected the results and financial position of the Ascendis Health Group, assuming it was implemented on 1 July 2020 and 31 December 2020, respectively. Because of their nature, the Transactions *pro forma* financial information may not fairly present Ascendis Health Group's financial position, changes in equity, results of operations or cash flows post the implementation of the Transactions.

The Transactions *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors. The Transactions *pro forma* financial information has been prepared in accordance with the Listing Requirements, the Guide on *pro forma* Financial Information issued by SAICA and Ascendis Health's accounting policies, which are compliant with IFRS.

The Transactions *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report, as contained in Annexure 8 to this Circular.

The table below shows the *pro forma* financial effects of the Transactions, based on the unaudited financial results for the six months ended 31 December 2020 and on the assumptions that:

- for the purposes of calculating the net asset value ("NAV") per Share and tangible net asset value ("Tangible NAV") per Share, the Transactions were effected on 31 December 2020; and
- for the purposes of calculating the attributable earnings per Share ("EPS") and headline earnings per Share ("HEPS"), the Transactions were effective on 1 July 2020.

Cents per share	**Before (1)**	***Pro forma* after the Group Recapitalisation Transaction (2)**	***Pro forma* after the Transactions (3)**	**% Change between 1 and 3**
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)	(294.0)	(247.5)	(295%)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)	(77.3)	(84.2)	(9%)
Basic (loss)/earnings per share (cents)	(140.0)	(371.3)	(331.7)	(137%)
Headline (loss)/earnings per share (cents)	(22.2)	(101.9)	(170.9)	(669%)
NAV per share (cents)	190.6	(20.4)	37.9	(80%)
TNAV per share (cents)	(785.4)	(59.3)	24.6	103%
Weighted average number of Shares in Issue	479 827	479 827	479 827	
Number of Shares in Issue	489 470	489 470	489 470	

Notes and assumptions:

1. The financial information in the "Before" column has been extracted, without adjustment, from the unaudited interim results of the Ascendis Health Group for the six months ended 31 December 2020.
2. Represents the NAV, Tangible NAV, EPS and HEPS after the effects of the Group Recapitalisation Transaction. Refer to Annexure 5 for detailed notes on the Group Recapitalisation adjustments.
3. Represents the NAV, Tangible NAV, EPS and HEPS after the effects of the Transactions. Refer to Annexure 5 for detailed notes on the Transactions.
4. Represents the % movement as a result of the Transactions, being the % movement from column 1 to column 3.

Detailed notes and assumptions regarding the Transactions *pro forma* financial information are set out in Annexure 5.

4. CONSEQUENCES OF FAILURE TO IMPLEMENT THE GROUP RECAPITALISATION TRANSACTION

As set out in more detail below, if the relevant Resolutions are not passed, the Participating Lenders will be entitled to enforce their rights (including through the enforcement of security) under the SFA and related finance and security documentation. In such a scenario, it is likely that, after settling the outstanding Senior Debt, there will be minimal to zero value attributable to Ascendis Health Shares.

The Group Recapitalisation Transaction, is conditional upon, *inter alia*, the relevant Resolutions being approved at the General Meeting. It is critical that Shareholders vote in favour of the relevant Resolutions at the General Meeting in order for the Group Recapitalisation Transaction to proceed.

If the Special Resolution approving the Group Recapitalisation Transaction is not passed, as set out in more detail below:

- The Group Recapitalisation Transaction will not proceed.
- The Implementation Deed will be automatically terminated.
- The Forbearance Period will end, entitling the Forbearance Creditors to enforce their rights under the SFA and related finance and security documentation, including the enforcement of the security granted in favour of the Senior Lenders over the assets of the Group.
- The Group will not benefit from any additional short-term liquidity.
- The Group will be required under the terms of the Restructuring Support Agreement to take any steps required by the Forbearance Creditors in connection with the enforcement of their security interests and will likely commence Business Rescue proceedings in respect of SA Holdco and/or the Company.

As described in section 2.1 above, there are outstanding events of default which have occurred and are continuing pursuant to the SFA, being the Group's principal debt financing arrangement. Such events of default would entitle the Senior Lenders to take enforcement action in relation to their claims under the SFA and related finance and security documentation. However, the Forbearance Creditors have agreed, originally in the Forbearance Agreement and subsequently in the Restructuring Support Agreement (which, in relation to the forbearance, superseded the Forbearance Agreement) not to exercise their rights to take such enforcement action subject to, among other things, the relevant Resolutions being approved by the Shareholders at the General Meeting.

Under the terms of the Restructuring Support Agreement, if all of the relevant Resolutions are not passed at the General Meeting, the Forbearance Period will automatically come to an end. As a result, the Forbearance Creditors will be entitled to demand repayment of all borrowings under the SFA (which the Group will not be in a position to afford to repay). In addition, the Forbearance Creditors will have the right to take immediate steps to enforce their security, including security over shares in material Group companies such as the Remedica and Sun Wave sub-groups, and other assets of the Group that secure the borrowings under the terms of the SFA and related finance documents.

As part of negotiating the Group Recapitalisation Transaction and under the terms of the Restructuring Support Agreement, the Company has agreed with the Forbearance Creditors as a condition to their ongoing support and support for the Group Recapitalisation Transaction that if it becomes apparent that the Group Recapitalisation Transaction is not capable of being implemented (for example, if the relevant Resolutions are not approved at the General Meeting) the Company and other relevant members of the Group will take such steps required by the Forbearance Creditors in connection with the enforcement of their security interests and commencement of Business Rescue proceedings in respect of SA Holdco and/or the Company (the "**fallback scenario**"). In any event, and irrespective of the terms of the Restructuring Support Agreement, if the Group Recapitalisation Transaction is not capable of implementation, in the absence of an alternative transaction to address the Group's financial indebtedness and defaults under the SFA, or further support from the Senior Lenders, given the financial position of the Group, it is highly likely that Business Rescue proceedings or other insolvency proceedings would be commenced by SA Holdco and/or the Company and other material companies within the Group. Based on discussions with the Forbearance Creditors, the Forbearance Creditors have advised that they are only able to continue supporting the Group as a going concern if the Group Recapitalisation Transaction is implemented.

If the Group Recapitalisation Transaction fails, the Company and/or SA Holdco will enter into a Business Rescue process pursuant to Chapter 6 of the Companies Act and the Forbearance Creditors will enforce their security in relation to the European businesses of the Group. As a consequence:

- The enforcement of security will result in the Forbearance Creditors (and other Senior Lenders) taking ownership of the AHIH Disposal Group Assets. Such enforcement action could be implemented within a very short period following the failure by Shareholders to approve the Resolutions and may result in additional tax liabilities in SA Holdco and/or the Company.
- In relation to a Business Rescue, a Business Rescue practitioner will be appointed and the Business Rescue practitioner will likely ensure the conclusion of the Non-Core Disposals and RCA Disposal as well as initiate an orderly sale of assets to settle the outstanding Senior Debt, 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 and additional tax liabilities and costs will be incurred which will rank ahead of the claims of Shareholders. It is likely that the outstanding Senior Debt and other secured obligations of the Group will exceed such proceeds. If the Group Recapitalisation Transaction fails, therefore, the most likely result is that there will be no return to Shareholders.

In a business of the size and complexity of Ascendis Health, the Board is of the view that Business Rescue can only work and minimise value destruction if the practitioner has time to understand the current position and prospects of the Group. The Board has therefore identified an appropriate Business Rescue practitioner in case this becomes necessary and has engaged with them in order to fully understand and work through the impact of and process for Business Rescue on all of Ascendis Health's stakeholders and to prepare for the commencement of Business Rescue Proceedings should the Group Recapitalisation Transaction and related disposals not be approved by Shareholders and implemented.

In this regard, relevant preparations for Business Rescue have been undertaken by the Company in consultation with the relevant Business Rescue practitioner and the Forbearance Creditors and, accordingly, if Shareholders do not vote in favour of the relevant Resolutions, it is envisaged that Business Rescue Proceedings will be commenced shortly after the General Meeting. Through this preparation and as highlighted above, indications are that after settling the outstanding Senior Debt, there will be minimal to zero value attributable to Ascendis Health Shares.

In deciding whether or not to vote in favour of the relevant Resolutions, Shareholders should take into consideration, among other things, the following factors:

- the Group is currently dependent upon the ongoing support of the Forbearance Creditors to continue as a going concern;
- the Group is reliant upon the Group Recapitalisation Transaction to address its short-term liquidity needs;
- unless the relevant Resolutions are approved by Shareholders at the General Meeting so that the Group Recapitalisation Transaction can proceed, the Forbearance Period will immediately terminate, meaning that enforcement action can be taken pursuant to the SFA and related finance documentation;
- in such an enforcement scenario, the Company and/or SA Holdco is likely to enter into Business Rescue proceedings in South Africa and it is expected that enforcement action will be taken by the Forbearance Creditors over the European Assets; and
- there would be minimal or no return to Shareholders if the Group Recapitalisation Transaction fails.

The Board:

1. unanimously believes that the Group Recapitalisation Transaction is the best available means of extinguishing the debt and obligations under the SFA whilst preserving the Group's business, ensuring job security for employees while providing the only realistic opportunity for Shareholders to recover any value in return for their investment in the Company;
2. unanimously supports the Group Recapitalisation Transaction; and
3. unanimously recommends that Shareholders vote in favour of the relevant Resolutions, as the Board considers that the Group Recapitalisation Transaction is the best and only transaction possible for the Company, the Shareholders and its stakeholders as a whole in the current circumstances.

5. THE BUSINESS OF ASCENDIS HEALTH

Ascendis Health is a health and wellness company marketing and distributing a portfolio of leading brands and products.

Founded in 2008 and listed in the healthcare sector (pharmaceuticals and biotechnology) on the main board of the JSE since 2013, the Group supplemented its organic growth strategy by acquiring a portfolio of diverse healthcare businesses, strong brands and dossiers.

The Group operates in related areas of healthcare and reports its performance using the following five primary segments:

- Consumer Brands (wellness, health supplements, skincare).
- Pharma (generic manufacture and distribution; OTC medicine manufacture and distribution).
- Medical (clinical and diagnostic medical devices).
- Animal Health (veterinary sciences and production of animal health products).
- Biosciences (pesticides and crop protection solutions).

The Group's South African-centered operations are complemented by two businesses in Europe: Remedica in Cyprus (manufacture of generic pharmaceuticals) and Sun Wave in Romania (sales and marketing of niche nutraceuticals and OTC products).

Ascendis Health owns some of the most highly recognised brands in the pharmaceutical and consumer health markets in South Africa, with brands like Reuterina, Sinucon, Sinuend, Solal, Vitaforce, Bettaway and MenaCal.7 occupying the number one or number two positions in their respective markets.

Products are sold in more than 130 countries with 53% (2019: 49%) of the Group's revenue being generated outside of South Africa in the 2020 financial year.

The Group faces various risks in relation to cash flow, liquidity management and funding, the impact of COVID-19, exposure to exchange rate fluctuations, retention of key resources, poor economic and trading environments, the regulatory environment in which it operates, product integrity, technology and data security. More detail in relation to these risks is contained in Annexure 11 to this Circular.

6. THE BUSINESSES OPERATED FROM THE AHIH DISPOSAL GROUP ASSETS AND THEIR PROSPECTS

The businesses operated under the AHIH Disposal Group Assets are Remedica and Sun Wave. An overview of each of these operations is set out below.

6.1 Remedica

Remedica is a pharmaceutical manufacturer located in Cyprus which sells over 340 generic, branded generic and over-the-counter products ("OTC") in more than 100 countries. Products are sold mainly to high-growth emerging markets as well as to many NGOs. It has a portfolio of over 3 400 marketing authorisations. Remedica has five GMP-accredited manufacturing facilities, including a world-class oncology facility. Remedica was acquired by Ascendis Health in 2016.

Remedica has a well-diversified range of products across several therapeutic categories including anti-retroviral, cardiovascular, antibiotics, antineoplastic agents, antidepressants, antispasmodic, gastrointestinal agents, respiratory and anti-infective products. Remedica is recognised as a market leader for many NGOs in the antimalarial category.

Prospects

Remedica continues to focus on market expansion and development through own, co-developed and in-licensed products, targeting markets where the business does not have a strong presence. Other focus areas include penetrating new sales channels in existing territories and introducing in-license products into the Cyprus home market. A co-development relationship has been concluded with Greek pharmaceutical manufacturer Pharmazac.

The recently introduced national health system in Cyprus presents opportunities for growth in volumes and profitability in the year ahead.

6.2 Sun Wave

Sun Wave was acquired by Ascendis Health in 2017 and is a leading nutraceutical and OTC brand in its home market of Romania. Products are sold through multiple distribution channels including retailers, pharmacies, wholesalers and health shops.

Sun Wave promotes a wide range of natural products in the fields of gastroenterology, obstetrics and gynaecology, urology, cardiology, diabetology, endocrinology, neurology, rheumatology, psychiatry, orthopaedics, dermatology, paediatrics, neonatology and pulmonology.

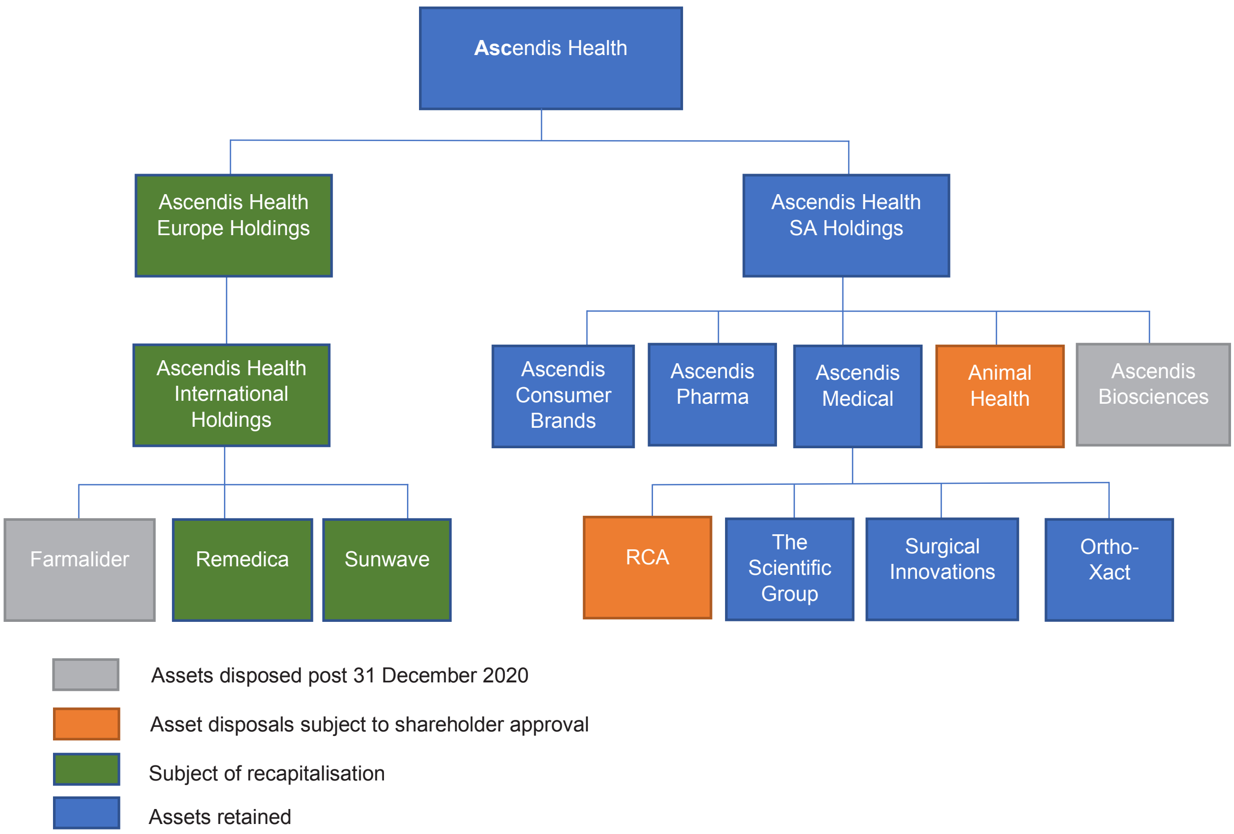
6.3 Prospects

Sun Wave will seek to capitalise on its number one position in the Romanian nutraceuticals market and expand market share, while continuing to improve its position in the OTC market where it is currently ranked fourth and is aiming to achieve the number one position. Growth will be driven by new product launches of innovative combination products under existing brands and through the planned international expansion into neighbouring countries.

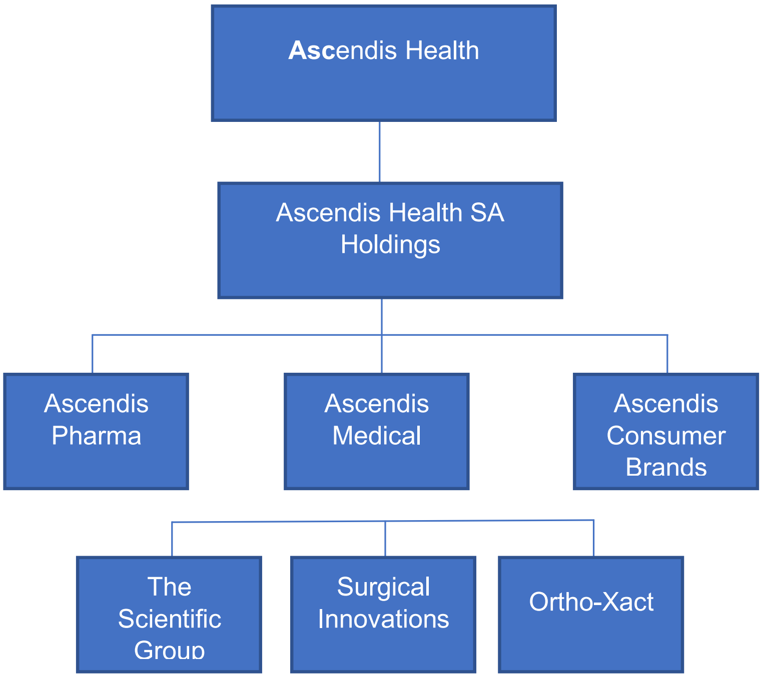
7. PROSPECTS OF ASCENDIS HEALTH AFTER THE IMPLEMENTATION OF THE TRANSACTIONS

Following the completion of the Group Recapitalisation Transaction, the Group will comprise the Residual South African Assets.

Simplified organisational chart showing the Ascendis Health business units (through wholly-owned subsidiaries) before the Transactions:



Simplifed organisational chart showing the Ascendis Health business units (through wholly-owned subsidiaries) after the Transactions:



Note:

These are organisational charts indicating the business units within the Group. These charts do not indicate the relevant shareholdings within the Group.

An overview of each of the Residual South African Assets, which are all indirectly 100% owned by the Company, is set out below.

7.1 **Medical Devices**

The Medical Devices segment is a supplier of medical devices and in vitro diagnostic products. Following the disposal of RCA, the Medical Devices segment comprises three businesses structured around specific market segments:

- Surgical Innovations: Interventional diagnostics and surgery
- The Scientific Group: In vitro diagnostic testing
- Ortho-Xact: Orthopaedic limb reconstruction

(collectively, "the **Remaining Medical Devices Businesses**")

The Medical Devices division supplies products primarily to public and private hospitals and laboratories in South Africa and the rest of Africa. Its products are used in operating theatres, interventional laboratories, intensive care units, trauma units, clinical laboratories, and research institutions.

The Remaining Medical Devices Businesses have long-standing relationships with, and are the partners of choice to, major multinational suppliers, operating under exclusive agency agreements on behalf of Olympus, Bayer, Getinge Group, Qiagen, Horiba, Sakura and Orthofix.

The Remaining Medical Devices Businesses have been significantly impacted over the past 18 months due to the decline in demand for elective medical procedures and the reduction in trauma cases during COVID-19. This is expected to reverse post-COVID, which should support a normalisation in earnings in these businesses.

Several optimisation and growth opportunities continue to be implemented, and in some cases will be accelerated post-COVID-19 as access to hospitals improves and travel restrictions ease.

7.2 **Consumer Brands**

The Consumer Brands segment comprises five consumer healthcare businesses:

- Chempure: A raw material supplier to several industries, including the health and wellness, food, sports nutrition and personal care industries.
- Supply Chain: Procures and manufactures vitamins and supplements for the wellness business and third parties through its production facility in Wynberg, Gauteng.
- Wellness: Develops, markets, and distributes branded vitamins and supplements.
- Compounding Pharmacy: Compounds unique, patient-specific formulas.
- Skin and Body: Develops markets and distributes professional and premium skin and body care brands.

The brand portfolio within Consumer Brands comprises seven key vitamin, mineral and supplement ("**VMS**") brands and three skincare brands.

Consumer Brands is the third largest VMS supplier in South Africa, with "Solal", "Vitaforce" and "Bettaway" among the most established and recognised brands in the South African VMS market.

Consumer Brands operates in both the professional and premium skincare markets with the "Nimue", "Solal Skincare" and "AgeWell" brands. The Nimue brand is well established in the professional skincare market in South Africa and is also exported to 21 countries.

7.3 **Pharma**

The Pharma segment operates primarily within the private and public sectors of the South African pharmaceutical industry and is a marketer and distributor of both prescription and OTC medicines. Its customers are retail pharmacies, pharmaceutical wholesalers, private hospital groups and government hospitals via strategic tenders. The Pharma division has indefinite and exclusive access and rights to market to Farmalider's portfolio of products for 14 Southern African Development Community countries (including South Africa) and 11 other African countries.

The Pharma division owns some of the most recognised brands in the gastrointestinal, cough and cold, pain, diabetes, and niche generic segments of the domestic pharmaceutical market, including:

- Reuterina, the number one selling[1] and prescribed[2] probiotic range in South Africa, with a 32%[1] market share by value;
- Sinuend and Sinucon hold the number one and two positions in the cold preparation market respectively based on volume sales[1] and jointly hold the number one position in value terms with a market share of 20%[1];
- Canex T and Canex V rank number one in unit sales, collectively holding a 35% share of volume in their markets[1];
- Phlexy, an injectable anti-epileptic and a first-to-market "generic" product, is the leading phenytoin injectable with an 87% market share1; and
- Biocort is the number one selling hydrocortisone cream in volume terms in South Africa, with a 46% market share[1].

(Sources: [1] IQVIA total private market data and [2] Impact Rx)

7.4 **Prospects of the Group after the implementation of the Transactions**

The Residual South African Assets are well positioned in their respective segments within the health and wellness sectors and present credible investment opportunities as reflected by the numerous expressions of interest received from parties interested in acquiring the assets.

The strategy to maximise the value of the Residual South African Assets is well advanced and, in the forthcoming months, Management will finalise a plan which will include either the longer-term organic growth or short- to medium term divestment thereof. The liquidity introduced through the Group Recapitalisation Transaction will provide the Company with the optionality to determine the most appropriate path to realising value for Shareholders.

After the implementation of the Group Recapitalisation Transaction, the RCA Disposal and the Animal Health Disposal, the Company will continue to qualify for listing.

8. **INDEPENDENT EXPERT OPINION**

The Board has obtained the opinion of an independent expert as to the fairness and reasonableness of the Group Recapitalisation Transaction and has appointed PSG Capital in this regard. Having considered the terms and conditions of the Group Recapitalisation Transaction and based on the information provided to it (details of which are set out in the report of the Independent Expert), the Independent Expert has concluded that the terms and conditions of the Group Recapitalisation Transaction are fair and reasonable.

The contents of the report to the Board containing details of the Independent Expert's opinion and setting out the work performed and the factors taken into consideration by the Independent Expert in reaching its conclusions and formulating its opinion is contained in Annexure 9 to this Circular.

9. **OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS**

9.1 In accordance with the Companies Regulations, an Independent Board comprising of independent non-executive Directors of Ascendis Health has been established to assess the terms of the Group Recapitalisation Transaction. The Independent Board has appointed the Independent Expert to compile a report on the Group Recapitalisation Transaction.

9.2 The Independent Board, after giving due consideration to the contents of the Independent Expert Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Group Recapitalisation Transaction, as contemplated in Companies Regulation 110(3)(b). In formulating its opinion and recommendation, the Independent Board has formed a view of the fair value range of the AHIH Disposal Group Assets, which accords with the range contained in the Independent Expert Report.

9.3 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.

9.4 The Independent Board, taking into account the contents of the Independent Expert Report and the Working Capital Report, has considered the terms and conditions of the Group Recapitalisation Transaction and is unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommends that Shareholders vote in favour of the Group Recapitalisation Transaction at the General Meeting.

9.5 As at the Last Practicable Date, the Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.

9.6 The Directors, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the Resolutions to be proposed at the General Meeting.

10. **INTERESTS OF BIDCO**

10.1 None of the Participating Lenders, Bidco, or their directors hold any beneficial interest in Ascendis Health Shares.

10.2 Other than as described in this Circular, in respect of the Group Recapitalisation Transaction or in respect of deferred vendor liabilities in connection with Remedica, no agreement exists between Bidco and/or the Participating Lenders on the one hand and either the Company or the Directors, or persons who have been directors of the Company in the last 12 months, on the other hand.

PART B – THE ANIMAL HEALTH DISPOSAL

1. **INTRODUCTION**

Shareholders are referred to the announcement released by Ascendis Health, on SENS on 19 July 2021, in which it was announced that the Animal Health SPA had been concluded between the Animal Health Seller, Animal Health and the Animal Health Purchaser, for the disposal of all of the Animal Health Sale Shares. The Animal Health Disposal constitutes a category 1 disposal in terms of the Listings Requirements. Accordingly, it is subject to the approval of Shareholders by way of an ordinary resolution.

The purpose of this section of the Circular is therefore to provide Shareholders with relevant information regarding the Animal Health Disposal to enable them to make an informed decision as to how they should vote on the relevant Resolutions set out in the Notice of General Meeting. The Animal Health Disposal is not conditional upon the completion of the Group Recapitalisation Transaction or the RCA Disposal.

2. **RATIONALE FOR THE ANIMAL HEALTH DISPOSAL**

The Board has previously communicated its commitment to reduce the Group's unsustainable debt levels and in this regard, the Animal Health Disposal is in line with the objectives of the Group Recapitalisation Transaction.

In accordance with the aforementioned objective, the Company took the strategic decision to dispose of Animal Health due to the business being non-core to the Company's long-term strategy.

3. **THE BUSINESS OF ANIMAL HEALTH**

Animal Health consists of three niche businesses that develop, import and manufacture medications across both the production (cattle, pigs, sheep, goats and poultry) and companion (cats, dogs, horses) animal health markets. Animal Health leverages its expertise in the disciplines of both veterinary sciences and agriculture.

Ascendis Animal was established in 2004 and focuses on the distribution and marketing of production animal medicines and livestock remedies. It has 69 registered products covering a wide range of indications for use in cattle, sheep, goats, poultry, pigs and wildlife. The Ascendis Animal facilities, including warehousing, are located in Pretoria. Ascendis Vet was established in 2001 and provides a range of companion animal products, both prescription and over-the-counter ("**OTC**"), aimed at helping pets live long and healthy lives. Its sales offices are based in Cape Town.

Kyron was established in 1990 and is a leading manufacturer and marketer of branded pet care products. It offers over 50 OTC products and a comprehensive range of veterinary instruments, supplied to pet shops, veterinary hospitals and veterinary pharmacies. Kyron's facilities are based in Johannesburg.

Animal Health has a cross border market presence, with well-established distribution channels across Southern Africa.

It should be noted that the dossiers which are currently housed within Ascendis Pharma Proprietary Limited, are used by Animal Health and will be transferred to Animal Health prior to the conclusion of the Animal Health Disposal and will therefore form part of the disposal package.

4. **PROSPECTS OF ANIMAL HEALTH**

Strong results in the FY21 interim period reflects significant demand across all Animal Health trading entities. The Ascendis Animal business won a higher than expected share of tenders, as well as increased demand for its Ivermectin product, while the Kyron business has benefited from strong demand in the companion animal product segment of the local pet market and has managed its supply chain effectively to ensure limited stock-outs that have impacted performance in the past. All of the businesses also benefited from an increased gross profit margin due to the strengthening of the Rand.

There is scope for continued demand for Animal Health products in the future as the business offers an array of market-leading and innovative products across its three businesses.

5. OVERVIEW OF THE PURCHASER

The Animal Health Purchaser is a wholly-owned subsidiary of Acorn Agri & Food Limited. Acorn Agri & Food Limited is a South African, OTC-traded, vertically integrated agriculture and food investment holdings company.

6. TERMS OF THE ANIMAL HEALTH DISPOSAL

6.1 Animal Health purchase consideration

A cash value of R770 186 959 (seven hundred and seventy million, one hundred and eighty six thousand, nine hundred and fifty nine Rand) has been placed on the Animal Health business ("**Base Purchase Consideration**"), subject to working capital and net debt adjustments on closing as detailed below.

The final cash purchase price payable for Animal Health ("**Animal Health Final Disposal Consideration**") will be calculated by adjusting the Base Purchase Consideration in accordance with the following formula:

$A = B – C + (D – E) – G;$

where

A = the Animal Health Final Disposal Consideration, which shall never be less than zero;

B = the Base Purchase Consideration;

C = an amount equal to the actual aggregate net debt of the Animal Health Target Companies, as at the Animal Health Closing Date;

D = the actual net working capital ("**Actual Net Working Capital**") of the Animal Health Target Companies, as at the Animal Health Closing Date;

E = the target net working capital, being the amount calculated as follows: where Actual Net Working Capital equals or exceeds R140 000 000, an amount of R140 000 000; where Actual Net Working Capital equals or is less than R130 000 000, an amount of R130 000 000; and where Actual Net Working Capital exceeds R130 000 000 and is less than R140 000 000, an amount equal to the Actual Net Working Capital; and

G = the capital expenditure ("**Capex**") shortfall, being the amount calculated as follows: the budgeted Capex to be spent during the period from 1 July 2020 until the Animal Health Closing Date less the actual Capex spent by the Animal Health Target Companies during that period, (which cannot be a negative amount).

The Base Purchase Consideration less the amounts to be paid to the escrow accounts shall be paid in cash to the Animal Health Seller on the Animal Health Closing Date.

The Animal Health Final Disposal Consideration will be determined within 30 (thirty) days of the Animal Health Closing Date using the amounts set out in the unaudited Animal Health Closing Date management accounts of Animal Health ("**Closing Date Account**"), which have, *inter alia,* been prepared by the Animal Health Seller and thereafter reviewed by the auditors of the Animal Health Target Companies.

Pursuant to finalisation of the Closing Date Accounts and the Animal Health Final Disposal Consideration, to the extent applicable, if the Animal Health Final Disposal Consideration is (i) more than the Base Purchase Consideration, the Purchaser shall be required to pay the Animal Health Seller the difference or (ii) less than the Base Purchase Consideration, the Animal Health Seller shall be required to pay the Animal Health Purchaser the difference in accordance with the provisions of the Animal Health SPA.

6.2 Use of proceeds

Following receipt of the net proceeds of the Animal Health Disposal from the Animal Health Purchaser, Ascendis Health will apply such proceeds in reduction of the Group's debt including the Kyron Group deferred vendor liability.

Should the Group Recapitalisation Transaction be approved by Shareholders, the remaining Animal Health Disposal proceeds will be applied towards reducing the Short-Term Loan. Should the Group Recapitalisation Transaction not be approved, the remaining proceeds will be applied towards reducing the current Ascendis Health Group debt in accordance with the terms of the SFA.

6.3 Conditions precedent

The Animal Health Disposal remains subject to the fulfilment or waiver (to the extent permissible) of the conditions precedent contained in the Animal Health SPA, including:

- shareholders approving the "category 1" ordinary resolution as required in terms of the Listings Requirements;
- the approval of relevant competition authorities in relation to the Animal Health Disposal having been obtained;
- the Animal Health Seller, Animal Health Purchaser and the relevant party acting as an escrow agent have concluded the escrow agreement and such agreement has become unconditional;
- change of control consent, waiver and/or notices, as the case may be, being obtained or delivered, as the case may be from or to, as the case may be, the relevant counterparties to the lease agreements; and
- no material adverse change occurring in the Animal Health business during the interim period between signature of the Animal Health SPA and the Animal Health Closing Date, or, to the extent that a material adverse change has occurred, the Animal Health Purchaser confirming that it wishes to proceed with the Animal Health Disposal.

6.4 Animal Health Closing Date

The Animal Health Disposal will be implemented on the Animal Health Closing Date, which is expected to take place in the fourth quarter of 2021. The Animal Health Closing Date shall be determined as the last business day of the calendar month in which the last condition precedent is fulfilled or waiver 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, the last business day of the following calendar month.

6.5 Other significant terms

The Animal Health SPA contains certain representations and warranties which are standard for a transaction of this nature, as well as certain specific tax-related indemnities. All key Animal Health management and employees will be retained by the Animal Health Purchaser.

Further, AAF Invest Proprietary Limited, a wholly-owned subsidiary of Acorn Agri & Food Limited, has provided a guarantee to the Animal Health Seller for the performance of the obligations of the Animal Health Purchaser under the Animal Health SPA.

7. FINANCIAL INFORMATION

7.1 Historical financial information of the Animal Health Reporting Entity

Commentary on the report on the combined and carve-out historical financial information of the Animal Health business for the financial years ended 30 June 2018, 2019 and 2020 and for the six months ended 31 December 2020 are contained in Annexure 2 ("**Historical Financial Information of Animal Health**").

The full Historical Financial Information of Animal Health is incorporated by references in terms of paragraph 11 of Part D of this Circular.

The Historical Financial Information of Animal Health is the responsibility of the Directors.

The Independent Reporting Accountant's report on the Historical Financial Information of Animal Health is contained in Annexure 4 of this Circular.

7.2 *Pro forma* financial information

The *pro forma* financial effects set out below should be read in conjunction with the statement of profit or loss and other comprehensive income and *pro forma* statement of financial position and related notes and assumptions ("**Animal Health *pro forma* financial information**") as set out in Annexure 6 of this Circular.

The Animal Health *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Animal Health Disposal may have affected the results and financial position of the Ascendis Health Group, assuming it was implemented on 1 July 2020 and 31 December 2020, respectively. Because of their nature, the Animal Health *pro forma* financial information may not fairly present Ascendis Health Group's financial position, changes in equity, results of operations or cash flows post the implementation of the Animal Health Disposal.

The Animal Health *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Directors. The Animal Health *pro forma* financial information has been prepared in accordance with the JSE Listing Requirements, the Guide on *pro forma* Financial Information issued by SAICA and Ascendis Health's accounting policies, which are compliant with IFRS.

The Animal Health *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report, as contained in Annexure 8 of this Circular.

The table below sets out the *pro forma* financial effects of the Animal Health Disposal, based on the unaudited financial results for the six months ended 31 December 2020 and on the assumptions that:

- for the purposes of calculating the net asset value per Share and tangible asset value per Share, that the Animal Health Disposal was effective on 31 December 2020; and
- for the purposes of calculating the attributable earnings per Share and headline earnings per Share, the Animal Health Disposal was effective on 1 July 2020.

	Before	***Pro forma* after**	**% Change**
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)	(31.6)	50%
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)	(84.2)	(9%)
Basic (loss)/earnings per share (cents)	(140.0)	(115.8)	17%
Headline (loss)/earnings per share (cents)	(22.2)	(27.6)	(24%)
NAV per share (cents)	190.6	213.7	12%
TNAV per share (cents)	(785.4)	(757.5)	4%
Weighted average number of shares in issue	479 827	479 827	
Number of shares in issue	489 470	489 470	

Notes and assumptions:

1. The financial information in the "Before" column has been extracted, without adjustment from the unaudited interim results of the Ascendis Health Group for the six months ended 31 December 2020.
2. The financial information in the "*pro forma* after" column reflects the impact of the *pro forma* adjustments on the Ascendis Health Group as a consequence of the Animal Health Disposal. The effects of the Animal Health Disposal are calculated on the assumption that the Animal Health Final Disposal Consideration will be utilised to reduce interest bearing borrowings.
3. Represents the % movement as a result of the Animal Health Disposal, being the % movement from column 1 to column 2.

Detailed notes and assumptions regarding the Animal Health *pro forma* financial information are set out in Annexure 6.

PART C – THE RCA DISPOSAL

1. **INTRODUCTION**

Shareholders are referred to the announcement released by Ascendis Health, on SENS on Wednesday, 26 May 2021, in which it was announced that the RCA SPA had been concluded between the RCA Seller, RCA and the RCA Purchaser, for the disposal of all of the RCA Sale Shares. The RCA Disposal constitutes a category 1 disposal in terms of the Listings Requirements. Accordingly, it is subject to the approval of Shareholders by way of an ordinary resolution.

The purpose of this section of the Circular is therefore to provide Shareholders with relevant information regarding the RCA Disposal to enable them to make an informed decision as to how they should vote on the Resolutions pertaining to the RCA Disposal set out in the Notice of General Meeting.

2. **RATIONALE FOR THE RCA DISPOSAL**

At the time of the 2020 SFA Amendment, the full Medical Devices business was identified as an asset available for divestment as mandated by the SFA. RCA forms part of the Medical Devices business. RCA has performed strongly throughout the COVID-19 pandemic, selling significant quantities of equipment, and it is anticipated that trading will normalise once the COVID-19 pandemic has subsided. Ascendis Health believes that current trading provides a sound foundation for the RCA Disposal. The disposal of RCA has also meant that the Group can retain the remainder of the Medical Devices business.

3. **THE BUSINESS OF RCA**

RCA is a supplier of respiratory, monitoring, radiology and other medical equipment and consumables used in the treatment of patients at hospitals (with a focus in high care, intensive care units, operating theatre and maternity wards) and in the home. It also provides technical support and services in relation to the medical equipment it supplies.

RCA has been instrumental in the fight against COVID-19, as it has been a leading supplier of ventilators and high-flow nasal oxygen equipment (and associated consumables) to both public and private hospitals since the onset of the COVID-19 pandemic last year.

4. **PROSPECTS OF RCA**

Extraordinary results in the FY21 interim period reflects significant COVID-19-demand driven for key RCA products such as ventilators and high nasal airflow (“airvo”) devices, which are core to the treatment of COVID-19 in hospital high care and intensive care wards. Supporting these results has been higher-than-typical consumable use per device related to the airvo devices.

There is scope for continued elevated demand (and therefore extraordinary financial performance) for RCA products in the near future in response to further waves of COVID-19 in South Africa and should this occur, this demand is likely to be centred more on consumables than devices.

In a post COVID-19 environment, the extraordinary performance seen in the FY21 interim period is expected to normalise substantially. The expectation however is for normalised profits in a post-COVID-19 environment to still exceed pre-COVID-19 levels based on, *inter alia,* the following:

- higher installed base of ventilators is expected to contribute to higher technical servicing income;
- higher installed base of airvo devices is expected to contribute to higher airvo consumable sales; and
- higher sales of equipment and consumable tailored to home care (to address longer-term COVID-19 related lung complications / conditions) are expected.

5. **OVERVIEW OF THE PURCHASER**

The RCA Purchaser is a newly formed special purpose vehicle established by Ata to acquire the RCA Sale Shares from the RCA Seller as contemplated in to facilitate the RCA Disposal. The RCA Purchaser is indirectly owned by:

- Ata Fund III Partnership (“**Ata Fund III**”) (majority shareholder of the RCA Purchaser), through Ata, acting in its capacity as the ultimate general partner of Ata Fund III. Ata Fund III is an *en commandite* partnership, which was established and is managed by Ata Capital (Pty) Ltd. Ata Fund III operates as a private equity fund as contemplated in the B-BBEE Codes of Good Practice and the Amended Financial Sector Codes and as such is a 100% black-owned investor; and

- RCA MancoSPV (minority shareholder of the RCA Purchaser), a newly formed company incorporated specifically for purposes of the RCA Disposal. RCA MancoSPV will be jointly owned and controlled by two individuals who are senior management level employees of RCA, namely, Susan Mary Holyoak and Christiaan Rudolph De Wet.

Established in 2012, Ata Capital is a majority black-owned alternative asset class fund manager with a focus on identifying and maximising investment opportunities that create sustained stakeholder impact, generate effective returns and drives transformation within various sectors.

In addition to Ata Fund III, Ata Capital has established and manages two other *en commandite* partnerships: Ata Fund I Partnership ("**Ata Fund I**") and Ata Fund II Partnership ("**Ata Fund II**"). These three partnerships ("**the Ata Partnerships**") have investments in various sectors including energy, telecommunications, mining and engineering services.

6. TERMS OF THE RCA DISPOSAL

6.1 RCA Disposal Consideration and effective date

With effect from the RCA Closing Date the RCA Seller will sell the RCA Sale Shares to the RCA Purchaser for a cash consideration equal to R450,000,000 (four hundred and fifty million Rand) which will be adjusted for any surplus (or shortfall) in net working capital in excess of (or below) R160,000,000 (one hundred and sixty million Rand) and any net debt assumed by the RCA Purchaser on the RCA Closing Date ("**RCA Disposal Consideration**"), net cash, deferred tax and contract liabilities under the maintenance contracts.

Notwithstanding the signature date of the RCA SPA, all risk, benefit and ownership of the RCA Sale Shares will pass to the RCA Purchaser with effect from the RCA Closing Date.

6.2 Use of proceeds

Following receipt of the net proceeds of the RCA Disposal from the RCA Purchaser, Ascendis Health will apply such proceeds in reduction of the Group's debt. Should the Group Recapitalisation Transaction be approved by Shareholders, the RCA Disposal proceeds will be applied towards reducing the Short-Term Loan. However, should the Group Recapitalisation Transaction not be approved, the proceeds will be applied towards reducing the current Ascendis Health Group debt in accordance with the terms of the SFA.

6.3 Conditions precedent

The RCA Disposal remains subject to the fulfilment or waiver (to the extent permissible) of the conditions precedent contained in the RCA SPA, including:

- Shareholders approving the "category 1" ordinary resolution as required in terms of the Listings Requirements;
- the implementation of the pre-transaction steps agreement; and
- the funding agreements in relation to the Absa acquisition funding becoming unconditional.

6.4 RCA Closing Date

The RCA Disposal will be implemented on the RCA Closing Date, which subject to the fulfilment or waiver (to the extent permissible) of the conditions precedent, is expected to take place in October 2021.

6.5 Other significant terms

The RCA SPA contains certain representations and warranties which are standard for a transaction of this nature. A transitional service agreement has also been executed to ensure continuity in the operation of RCA following the RCA Closing Date, for a limited period.

7. FINANCIAL INFORMATION

7.1 Historical financial information of the RCA Reporting Entity

Commentary on the report on the carve-out historical financial information of the RCA Reporting Entity for the financial years ended 30 June 2018, 2019 and 2020 and for the six months ended 31 December 2020 is contained in Annexure 3 of this Circular ("**Historical Financial Information of the RCA Reporting Entity**").

The full Historical Financial Information of the RCA Reporting Entity is incorporated by reference in terms of paragraph 11 of Part D of this Circular.

The Historical Financial Information of the RCA Reporting Entity is the responsibility of the Directors.

The Independent Reporting Accountant's reports on the Historical Financial Information of the RCA Reporting Entity is contained in Annexure 4 of this Circular.

7.2 ***Pro forma* financial information**

The *pro forma* financial effects set out below should be read in conjunction with the statement of profit or loss and other comprehensive income and *pro forma* statement of financial position and related notes and assumptions ("RCA *pro forma* financial information") as set out in Annexure 7 of this Circular.

The RCA *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the RCA Disposal may have affected the results and financial position of the Ascendis Health Group, assuming it was implemented on 1 July 2020 and 31 December 2020, respectively. Because of its nature, the RCA *pro forma* financial information may not fairly reflect Ascendis Health Group's financial position, changes in equity, results of operations or cash flows post the implementation of the RCA Disposal.

The RCA *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors. The RCA *pro forma* financial information has been prepared in accordance with the Listings Requirements, the Guide on *Pro forma* Financial Information issued by SAICA and Ascendis Health's accounting policies, which are compliant with IFRS.

The RCA *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report, as contained in Annexure 8 to this Circular.

The table below sets out the *pro forma* financial effects of the RCA Disposal, based on the unaudited financial results of Ascendis Health for the six months ended 31 December 2020 and on the assumptions that:

- for the purposes of calculating the net asset value per Share and tangible asset value per Share, the RCA Disposal was effective on 31 December 2020; and
- for the purposes of calculating the attributable earnings per Share and headline earnings per Share, the RCA Disposal was effective on 1 July 2020.

	Before	***Pro forma* after**	**% Change**
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)	(41.7)	34%
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)	(77.3)	0%
Basic (loss)/earnings per share (cents)	(140.0)	(118.9)	15%
Headline (loss)/earnings per share (cents)	(22.2)	(40.5)	(82%)
NAV per share (cents)	190.6	226.1	19%
TNAV per share (cents)	(785.4)	(729.0)	7%
Weighted average number of Shares in Issue	479 827	479 827	
Number of Shares in Issue	489 470	489 470	

Notes and assumptions:

1. The financial information in the "Before" column has been extracted, without adjustment, from the unaudited interim results of Ascendis Health for the six months ended 31 December 2020.
2. The financial information in the "*Pro forma* after" column reflects the impact of the *pro forma* adjustments on the Ascendis Health Group as a consequence of the RCA Disposal. The effects of the RCA Disposal are calculated on the assumption that the RCA Disposal Consideration will be utilised to reduce interest bearing borrowings.
3. Represents the % movement as a result of the RCA Disposal, being the % movement from column 1 to column 2.

Detailed notes and assumptions regarding the RCA *pro forma* financial information are set out in Annexure 7 of this Circular.

PART D – DISCLOSURES FOR CATEGORY 1 TRANSACTIONS IN TERMS OF THE LISTINGS REQUIREMENTS

1. **INFORMATION RELATING TO ASCENDIS HEALTH**

1.1 **Share capital**

The authorised and issued stated capital of Ascendis Health as at the Last Practicable Date is set out below.

	R'000
Authorised	
2 billion ordinary shares of no-par value	
Issued	
489 469 959 ordinary shares of no-par value	6 569 844
Less: 7 975 969 Treasury Shares	(112 808)
Stated capital	**6 457 036**

1.2 **Major Shareholders and interests**

As far as Ascendis Health is aware, as at the Last Practicable Date the following persons are beneficially interested, directly, in 5% or more of the Shares in issue:

Shareholder	**Number of Shares held**	**Percentage of total issued share capital**
International Finance Corporation	61 686 663	12.6
Kefolile Health Investments (Pty) Ltd	56 321 482	11.5

1.3 **Material changes**

Aside from the disclosures made in this Circular, there have been no material changes in the financial or trading position of Ascendis Health and its Subsidiaries since the publication of the unaudited interim financial statements for the six months ended 31 December 2020, until the Last Practicable Date.

1.4 **Material borrowings**

Details of the material borrowings of the Company and its Subsidiaries, as at the Last Practicable Date, are disclosed in Annexure 10 of this Circular.

1.5 **Material contracts**

As at the Last Practicable Date, save for contracts entered into in the ordinary course of business and save for the SFA, the Forbearance Agreement, the RSA, the Implementation Deed, the Biosciences Disposal SPA, the RCA SPA, the Farmalider SPA, the Animal Health SPA and the agreement governing the Dezzo disposal, there are no other material contracts which Ascendis Health or its Subsidiaries have entered into, either verbally or in writing, within the preceding two years or which constitutes an obligation or settlement that is material to the Group.

2. INFORMATION RELATING TO THE DIRECTORS

2.1 Existing and former directors' interests in Shares

As at the Last Practicable Date, the direct and indirect beneficial interests of Directors and their associates (as well as directors that have resigned in the 18 months preceding the Last Practicable Date) in the issued share capital of Ascendis Health, were as follows:

	Direct beneficial	Indirect beneficial[(1)]	Indirect non-beneficial[(2)]	Total	% of issued share capital
MJ Sardi	25 597	–	–	25 597	0.005
K Futter**	296 286	–		296 286	0.06
B Harie	3 548	190 783	12 535	206 866	0.04
Dr KS Pather	180 933	20 000	–	200 933	0.04
Dr NY Jekwa[#]	9 222	–	–	9 222	0.002
Total	**515 586**	**210 783**	**12 535**	**738 904**	**0.147**

[#] *Resigned with effect from 11 March 2021; **Resigned with effect from 30 September 2020*

(1) *Shares not registered in the name of the director but rather through a trust or an investment holding company in which the director holds any or all of the voting rights and/or is a beneficiary of the trust or is the director a beneficial owner, but it is recorded because the shares are held by a close relation to the director.*

(2) *Shares that are not held in the director's name, nor is the director a beneficial owner, but it is recorded because the* shares are held by a close relation to the director.

There has been no change in the directors' interests between the financial year end, 30 June 2021, and the Last Practicable Date.

2.2 Directors' interests in the Transactions

Aside from what has been disclosed in the Circular, none of the Directors (or directors who have resigned in the 18 months preceding the Last Practicable Date), or directors of its major Subsidiaries, have any material beneficial interests, whether direct or indirect, in the Transactions.

Neither the Company nor any of its Directors have any direct or indirect interests in Bidco or the Participating Lenders.

2.3 Directors' service contracts and remuneration

A MIP has been established as a mechanism to incentivise and retain key executives for the 24 months subsequent to the implementation of the Group Recapitalisation Transaction. Mark Sardi and Cheryl-Jane Kujenga, in their capacities as Group Chief Executive Officer and Group Chief Financial Officer, respectively, will participate in the MIP.

In terms of the MIP, participants will be eligible to receive awards in terms of the MIP ("**Awards**") based on various criteria related to the execution of various transactions. The vesting criteria related to the Group Recapitalisation and Animal Health Disposal are as follows:

- agreed financial improvements: this criterion comprises 10% of the award under the MIP and required agreed financial improvements by 31 March 2021;
- the Animal Health disposal: this criterion comprises 20% of the award under the MIP and required the execution of the Animal Health SPA by 31 March 2021 (subject to repayment of such portion of the award if the disposal is not completed by 8 October 2021); and
- the Group Recapitalisation: this criterion comprises 70% of the award under the MIP and requires successful conclusion of the Group Recapitalisation Transaction by 8 October 2021. This component is reduced by 30% in the event of an unfavourable vote or if the Group Recapitalisation Transaction is not implemented for any other reason.

The MIP also provides a separate award for the disposal of RCA as follows ("**the RCA Disposal Award**"):

- the threshold criterion is that the realised enterprise value exceeds the predetermined base minimum enterprise value for RCA of R400 million ("**the Excess**"). Based on the RCA terms agreed, the Excess has been calculated to be R50 million;
- should the threshold criterion be met, an incentive pool is created based on 20% of the Excess, i.e. R10 million in total. The Group CEO and Group CFO participate in this pool to the extent of 50% and 25% thereof, respectively, subject to a cap of 2 times and 1.5 times their costs to company ("**CTC**"), respectively, with the balance allocated to other staff members; and
- the targeted date for the signature of the RCA SPA was 30 April 2021.

In terms of the MIP, if a vesting milestone is not achieved within the required timeframe, the relevant portion of the award is reduced by 5% for each month of slippage. In addition, these penalties are further aligned to the Group Recapitalisation milestones, with the effect that the same weighted average penalties applicable to the Group Recapitalisation applies to the RCA Disposal Awards.

To the extent that each of the aforementioned criteria are met, payment of the Awards will take place as follows:

- 50% on completion of the Group Recapitalisation Transaction;
- 25% on the 12-month anniversary of the date of completion of the Group Recapitalisation Transaction;
- 25% on the 24-month anniversary of the date of completion of the Group Recapitalisation Transaction.

The Awards payable to Mark Sardi and Cheryl-Jane Kujenga, subject to the aforementioned vesting milestones and the achievement of other vesting criteria, are set out in the tables below.

Awards directly associated with Group Recapitalisation Transaction

	Total Awards: "Yes" Vote R'000's	**As a multiple of CTC**	**Total Awards: "No" Vote R'000's**	**As a multiple of CTC**
Group Recapitalisation Transaction and Non-Core Disposals – CEO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	4 253	0,80x	3 130	0,59x
12 months from completion of Group Recapitalisation Transaction	2 127	0,40x	1 565	0,29x
24 months from completion of Group Recapitalisation Transaction	2 127	0,40x	1 565	0,29x
Total	**8 507**	**1,6x**	**6 260**	**1,17x**
Group Recapitalisation Transaction and Non-Core Disposals – CFO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	1 590	0,40x	1 170	0,29x
12 months from completion of Group Recapitalisation Transaction	795	0,20x	585	0,15x
24 months from completion of Group Recapitalisation Transaction	795	0,20x	585	0,15x
Total	**3 180**	**0,80x**	**2 340**	**0,59x**

Awards directly associated with Animal Health Disposal

ZAR'000	Total Awards: "Yes" Vote R'000's	As a multiple of CTC	Total Awards: "No" Vote R'000's	As a multiple of CTC
Animal Health Disposal Award – CEO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	856	0.16x	856	0.16x
12 months from completion of Group Recapitalisation Transaction	428	0.08x	428	0.08x
24 months from completion of Group Recapitalisation Transaction	428	0.08x	428	0.08x
Total	**1 712**	**0.32x**	**1 712**	**0.32x**
Animal Health Disposal Award – CFO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	320	0.08x	320	0.08x
12 months from completion of Group Recapitalisation Transaction	160	0.04x	160	0.04x
24 months from completion of Group Recapitalisation Transaction	160	0.04x	160	0.04x
Total	**640**	**0.16x**	**640**	**0.16x**

Awards directly associated with RCA Disposal

ZAR'000	Total Awards: "Yes" Vote R'000's	As a multiple of CTC	Total Awards: "No" Vote R'000's	As a multiple of CTC
RCA Disposal Award – CEO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	2 388	0,45x	1 863	0,35x
12 months from completion of Group Recapitalisation Transaction	1 194	0,22x	931	0,17x
24 months from completion of Group Recapitalisation Transaction	1 194	0,22x	931	0,17x
Total	**4 775**	**0,89x**	**3 725**	**0,70x**
RCA Disposal Award – CFO				
Vesting periods				
On completion of the Group Recapitalisation Transaction	1 194	0,22x	931	0,17x
12 months from completion of Group Recapitalisation Transaction	597	0,11x	466	0,09x
24 months from completion of Group Recapitalisation Transaction	597	0,11x	466	0,09x
Total	**2 388**	**0,44x**	**1 863**	**0,35x**

The Awards are subject to “good leaver, bad leaver” provisions. The Directors’ service contracts, which have not been amended in the six months prior to the Last Practicable Date, and the MIP are available for inspection as detailed in paragraph 12 of Part D of this Circular.

The Directors’ remuneration for the year ended 30 June 2020 is incorporated by reference as per paragraph 11 of Part D of this Circular.

Save pursuant to the MIP referred to above, the remuneration, fees earned, and any other benefits receivable by: (1) Directors, whether as executives or non-executives; or (2) Management or any other agencies or entities which provide secretarial and/or other technical services to the Company or the Ascendis Health Group, will not change as a direct consequence of the Transactions.

MJ Sardi who is participating in the MIP, will be precluded from voting his Ascendis Health shares on the Resolutions at the General Meeting.

3. INFORMATION IN RESPECT OF VENDORS AND PROMOTERS

No assets that are material to the Group have been acquired during the three years preceding the Last Practicable Date.

The Group has not entered into any promoters’ agreements during the three years preceding the Last Practicable Date. Accordingly, no amount has been paid, or is accrued as payable, within the preceding three years, or proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to any promoter, partnership, syndicate or other association within the said period.

4. WORKING CAPITAL STATEMENT

Subject to the completion of the Transactions, the Directors are of the opinion that the working capital available to the Group after implementation thereof will be sufficient for the Group’s present requirements, i.e. for at least the 12 months from the date of issue of this Circular, and that:

- the Group will be able, in the ordinary course of business, to pay its debts as they fall due;
- the assets of the Group, fairly valued, will be in excess of the liabilities of the Group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;
- the share capital and reserves of the Group will be adequate for ordinary business purposes; and
- the working capital of the Group will be adequate for ordinary business purposes.

5. LITIGATION

The Company is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being the previous 12 months, a material effect on the financial position of the Group.

6. ESTIMATED EXPENSES

6.1 The Group Recapitalisation Transaction

It is a term of the SFA and the RSA, that the Group covers the costs incurred by Participating Lenders in relation to the Group Recapitalisation Transaction. This is in line with market practice for debt transactions. The estimated expenses relating to the Group Recapitalisation Transaction (excluding VAT and disbursements) are set out below:

Description	**Payable to**	**Estimated fee R'000**
Deal advisor	Rothschild	33 622
Legal Advisors to Ascendis Health	Allen & Overy	56 750
Legal Advisors to the Forbearance Creditors – United Kingdom	Akin Gump	110 541
Transaction Sponsor and Regulatory Advisor	Questco	2 800
Transaction Tax Advisor	EY	4 833
Independent Reporting Accountant	PwC	7 488
Legal Advisors to the Forbearance Creditors – South Africa	Cliffe Dekker Hofmeyr	6 250
Legal Advisors – other Participating Lenders	Baker McKenzie	2 800
Legal Advisors to the Forbearance Creditors	Elvinger Hoss Prussen (Luxembourg) Creditors – In-country Fenech & Fenech (Malta) Perez & Llorca (Spain) Antis Triantafyllides & Sons LLC (Cyprus) Filip & Company (Romania) Wolf Theiss (Romania)	8 230
Lender due diligence costs	EY	5 711
Lender commercial due diligence costs	BCG IQVIA (commercial) Chemgineering Intl (manufacturing) Qualitylink Ltd (environmental) Scherzer Intl (employee)	6 020
Other lender due diligence costs	Datasite (VDR)	1 766
Trustee services	Lucid	1 138
Independent Expert	PSG	595
Working capital report	FTI	3 900
Investor relations	Tier 1	1 467
Insolvency Practitioner – preparation for fallback scenario	Matuson	1 600
Valuation costs – preparation for fallback scenario	Grant Thorton EY	2 300
JSE documentation fee	JSE	56
Printing and publishing	Ince (Pty) Ltd	362
TRP Fees	TRP	206
Exchange control approval	Standard Bank	3
Total		**258 436**

6.2 **The RCA Disposal**

The estimated expenses relating to the RCA Disposal (excluding VAT and disbursements) are set out below:

Description	Payable to	Estimated fee R'000
Transaction Sponsor and Regulatory Advisor	Questco	600
Legal Advisor	ENSafrica	1 900
Tax advisor	Webber Wentzel	600
Valuation	Mazars	90
Deal advisor	Rothschilds	4 100
Independent Reporting Accountant	PwC	1 782
JSE documentation fee	JSE	73
Exchange control approval	Standard Bank	3
Printing and publication	Ince (Pty) Ltd	100
Total		**9 248**

6.3 **The Animal Health Disposal**

The estimated expenses relating to the Animal Health Disposal (excluding VAT and disbursements) are set out below:

Description	Payable to	Estimated fee R'000
Transaction Sponsor and Regulatory Advisor	Questco	600
Legal Advisor	ENSafrica	8 815
Tax advisor	Webber Wentzel	2 256
Deal advisor	Absa	7 800
Financial due diligence	FTI	930
Independent Reporting Accountant	PwC	2 434
JSE documentation fee	JSE	56
Exchange control approval	Standard Bank	3
Printing and publication	Ince (Pty) Ltd	100
Total		**22 994**

Other than as set out above, Ascendis Health has incurred no preliminary expenses in relation to the Transactions during the three years preceding this Circular.

7. GENERAL MEETING

The General Meeting is scheduled to be held electronically on Monday, 4 October 2021 at 10:00 for the purposes of considering and if deemed fit, passing with or without modification, the Resolutions. A notice convening the General meeting is attached to and forms part of this Circular.

Shareholders are referred to the "*Action required by Shareholders*" section of this Circular, which commences on page 6 and contains information as to the action they need to take with regard to the General Meeting.

8. DIRECTORS' RESPONSIBILITY STATEMENT

8.1 **Responsibility statement of the directors in terms of the Listings Requirements**

The Directors, whose names are listed in the "*Corporate information and advisors*" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

8.2 **Responsibility statement of the Independent Board in terms of the Companies Regulations**

The Independent Board accepts responsibility for the information contained in this Circular which relates to Ascendis Health and confirms that, to the best of its knowledge and belief, such information is true and the Circular does not omit anything likely to affect the importance of such information.

9. BIDCO'S RESPONSIBILITY STATEMENT

The directors of Bidco collectively and individually accept full responsibility for the accuracy of the information contained in this Circular as it pertains to Bidco and confirms that, to the best of their knowledge and belief, such information which relates to Bidco is true and the Circular does not omit anything likely to affect the importance of such information.

10. ADVISORS' CONSENTS

Each of the advisors', whose name appears in the "*Corporate information and advisors*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its names and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

11. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Circular, and can be accessed at the links provided below, and are available for inspection, by prior arrangement, at the registered offices of the Company and the offices of the Transaction Sponsor from the date of issue of the Circular up to the date of the General Meeting at no charge.

Document name	Link
Ascendis Health SENS announcements dated 12 May 2021 and 30 August 2021 regarding the Group Recapitalisation Transaction	https://ascendishealth.com/investor-relations/sens/
Ascendis Health SENS announcement dated 12 May 2021 regarding the Biosciences Disposal	
Ascendis Health SENS announcement dated 10 March 2021	
Ascendis Health SENS announcement dated 2 February 2021	
The Historical Financial Information of the AHIH Reporting Entity for the interim period ended 31 December 2020 and the 3 financial years ended 30 June 2020, 30 June 2019 and 30 June 2018	https://ascendishealth.com/wp-content/uploads/2021/09/Reporting-Entities-Historical-Financial-Information.zip
The Historical Financial Information of Animal Health Reporting Entity for the interim period ended 31 December 2020 and the 3 financial years ended 30 June 2020, 30 June 2019 and 30 June 2018	https://ascendishealth.com/wp-content/uploads/2021/09/Reporting-Entities-Historical-Financial-Information.zip
The Historical Financial Information of the RCA Reporting Entity for the interim period ended 31 December 2020 and the 3 financial years ended 30 June 2020, 30 June 2019 and 30 June 2018	https://ascendishealth.com/wp-content/uploads/2021/09/Reporting-Entities-Historical-Financial-Information.zip
The remuneration and benefits of Directors for the financial year ended 30 June 2020. Pages 147 and 148 of the annual financial statements for the year ended 30 June 2020.	https://ascendishealth.com/wp-content/uploads/2020/10/Ascendi-Group-AFS-2020-Draft-21-27.10.20-5pm-FINAL-signed.pdf
Ascendis Health interim financial results for the six month period ended 31 December 2020	https://ascendishealth.com/wp-content/uploads/2021/03/H12021.pdf
Information on Ascendis Health's debt covenants as at 31 December 2020 contained in the Group interim financial statements for the six months ended 31 December 2020	https://ascendishealth.com/wp-content/uploads/2021/03/H12021.pdf

12. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, are available for inspection at the registered offices of the Company and the offices of the Transaction Sponsor, from the date of issue of this Circular up to and including the date of the General Meeting, by prior arrangement, or can be requested via email from mpeo.nkuna@ascendishealth.com:

- the memoranda of incorporation of Ascendis Health and its major Subsidiaries;
- the Restructuring Support Agreement;
- the Implementation Deed;
- the Animal Health SPA and the RCA SPA;
- reports of combined and carve-out historical financial information of the AHIH Reporting Entity for the 3 financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and for the six-months ended 30 December 2020;
- reports of combined and carve-out historical financial information of the Animal Health Reporting Entity for the 3 financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and for the six-months ended 31 December 2020;
- reports of carve-out historical financial information of the RCA Reporting Entity for the 3 financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and for the six-months ended 31 December 2020;
- the Directors' service contracts;
- the MIP;
- the Independent Reporting Accountant's reports on the *pro forma* financial information of the Transactions, as reproduced in Annexure 8;
- the Independent Reporting Accountant's reports on the historical financial information of (i) the AHIH Reporting Entity, (ii) the Animal Health Reporting Entity, and (iii) the RCA Reporting Entity as contained in Annexure 5;
- the Independent Expert Report, as reproduced in Annexure 9;
- the written consents of the Company's professional advisors; and
- a signed copy of this Circular.

Signed by

Andrew Marshall
Chairman and Independent Director

IN JOHANNESBURG ON 3 SEPTEMBER 2021 ON BEHALF OF THE DIRECTORS AND THE MEMBERS OF THE INDEPENDENT BOARD IN TERMS OF A DIRECTORS' ROUND ROBIN RESOLUTION

COMMENTARY ON THE REPORT ON THE COMBINED AND CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE AHIH REPORTING ENTITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 30 JUNE 2019 AND 30 JUNE 2020 AND THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

Commentary on the report on the combined and carve-out historical financial information of the AHIH Reporting Entity for the six-months ended 31 December 2020 and the years ended 30 June 2018, 2019 and 2020 are included in this annexure.

The full report on the combined and carve-out historical financial information of the AHIH Reporting Entity is incorporated by reference in terms of Part D, paragraph 11 of this Circular.

Commentary

Background

The 2 major businesses that forms part of Ascendis Europe is Remedica and Sun Wave Pharma ("**SWP**").

Founded in 2008, SWP is the number one nutraceutical and one of the top OTC company in Romania. During the past 4 years, SWP has been one of the fastest growing pharma company in Romania. It has developed a portfolio of nutraceutical products, operating through 9 business divisions: Urology, Junior, Neurology, Pharmacy, Cardiology, Dermatology, Gastroenterology, Endocrinology and Respiratory.

The business model relies on medical promotion. 90% of the portfolio is promoted directly to doctors through its medical representatives via a wide range of marketing activities.

Remedica is a global, integrated developer, manufacturer, and marketer of generic pharmaceuticals in Cyprus. It has a uniquely flexible direct sales / B2B strategy providing access to more than 130 markets globally and creating abundant opportunities for growth. Remedica has a diversified customer base built through multi-year relationships and includes long-standing contracts with blue-chip multinationals and international NGOs as well as an established footprint in high-growth emerging markets. It has a broad product portfolio of ~160 molecules including advanced generics in chronic-need antiretrovirals and antineoplastics(oncology). Inhouse and partnered development engines are in place to drive long-term growth. It is enabled by state-of-the-art GMP manufacturing sites based in Limassol, Cyprus with a flawless compliance track record and excess capacity and one of the fastest growth pharmaceutical companies in Europe.

Financial commentary

The financial results for the years presented are as follows:

Financial results – 2018

Turnover for the 12 months ended 30 June 2018 amounted to R1 893 million, which resulted in an operating profit of R609 million.

The 2018 results of SWP, the first year as a part of the Ascendis Group were very strong, with a gradual increase in marketing activities and the launch of new medico-marketing activities.

Remedica's revenue grew by 21% and was mainly driven by sales to non-governmental organisations as the company was more successful in tenders awarded, as well as the increase in out licensing business where Remedica managed to double its revenue by launching 3 new molecules.

The lower gross profit at Remedica reflected the increased cost of the non-governmental organisations business as well as the new high margin products from out licensing.

Financial results – 2019

Turnover for the 12 months ended 30 June 2019 amounted to R2 268 million, which resulted in a profit before interest and tax of R184 million – this is after the fair value adjustment of the financial guarantee liability of R155 million and impairment losses on financial assets of R440 million.

SWP substantially increased its sales again in 2019 by 29.7%. All divisions contributed to the rise in sales and the investment in marketing and sales force (23 new people) had a positive impact on total sales and in obtaining a strong EBITDA growth of 45%.

Remedica's turnover reflected a year-on-year growth rate of 16.4%, mainly driven by increased sales from increased tenders awarded in Thailand and the Mena region. Out licensing was also a big contributor with 17% year-on-year growth again driven by the introduction of new products.

Financial results – 2020

Turnover for the 12 months ended 30 June 2020 amounted to R3 057 million and resulted in profit before interest and tax of R392 million – this is after the expected credit loss of the financial guarantee liability of R362 million and impairment losses on financial assets of R54 million.

Turnover for SWP reflected an increase of 23% against the prior year. SWP reported a gross margin of 77.6% and an increase in EBITDA for the year-end 32%. This good performance is due to diversified marketing activities and increased coverage of doctors following the increase in salesforce by 45 new people.

Remedica's turnover produced a year-on-year growth rate of 40%. Main drivers of the increased sales were from the out-licensing income stream with 47% year-on-year growth, with the increase entirely driven by focus on a tender opportunity in Mexico. Second highest contributor was the local market due to increased marketing, and the introduction of the NHS system in Cyprus, local sales increased by 155% compared to June 2019. Another contributor of the increased performance came from the NGO business due to new tender business won with a single product namely Pyrimethamine/Sulfadoxine. Within the export agent's income stream growth was driven in Oman, Botswana and COVID-related chloroquine sales in Israel which offset the loss of Sudan and Vietnam markets.

Gross profit margin increased to 49.2% due to high profit margin items such as Chloroquine and Mexico Tender.

Financial results for the period July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R1 812 million and resulted in a profit before interest and tax of R6 189 million.

SWP's turnover for 6 months recorded an increase of 3% despite a negative COVID-19 impact on two divisions (Junior, Respi) which were more affected by restrictions and conversion of general and specialty hospitals into hospitals dedicated to the treatment of COVID-19 patients.

EBITDA was up by 25% due to reduced marketing activities, which was cancelled due to COVID-19 restrictions.

Remedica's turnover increased, mainly due to increased sales mainly by the NGO income stream where for the corresponding period in the 2020 financial year increased by 76%. Export agent's income grew by 35% compared to the corresponding period in the 2020 financial year.

Gross profit margin reduced due to the lower gross margin products sold within the non-governmental organisations business.

COMMENTARY ON THE REPORT ON THE COMBINED AND CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE ANIMAL HEALTH REPORTING ENTITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 30 JUNE 2019 AND 30 JUNE 2020 AND THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

Commentary on the report on the combined and carve-out historical financial information of the Animal Health Reporting Entity for the six-months ended 31 December 2020 and the years ended 30 June 2018, 2019 and 2020 are included in this annexure.

The full report on the combined and carve-out historical financial information of the Animal Health Reporting Entity is incorporated by references in terms of Part D, paragraph 11 of this Circular.

Commentary

Ascendis Animal Health Division

The Animal Health Division (AH) consists of 4 entities namely: Ascendis Animal Health (Ascendis Animal), Ascendis Vet, Kyron Laboratories and Kyron Prescriptions.

Ascendis Animal

Background

- Established in 2004, Ascendis Animal focuses on health products for agricultural and wild-life animals. The management team includes experienced animal health professionals specialising in veterinary sciences.
- Ascendis Animal products are manufactured in state-of-the-art manufacturing facilities including those approved by both Act 36 and SAHPRA. Evidence-based research in the pursuit of high-quality products has resulted in Ascendis Animal products becoming leading brands within the South African market.

Kyron

Background

- Established in 1990, Kyron is a specialist animal health company which has built a reputation for the quality products, innovation and professional integrity. The company manufactures and markets a wide range of products in the animal health field. Kyron also produces a 3-product range for human consumption.

Ascendis Vet

Background

- Established in 2004, Ascendis Vet provides a range of animal health products aimed at helping household animals to live a long and healthy life. Ascendis Vet provides the highest quality medicines at competitive prices and through this have established themselves as a leading name in Animal Health.
- Ascendis Vet's products are all manufactured with the highest quality ingredients, and all conform to pharmaceutical standards of manufacture. The manufacturing facilities carry both ACT 36 and SAHPRA approval. As medical expenses for animals increase, Ascendis Vet remains committed to ensuring their customers have access to world class medicines at competitive prices, leading to longer, healthier and happier life for companion animals.

Financial Information

Reporting Entity revenue and profitability

Financial results 2018 – 2020

Despite tough economic conditions, the Animal Health Reporting Entity's revenue increased by 34% from R365 million in FY18 to R490 million in FY20. Ascendis Animal is the largest contributor of group revenue (c.56%) with an increase in revenue of 16%. Kyron, which contributes c.31% of the Animal Health Reporting Entity's revenue, experienced a marginal increase in revenue, while revenue in vet decreased by 8% from FY18 to FY20.

Minimal gross margin erosion from 51.2% in FY19 to 50.1% in FY20 was noted. This is attributable to the Rand deteriorating (price pressure) and the increased tender revenue in Ascendis Animal which yields lower margins. Ascendis Animal gross margins have declined from 43% in FY18 to 37% in FY20.

Gross margins in Kyron increased from 58% in FY18 to 68% in FY20. Gross margins in Ascendis Vet have improved slightly over the period from 59% to 61%.

The Animal Health Reporting Entity's EBITDA margins have decreased from 21% in FY18 to 15% in FY20 due to maintaining margins and curbing of discretionary costs (advertising, marketing, employee and overhead costs), offset by increased ECL provisions on intercompany loans and trade receivables. EBITDA margins (excluding the impact of ECL provisions) in Ascendis Animal have decreased from 16% in FY18 to 15% due to lower gross margins. EBITDA margins (excluding the impact of ECL provisions) in Kyron have increased from 34% in FY18 to 39% in FY20 due to higher gross margins. EBITDA margins (excluding the impact of ECL provisions) in Ascendis Vet have increased from 26% in FY18 to 34% in FY20 due to higher gross margins.

Financial Results July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R280 million, which resulted in EBIT of R569 million – this is after internal management fees of R10 million.

Turnover was up 14% on the comparable period in FY20. This was highly driven by overperformance in Kyron as a result of increase in the sales mix of animal to human products.

The reporting entity has maintained the same trading margins of 50% from last year. Operating costs were lower by 24% which was mainly contributed by a decrease in payroll-related costs.

Individual entities:

Ascendis Animal revenue and profitability

Financial results 2018 – 2020

Net sales have increased by a CAGR of 7.1% from FY18 to FY20. A 12.7% increase was noted in FY19 attributable to product expansion including the launch of new vaccines in March 2018, geographic expansion into Zambia and revenue from one-off opportunistic permit business. Despite lower Commercial revenues in FY20, revenue increased by 1.8% due to State Tender revenue of R52 million being recognised.

Gross margin erosion from 43% in FY18 to 37% in FY20 is attributable to the Rand deteriorating (price pressure) and the increased Tender revenue which yields lower margins.

EBITDA margins have increased from 16% in FY18 to 17% in FY19 due to curbing of discretionary costs. A marginal decline was noted in FY20 to 15% due to lower gross margins.

Financial results July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R149 million which represents an increase of 9% as compared to the same period. The increase was mainly contributed by price increased which was implemented during this period.

Gross margin was maintained at 43%. Total expenses increased due to higher distribution and variable expenses in line with sales increase.

Kyron revenue and profitability

Financial Results 2018 – 2020

Revenue has increased marginally from FY18 to FY20. The decrease in revenue in FY19 is due to only one price increase being affected in June 2019, lower sales to Martin and Martin and Kyron terminating the sale of Euthapent, an Act101 drug.

An 8.3% increase in FY20 is noted to vets and wholesalers stocking up prior to the announced COVID-19 lockdown and increased disinfectant sales.

Gross margins in FY19 are impacted by credit notes of R16.3 million on the Genops contract. If these credit notes are excluded the reported gross margin is c.80%. Gross margin erosion in FY20 is attributed to increasing raw materials pricing and the inability to pass on the price increases due to the tough economic situation and the pandemic.

EBITDA margins have increased from 34% in FY18 to 39% in FY20 due to lower opex margins.

Financial results July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R91 million which represents an increase of 23% as compared to the same period. This was mainly contributed by an increase in the sales mix of animal to human products.

The gross profit margin has been maintained at 66%. Total expenses increased due to higher distribution and variable expenses in line with sales increase.

Ascendis Vet revenue and profitability

Financial Results 2018 – 2020

Net sales have decreased by a CAGR of 4% from FY18 to FY20. The 7% decline in FY19 is due to "stock-outs" created by Ascendis Vet's largest supplier Cipla Medpro failing to deliver on all purchase orders placed with them. Ascendis Vet was enroute to recovery in FY20, where combined sales in Q1, Q2 and Q3 were on par with the same period in FY18. However, Q4 saw a drop in sales due to COVID-19 resulting in FY20 sales being R6 million behind FY18 and budget.

Gross margins have improved slightly over the period from 59% to 61%. This is largely due to product mix.

FY18 EBITDA margin was 26%. The FY19 decrease in EBITDA margins are due to a once off charge to the income statement resulting from the implementation of IFRS 9 of R9.4 million. EBITDA has increased to 34% in FY20 due to head office cutting discretionary budgets, decrease in group bonus policy, a decrease in payroll costs to decreased head count (mainly the MD and national sales manager).

Financial results July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R40 million which represents an increase of 19% as compared to the same period. The sales were slowly recovering from COVID-19 lockdown.

The gross profit margin has been maintained at 61%. Total expenses reduced by circa R300k, this was driven by lower marketing expenses and lower payroll expenses due to the reduction in bonus provision as a result of an employee resignation as well as the leave pay provision reversal.

COMMENTARY ON THE REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE RCA REPORTING ENTITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 30 JUNE 2019 AND 30 JUNE 2020 AND THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

Commentary on the report on the carve-out historical financial information of the RCA Reporting Entity for the six-months ended 31 December 2020 and the years ended 30 June 2018, 2019 and 2020 are included in this annexure.

The full report on the carve-out historical financial information of the RCA Reporting Entity is incorporated by reference in terms of Part D, paragraph 11 of this Circular.

Commentary

Background

RCA is a distributor of respiratory, monitoring, radiology, and other medical equipment, together with associated consumables. It also provides technical support services for equipment it has supplied. Its market is in the treatment of patients both in hospitals (where its focus is on high care, ICU, operating theatres and maternity wards) and in the homecare segments.

RCA has been instrumental in the fight against COVID-19 in having been a leading distributor of ventilators and high-flow nasal oxygen equipment (together with associated consumables) into both public and private hospitals.

Financial commentary

The financial results for the years presented are as follows:

Financial results – 2018

Turnover for the 12 months ended 30 June 2018 amounted to R476 million, which resulted in EBIT of R80 million – this is after internal management fees of R57.9 million.

The trading margin of 44% was elevated as a result of a favourable exchange rate, which combined with the fixed pricing of the significant RT2 Government tender, to generate unsustainable returns. The year-on-year increase in operating costs was broadly in line with inflation.

Financial results – 2019

Turnover for the 12 months ended 30 June 2019 amounted to R435 million, which resulted in a loss before interest and tax of R555 million – this is after internal management fees of R65.4 million and the expected credit loss on the financial guarantee liability of R570 million.

The 9% year-on-year decrease in turnover was mainly due to the loss of government business, after an administrative glitch with SARS resulted in the Company being classified as a "non-compliant" taxpayer. Aggravating the situation, liquidity pressures prevented the company from procuring the necessary levels and mix of stock it required for RT2 Government order year end run.

Trading margins reduced to a more sustainable 37.3%. Operating costs rose 17%, mainly as a result of an increase in expected credit losses (ECL) provisions on Ascendis intercompany loans, increased administration and management fees and headcount increases added to the burden.

Financial results – 2020

Turnover for the 12 months ended 30 June 2020 amounted to R595 million and resulted in loss before interest and tax of R810 million – this includes an expected credit loss adjustment of R832 million to liabilities in respect of guarantees issued in favour of other Ascendis Group companies and internal management fees of R75.3 million.

The 37% increase in Turnover was largely due to an increase in government spending as well as the increased demand for ultrasound devices, which became the preferred technology for non-invasive medical treatments after turning this into a dedicated focused subdivision. During the latter part of the year, the first COVID-19 specific orders were delivered. The Company also benefited from its "non-compliant" tax status being corrected.

Trading margins reduced to 33.8% due to a weak currency and a substantial increase in freight charges linked to COVID-19. Year on year operating costs increased 17% (this ignores the above mentioned charge of R832 million), mainly as a result of an increase in expected credit losses (ECL) provisions on Ascendis intercompany loans and increased administration and management fees.

Financial results for the period July 2020 – December 2020

Turnover for the 6 months ended 31 December 2020 amounted to R588 million, which resulted in EBIT of R619 million – this is after internal management fees of R43.6 million and a financial guarantee expected credit loss allowance adjustment of R515 million.

Turnover was up 133% on the comparable period in FY20. This was mostly driven by the impact of the COVID-19 pandemic on both government and private hospitals, which resulted in a substantial demand for ventilators and High Flow Nasal Oxygen Equipment. This was in turn supplemented by a similar demand for associated dedicated consumable supplies. Liquidity constraints prevented the Company from taking full advantage of the opportunities available.

Trading margins were 0.5 percentage points down on the same period last year, as the previously mentioned costs of a weakened currency and high importing charges linked to COVID-19, hit the income statement. Year on year operating costs were up 15%, mainly due to performance-based incentive schemes for managerial staff linked to COVID-19 increased sales.

INDEPENDENT REPORTING ACCOUNTANT'S REPORTS ON THE HISTORICAL FINANCIAL INFORMATION OF THE AHIH REPORTING ENTITY, THE ANIMAL HEALTH REPORTING ENTITY AND THE RCA REPORTING ENTITY FOR THE 3 YEARS ENDED 30 JUNE 2018, 30 JUNE 2019 AND 30 JUNE 2020 AND THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

PART A
THE AHIH REPORTING ENTITY

Report 1

Independent reporting accountant's review report on the Combined Carve-out Historical Financial Information of the AHIH Reporting Entity for the years ended 30 June 2018 and 2019

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited (the "Company", "Ascendis", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the Group Recapitalisation Transaction of Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying combined carve-out statements of financial position of Ascendis' off-shore operations (the "AHIH Reporting Entity") as at 30 June 2018 and 2019 and the related combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "AHIH Reporting Entity FY18 and FY19 Historical Financial Information") incorporated by reference in Annexure 1 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited's Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the AHIH Reporting Entity FY18 and FY19 Historical Financial Information, in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the AHIH Reporting Entity FY18 and FY19 Historical Financial Information, that is free from material misstatement, whether due to fraud or error.

In preparing the AHIH Reporting Entity FY18 and FY19 Historical Financial Information, the directors of Ascendis are responsible for assessing the AHIH Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the AHIH Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the AHIH Reporting Entity FY18 and FY19 Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of historical financial information performed by the independent auditor of the entity ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the AHIH Reporting Entity FY18 and FY19 Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the AHIH Reporting Entity FY18 and FY19 Historical Financial Information, does not present fairly, in all material respects, the financial position of AHIH Reporting Entity as at 30 June 2018 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose combined carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the historical financial information of the AHIH Reporting Entity, the AHIH Reporting Entity did not operate as a separate entity. The AHIH Reporting Entity's FY18 and FY19 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the AHIH Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the AHIH Reporting Entity.

We also draw attention to the historical financial information of the AHIH Reporting Entity which describes the basis of preparation. The AHIH Reporting Entity's FY18 and FY19 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 2

Independent reporting accountant's audit report on the Combined Carve-out Historical Financial Information of the AHIH Reporting Entity for the year ended 30 June 2020

To the directors of Ascendis Health Limited

Our opinion

Ascendis Health Limited (the "Company", "Ascendis", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the Group Recapitalisation Transaction of Ascendis (the "Proposed Transaction").

In our opinion, the combined carve-out historical financial information of Ascendis' off-shore operations (the "AHIH Reporting Entity") incorporated by reference in Annexure 1 to the Circular in terms of Part D, paragraph 11 of this Circular, (the "AHIH Reporting Entity FY20 Historical Financial Information") presents fairly, in all material respects, the combined carve-out financial position of the AHIH Reporting Entity as at 30 June 2020, and its combined carve-out financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 3 September 2021, we have audited the AHIH Reporting Entity's combined carve-out historical financial information which comprises:

- the combined carve-out statement of financial position as at 30 June 2020;
- the combined carve-out statement of profit or loss and other comprehensive income for the year then ended;
- the combined carve-out statement of changes in equity for the year then ended;
- the combined carve-out statement of cash flows for the year then ended; and
- the notes to the combined historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter: Special purpose combined carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the historical financial information of the AHIH Reporting Entity, the AHIH Reporting Entity has not operated as a separate entity. The AHIH Reporting Entity's FY20 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the AHIH Reporting Entity had been a separate stand-alone entity during the year presented or of future results of the AHIH Reporting Entity.

We also draw attention to the historical financial information of the AHIH Reporting Entity which describes the basis of preparation. The AHIH Reporting Entity FY20 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Responsibilities of the directors for the combined carve-out historical financial information

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the AHIH Reporting Entity FY20 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the AHIH Reporting Entity FY20 Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the AHIH Reporting Entity FY20 Historical Financial Information, the directors of Ascendis are responsible for assessing the AHIH Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the AHIH Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the combined historical financial information

Our objectives are to obtain reasonable assurance about whether the AHIH Reporting Entity FY20 Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the AHIH Reporting Entity FY20 Historical Financial Information whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Ascendis.
- Conclude on the appropriateness of the directors of Ascendis' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AHIH Reporting Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the AHIH Reporting Entity FY20 Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the AHIH Reporting Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the AHIH Reporting Entity FY20 Historical Financial Information, including the disclosures, and whether the AHIH Reporting Entity FY20 Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the AHIH Reporting Entity to express an opinion on the AHIH Reporting Entity FY20 Historical Financial Information. We are responsible for the direction, supervision and performance of the AHIH Reporting Entity audit. We remain solely responsible for our audit opinion.
- We communicate with the directors of Ascendis regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 3

Independent reporting accountant's review report on the Interim Condensed Combined Carve-out Historical Financial Information of the AHIH Reporting Entity for the six months ended 31 December 2020

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited ("Ascendis", the "Company", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed Group Recapitalisation Transaction of Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying interim condensed combined carve-out statement of financial position of the AHIH Reporting Entity as at 31 December 2020 and the related interim condensed combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (the "AHIH Reporting Entity Interim Condensed Historical Financial Information") incorporated by reference in Annexure 1 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the JSE Listings Requirements. The directors of the Company are responsible for the preparation and presentation of the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the AHIH Reporting Entity Interim Condensed Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim condensed financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed financial statements.

Basis for Qualified Conclusion

The AHIH Reporting Entity prepared the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial information for the six month period ended 31 December 2020 specifically for the purpose of the Circular in order to comply with section 8.7 of the JSE Listing Requirements. As discussed in note 1.1 to the AHIH Reporting Entity Interim Condensed Combined carve-out Historical Financial Information, the AHIH Reporting Entity interim condensed Combined carve-out Historical Financial Information does not include the comparative information for the six month period ended 31 December 2019, as is required by International Accounting Standard 34, "Interim Financial Reporting".

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information of the AHIH Reporting Entity for the six months ended 31 December 2020 as set out in Annexure 1 to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information of the AHIH Reporting Entity, the AHIH Reporting Entity has not operated as a separate entity. The AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the AHIH Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the AHIH Reporting Entity.

We also draw attention to the AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information of the AHIH Reporting Entity which describes the basis of preparation. The AHIH Reporting Entity Interim Condensed Combined Carve-out Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Part B

The Animal Health Reporting Entity

Report 1

Independent reporting accountant's review report on the Combined Carve-out Historical Financial Information of the Animal Health Reporting Entity for the years ended 30 June 2018 and 2019

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited (the "Company", "Ascendis", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of shares in Ascendis Animal Health (Pty) Ltd, Ascendis Vet (Pty), Kyron Prescriptions (Pty) Ltd and Kyron Laboratories (Pty) Ltd, together referred to as the Animal Health Reporting Entity (the "Animal Health Reporting Entity") by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying combined carve-out statements of financial position of Animal Health Reporting Entity as at 30 June 2018 and 2019 and the related combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "Animal Health Reporting Entity FY18 and FY19 Historical Financial Information") incorporated by reference in Annexure 2 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited's Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information, in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information, that is free from material misstatement, whether due to fraud or error.

In preparing the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information, the directors of Ascendis are responsible for assessing the Animal Health Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Animal Health Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of historical financial information performed by the independent auditor of the entity ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Animal Health Reporting Entity FY18 and FY19 Historical Financial Information, does not present fairly, in all material respects, the financial position of Animal Health Reporting Entity as at 30 June 2018 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose combined carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the historical financial information of the Animal Health Reporting Entity, the Animal Health Reporting Entity did not operate as a separate entity. The Animal Health Reporting Entity's FY18 and FY19 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Animal Health Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the Animal Health Reporting Entity.

We also draw attention to the historical financial information of the Animal Health Reporting Entity which describes the basis of preparation. The Animal Health Reporting Entity's FY18 and FY19 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 2:

Independent reporting accountant's audit report on the Combined Carve-out Historical Financial Information of the Animal Health Reporting Entity for the year ended 30 June 2020

To the directors of Ascendis Health Limited

Our opinion

Ascendis Health Limited is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of shares in Ascendis Animal Health, Ascendis Vet (Pty) Ltd, Kyron Prescriptions (Pty) Ltd and Kyron Laboratories (Pty) Ltd, together referred to as the Animal Health Reporting Entity (the "Animal Health Reporting Entity") by Ascendis Health Limited ("Ascendis") (the "Proposed Transaction").

In our opinion, the combined carve-out historical financial information of Animal Health Reporting Entity incorporated by reference in Annexure 2 to the Circular in terms of Part D, paragraph 11 of this Circular, (the "Animal Health Reporting Entity FY20 Historical Financial Information") presents fairly, in all material respects, the combined carve-out financial position of the Animal Health Reporting Entity as at 30 June 2020, and its combined carve-out financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 3 September 2021, we have audited the Animal Health Reporting Entity FY20 Historical Financial Information which comprises:

- the combined carve-out statement of financial position as at 30 June 2020;
- the combined carve-out statement of profit or loss and other comprehensive income for the year then ended;
- the combined carve-out statement of changes in equity for the year then ended;
- the combined carve-out statement of cash flows for the year then ended; and
- the notes to the combined historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter: Special purpose combined carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the Animal Health Reporting Entity FY20 Historical Financial Information, the Animal Health Reporting Entity has not operated as a separate entity. The Animal Health Reporting Entity's FY20 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Animal Health Reporting Entity had been a separate stand-alone entity during the year presented or of future results of the Animal Health Reporting Entity.

We also draw attention to the Animal Health Reporting Entity FY20 Historical Financial Information of the Animal Health Reporting Entity which describes the basis of preparation. The Animal Health Reporting Entity FY20 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Responsibilities of the directors for the combined carve-out historical financial information

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the Animal Health Reporting Entity FY20 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the Animal Health Reporting Entity FY20 Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Animal Health Reporting Entity FY20 Historical Financial Information, the directors of Ascendis are responsible for assessing the Animal Health Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Animal Health Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the combined historical financial information

Our objectives are to obtain reasonable assurance about whether the Animal Health Reporting Entity FY20 Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Animal Health Reporting Entity FY20 Historical Financial Information whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Ascendis.
- Conclude on the appropriateness of the directors of Ascendis' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Animal Health Reporting Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the Animal Health Reporting Entity FY20 Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Animal Health Reporting Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Animal Health Reporting Entity FY20 Historical Financial Information, including the disclosures, and whether the Animal Health Reporting Entity FY20 Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Animal Health Reporting Entity to express an opinion on the Animal Health Reporting Entity FY20 Historical Financial Information. We are responsible for the direction, supervision and performance of the Animal Health Reporting Entity audit. We remain solely responsible for our audit opinion.
- We communicate with the directors of Ascendis regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 3:

Independent reporting accountant's review report on the Interim Condensed Combined Carve-out Historical Financial Information of the Animal Health Reporting Entity for the six months ended 31 December 2020

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited ("Ascendis", the "Company", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of shares in Ascendis Animal Health (Pty) Ltd, Ascendis Vet (Pty) Ltd, Kyron Prescriptions (Pty) Ltd and Kyron Laboratories (Pty) Ltd, together referred to as the Animal Health Reporting Entity (the "Animal Health Reporting Entity") by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying interim condensed combined carve-out statement of financial position of the Animal Health Reporting Entity as at 31 December 2020 and the related interim condensed combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (the "Animal Health Reporting Entity Interim Condensed Historical Financial Information") incorporated by reference in Annexure 2 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the JSE Listings Requirements. The directors of the Company are responsible for the preparation and presentation of the Animal Health Reporting Entity Interim Condensed Historical Financial Information in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the Animal Health Reporting Entity Interim Condensed Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Animal Health Reporting Entity Interim Condensed Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim condensed financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed financial statements.

Basis for Qualified Conclusion

The Animal Health Reporting Entity prepared the Animal Health Reporting Entity Interim Condensed Historical Financial Information for the six month period ended 31 December 2020 specifically for the purpose of the Circular in order to comply with section 8.7 of the JSE Listing Requirements. As discussed in note 1.1 to the Animal Health Reporting Entity Interim Condensed Historical Financial Information, the Animal Health Reporting Entity Interim Condensed Historical Financial Information does not include the comparative information for the six month period ended 31 December 2019, as is required by International Accounting Standard 34, "Interim Financial Reporting".

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Animal Health Reporting Entity Interim Condensed Historical Financial Information of the Animal Health Reporting Entity for the six months ended 31 December 2020 as set out in Annexure 2 to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the Animal Health Reporting Entity Interim Condensed Historical Financial Information of the Animal Health Reporting Entity, the Animal Health Reporting Entity has not operated as a separate entity. The Animal Health Reporting Entity Interim Condensed Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Animal Health Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the Animal Health Reporting Entity.

We also draw attention to the Animal Health Reporting Entity Interim Condensed Historical Financial Information of the Animal Health Reporting Entity which describes the basis of preparation. The Animal Health Reporting Entity Interim Condensed Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

PART C
THE RCA REPORTING ENTITY

Report 1:

Independent reporting accountant's review report on the Carve-Out Historical Financial Information of the RCA Reporting Entity for the years ended 30 June 2018 and 2019

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited (the "Company", "Ascendis", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed unbundling and sale of shares in the RCA Reporting Entity by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying carve-out statements of financial position of the RCA Reporting Entity as at 30 June 2018 and 2019 and the related carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "RCA Reporting Entity FY18 and FY19 Historical Financial Information") incorporated by reference in Annexure 3 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited's Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the RCA Reporting Entity FY18 and FY19 Historical Financial Information, in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the RCA Reporting Entity FY18 and FY19 Historical Financial Information, that is free from material misstatement, whether due to fraud or error.

In preparing the RCA Reporting Entity FY18 and FY19 Historical Financial Information, the directors of Ascendis are responsible for assessing the RCA Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RCA Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the RCA Reporting Entity FY18 and FY19 Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of historical financial information performed by the independent auditor of the entity ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the RCA Reporting Entity FY18 and FY19 Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the RCA Reporting Entity FY18 and FY19 Historical Financial Information, does not present fairly, in all material respects, the carve-out financial position of the RCA Reporting Entity as at 30 June 2018 and 2019, and its carve-out financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the historical financial information of the RCA Reporting Entity, the RCA Reporting Entity did not operate as a separate entity. The RCA Reporting Entity's FY18 and FY19 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the RCA Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the RCA Reporting Entity.

We also draw attention to the historical financial information of the RCA Reporting Entity which describes the basis of preparation. The RCA Reporting Entity's FY18 and FY19 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 2:

Independent reporting accountant's audit report on the Carve-Out Historical Financial Information of the RCA Reporting Entity for the year ended 30 June 2020

To the directors of Ascendis Health Limited

Our opinion

Ascendis Health Limited is issuing a Circular to its shareholders (the "Circular") regarding the proposed unbundling and sales of shares in the RCA Reporting Entity by Ascendis Health Limited ("Ascendis") (the "Proposed Transaction").

In our opinion, the carve-out historical financial information of the RCA Reporting Entity incorporated by reference in Annexure 3 to the Circular in terms of Part D, paragraph 11 of this Circular (the "RCA Reporting Entity FY20 Historical Financial Information") presents fairly, in all material respects, the financial position of the RCA Reporting Entity as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 3 September 2021, we have audited the RCA Reporting Entity FY20 Historical Financial Information which comprises:

- the carve-out statement of financial position as at 30 June 2020;
- the carve-out statement of profit or loss and other comprehensive income for the year then ended;
- the carve-out statement of changes in equity for the year then ended;
- the carve-out statement of cash flows for the year then ended; and
- the carve-out notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter: Special purpose carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the RCA Reporting Entity Historical Financial Information, the RCA Reporting Entity has not operated as a separate entity. The RCA Reporting Entity's FY20 Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the RCA Reporting Entity had been a separate stand-alone entity during the year presented or of future results of the RCA Reporting Entity.

We also draw attention to the historical financial information of the RCA Reporting Entity which describes the basis of preparation. The RCA Reporting Entity FY20 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Responsibilities of the directors for the carve-out historical financial information

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the RCA Reporting Entity FY20 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the RCA Reporting Entity FY20 Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the RCA Reporting Entity FY20 Historical Financial Information, the directors of Ascendis are responsible for assessing the RCA Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RCA Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the carve-out historical financial information

Our objectives are to obtain reasonable assurance about whether the RCA Reporting Entity FY20 Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the RCA Reporting Entity FY20 Historical Financial Information whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Ascendis.
- Conclude on the appropriateness of the directors of Ascendis' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RCA Reporting Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the RCA Reporting Entity FY20 Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the RCA Reporting Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the RCA Reporting Entity FY20 Historical Financial Information, including the disclosures, and whether the RCA Reporting Entity FY20 Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the RCA Reporting Entity to express an opinion on the RCA Reporting Entity FY20 Historical Financial Information. We are responsible for the direction, supervision and performance of the RCA Reporting Entity audit. We remain solely responsible for our audit opinion.

- We communicate with the directors of Ascendis regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

Report 3:

Independent reporting accountant's review report on the Interim Condensed Carve-out Historical Financial Information of the RCA Reporting Entity for the six months ended 31 December 2020

To the directors of Ascendis Health Limited

Introduction

Ascendis Health Limited ("Ascendis", the "Company", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed unbundling and sale of shares in the RCA Reporting Entity by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 3 September 2021, we have reviewed the accompanying interim condensed carve-out statement of financial position of the RCA Reporting Entity as at 31 December 2020 and the related interim condensed carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and selected explanatory notes (the "RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information") incorporated by reference in Annexure 3 to the Circular in terms of Part D, paragraph 11 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the JSE Listings Requirements. The directors of the Company are responsible for the preparation and presentation of the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed carve-out financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim condensed historical financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed financial statements.

Basis for Qualified Conclusion

The RCA Reporting Entity prepared the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information for the six month period ended 31 December 2020 specifically for the purpose of the Circular in order to comply with section 8.7 of the JSE Listing Requirements. As discussed in note 1.2 to the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information, the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information does not include the comparative information for the six month period ended 31 December 2019, as is required by International Accounting Standard 34, "Interim Financial Reporting".

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information of the RCA Reporting Entity for the six months ended 31 December 2020 as set out in Annexure 3, is not prepared, in all material respects, in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the JSE Limited Listings Requirements.

Emphasis of Matter: Special purpose condensed carve-out historical financial information and basis of preparation

Without modifying our opinion, we draw attention to the fact that, as described in the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information of the RCA Reporting Entity, the RCA Reporting Entity did not operate as a separate entity. The RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the RCA Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the RCA Reporting Entity.

We also draw attention to the RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information of the RCA Reporting Entity which describes the basis of preparation. The RCA Reporting Entity Interim Condensed Carve-out Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

PRO FORMA FINANCIAL INFORMATION OF THE TRANSACTIONS

The definitions commencing on page 8 of the Circular have been used throughout this Circular.

Set out below is the consolidated *pro forma* statement of financial position and statement of profit or loss and other comprehensive income of Ascendis Health, showing the *pro forma* financial effects of the Group Recapitalisation Transaction alongside the effects of the RCA Disposal and the Animal Health Disposal (the "**Transactions *pro forma* financial information**").

The Transactions *pro forma* financial information has been prepared to illustrate the impact of the Transactions on the published financial information of Ascendis Health for the period ended 31 December 2020, based on the assumption that the Transactions took place on 1 July 2020 for purposes of the *pro forma* consolidated statement of profit or loss and other comprehensive income and on 31 December 2020 for purposes of the *pro forma* consolidated statement of financial position. Because of its nature, the Transactions *pro forma* financial information may not fairly present Ascendis Health's financial position, changes in equity, results of operations or cash flows after the Transactions.

The Transactions *pro forma* financial information of Ascendis Health has been prepared using the accounting policies of the Ascendis Health Group as at 31 December 2020, which are in compliance with IFRS, in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro forma* Financial Information issued by SAICA.

The Transactions *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors of Ascendis Health.

The Transactions *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report thereon, which is presented in Annexure 8 of this Circular.

Pro forma consolidated **statement of financial position for the six-months ended 31 December 2020**

The pro forma consolidated statement of financial position as at 31 December 2020 has been prepared to show the impact of the Transactions as if it was effective 31 December 2020.

ZAR'000	Unadjusted SOFP	AHIH deconsolidation	Pre-transaction steps	Reversal of consolidation entries	Group Recapitalisation Transaction	Transaction fees	MIP	After Group Recapitalisation Transaction	RCA deconsolidation	RCA Disposal	RCA Disposal expenses	After the Group Recapitalisation Transaction and RCA Disposal	Animal Health deconsolidation	Animal Health Disposal	Animal Health Disposal expenses	After the Transactions
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9.1**	**9.2**	**9.3**	**10**	**11.1**	**11.2**	**11.3**	**12**
Non-current assets																
Property, plant and equipment	1 035 654	(815 222)		–				**220 432**	(12 908)			207 524				207 524
Right-of-use assets	271 561	(51 351)		–				**220 210**	(1 352)			218 858				218 858
Intangible assets and goodwill	4 656 376	(4 058 072)		(523 146)				**75 158**	(101 881)			(26 722)		(23 405)		(50 128)
Other financial assets	46 913	(11 926)		(692)				**34 295**				34 295				34 295
Deferred tax assets	120 471	–		(5 356)				**115 115**				115 115				115 115
Investment in subsidiary								**–**				–				–
	6 130 975	**(4 936 571)**	**–**	**(529 194)**	**–**	**–**	**–**	**665 210**	**(116 141)**	**–**	**–**	**549 069**	**–**	**(23 405)**		**525 664**
Current assets																
Inventories	1 349 296	(585 303)		(25 207)				**738 786**	(101 112)			637 674				637 674
Loans to related group companies		(375 919)	203 808	172 111				**(0)**	–			(0)				(0)
Trade and other receivables	2 279 408	(1 433 752)		77 129				**922 785**	(239 501)			683 283				683 283
Other financial assets	17 077	(403)		–				**16 674**	(3)			16 671				16 671
Current tax receivable	44 387	–		(6 217)				**38 170**	–			38 170				38 170
Cash and cash equivalents	358 964	(103 040)		–		(276 198)	(18 047)	**(38 320)**	(1 119)		(9 550)	(48 989)		97 488	(30 074)	18 424
	4 049 132	**(2 498 417)**	**203 808**	**217 816**	**–**	**(276 198)**	**(18 047)**	**1 678 095**	**(341 736)**	**–**	**(9 550)**	**1 326 809**	**–**	**97 488**	**(30 074)**	**1 394 223**
Assets classified as held for sale	995 067							**995 067**				**995 067**	(738 196)			**256 871**
Total assets	**11 175 174**	**(7 434 988)**	**203 808**	**(311 378)**	**–**	**(276 198)**	**(18 047)**	**3 338 372**	**(457 877)**	**–**	**(9 550)**	**2 870 945**	**(738 196)**	**74 083**	**(30 074)**	**2 176 758**
Equity																
Stated capital	5 975 703	(18)		18				**5 975 703**				5 975 703				5 975 703
Reserves	530 027	8 206 197	(3 806 824)	(7 737 504)	823 632			**(1 984 472)**				(1 984 472)				(1 984 472)
Accumulated loss	(5 572 968)	(5 271 692)		7 042 696		(276 198)	(12 993)	**(4 091 156)**	(291 976)	481 755	(17 510)	(3 918 887)	(567 386)	709 544	(29 057)	(3 805 786)

ZAR'000	Unad-justed SOFP	AHIH deconsoli-dation	Pre-transaction steps	Reversal of consolida-tion entries	Group Recapitali-sation Transac-tion	Transac-tion fees	MIP	After Group Recapitali-sation Transac-tion	RCA deconsoli-dation	RCA Disposal	RCA Disposal expenses	After the Group Recapitali-sation Transac-tion and RCA Disposal	Animal Health deconsoli-dation	Animal Health Disposal	Animal Health Disposal expenses	After the Transac-tions
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9.1**	**9.2**	**9.3**	**10**	**11.1**	**11.2**	**11.3**	**12**
Equity attributable to equity holders of parent	**932 762**	**2 934 487**	**(3 806 824)**	**(694 791)**	**823 632**	**(276 198)**	**(12 993)**	**(99 925)**	**(291 976)**	**481 755**	**(17 510)**	**72 344**	**(567 386)**	**709 544**	**(29 057)**	**185 445**
Non-controlling interest	105 279	1 422		–				**106 701**				**106 701**				**106 701**
Total equity	**1 038 041**	**2 935 909**	**(3 806 824)**	**(694 791)**	**823 632**	**(276 198)**	**(12 993)**	**6 776**	**(291 976)**	**481 755**	**(17 510)**	**179 045**	**(567 386)**	**709 544**	**(29 057)**	**292 146**
Non-current liabilities																
Borrowings and other financial liabilities	129 888	–		–	269 556			**399 444**				399 444				399 444
Deferred tax liabilities	218 072	(155 938)		(24 740)				**37 394**	(741)			36 653				36 653
Other non-current liabilities	264 013	(39 590)						**224 423**	(6 431)			217 992				217 992
	611 973	**(195 528)**		**(24 740)**	**269 556**	**–**	**–**	**661 261**	**(7 172)**	**–**	**–**	**654 089**	**–**	**–**	**–**	**654 089**
Current liabilities																
Trade and other payables	1 224 941	(547 394)		124 505				**802 052**	(119 861)			682 191				682 191
Loans from group companies		(4 010 632)	4 010 632	–				**–**				–				–
Borrowings and other financial liabilities	6 758 748	(4 435 623)		(168)	(1 093 188)			**1 229 768**	–	(481 755)	10 634	758 648		(528 203)		230 445
Deferred vendor liabilities	926 399	(801 988)		–				**124 411**				124 411		(111 912)		12 499
Provisions	82 721	–		(15 426)				**67 295**	(7 129)			60 167				60 167
Other current liabilities	73 041	(13 060)		–				**59 981**	(7 216)			52 765				52 765
Current tax payable	94 228	(9 645)		(10 304)			(5 053)	**69 226**	(24 524)		(2 674)	42 028		4 654	(1 017)	45 665
Bank overdraft	47 606	(47 482)		–				**124**	–	–	–	124			–	124
Financial guarantee	–	(309 545)		309 545								–				–
	9 207 684	**(10 175 369)**	**4 010 632**	**408 152**	**(1 093 188)**	**–**	**(5 053)**	**2 352 857**	**(158 729)**	**(481 755)**	**7 960**	**1 720 333**	**–**	**(635 461)**	**(1 017)**	**1 083 856**
Liabilities classified as held for sale	317 476							**317 476**				**317 476**	(170 810)			**146 666**
Total equities and liabilities	**11 175 174**	**(7 434 988)**	**203 808**	**(311 379)**	**–**	**(276 198)**	**(18 047)**	**3 338 371**	**(457 877)**	**–**	**(9 550)**	**2 870 944**	**(738 196)**	**74 083**	**(30 074)**	**2 176 757**
Number of Shares (000's)	489 470							489 470				489 470				489,470
NAV per share (cents)	190.6							(20.4)				14.8				37.9
TNAV per share (cents)	(785.4)							(59.3)				(3.3)				24.6

Notes:

Group Recapitalisation Transaction

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020**.**
2. Extracted, without adjustment, from the reviewed combined carve-out historical financial information of the AHIH Reporting Entity for the six months ended 31 December 2020, incorporated by reference in terms of paragraph 11, Part D of this Circular.
3. Pre-transaction steps column represents the capitalisation of certain related party loans to equity as well as the cession and set-off of other related party loans.
4. Consolidation adjustments comprise the reversal of the consolidation entries relating to the consolidation of AHIH Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020.
5. The Group Recapitalisation Transaction column illustrates the proceeds on the disposal of AHIH shares by the Ascendis Health Group and the de-recognition of the previously impaired investment in subsidiary (AHIH). The proceeds on sale of the AHIH shares will be utilised by Ascendis Health to reduce interest-bearing borrowings as set out below by R0.82 million from R2.1 billion to R1.28 billion:

Facility	**Quantum (ZARm)**	**Interest rate**	**Denomination of debt facility**
B1	539	JIBAR *plus* 13.75% to 14.2%	ZAR
B2	930	JIBAR *plus* 13.75% to 14.2%	ZAR
E2	196	JIBAR *plus* 10%	ZAR
Revolving credit facility	435	JIBAR *plus* 13.75% to 14.2%	ZAR
	2 100m		

The remaining portion of the debt balance of R1.28 billion is amended and restructured as follows:

5.1 the Term Loan, being a long-term facility, equal to the ZAR equivalent of €15 million (ZAR270 million at the 31 December 2020 exchange rate), carrying interest at JIBAR +9%; and

5.2 the Short-Term Loan equal to the Euro equivalent of R1 010 million carrying interest at Euribor +9% (with Euribor at a floor of 1%), which is, *inter alia,* repayable from the disposal proceeds of the Non-core Disposals and the RCA Disposal.

6. Once-off transaction costs of R276.2 million are expected to be incurred as a direct result of the Group Recapitalisation Transaction, paid from internal cash resources and not considered tax deductible.
7. Once-off MIP costs to be paid in cash directly as a result of implementation of the Group Recapitalisation Transaction, net of the associated tax impact at 28%.
8. Illustrates the *pro forma* statement of financial position after the impact of the Group Recapitalisation Transaction.

RCA Disposal

9. Illustrates the impact of the RCA Disposal, given that the Group Recapitalisation Transaction is conditional on the RCA Disposal proceeding:

9.1 Refer to notes 2–4 of the RCA Disposal *pro forma* statement of financial position contained in Annexure 7 of the Circular for detailed notes on the deconsolidation of the RCA Reporting Entity from the Group interim results pursuant to its disposal;

9.2 Refer to note 5 of the RCA Disposal *pro forma* statement of financial position contained in Annexure 7 of the Circular for detailed notes on the impact of the RCA Disposal, it being noted that the debt assumed to be settled is the amended and restated Short-Term Loan of R1 010 million effective after the Group Recapitalisation Transaction, as noted in 5.2 above; and

9.3 Refer to note 6 and 7 of the RCA Disposal *pro forma* statement of financial position contained in Annexure 7 of the Circular for detailed notes on the RCA Disposal transaction and MIP costs. The MIP costs presented in the Transactions *pro forma* financial information increases to R9.6 million as it illustrates the once-off MIPs assuming a "*yes*" vote on the Group Recapitalisation Transaction.

10. Illustrates the *pro forma* statement of financial position after the impact of the Group Recapitalisation Transaction and the RCA Disposal.

Animal Health Disposal

11. Illustrates the impact of the Animal Health Disposal, given that the Group Recapitalisation Transaction is conditional on the Animal Health Disposal proceeding:

    11.1 Refer to notes 2 – 4 of the Animal Health Disposal *pro forma* statement of financial position contained in Annexure 6 of the Circular for detailed notes on the deconsolidation of Animal Health Reporting Entity from the Group interim results pursuant to its disposal;

    11.2 Refer to note 5 of the Animal Health Disposal *pro forma* statement of financial position contained in Annexure 6 of the Circular for detailed notes on the impact of the Animal Health Disposal, it being noted that the debt assumed settled is the amended and restated Short-Term Loan of R1 010 million effective after the Group Recapitalisation Transaction, as noted in 5.2 above;

    11.3 Refer to note 6 and 7 of the Animal Health Disposal *pro forma* statement of financial position contained in Annexure 6 of the Circular for detailed notes on the Animal Health Disposal transaction and MIP costs;

12. Illustrates the *pro forma* statement of financial position after the impact of the Group Recapitalisation Transaction, the RCA Disposal and the Animal Health Disposal.

The pro forma consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 has been prepared to show the impact of the Transactions as if it was effective 1 July 2020

ZAR'000	Unadjusted SOCI	AHIH deconsolidation	Pre-transaction steps	Consolidation entries	Group Recapitalisation Transaction	Transaction fees	MIP	After Recapitalisation Transaction	RCA deconsolidation	RCA Disposal	RCA Disposal expenses	After the Group Recapitalisation Transaction and RCA Disposal	Animal Health deconsolidation	Animal Health Disposal	Animal Health Disposal expenses	After the Transactions
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9.1**	**9.2**	**9.3**	**10**	**11.1**	**11.2**	**11.3**	**12**
STATEMENT OF PROFIT AND LOSS																
Revenue	3 982 811	(1 812 551)		0				2 170 260	(587 898)			1 582 362				1 582 362
Cost of sales	(2 204 484)	873 075		(26 891)				(1 358 300)	373 380			(984 920)				(984 920)
Gross Profit	**1 778 327**	**(939 476)**		**–**				**811 960**	**(214 519)**			**597 441**				**597 441**
Other income	36 679	(4 946 658)		4 940 698	(743 495)			(712 777)	(993)	189 780		(523 990)		146 811		(377 178)
Selling and distribution costs	(349 066)	261 160		(10 195)				(98 101)	19 479			(78 622)				(78 622)
Administrative expenses	(634 215)	164 594					(18 047)	(487 668)	50 904		(9 550)	(446 314)				(446 314)
Net impairment loss on financial assets	(10 677)	(345 708)		340 819				(15 566)	1 325			(14 241)				(14 241)
Other operating expenses	(177 940)	95 472		(87 655)		(276 198)		(446 321)	(497)		(10 634)	(457 452)			(30 074)	(487 526)
Earnings before interest, tax, depreciation and amortisation	**643 108**	**(5 710 616)**		**5 183 667**	**(743 495)**	**(276 198)**	**(18 047)**	**(948 472)**	**(144 300)**	**189 780**	**(20 184)**	**(923 177)**		**146 811**	**(30 074)**	**(806 439)**
Depreciation and amortisation	(124 762)			65 184				(59 578)	3 371			(56 206)				(56 206)
Net impairment loss on assets	(150 366)							(150 366)				(150 366)				(150 366)
Operating profit/(loss)	**367 980**	**(5 710 616)**		**5 248 852**	**(743 495)**	**(276 198)**	**(18 047)**	**(1 158 415)**	**(140 929)**	**189 780**	**(20 184)**	**(1 129 749)**		**146 811**	**(30 074)**	**(1 013 012)**
Finance income	2 134	(11 620)		21 479		(4 143)		7 850	(2)			7 848				7 848
Finance costs	(546 730)	304 682		(1 099)	106 630			(136 517)	192	23 742		(112 583)		30 482	(397)	(82 498)
Profit/(loss) before taxation	**(176 616)**	**(5 417 554)**		**5 269 231**	**(636 866)**	**(280 341)**	**(18 047)**	**(1 287 083)**	**(140 738)**	**213 521**	**(20 184)**	**(1 234 484)**		**177 294**	**(30 471)**	**(1 087 662)**
Tax (expense)/credit	(126 417)	18 297		8 964	(29 856)	1 160	5 053	(122 799)	26 322	6 648	2 674	(87 156)		(13 189)	1 128	(99 217)
(Loss)/profit from continuing operations	**(303 033)**	**(5 399 257)**		**5 278 195**	**(666 722)**	**(279 181)**	**(12 993)**	**(1 409 883)**	**(114 416)**	**220 169**	**(17 510)**	**(1 321 640)**		**164 105**	**(30 868)**	**(1 186 878)**
(Loss)/profit from discontinuing operations	(370 763)	–		–				(370 763)				(370 763)	(33 348)			(404 111)

ZAR'000	Unadjusted SOCI	AHIH deconsolidation	Pre-transaction steps	Consolidation entries	Group Recapitalisation Transaction	Transaction fees	MIP	After Recapitalisation Transaction	RCA deconsolidation	RCA Disposal	RCA Disposal expenses	After the Group Recapitalisation Transaction and RCA Disposal	Animal Health deconsolidation	Animal Health Disposal	Animal Health Disposal expenses	After the Transactions
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9.1**	**9.2**	**9.3**	**10**	**11.1**	**11.2**	**11.3**	**12**
(Loss)/profit for the period	**(673 796)**	**(5 399 257)**		**5 278 195**	**(666 722)**	**(279 181)**	**(12 993)**	**(1 780 646)**	**(114 416)**	**220 169**	**(17 510)**	**(1 692 403)**	**(33 348)**	**164 105**	**(30 868)**	**(1 590 989)**
(Loss)/profit attributable to:																
Owners of the parent	(671 898)	(5 401 988)						(1 781 479)				(1 693 236)				(1 591 822)
Continuing operations	(301 135)	(5 401 988)						(1 410 716)				(1 322 473)				(1 187 711)
Discontinued operations	(370 763)	–						(370 763)				(370 763)				(404 111)
Non-controlling interest	(1 898)	2 731						833				833				833
	(673 796)	**(5 399 257)**						**(1 780 646)**				**(1 692 403)**				**(1 590 989)**
STATEMENT OF COMPREHENSIVE INCOME																
Other comprehensive income:																
Other comprehensive income items that are or may be reclassified to profit and loss																
Foreign currency translation reserve	205 712	453 528		(26 557)				632 683				632 683				632 683
Non-controlling interest relating to items that may be reclassified	2 511							2 511				2 511				2 511
Other comprehensive income/(loss) for the period net of tax	**208 223**	**453 528**		**(26 557)**	**–**	**–**	**–**	**635 194**				**635 194**				**635 194**
Total comprehensive (loss)/income for the year	**(465 573)**	**(4 945 729)**		**5 251 638**	**(666 722)**	**(279 181)**	**(12 993)**	**(1 145 452)**	**(114 416)**	**220 169**	**(17 510)**	**(1 057 209)**	**(33 348)**	**164 105**	**(30 868)**	**(955 795)**
Total comprehensive loss attributable to:																
Owners of the parent	(466 186)	(4 945 729)						(1 146 065)				(1 057 822)				(956 408)
Continuing operations	(95 423)	(4 944 097)						(775 302)				(687 059)				(552 298)
Discontinued operations	(370 763)	(1 632)						(370 763)				(370 763)				(404 111)

ZAR'000	Unadjusted SOCI	AHIH deconsoli-dation	Pre-transac-tion steps	Consolida-tion entries	Group Recapitali-sation Transac-tion	Transac-tion fees	MIP	After Recapitali-sation Transac-tion	RCA deconsoli-dation	RCA Disposal	RCA Disposal expenses	After the Group Recapitali-sation Transact-ion and RCA Disposal	Animal Health deconsoli-dation	Animal Health Disposal	Animal Health Disposal expenses	After the Transac-tions
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9.1**	**9.2**	**9.3**	**10**	**11.1**	**11.2**	**11.3**	**12**
Non-controlling interest	613	–						613				613				613
	(465 573)	**(4 945 729)**		**5 251 638**	**(666 722)**	**(279 181)**	**(12 993)**	**(1 145 452)**	**(114 416)**	**220 169**	**(17 510)**	**(1 057 209)**	**(33 348)**	**164 105**	**(30 868)**	**(955 795)**
Headline earnings reconciliation																
(Loss)/profit attributable to owners of the parent	(671 898)							(1 781 479)				(1 781 479)				(1 781 479)
Net loss/(profit) on the sale of property, plant and equipment	1 095	(102)						993	987			1 980				1 980
Tax effect	(240)	13						(227)	(247)			(474)				(474)
Loss/(profit) on disposal of subsidiary	310 168				743 495			1 053 663		(189 780)		863 884		(146 811)		717 072
Tax effect	7 494							7 494				7 494		4 654		12 148
Goodwill, intangible asset and tangible asset impairment	246 107	(18 547)						227 560				227 560				227 560
Tax effect	–	2 318						2 318				2 318				2 318
Impairment of investments	5							5				5				5
Non-controlling interest portion allocation	658							658				658				658
Headline earnings	**(106 611)**							**(489 014)**				**(678 054)**				**(820 211)**
Weighted average Shares in Issue (000's)	479 827							479 827				479 827				479 827
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)							(294.0)				(275.6)				(247.5)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)							(77.3)				(77.3)				(84.2)
Basic (loss)/earnings per share (cents)	(140.0)							(371.3)				(352.9)				(331.7)
Headline (loss)/earnings per share (cents)	(22.2)							(101.9)				(141.3)				(170.9)

Notes

Group Recapitalisation Transaction

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020.
2. Extracted, without adjustment, from the reviewed combined carve-out historical financial information of the AHIH Reporting Entity for the six-months ended 31 December 2020, incorporated by reference in terms of Part D, paragraph 11 of this Circular.
3. Pre-transaction steps columns represent the capitalisation of certain related party loans to equity as well as the cession and set-off of other related party loans. These loans are interest free and therefore have no income statement impact.
4. Consolidation adjustments comprise the reversal of the consolidation entries relating to the consolidation of the AHIH Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020.
5. The Group Recapitalisation Transaction column represents the once-off profit/loss on the AHIH Group Recapitalisation Transaction and the impact of the application of the disposal consideration for the AHIH shares, to reduce interest-bearing borrowings as set out below:

   5.1 The once-off loss on the disposal of the AHIH shares has been determined using the disposal proceeds (effectively R822 million based on loan balances being reduced, based on the balances as at 31 December 2020) and the carrying net asset value of the AHIH Reporting Entity as if the Group Recapitalisation Transaction was effective 31 December 2020, resulting in a loss on disposal of R743.5 million being recognised for the Ascendis Health Group. No capital gains tax on the loss is recognised by the Group on disposal of the AHIH shares.

   5.2 A saving in finance costs has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2020. The reversal of R106.6 million of interest expense associated with the settlement of various debt facilities in terms of the current Senior Facilities Arrangement (refer to note 5 of the *pro forma* consolidated statement of financial position), and its related tax implications at 28%.
6. Once-off transaction costs of R276.2 million are expected to be incurred as a direct result of the Group Recapitalisation Transaction, paid from internal cash reserves. The adjustment in this column includes the impact of interest impact of this cash flow at a rate of 3% per annum.
7. Once-off MIP costs to be paid in cash directly as a result of implementation of the Group Recapitalisation Transaction, net of the associated tax impact at 28%.
8. Illustrates the *pro forma* statement of profit or loss and other comprehensive income after the impact of the Group Recapitalisation Transaction.

RCA Disposal

9. Illustrates the impact of the RCA Disposal, given that the Group Recapitalisation Transaction is conditional on the RCA Disposal proceeding:

   9.1 Refer to notes 2 – 4 of the RCA Disposal *pro forma* statement of profit or loss and other comprehensive income contained in Annexure 7 of the Circular for detailed notes on the deconsolidation of RCA from the Group interim results pursuant to its disposal;

   9.2 A saving in finance costs as a result of the application of the proceeds of the RCA disposal has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2020. The reversal of R23.7 million of interest expense, being an effective interest rate of 10%, associated with the partial settlement of the remaining new Short-Term Loan facility obtained pursuant to the Group Recapitalisation Transaction of R1 010m.

   9.3 Refer to note 6 and 7 of the RCA Disposal *pro forma* statement of profit or loss and other comprehensive income contained in Annexure 7 of the Circular for detailed notes on the RCA Disposal MIP and transaction costs
10. Illustrates the *pro forma* statement of profit or loss and other comprehensive income after the impact of the Group Recapitalisation Transaction and the RCA Disposal.

Animal Health Disposal

11. Illustrates the impact of the Animal Health Disposal, given that the Group Recapitalisation Transaction is conditional on the Animal Health Disposal proceeding:

    11.1 Refer to notes 2–4 of the Animal Health Disposal *pro forma* statement of profit or loss and other comprehensive income contained in Annexure 6 of the Circular for detailed notes on the deconsolidation of Animal Health from the Group interim results pursuant to its disposal;

    11.2 A saving in finance costs as a result of the application of the proceeds of the Animal Health disposal has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2020. The reversal of net R30.4 million of interest expense, being an effective interest rate of 10%, associated with the settlement of a portion of the new Short-Term Loan facility obtained pursuant to the Group Recapitalisation Transaction of R1 010 million.

    11.3 Refer to note 6 and 7 of the Animal Health Disposal *pro forma* statement of profit or loss and other comprehensive income contained in Annexure 6 of the Circular for detailed notes on the Animal Health Disposal MIP and transaction costs.

12. Illustrates the *pro forma* statement of profit or loss and other comprehensive income after the impact of the Group Recapitalisation Transaction, the RCA Disposal and the Animal Health Disposal.

13. Save for the transaction and MIP costs, the profit on sale of the Animal Health Reporting Entity, RCA Reporting Entity, and the Group Recapitalisation Transaction, all adjustments are expected to have a continuing effect.

PRO FORMA FINANCIAL INFORMATION OF THE ANIMAL HEALTH DISPOSAL

The definitions commencing on page 8 of the Circular have been used throughout this Circular.

Set out below is the consolidated *pro forma* statement of financial position and statement of profit or loss and other comprehensive income of Ascendis Health, showing the *pro forma* financial effects of the Animal Health Disposal on a stand-alone basis (i.e. disregarding any other corporate actions contained in this Circular) (the "**Animal Health *pro forma* financial information**").

The Animal Health *pro forma* financial information has been prepared to illustrate the impact of the Animal Health Disposal on the published financial information of Ascendis Health for the period ended 31 December 2020, based on the assumption that the Animal Health Disposal took place on 1 July 2020 for purposes of the *pro forma* consolidated statement of profit or loss and other comprehensive income and on 31 December 2020 for purposes of the *pro forma* consolidated statement of financial position. Because of its nature, Animal Health *pro forma* financial information may not fairly present Ascendis Health's financial position, changes in equity, results of operations or cash flows after the Animal Health Disposal.

The Animal Health *pro forma* financial information of Ascendis Health has been prepared using the accounting policies of the Ascendis Health Group as at 31 December 2020, which are in compliance with IFRS, and in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro forma* Financial Information issued by SAICA.

The Animal Health *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, are the responsibility of the Directors of Ascendis Health.

The Animal Health *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report thereon, which is presented in Annexure 8 of this Circular.

Pro forma consolidated statement of financial position for the six-months ended 31 December 2020

The pro forma consolidated statement of financial position as at 31 December 2020 has been prepared to show the impact of the Animal Health Disposal as if it was effective 31 December 2020.

ZAR'000	Unadjusted SOFP	Deconsolidation of Animal Health	Pre-transaction steps	Reversal of Group Consolidation entries	Animal Health Disposal (including Dossiers)	Transaction fees	MIP	After the Animal Health Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Non-current assets								
Property, plant and equipment	1,035,654							1,035,654
Right-of-use assets	271,561							271,561
Intangible assets and goodwill	4,656,376				(23,405)			4,632,971
Other financial assets	46,913							46,913
Deferred tax assets	120,471							120,471
	6,130,975	**–**	**–**	**–**	**(23,405)**	**–**	**–**	**6,107,570**
Current assets								
Inventories	1,349,296							1,349,296
Trade and other receivables	2,279,408							2,279,408
Other financial assets	17,077							17,077
Current tax receivable	44,387							44,387
Cash and cash equivalents	358,964					(26, 442)	(3,632)	328,890
	4,049,132	**–**	**–**	**–**	**–**	**(26,442)**	**(3,632)**	**4,019,058**
Assets classified as held for sale	995,067	(953,338)	231,329	(16,187)				256,871
Total assets	**11,175,174**	**(953,338)**	**231,329**	**(16,187)**	**(23,405)**	**(26,442)**	**(3,632)**	**10,383,498**
EQUITY:								
Stated capital	5,975,703							5,975,703
Reserves	530,027		(1,027,624)					(497,597)
Accumulated loss	(5,572,968)	481,790		(21,552)	709,544	(26,442)	(2,615)	(4,432,244)
Equity attributable to equity holders of parent	**932,762**	**481,790**	**(1,027,624)**	**(21,552)**	**709,544**	**(26,442)**	**(2,615)**	**1,045,862**
Non-controlling interest	105,279							105,279

ZAR'000	Unadjusted SOFP	Deconsolidation of Animal Health	Pre-transaction steps	Reversal of Group Consolidation entries	Animal Health Disposal (including Dossiers)	Transaction fees	MIP	After the Animal Health Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Total equity	**1,038,041**	**481,790**	**(1,027,624)**	**(21,552)**	**709,544**	**(26,442)**	**(2,615)**	**1,151,141**
Non-current liabilities								
Borrowings and other financial liabilities	129,888							129,888
Deferred tax liabilities	218,072							218,072
Other non-current liabilities	264,013							264,013
	611,973							**611,973**
Current liabilities								
Trade and other payables	1,224,941							1,224,941
Borrowings and other financial liabilities	6,758,748				(625,691)			6,133,057
Deferred vendor liabilities	926,399				(111,912)			814,487
Provisions	82,721							82,721
Other current liabilities	73,041							73,041
Current tax payable	94,228				4,654		(1,017)	97,865
Bank overdraft	47,606							47,606
	9,207,684	**–**	**–**	**–**	**(732,949)**	**–**	**(1,017)**	**8,473,718**
Liabilities classified as held for sale	317,476	(1,435,128)	1,258,954	5,364				146,666
Total equities and liabilities	**11,175,174**	**(953,338)**	**231,329**	**(16,187)**	**(23,405)**	**(26,442)**	**(3,632)**	**10,383,498**
Number of Shares (000's)	489,470							489,470
NAV per share (cents)	191							214
TNAV per share (cents)	(785)							(757)

Notes

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020**.**
2. Extracted, without adjustment, from the reviewed combined carve-out historical financial information of the Animal Health Reporting Entity for the six months ended 31 December 2020, incorporated by reference in terms of paragraph 11 of Part D of this Circular. Given that the Animal Health Reporting Entity was classified as held for sale on 31 December 2020 by Ascendis Health, all assets of the Animal Health Reporting Entity were reclassified to "Assets Held for Sale" and all liabilities of the Animal Health Reporting Entity were reclassified to "Liabilities Held for Sale'
3. Pre-transaction steps to be implemented prior to the Animal Health Disposal comprises the delegation, set-off, waiver and capitalisation of various intra-group loans, as well as the release of the intra-group financial guarantee issued by Animal Health for the benefit of Ascendis Health debt, which forms part of the combined carve-out historical financial information of the Animal Health Reporting Entity.
4. Consolidation adjustments comprise the reversal of consolidation and eliminations entries relating to the consolidation of the Animal Health Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020, excluding the group consolidation entries related to balances already adjusted for in notes 3 and 5.
5. The allocation of the consideration on the disposal will be finalised based on the actual position on the effective date of the Animal Health Disposal. For the purpose of the *pro forma* consolidated financial statements, these adjustments have been calculated using the financial position as at 31 December 2020. The disposal consideration will be utilised by Ascendis Health to reduce interest-bearing borrowings as set out below:

	ZAR'000
Disposal consideration	770,187
Add: net debt and working capital adjustments and other adjustments to the purchase price (based on 31 December 2020 balances) as explained in paragraph 6.1 of Part B of this circular	(32,584)
Disposal consideration	**737,603**

   The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the purchase consideration.

   The use of the net cash consideration will be applied towards settling Kyron Deferred Vendor Liability of R112 million and the remaining net consideration is used to settle the SFA facilities.

6. Once-off transaction costs of R26.4 million are expected to be incurred as a direct result of the Animal Health Disposal. The transaction costs are paid from internal cash reserves.
7. Once-off MIP costs to be paid in cash directly as a result of implementation of the Animal Health Disposal, net of the associated tax impact at 28%.

***Pro forma* statement of profit or loss and other comprehensive income for the six-months ended 31 December 2020**

The pro forma consolidated statement of profit or loss and other comprehensive income for the six-months ended 31 December 2020 has been prepared to show the impact of the Animal Health Disposal as if it was effective 1 July 2020

ZAR'000	Unadjusted SOCI	Deconsolid-ation of Animal Health	Pre-transaction steps	Reversal of Group consolid-ation entries	Animal Health Disposal	Transaction fees	MIP	After Animal Health Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
STATEMENT OF PROFIT AND LOSS								
Revenue	3,982,811							3,982,811
Cost of sales	(2,204,484)							(2,204,484)
Gross Profit	**1,778,327**	**–**	**–**	**–**	**–**	**–**	**–**	**1,778,327**
Other income	36,679				146,811			183,490
Selling and distribution costs	(349,066)							(349,066)
Administrative expenses	(634,215)							(634,215)
Net impairment loss on financial assets	(10,677)							(10,677)
Other operating expenses	(177,940)					(26,442)	(3,632)	(208,014)
Earnings before interest, tax, depreciation and amortisation	**643,108**	**–**	**–**	**–**	**146,811**	**(26,442)**	**(3 632)**	**759,845**
Depreciation and amortisation	(124,762)				(1,018)			(125,780)
Net impairment loss on assets	(150,366)							(150,366)
Operating profit/(loss)	**367,980**	**–**	**–**	**–**	**145,794**	**(26,442)**	**(3 632)**	**483,699**
Finance income	2,134							2,134
Finance costs	(546,730)				52,544	(397)		(494,583)
Profit/(loss) before taxation	**(176,616)**	**–**	**–**	**–**	**198,338**	**(26,839)**	**(3,632)**	**(8,749)**
(Tax expense)/credit	(126,417)				(19,366)	111	1,017	(144,655)
(Loss)/profit from continuing operations	**(303,033)**	**–**	**–**	**–**	**178,972**	**(26,728)**	**(2 615)**	**(153,404)**
(Loss)/profit from discontinuing operations	(370,763)	(533,009)	518,501	(18,840)				(404,111)
(Loss)/profit for the period	**(673,796)**	**(533,009)**	**518,501**	**(18,840)**	**178,972**	**(26,728)**	**(2 615)**	**(557,515)**
(Loss)/profit attributable to:								
Owners of the parent	(671,898)							(555 617)

ZAR'000	Unadjusted SOCI	Deconsolidation of Animal Health	Pre-transaction steps	Reversal of Group consolidation entries	Animal Health Disposal	Transaction fees	MIP	After Animal Health Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Continuing operations	(301,135)							(151,506)
Discontinued operations	(370,763)							(404,111)
Non-controlling interest	(1,898)							(1,898)
	(673,796)	**(533,009)**	**518 501**	**(18,840)**	**178,972**	**(26,728)**	**(2 615)**	**(557,515)**
STATEMENT OF COMPREHENSIVE INCOME								
Other comprehensive income:								
Other comprehensive income items that are or may be reclassified to profit and loss								
Foreign currency translation reserve	205,712							205,712
Non-controlling interest relating to items that may be reclassified	2,511							2,511
Other comprehensive income/(loss) for the period net of tax	**208,223**							**208,223**
Total comprehensive (loss)/income for the year	**(465,573)**	**(533,009)**	**518,501**	**(18,840)**	**178,972**	**(26,728)**	**(2,615)**	**(349,292)**
Total comprehensive loss attributable to:								
Owners of the parent	(466,186)							(349,905)
Continuing operations	(95,423)							54,206
Discontinued operations	(370,763)							(404,111)
Non-controlling interest	613							613
	(465,573)							**(349,292)**

ZAR'000	Unadjusted SOCI	Deconsolid-ation of Animal Health	Pre-transaction steps	Reversal of Group consolid-ation entries	Animal Health Disposal	Transaction fees	MIP	After Animal Health Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Headline earnings reconciliation								
Profit/(loss) for the year	(671,898)							(555,617)
Profit on sale of property, plant and equipment	1,095							1,095
Taxation effect	(240)							(240)
Loss/(profit) on disposal of subsidiary	310,168				(146,811)			163,357
Taxation effect	7,494				4,654			12,148
Goodwill, intangible assets and tangible assets impairment	246,107							246,107
Taxation effect								
Impairment of investments	5							5
Non-controlling interest portion allocation	658							658
Headline earnings	**(106,611)**							**(132,488)**
Weighted average number of Shares in Issue	479,827							479,827
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)							(31.6)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)							(84.2)
Basic (loss)/earnings per share (cents)	(140.0)							(115.8)
Headline (loss)/earnings per share (cents)	(22.2)							(27.6)

Notes

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020**.**
2. Extracted, without adjustment, from the reviewed combined carve-out historical financial information of the Animal Health Reporting Entity for the six-months ended 31 December 2020 incorporated by reference in terms of paragraph 11 of Part D of this Circular. Given that the Animal Health Reporting Entity was classified as held for sale on 31 December 2020 by Ascendis Health, net profit of the Animal Health Reporting Entity was reclassified to "*(Loss)/profit from discontinued operations".*
3. Pre-transaction steps to be implemented prior to the Animal Health Disposal, comprises the cession, set-off and capitalisation of various intra-group loans between Animal Health and other Ascendis Group entities, which form part of the combined carve-out historical financial information of the Animal Health Reporting Entity. The impact of such on the income statement includes a reversal of the fair value adjustment to the financial guarantee of R515.2 million, reversal of intra group expected credit losses of R4.6 million, as well as the impact of a tax on the ECS adjustments at 28%.
4. Consolidation adjustments comprise the reversal of consolidation and eliminations journal entries relating to the consolidation of the Animal Health Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020, excluding the group consolidation entries related to the balances already adjusted for in note 3.
5. The once-off profit on the Animal Health Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:

5.1 The profit on the Animal Health Disposal has been determined using the assumed disposal consideration of R737.6 million (refer note 5 to *pro forma* Statement of Financial Position) and the net asset value of the Animal Health Reporting Entity in the Ascendis Health Group accounts after the impact of the pre-transaction steps as if the Animal Health Disposal was effective 31 December 2020 (refer to note 4 of the *pro forma* consolidated statement of financial position), resulting in a profit of R146.8 million being recognised.

The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the purchase consideration. This adjustment is not expected to have a material impact on the profit on disposal reflected within the *pro forma* effects above.

5.2 A savings in finance costs, which is expected to have an ongoing effect, has been determined based on the assumption that the settlement of the interest-bearing borrowings was effective 1 July 2020. The reversal of R52.5 million of interest expense is due to the settlement of various debt facilities in terms of the current SFA.

The above-mentioned interest expense savings were calculated based on the below allocation of the disposal consideration of R737.6 million according to the following facilities:

Facility	**Quantum (ZARm)**	**Interest rate per annum**	**Denomination of debt facility**
Kyron deferred vendor liability	107.5	Penalty interest at 8%	ZAR
E1	6.9	Euribor *plus* 10%	Euro
E2	137.9	JIBAR *plus* 10%	ZAR
D	117.5	Euribor *plus* 10%	Euro
B1	31.2	JIBAR *plus* 13.75% to 14.2%	ZAR
B2	53.7	JIBAR *plus* 13.75% to 14.2%	ZAR
A	199.5	Euribor *plus* 14%	Euro
RCF	58.3	4%	Euro
RCF	25.1	JIBAR *plus* 13.75% to 14.2%	ZAR
Total	**737.6**		

5.3 A reversal of the tax benefit associated with the interest expense no longer expected, being a tax amount of R14.7 million plus a capital gains tax charge of R4.6 million incurred on the Animal Health Disposal.

6. Once-off transaction costs of R26.4 million are expected to be incurred as a direct result of the Animal Health Disposal, paid from internal cash resources, and the related interest income lost in this regard, calculated at an interest rate of 3% p.a.
7. Once-off MIP costs to be paid in cash directly as a result of implementation of the Animal Health Disposal, net of the associated tax impact at 28%.
8. Save for the transaction and MIP costs and the profit on sale of the Animal Health Reporting Entity, all adjustments are expected to have a continuing effect.

PRO FORMA FINANCIAL INFORMATION IN RESPECT OF THE RCA DISPOSAL

The definitions commencing on page 8 of the Circular have been used throughout this Circular.

Set out below is the consolidated *pro forma* statement of financial position and statement of profit or loss and other comprehensive income of Ascendis Health, showing the *pro forma* financial effects of the RCA Disposal on a stand-alone basis (i.e. disregarding any other corporate actions contained in this Circular) (the "**RCA *pro forma* financial information**").

The RCA *pro forma* financial information has been prepared to illustrate the impact of the RCA Disposal on the published financial information of Ascendis Health for the period ended 31 December 2020, based on the assumption that the RCA Disposal was effective on 1 July 2020 for purposes of the *pro forma* consolidated statement of profit or loss and other comprehensive income and on 31 December 2020 for purposes of the *pro forma* consolidated statement of financial position. Because of its nature, the RCA *pro forma* financial information may not fairly present Ascendis Health's financial position, changes in equity, results of operations or cash flows after the RCA Disposal.

The RCA *pro forma* financial information of Ascendis Health has been prepared using the accounting policies of the Ascendis Health Group as at 31 December 2020, which are in compliance with IFRS, and in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro forma* Financial Information issued by SAICA.

The RCA *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, are the responsibility of the Directors of Ascendis Health.

The RCA *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report thereon, which is presented in Annexure 8 of this Circular.

***Pro forma consolidated* statement of financial position for the six-months ended 31 December 2020**

The pro forma consolidated statement of financial position as at 31 December 2020 has been prepared to show the impact of the RCA Disposal as if it was effective 31 December 2020.

ZAR'000	Unadjusted SOFP	Deconsolidation of RCA Reporting Entity	Pre-transaction steps	Reversal of Group consolidation entries	RCA Disposal	Transaction fees	MIP	After the RCA Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Non-current assets								
Property, plant and equipment	1 035 654	(12 908)		–				1 022 746
Right-of-use assets	271 561	(1 352)		–				270 209
Intangible assets and goodwill	4 656 376	(706)		(101 175)				4 554 495
Other financial assets	46 913	–		–				46 913
Deferred tax assets	120 471	(18 931)		18 931				120 471
Investment in subsidiary	–	–						-
	6 130 975	**(33 897)**	**–**	**(82 244)**	**–**	**–**	**–**	**6 014 834**
Current assets								
Inventories	1 349 296	(101 112)		–				1 248 184
Loans to related group companies		(95 119)	116 646	(21 527)				-
Trade and other receivables	2 279 408	(239 505)		3				2 039 907
Other financial assets	17 077			(3)				17 074
Current tax receivable	44 387	–		–				44 387
Cash and cash equivalents	358 964	(1 119)		–			(7 450)	350 395
	4 049 132	**(436 855)**	**116 646**	**(21 527)**	**–**	**–**	**(7 450)**	**3 699 946**
Assets classified as held for sale	995 067	–		–				995 067
Total assets	**11 175 174**	**(470 752)**	**116 646**	**(103 771)**	**–**	**–**	**(7 450)**	**10 709 847**
EQUITY:								
Stated capital	5 975 703							5 975 703
Reserves	530 027							530 027
Accumulated loss	(5 572 968)	1 110 629	(1 299 574)	(103 030)	481 755	(10 634)	(5 364)	(5 399 187)

ZAR'000	Unadjusted SOFP	Deconsolidation of RCA Reporting Entity	Pre-transaction steps	Reversal of Group consolidation entries	RCA Disposal	Transaction fees	MIP	After the RCA Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Equity attributable to equity holders of parent	**932 762**	**1 110 629**	**(1 299 574)**	**(103 030)**	**481 755**	**(10 634)**	**(5 364)**	**1 106 543**
Non-controlling interest	105 279	–						105 279
Total equity	**1 038 041**	**1 110 629**	**(1 299 574)**	**(103 030)**	**481 755**	**(10 634)**	**(5 364)**	**1 211 822**
Non-current liabilities								-
Borrowings and other financial liabilities	129 888	–		–				129 888
Deferred tax liabilities	218 072	–		(741)				217 331
Other non-current liabilities	264 013	(6 431)		–				257 582
	611 973	**(6 431)**	**–**	**(741)**	**–**	**–**	**–**	**604 801**
Current liabilities								
Trade and other payables	1 224 941	(123 138)	3 277					1 105 080
Loans from group companies		(525 712)	525 712					(0)
Borrowings and other financial liabilities	6 758 748			–	(481 755)	10 634		6 287 627
Deferred vendor liabilities	926 399	–		–				926 399
Provisions	82 721	(7 129)		–				75 592
Other current liabilities	73 041	(7 216)		–				65 825
Current tax payable	94 228	(24 524)		–			(2 086)	67 618
Bank overdraft	47 606	–		–				47 606
Financial guarantee		(887 232)	887 232					-
	9 207 684	**(1 574 950)**	**1 416 221**	**–**	**(481 755)**	**10 634**	**(2 086)**	**8 575 748**
Liabilities classified as held for sale	317 476	–		–				317 476
Total equities and liabilities	**11 175 174**	**(470 752)**	**116 646**	**(103 771)**	**–**	**–**	**(7 450)**	**10 709 847**
Number of Shares (000's)	489 470							489 470
NAV per share (cents)	191							226
TNAV per share (cents)	(785)							(729)

Notes

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020.

2. Extracted, without adjustment, from the reviewed carve-out historical financial information of the RCA Reporting Entity for the six months ended 31 December 2020, incorporated by reference in terms of paragraph 11 of Part D of this Circular.

3. Pre-transaction steps to be implemented prior to the RCA Disposal comprise:

   3.1 the cession and set-off of various intra-group loans between RCA and other Ascendis Group entities, which intra group loans form part of the carve-out historical financial information of the RCA Reporting Entity, followed by a capitalisation by Ascendis of the remaining net intra-group loan (having a balance of R392 million on 31 December 2020) into additional RCA ordinary shares, thereby increasing its carrying amount of its investment in the RCA subsidiary;

   3.2 a reversal of intra-group credit losses passed against the above mentioned intra-group loans of R20.8 million on their derecognition pursuant to the cession, set-off and capitalisation; and

   3.3 a release of the intra-group guarantee with a carrying amount of R887 million issued by RCA for the benefit of Ascendis Health debt.

4. Consolidation adjustments comprise the reversal of consolidation and eliminations entries relating to the consolidation of RCA within the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020, excluding the group consolidation entries related to balances already adjusted for in the column 3 Pre-transaction steps.

5. The allocation of the proceeds on the disposal will be finalised based on the actual position on the effective date of the RCA Disposal. For the purpose of the *pro forma* consolidated financial statements, these adjustments have been calculated using the financial position as at 31 December 2020. The disposal proceeds will be utilised by Ascendis Health to reduce interest-bearing borrowings as set out below:

	ZAR
Disposal consideration	450 000 000
Add: net debt and working capital adjustments and other adjustments to the purchase price (based on 31 December 2020 balances) as explained in paragraph 6.1 of Part C of this circular	31 755 191
Disposal consideration	**481 755 191**

   The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the disposal consideration.

   The use of the net cash proceeds (gross cash consideration of R482 million less the associated transaction expenses of R10.6 million in column 6) applied towards settling the debt facilities under the SFA.

6. Once-off transaction costs of R10.6 million are expected to be incurred as a direct result of the RCA Disposal. The transaction costs are assumed to be offset against the disposal consideration received reducing the settlement of the interest-bearing borrowings.

7. Once-off MIP costs to be paid in cash directly as a result of implementation of the RCA Disposal, net of the associated tax impact at 28%.

Pro forma statement of profit or loss and other comprehensive income for the six months ended 31 December 2020

The *pro forma* consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 has been prepared to show the impact of the RCA Disposal as if it was effective 1 July 2020

ZAR'000	Unadjusted SOCI	Deconsolidation of the RCA Reporting Entity	Pre-transaction steps	Reversal of Group consolidation entries	RCA Disposal	Transaction fees	MIP	After the RCA Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
STATEMENT OF PROFIT AND LOSS								
Revenue	3 982 811	(587 898)		–				3 394 913
Cost of sales	(2 204 484)	373 838		(458)				(1 831 104)
Gross Profit	**1 778 327**	**(214 061)**		**(458)**	**–**	**–**		**1 563 808**
Other income	36 679	(993)		–	189 780			225 466
Selling and distribution costs	(349 066)	19 479		–				(329 587)
Administrative expenses	(634 215)	68 145		(17 241)				(583 311)
Net impairment loss on financial assets	(10 677)	22 852	(21 527)	–				(9 352)
Other operating expenses	(177 940)	(514 660)	515 198	(1 035)		(10 634)	(7 450)	(196 521)
Earnings before interest, tax, depreciation and amortisation	**643 108**	**(619 237)**	**493 671**	**(18 734)**	**189 780**	**(10 634)**	**(7 450)**	**670 503**
Depreciation and amortisation	(124 762)	–		3 371				(121 391)
Net impairment loss on assets	(150 366)	–		–				(150 366)
Operating profit/(loss)	**367 980**	**(619 237)**	**493 671**	**(15 363)**	**189 780**	**(10 634)**	**(7 450)**	**398 747**
Finance income	2 134	(2)		–				2 132
Finance costs	(546 730)	27 899	(27 707)	–	32 729			(513 808)
Profit/(loss) before taxation	**(176 616)**	**(591 340)**	**465 964**	**(15 363)**	**222 509**	**(10 634)**	**(7 450)**	**(112 930)**
Tax (expense)/credit	(126 417)	18 847	7 758	(283)	9 164		2 086	(88 845)
(Loss)/profit from continuing operations	**(303 033)**	**(572 493)**	**473 722**	**(15 646)**	**231 673**	**(10 634)**	**(5 364)**	**(201 775)**
(Loss)/profit from discontinuing operations	(370 763)	–		**–**				(370 763)
(Loss)/profit for the period	**(673 796)**	**(572 493)**	**473 722**	**(15 646)**	**231 673**	**(10 634)**	**(5 364)**	**(572 538)**

ZAR'000	Unadjusted SOCI	Deconsolidation of the RCA Reporting Entity	Pre-transaction steps	Reversal of Group consolidation entries	RCA Disposal	Transaction fees	MIP	After the RCA Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
(Loss)/profit attributable to:								
Owners of the parent	(671 898)							(570 640)
Continuing operations	(301 135)							(199 877)
Discontinued operations	(370 763)							(370 763)
Non-controlling interest	(1 898)							(1 898)
	(673 796)							**(572 538)**
STATEMENT OF COMPREHENSIVE INCOME								
Other comprehensive income:								
Other comprehensive income items that are or may be reclassified to profit and loss								
Foreign currency translation reserve	205 712							**205 712**
Effects of cash flow hedges								**–**
Fair value adjustments								**–**
Recycled to profit and loss								**–**
Non-controlling interest relating to items that may be reclassified	2 511							**511**
Income tax relating to items that may be reclassified								**–**
Other comprehensive income/(loss) for the period net of tax	**208 223**							**208 223**
Total comprehensive (loss)/income for the year	**(465 573)**	**(572 493)**	**473 722**	**(15 646)**	**231 673**	**(10 634)**	**(5 364)**	**(364 315)**
Total comprehensive loss attributable to:								
Owners of the parent	(466 186)							(364 928)
Continuing operations	(95 423)							5 835
Discontinued operations	(370 763)							(370 763)
Non-controlling interest	613							613
	(465 573)							**(364 315)**

ZAR'000	Unadjusted SOCI	Deconsolidation of the RCA Reporting Entity	Pre-transaction steps	Reversal of Group consolidation entries	RCA Disposal	Transaction fees	MIP	After the RCA Disposal
Notes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Headline earnings reconciliation								
(Loss)/profit attributable to owners of the parent	(671 898)							(570 640)
Net loss/(profit) on the sale of property, plant and equipment	1 095	987						2 082
Tax effect	(240)	(247)						(487)
Loss/(profit) on disposal of subsidiary	310 168				(189 780)			120 388
Tax effect	7 494							7 494
Goodwill, Intangible asset and tangible asset impairment	246 107							246 107
Tax effect	–							–
Impairment of investments	5							5
Non-controlling interest portion allocation	658							658
Headline earnings	**(106 611)**					**–**		**(194 392)**
Weighted average number of Shares in Issue	479 827							479 827
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(62.7)							(41.7)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	(77.3)							(77.3)
Basic (loss)/earnings per share (cents)	(140.0)							(118.9)
Headline (loss)/earnings per share (cents)	(22.2)							(40.5)

Notes

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2020**.**
2. Extracted, without adjustment, from the reviewed carve-out historical financial information of the RCA Reporting Entity for the six months ended 31 December 2020, incorporated by reference in terms of Part D, paragraph 11 of this Circular.
3. Pre-transaction steps to be implemented prior to the RCA Disposal, which has a continuing effect, comprises:

   3.1 release of the intra group financial guarantee, the cession, set-off and capitalisation of various intra-group loans between RCA and other Ascendis Group entities, which intra group loans form part of the carve-out historical financial information of the RCA Reporting Entity, and therefore a reversal of the amortisation associated of the financial guarantee of R515 million, reversal of ECL provisions of R21.5 million and reversal of interest equal to R27.7 million associated with these intra-group loan and recognised in the carve-out historical financial information of the RCA Reporting Entity; and

   3.2 the impact of a tax on the above adjustments at 28%.
4. Consolidation adjustments comprise the reversal of consolidation and eliminations journal entries relating to the consolidation of RCA within the unaudited condensed consolidated financial statements of Ascendis Health for the six-months ended 31 December 2020, excluding the group consolidation entries that related to balances already adjusted for in the note 3.
5. The once-off profit on the RCA Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:

   5.1 The profit on the RCA Disposal has been determined using the disposal consideration and net asset value of the RCA Reporting Entity after the impact of the pre-transaction steps as if the RCA Disposal was effective 31 December 2020 (refer to note 4 of the *pro forma* consolidated statement of financial position), resulting in a profit of R189.8 million being recognised.

   The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the disposal consideration. This adjustment is not expected to have a material impact on the profit on disposal reflected within the *pro forma* effects above.

   5.2 A savings in finance costs has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2020, resulting in the reversal of R32.7 million of interest expense associated with the settlement of various debt facilities in terms of the current SFA. Various debt facilities under the SFA are assumed to be settled as follows:

Facility	Quantum (ZARm)	Interest rate per annum	Denomination of debt facility
E1	6.9	Euribor *plus* 10%	Euro
E2	138	JIBAR *plus* 10%	ZAR
D	117.5	Euribor *plus* 10%	Euro
B1	17.7	JIBAR *plus* 13.75% to 14.2%	ZAR
B2	30.5	JIBAR *plus* 13.75% to 14.2%	ZAR
A	133.2	Euribor *plus* 14%	Euro
RCF	33.1	4%	Euro
RCF	14.2	JIBAR *plus* 13.75% to 14.2%	ZAR
Total	**471**		

   5.3 A net tax effect of R9.2 million, being a reversal of the tax benefit associated with the interest expense.
6. Once-off transaction costs of R10.6 million are expected to be incurred as a direct result of the RCA Disposal. The transaction costs are assumed to be offset against the disposal consideration received reducing the settlement of the interest-bearing borrowings.
7. Once-off MIP costs to be paid in cash directly as a result of implementation of the RCA Disposal, net of the associated tax impact at 28%. The MIPs shown in the RCA stand-alone *pro forma* assumes the Group Recapitalisation Transaction is not implemented.
8. Save for the transaction and MIP costs and the profit on sale of the RCA Reporting Entity, all adjustments. are expected to have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANT'S REPORTS ON THE *PRO FORMA* FINANCIAL INFORMATION FOR THE TRANSACTIONS

PART A
THE GROUP RECAPITALISATION TRANSACTION

Report on the Assurance Engagement on the Compilation of Consolidated *Pro forma* Financial Information included in a Circular

To the directors of Ascendis Health Limited

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information (the "*pro forma* financial information") of Ascendis Health Limited ("Ascendis", the "Company", or "you") by the directors. The *pro forma* financial information, as set out in Annexure 5 of the Circular, consist of the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 5 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the debt restructure and recapitalisation of Ascendis (the "Group Recapitalisation Transaction") alongside the effects of the Animal Health Disposal and the RCA Disposal (collectively the "Transactions"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 31 December 2020, which is unaudited.

Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information of the Transactions on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 5 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information of the Transactions has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 5 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information of the Transactions reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information of the Transactions has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 5 of the Circular.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

PART B
THE ANIMAL HEALTH DISPOSAL

Report on the Assurance Engagement on the Compilation of Consolidated *Pro forma* Financial Information included in a Circular

To the directors of Ascendis Health Limited

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information (the "*pro forma* financial information") of Ascendis Health Limited ("Ascendis", the "Company", or "you") by the directors. The *pro forma* financial information, as set out in Annexure 6 of the Circular, consist of the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 6 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the proposed disposal of shares in Ascendis Animal Health (Pty) Ltd, Ascendis Vet (Pty) Ltd, Kyron Prescriptions (Pty) Ltd and Kyron Laboratories (Pty) Ltd, together referred to as the Animal Health Reporting Entity (the "Animal Health Reporting Entity") by Ascendis (the "Animal Health Disposal"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 31 December 2020, which is unaudited.

Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information of the Animal Health Disposal on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 6 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information of the Animal Health Disposal has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 6 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information of the Animal Health Disposal reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information of the Animal Health Disposal has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 6 of the Circular.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

PART C
THE RCA DISPOSAL

Report on the Assurance Engagement on the Compilation of Consolidated *Pro forma* Financial Information included in a Circular

To the directors of Ascendis Health Limited

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information (the "*pro forma* financial information") of Ascendis Health Limited ("Ascendis", the "Company", or "you") by the directors. The *pro forma* financial information, as set out in Annexure 7 of the Circular, consists of the *pro forma* consolidated statement of financial position as at 31 December 2020, the *pro forma* consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 7 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the proposed sale of shares in Respiratory Care Africa Proprietary Limited excluding investments in Lexshell 834 (Proprietary) Limited, Respiratory Care Africa (Botswana) (Proprietary) Limited and Ascendis Medical Supplies Namibia (Proprietary) Limited (the "RCA Reporting Entity") by Ascendis (the "RCA Disposal"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 31 December 2020, which is unaudited

Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information of the RCA Disposal on the basis of the applicable criteria specified in the Listings Requirements and described in Annexure 7 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information of the RCA Disposal has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the Listings Requirements and described in Annexure 7 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information of the RCA Disposal reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information of the RCA Disposal has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in Annexure 7 of the Circular.

PricewaterhouseCoopers Inc.
Director: Nqaba Ndiweni
Registered Auditor
Johannesburg, South Africa

29 August 2021

INDEPENDENT EXPERT'S REPORT

27 August 2021

Board of Directors
Ascendis Health Limited ("**Ascendis Health**" or the "**Company**")
31 Georgian Crescent East
Bryanston
Gauteng
2191

Dear Sirs

INDEPENDENT EXPERT'S REPORT IN RESPECT OF THE GROUP RECAPITALISATION TRANSACTION

1. **Introduction**

In the announcement released on SENS on 12 May 2021, holders of Ascendis Health shares ("**Shareholders**") were informed that the Company has entered into an agreement with Blantyre Capital Limited ("**Blantyre**") and L1 Health GP SARL ("**L1 Health**") (collectively, the "**Forbearance Creditors**"), as well as other senior lenders to recapitalise and restructure Ascendis Health and its subsidiaries (the "**Group**"), by which the Company's outstanding debt of approximately EUR443.9 million ("**Existing Debt**") would be discharged on agreed terms, in exchange for, *inter alia*:

- 100% of the shares in Ascendis Health International Holdings ("**AHIH**"), a wholly-owned subsidiary of Ascendis Health Europe Holdings SARL ("**Lux Holdco**"), being the holding company through which the Remedica and Sun Wave businesses operate ("**the AHIH Disposal Group Assets**"); and
- disposal proceeds from:
  - the Non-Core Disposals (Animal Health);
  - the RCA Disposal; and
  - the Farmalider Disposal

(the "**Group Recapitalisation Transaction**").

The value ascribed to the AHIH Disposal Group Assets, forming part of the Group Recapitalisation Transaction, is the derived Net Debt Balance as illustrated below (all definitions as defined in the Circular):

Existing Debt	**EUR443.9 million**
Net proceeds estimated to be generated by the Non-Core Disposal Animal Health and RCA Disposal	(EUR53.9 million)
New Money Term Loan and Reinstated Term Loan	(EUR15.0 million)
Net Debt Balance	**EUR375.0 million**

Full particulars of the Group Recapitalisation Transaction and terms not defined are contained in the circular to Shareholders ("**the Circular**"), of which this opinion forms part.

2. **Scope**

The AHIH Disposal Group Assets transaction, forming part of the Group Recapitalisation Transaction, constitutes a Category 1 disposal in terms of section 9.5(b) of the Listings Requirements of the JSE ("**Listings Requirements**") and a disposal as contemplated in section 112 and section 115(2)(b) of the Companies Act, 2008 (Act 71 of 2008), as amended (the "**Act**").

Accordingly, the Ascendis Health board of independent directors (the "**Independent Board**") must retain an independent expert to compile a report on the terms and conditions of the Group Recapitalisation Transaction and opine on the fair and reasonableness in respect of the Group Recapitalisation Transaction as a Section 112 disposal, in terms of Regulation 90 of the Companies Regulations (the "**Companies Regulations**") (as read with Section 117(c)(i) and Section 112) of the Act (the "**Opinion**").

PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the Independent Board as the independent expert to advise on whether the terms and conditions of the Group Recapitalisation Transaction are fair and reasonable as far as Shareholders are concerned.

3. **Responsibility**

Compliance with the Act and Companies Regulations is the responsibility of the Independent Board. PSG Capital's responsibility is to report on the whether the terms and conditions of the Group Recapitalisation Transaction are fair and reasonable to Shareholders.

We confirm that our Opinion has been provided to the Independent Board for the sole benefit of assisting them in forming and expressing an opinion for the benefit of Shareholders. We understand that the results of our work will be used by the Independent Board to satisfy the requirements of the Act and Companies Regulations.

4. **Definition of the term "fair" and "reasonable"**

A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The assessment of fairness is primarily based on quantitative considerations. Accordingly, the Group Recapitalisation Transaction may be considered fair if the value attributable to the Net Debt Balance discharged is equal or higher than the value attributable to the AHIH Disposal Group Assets.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced, if same is applicable. In addition, the assessment of reasonableness is also based on qualitative considerations surrounding a transaction. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This Opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders. A shareholder's decision regarding fairness and reasonableness of the terms of the Group Recapitalisation Transaction may be influenced by their particular circumstances (for example taxation and the original price paid for the shares). Should a Shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Group Recapitalisation Transaction, considering his/her personal circumstances.

5. **Sources of information**

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Ascendis Health management ("**Management**") and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our Opinion include:

- The audited annual financial statements of Ascendis Health and Remedica for the financial years ended 30 June 2018 to 30 June 2020;
- The audited annual financial statements of Sun Wave for the financial years ended 31 December 2018 to 31 December 2020;
- The unaudited interim financial statements of Ascendis Health for the six-months ended 31 December 2020;
- Forecasted financial information for **FY21** – **FY25** of the AHIH Disposal Group Assets provided by Management;
- Ascendis Health's projected debt schedule for 30 June 2021 and 31 August 2021;
- The Ascendis Health SENS announcements relating to the Group Recapitalisation Transaction;
- The draft Circular;
- The Senior Facilities Agreement originally dated 19 August 2016, as amended from time to time ("**SFA**");

- Other financial and non-financial information provided by Management;
- Detailed discussions with Management regarding the previous disposal processes on Remedica and Sun Wave;
- Discussions with Management regarding the financial information relating to prevailing market, economic, legal and other conditions and alternatives to the Group Recapitalisation Transaction, which may affect the underlying value and the rationale for the Group Recapitalisation Transaction; and
- Publicly available information relating to the AHIH Disposal Group Assets and the industry in which the AHIH Disposal Group Assets operate that we deemed relevant, including company announcements, analysts' reports and media articles.

6. **Assumptions**

We have arrived at our Opinion based on the following assumptions:

- That the terms and conditions of the Group Recapitalisation Transaction are legally enforceable and suspensive conditions to the Group Recapitalisation Transaction will be duly fulfilled;
- The current economic, regulatory and market conditions will not change materially;
- That Ascendis Health or the AHIH Disposal Group Assets are not involved in any material legal proceedings, save for matters disclosed to PSG Capital;
- That neither Ascendis Health or the AHIH Disposal Group Assets has material outstanding disputes with any regulatory body, including the South African Revenue Service and equivalents;
- There are no undisclosed contingencies that could affect the value of the relevant securities;
- The structure of the Group Recapitalisation Transaction will not give rise to any undisclosed tax liabilities; and
- Reliance can be placed on the representations made by Management during the course of forming this Opinion.

7. **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of provided information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of the AHIH Disposal Group Assets and the economic environment in which the AHIH Disposal Group Assets operate.

8. **Procedures**

In arriving at our Opinion, we relied upon financial and other information, obtained from Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our Opinion, we have, *inter alia,* undertaken the following procedures:

- Reviewed and analysed the aforementioned financial information;
- Considered the relevant information included in the terms and conditions of the Group Recapitalisation Transaction;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, such as, *inter alia*:
  - the rationale for the Group Recapitalisation Transaction;
  - understanding the effects on Ascendis Health should the Forbearance Creditors enforce their rights under the SFA;

  - market conditions and pricing discovery during previous failed disposal attempts of the AHIH Disposal Group Assets;
  - the events leading up to the Group Recapitalisation Transaction; and
  - the current market conditions relating to Ascendis Health and AHIH Disposal Group Assets;
- Where relevant, corroborated representations made by Management to source documents;
- Performed a valuation of AHIH Disposal Group Assets as detailed below;
- Reviewed certain publicly available information relating to Ascendis Health and AHIH Disposal Group Assets that we have deemed relevant;
- Obtained letters of representation from Management asserting that we have been provided with all relevant material information and that no material information was omitted and that all such information provided to us is accurate in all material respects; and
- Considered other relevant facts and information relevant to concluding this Opinion.

9. **Valuation approach**

In considering the Group Recapitalisation Transaction, PSG Capital performed an independent valuation of AHIH Disposal Group Assets.

For the purposes of our valuations of the AHIH Disposal Group Assets, we have applied the discounted cash flow valuation method ("**DCF**") as our primary valuation methodology. We furthermore applied a market multiple approach as a secondary valuation approach.

Remedica

Key external and internal value drivers identified in the valuation of Remedica include, *inter alia*:

- Growth in revenue generated through B2B and B2B sales, expansion in current geographic and product reach and growth in agent and non-governmental organisations ("**NGO**") sales, EBITDA margins and growth thereto due to further operating efficiencies within the business and improved product mix;

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- The impact of the general economies in which Remedica operates (employment rates, GDP growth and inflation);
- The growth and global challenges and opportunities in the industry in which Remedica operates; and
- The ability of Remedica to achieve the forecasted revenue growth and EBITDA margins.

Sensitivity analyses on the valuation of Remedica was conducted, where practical, utilising key value drivers, which included, *inter alia*:

- A variance range of 0.5% on the DCF discount rate, which analysis resulted in a variation range on the base value of 1.8%;
- A variance range of 2.5% in the forecasted revenue balances applied in the DCF, which analysis resulted in a variation range on the base value of 4.9%;
- A variance range of 2.5% in the forecasted EBITDA margins applied in the DCF, which analysis resulted in a variation range on the base value of 5.6%; and
- A variance range of 0.5x in the one-year forward enterprise value to EBITDA exit multiple applied in the DCF, which analysis resulted in a variation range on the base value of 5.6%.

Sun Wave

Key external and internal value drivers identified in the valuation of Sun Wave include, *inter alia*:

- Growth in revenue generated through in-person sales in the nutraceutical and over-the-counter ("**OTC**") market and EBITDA margins and growth thereto due to further operating efficiencies within the business and improved product mix;

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- The impact of the general economy of Romania, where Sun Wave predominantly operates (employment rates, GDP growth and inflation);
- The growth and global challenges and opportunities in the industry in which Sun Wave operates; and
- The ability of Sun Wave to achieve the forecasted revenue growth and EBITDA margins.

Sensitivity analyses on the valuation of Sun Wave was conducted, where practical, utilising key value drivers, which included, *inter alia*:

- A variance range of 0.5% on the DCF discount rate, which analysis resulted in a variation range on the base value of 1.7%;
- A variance range of 5.0% in the forecasted revenue balances applied in the DCF, which analysis resulted in a variation range on the base value of 6.5%;
- A variance range of 2.5% in the forecasted EBITDA margins applied in the DCF, which analysis resulted in a variation range on the base value of 5.8%; and
- A variance range of 0.5x in the one-year forward enterprise value to EBITDA exit multiple applied in the DCF, which analysis resulted in a variation range on the base value of 8.0%.

10. **Opinion**

We have considered the terms and conditions of the Group Recapitalisation Transaction as set out above, and our Opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Management.

Fairness:

Based on the results of our valuation procedures and analysis performed, we are of the opinion that the value range of the of AHIH Disposal Group Assets amounts to between EUR339.4 million and EUR406.4 million (the "**Value Range**"), which falls within the estimated Net Debt Balance attributable to the AHIH Disposal Group Assets of EUR375.0 million.

Therefore, on a quantitative basis, we are of the opinion that the Group Recapitalisation Transaction is fair to Shareholders.

Reasonableness:

Should the Group Recapitalisation Transaction not be implemented, the Forbearance Creditors will, in all likelihood enforce their rights under the SFA and their security across the shares and assets of the Group ("**Non-Consensual Enforcement**"), which will have a material detrimental effect on Shareholder value with minimal to no value attributable to Ascendis Health shares.

Therefore, on a qualitative basis, we are of the opinion that the Group Recapitalisation Transaction is reasonable given the information, facts and scenarios presented to PSG Capital and as detailed above.

In conclusion, based on the results of our procedures and analysis performed and after taking into account all financial and non-financial considerations, we are of the opinion, subject to the limiting conditions as set out below, that the Group Recapitalisation Transaction is fair and reasonable to Shareholders.

11. **Limiting conditions**

This Opinion is provided to the Independent Board in connection with and for the purpose of the Group Recapitalisation Transaction, for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Shareholders. This Opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasted probabilities relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasts by Management.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Group Recapitalisation Transaction.

The Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Group Recapitalisation Transaction have been or will be properly fulfilled. Subsequent developments may affect our Opinion; however, we are under no obligation to update, revise or re-affirm such.

12. **Independence and additional regulatory disclosures**

We confirm that PSG Capital holds no shares in Ascendis Health, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge, we are not related to a person who has or has had such interest in Ascendis Health within the immediately preceding two years or in the outcome of the Group Recapitalisation Transaction.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Group Recapitalisation Transaction; (ii) evaluate the consequences of the Group Recapitalisation Transaction; and (iii) assess the effect of the Group Recapitalisation Transaction on the value of the shares and on the rights and interests of Shareholders, or a creditor of Ascendis Health and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the Opinion is R595 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Group Recapitalisation Transaction.

13. **Consent**

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Group Recapitalisation Transaction.

Yours faithfully

RIAAN VAN HEERDEN

PSG CAPITAL PROPRIETARY LIMITED

MATERIAL BORROWINGS OF THE ASCENDIS HEALTH GROUP AND THE AHIH DISPOSAL GROUP ASSETS

Details of material borrowings of the AHIH Disposal Group Assets, as at 31 March 2021, are set out below.

Lenders' names	Full facility amount	Amount outstanding as at 31 March 2021 (ER: €1=R19.035)	Type of facility	How the borrowing arose	Repayment/ renewal terms	Interest rate	Source of funds for repayments within 12 months
Consortium of local and international financial institutions. The structure consists of syndicated Euro and Rand term and revolving facilities* These are the Senior Facilities as defined in the definitions	€159.4 million	€182.9 million (ZAR R3.482 billion inclusive of debt capitalisation costs of R122.9 million)	Secured Bullet term loan	For the purposes of financing the acquisition of international businesses, as well as to allow for a structure that supports growth and an integrated treasury function	Repayable in December 2021.	EURIBOR plus 4% per annum repayable quarterly plus 10% PIK margin capitalized (settled at term date).	Recapitalisation-dependent (Maturity is within 12 months)
	R481.9 million	R554.9 million (Inclusive of debt capitalisation costs of R22 million)			Repayable in December 2021	JIBAR plus 3.75% per annum repayable quarterly plus 10% PIK margin capitalized (settled at term date).	
	R830 million	R957 million (Inclusive of debt capitalisation costs of R38.7 million)			Repayable in December 2021	JIBAR plus 4.20% per annum repayable quarterly plus 10% PIK margin capitalized (settled at term date).	
	€6 million	€5.4 million (R102.5 million)		Working capital purposes	Repayable in December 2021	EURIBOR plus 5% per annum repayable quarterly plus % PIK margin capitalized (settled at term date).	
	€45.9 million	€52 million (R990.4 million Inclusive of debt capitalisation costs of R35.3 million)	Secured Revolving Credit Facility	For the purposes of financing the acquisition of international businesses, as well as to allow for a structure that supports growth and an integrated treasury function	Repayable in December 2021	EURIBOR plus 4% per annum repayable quarterly plus 10% PIK margin capitalized (settled at term date).	
	R492 million	R448 million (Inclusive of debt capitalisation costs of R17 million)			Repayable in December 2021	JIBAR plus 4.10% per annum repayable quarterly plus 10% PIK margin capitalized (settled at term date).	
	€6.2 million	€6.4 million (R121.9 million Inclusive of debt capitalisation costs of R0.7 million)	Secured Bullet term loan	Working capital purposes	Repayable in December 2021	EURIBOR plus 5% per annum repayable quarterly plus 5% PIK margin capitalized (settled at term date).	
	R217 million	R200 million (Inclusive of debt capitalisation costs of R0.7 million)			Repayable in December 2021	JIBAR plus 5% per annum repayable quarterly plus 5% PIK margin capitalized (settled at term date).	

Lenders' names	Full facility amount	Amount outstanding as at 31 March 2021 (ER: €1=R19.035)	Type of facility	How the borrowing arose	Repayment/ renewal terms	Interest rate	Source of funds for repayments within 12 months
Bank of Cyprus	€1.65 million	€1.65 million	Secured Term Loan	Working capital purposes	Repayable in 30 June 2022	3.55% repayable quarterly	Cash generation
Bank of Cyprus	€5.96 million	€0 million	Secured Overdraft facility	Working capital purposes	Renewable annually	3.55% repayable quarterly	Cash generation
Bank of Cyprus	€6 million	€2.68 million	Secured Factoring facility	Working capital purposes	Renewable annually	Interest paid monthly	Cash generation

None of the above facilities contain any conversion or redemption rights.

Guarantees and Security for the Senior Debt

The guarantors (the **SFA Guarantors**) of the Senior Facilities are set out below:

Name of Guarantor	Registration number (or equivalent, if any) Original Jurisdiction
Ascendis Health International Holdings Limited*	Malta – C71102
Ascendis Financial Services Proprietary Limited	Republic of South Africa – 2012/021393/06
Ascendis Financial Services Europe Limited*	Cyprus – HE408527
Ascendis Health Limited	Republic of South Africa – 2008/005856/06
Ascendis Financial Services International S.a.r.l*	A societe a responsabilite, having its registered office at 1, rue Jean Piret L – 2350 Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de commerce et des societies, Luxembourg) under number – B228598
Ascendis Health SA Holdings Proprietary Limited	Republic of South Africa – 2020/440954/07
Ascendis Health Europe Holdings*	A societe a responsabilite, having its registered office at 14 rue Edward Steichen L – 2540 Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de commerce et des societies, Luxembourg) under number – B241037
Ascendis Consumer Brands Proprietary Limited	Republic of South Africa – 2013/195936/07
Ascendis Pharma Proprietary Limited (previously Akacia Healthcare Proprietary Limited)	Republic of South Africa – 2002/001567/07
Ascendis Skin and Body Proprietary Limited	Republic of South Africa – 2011/004858/07
Ascendis Supply Chain Proprietary Limited (previously Pharma Natura Proprietary Limited)	Republic of South Africa – 1971/012303/07
Ortho-Xact Proprietary Limited (previously Ascendis Sports Nutrition Proprietary Limited)	Republic of South Africa –2009/016275/07
Ascendis Vet Proprietary Limited*	Republic of South Africa – 2001/017471/07
Ascendis Wellness S.R.L*	Romania – J40/3916/2017
Chempure Proprietary Limited	Republic of South Africa – 2011/011010/07
Kyron Laboratories Proprietary Limited*	Republic of South Africa – 1990/004442/07
Pharmachem Pharmaceuticals Proprietary Limited	Republic of South Africa – 2006/033994/07
Remedica Holdings Limited *	Cyprus – HE3559
Remedica Limited *	Cyprus – HE14435
Respiratory Care Africa Proprietary Limited *	Republic of South Africa – 1998/017606/07
Sun Wave Pharma International Limited*	Cyprus – HE 3562
Surgical Innovations Proprietary Limited	Republic of South Africa – 2008/013545/07
The Scientific Group Proprietary Limited	Republic of South Africa – 2010/017082/07

* *SFA Guarantor will be released pursuant to the Transactions.*

The following entities (**SFA Share Security Providers**) provide security over their shares in Obligors for purposes of the Senior Debt:

Name of Guarantor	Registration number (or equivalent, if any) Original Jurisdiction
Ascendis Pharma Healthcare Holdings Proprietary Limited (formerly Akacia Healthcare Holdings Proprietary Limited)	South Africa – 1994/009657/07
Ascendis Biosciences Proprietary Limited	South Africa – 2011/011041/07
Ascendis Medical Proprietary Limited	South Africa – 2013/195969/07
Brilata Limited*	Cyprus – HE 286997
Dealworth Limited*	Cyprus – HE 357111
Goldbond Trading & Investments Limited*	Cyprus – HE 350009
K2012179211 (South Africa) Proprietary Limited	South Africa – 2012/179211/07
K201326193 (South Africa) Proprietary Limited	South Africa – 2013/126193/07
Lexshell 834 Investments Proprietary Limited	South Africa – 2010/014985/07
Pernbrook Limited*	Cyprus – HE 349367

* *SFA Share Security Provider will be released pursuant to the Transactions*

The following security is granted in respect of and by the SFA Guarantors incorporated in South Africa:

- The shares in each Obligor (other than Ascendis Health Limited)
- The shares in non-wholly-owned subsidiaries incorporated in South Africa
- 75% of the shares in Kyron Laboratories Proprietary Limited
- Medical dossiers held by Ascendis Pharma Healthcare Holdings Proprietary Limited (formerly Akacia Healthcare Holdings Proprietary Limited)
- Intercompany loan receivables
- Bank accounts
- Insurance receivables
- Trade receivables
- Intellectual Property Rights
- All movable property

The following security is granted in respect of and by the SFA Guarantors incorporated outside of South Africa:

- The shares in each Obligor
- The shares in non-wholly-owned subsidiaries incorporated in South Africa
- Intercompany loan receivables
- Bank accounts
- Insurance receivables
- Trade receivables
- Inventory
- Intellectual property rights
- Trade marks

Security for Bank of Cyprus Facilities

Mortgages over leasehold properties owned by Remedica Limited and Remedica Holdings Limited.

Ascendis Health Debt Covenants

Debt Covenants – Prior to the implementation of the Group Recapitalisation Transaction

Information on Ascendis Health's debt covenants as at 31 December 2020 are contained in the Company's interim financial statements for the six months ended 31 December 2020 and are incorporated by reference as per paragraph 11 of Part D of this Circular

In terms of the SFA, management is required to provide the Senior Lenders with a quarterly covenant certificate. The certificate only requires a single financial covenant ratio: total net debt/adjusted EBITDA (adjusted EBITDA is defined as the last 12 months' EBITDA (including 12 months EBITDA for acquisitions made in the last 12 months and excluding EBITDA for disposals in the last 12 months)). The ratio assesses the Group's ability to service its leveraged capital structure and interest cover and is reset following each disposal.

The SFA provides for quarterly targets for this ratio until the repayment date of 31 December 2021. At 31 December 2020, the target ratio was less than or equal to 7.3x. Ascendis Health achieved a ratio of 4.4x, demonstrating an acceptable margin below the target ratio.

A sensitivity analysis reflects that the Group will continue to meet the financial covenant ratio.

Debt Covenants – Post the implementation of the Group Recapitalisation Transaction

Under the SFA (as amended and restated to reflect the facilities as outlined in paragraph 1.2 of Part A of this Circular, management is required to provide a monthly confirmation that, on the last business day of each month, the Group had a minimum liquidity headroom of R50 million. The liquidity headroom covenant is calculated as the aggregate of cash (excluding any restricted cash) and any undrawn committed facilities. A breach of this covenant is an event of default.

The directors have assessed the forecasted solvency position of the Group over the 18-month period following the proposed implementation of the Group Recapitalisation Transaction, and are satisfied that the business has sufficient liquidity to meet the liquidity headroom covenant.

MATERIAL RISKS

Material issues which could impact positively or negatively on Ascendis Health's ability to deliver its strategy and on the revenue and profitability of the business, are identified annually by the Board and executive Management.

The Directors consider several internal and external factors in determining these material issues. These factors include the Group's strategy, trading and economic environments in the countries of operation, competitor landscape, external opportunities and threats, legislation and regulation, and the needs, expectations and concerns of the group's primary stakeholders.

Owing to the potential severity of its impact, COVID-19 has been included as a material issue in 2021.

GROUP RECAPITALISATION

The recapitalisation is aimed at addressing the group's unsustainable financial leverage, short-term debt maturities and operational liquidity requirements while protecting the interests of all stakeholders.

Related risks	Risk mitigation
• Recapitalisation failing to achieve the requisite shareholder support	• Recapitalisation addresses unsustainable capital structure and delivers a more favourable and definite outcome than the original divestment programme
• If the recapitalisation is not implemented, the Senior Lenders could enforce their rights under the SFA agreement and their security across the shares and assets of the group, resulting in a business rescue process	• New financing facilities provided by the Forbearance Creditors to ensure adequate liquidity to operate in future
• Business rescue-driven disposal process could result in lower proceeds being realised owing to a distressed sale of assets	• Head office costs being reduced to align with the needs of the smaller post recapitalisation South African-only business • Recapitalisation enables the group to protect the value of the South African assets • Business rescue practitioner engaged early in the recapitalisation process to minimise value destruction should the company be placed in business rescue • Extensive shareholder engagement to encourage support for the recapitalisation

CASH FLOW, LIQUIDITY MANAGEMENT AND FUNDING

The sustainability of the business is dependent on efficient cash flow management and long-term liquidity

Related risks	Risk mitigation
• Default on payment obligations to Senior Lenders	• Cash sweeping arrangement in place to ensure efficient liquidity management
• Lack of liquidity to fund working capital	• Weekly monitoring of forecasts and actual cash flows
• Delays in creditor payments	• Weekly and monthly working capital management targets and tracking
• Unfavourable payment terms imposed by suppliers	• Engagement with credit insurers to maintain trade credit limits and mitigate the impact of reduced credit limits
• Adverse creditor trading terms and limited supply of goods and services	• Forbearance Agreement deferring the payment of cash interest to address short-term liquidity requirements and other potential events of default
• Potential default on payment of salaries and taxes	• A Restructuring Support Agreement with the Forbearance Creditors extending the Forbearance Period and providing a framework for the recapitalisation
• Trading under distressed financial conditions	• Head office restructure to reduce costs

IMPACT OF COVID-19

The COVID-19 pandemic and related lockdown continues to have an adverse economic impact. The Group aims to limit the impact of the pandemic on its business operations and ensure the health and safety of all stakeholders.

Related risks	Risk mitigation
• Potential disruption in the local and international supply chain owing to possible factory closures impacting product availability	• As an essential healthcare service, the group continued to operate since the outbreak of the pandemic
• Closures of manufacturing facilities and offices to safeguard employees' health	• The COVID-19 defensive products in the portfolio have buffered the impact from products negatively impacted during the pandemic
• Limited elective surgeries being performed as hospitals focus resources on managing COVID-19 patients	• Vitamins and supplements brands crucial to supporting patients' immunity levels through the pandemic
• Lockdown trading restrictions imposed on certain customer groups, including beauty salons and other non-essential retail customers	• Increased sourcing of locally manufactured materials to reduce dependency on international suppliers
	• Improved workforce management in line with COVID-19 protocols to minimise downtime in all operations

EXCHANGE RATE EXPOSURE

More than half of the Group's revenue is generated in foreign currencies, and a significant portion of the Group's debt is denominated in foreign currency, the Group is exposed to the volatility and fluctuation of the Rand against major currencies.

Related risks	Risk mitigation
• Imported raw materials, semi-finished and finished products exposed to rising forex related input costs (transaction effects)	• Offshore earnings in hard currencies provide a natural hedge against Rand volatility
• Foreign revenues converted into the reporting currency Rand negatively impact on margin and profitability (translation effects)	• Forward cover hedging policy: – All foreign commitments are 100% hedged in the short term – Long-term forecast commitments are partially hedged
• Balance sheet exposure to currency fluctuations	• Continuous monitoring and oversight by Group treasury

RETENTION OF KEY RESOURCES

Retaining key resources is critical to the successful completion of the Recapitalisation Transaction and the delivery of the post-recapitalisation strategy

Related risks	Risk mitigation
• Experienced executives and skilled staff are in high demand both locally and internationally	• Management incentive plan to retain and incentivise key staff and executives, including the CEO and CFO
• Loss of key people and challenge of retaining staff in current climate of uncertainty and change within the Group	• Short-term retention awards for selected head office employees and participating business units
• Incentive schemes are currently not attractive owing to below target	• Ongoing communication with staff and alignment of rewards, with heavier weighting towards segment performance

ECONOMIC AND TRADING ENVIRONMENTS

Economic and trading conditions in the group's countries of operation could negatively impact revenue and profit growth. This has been compounded by the severe economic impact of COVID-19-related trading restrictions in South Africa.

Related risks	Risk mitigation
• Poor economic conditions in South Africa reducing consumer spending and impacting the Group's organic growth, exacerbated by the COVID-19 pandemic	• Healthcare markets in which the Group operates are resilient and defensive
• Increase in raw material costs	• Preventative care, such as wellness and nutraceuticals, is being promoted globally by health insurance providers, governments and consumer choice • Brand portfolio offers wellness and healthcare products across customer income groups

REGULATION

Ascendis Health supports the regulation of healthcare markets to ensure compliance and product safety for consumers as well as protection of the environment.

Related risks	Risk mitigation
• Regulation could impact on revenue and margin due to legislated price intervention	• Ongoing engagement with regulators in all countries of operation
• Regulation could reduce consumer choice	• Focus on high quality products and production processes
• Restrictive regulations could limit the ability to sell and bring new products to market, for example complementary and alternative medicine regulations in South Africa	• Reformulation and registration of product dossiers if required • Regulatory departments in key business units across the Group

PRODUCT INTEGRITY

As a healthcare business it is essential that products are manufactured to the highest standards to ensure product safety, customer satisfaction, and trust in the brands.

Related risks	Risk mitigation
• Poor product quality could cause negative side-effects for consumers or patients	• Manufacturing is outsourced to good manufacturing practice (GMP) compliant third parties
• Customer claims from product failure could result in financial losses and reputational damage	• GMP focus, certification and quality assurance programmes at all in-house manufacturing facilities
• Product recalls owing to poor standards would negatively impact on trust in the brand as well as profitability of the group	• Ensure suppliers comply with international quality, health and safety standards, and ethical practices • Regular site visits and audits of third-party supplier facilities • Adequate insurance cover for product recalls and product liability

TECHNOLOGY AND DATA SECURITY

Leading-edge information systems are critical for the efficient operation of the business, with effective processes required to limit the risk of breaches of data security and customer privacy.

Related risks	Risk mitigation
• Inadequate data protection	• Policies implemented to address data security risks
• Breaches of stakeholder privacy, loss of stakeholder data and theft of intellectual property	• Robust IT security governance and processes
• Cyber-crime resulting in legal liability and reputational damage	• Data security and IT audits
• Increased exposure to cyber-attacks due to working from home as a result of COVID-19 protocols	• Secure data management and control processes • IT steering committee determines IT strategic initiatives • Cyber insurance cover

SECTION 115 AND SECTION 164 OF THE COMPANIES ACT: SHAREHOLDERS' APPRAISAL RIGHTS

SECTION 115 OF THE ACT

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter 5, and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), "act in concert" has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).47

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164 OF THE ACT

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:

(a) the shareholder:

(i) sent the company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and (c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

   (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

   (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

   (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

   (a) the day on which the action approved by the resolution is effective;

   (b) the last day for the receipt of demands in terms of subsection (7)(a); or

   (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

   (a) in respect of shares of the same class or series must be on the same terms; and

   (b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

   (a) the shareholder must either in the case of:

      (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

      (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

   (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

      (i) tendered the share certificates; or

      (ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

   (a) failed to make an offer under subsection (11); or

   (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

   (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

   (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

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

NOTICE OF GENERAL MEETING

Terms defined in the Circular to which the notice is attached apply, *mutatis mutanda*, throughout this Notice of General Meeting unless a term is separately defined herein.

Notice is hereby given that a General Meeting of Shareholders will be held electronically on Monday, 4 October 2021 at 10:00, to consider and, if deemed fit, to pass, with or without modification, the Resolution set out below, in the manner required by the Act and subject to the applicable Listings Requirements.

RECORD DATES

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded in the Register in order to:

- receive the Notice of General Meeting is Friday, 27 August 2021;
- electronically attend, speak and vote at the General Meeting is Thursday, 23 September 2021; and
- the last day to trade in order to be eligible to vote at the General Meeting is Monday, 20 September 2021.

SPECIAL RESOLUTION– APPROVAL OF THE GROUP RECAPITALISATION TRANSACTION IN TERMS OF THE LISTINGS REQUIREMENTS AND SECTIONS 112 AND 115 OF THE COMPANIES ACT

"**RESOLVED AS A SPECIAL RESOLUTION** that, the disposal of the AHIH Disposal Group Assets as contemplated by the Group Recapitalisation Transaction on the terms and subject to the conditions of the Group Recapitalisation Transaction as set out in the Circular to which this Notice is attached and forms part, be and is hereby approved in terms of sections 112 and 115(2)(b) of the Companies Act and section 9 of the Listings Requirements."

Voting in respect of this Special Resolution

Percentage of voting rights required for this Special Resolution to be adopted is more than 75% of the votes of all Shareholders present or represented by proxy at the General Meeting. MJ Sardi who is participating in the MIP, as described in Part D, paragraph 2.3 of this Circular, will be precluded from voting on this Special Resolution.

Reason and effect

The reason for the Special Resolution is that the Group Recapitalisation Transaction constitutes a transaction as contemplated by section 112 of the Companies Act and section 115(2)(b) of the Companies Act and therefore requires the approval of Shareholders by way of a special resolution.

The Group Recapitalisation Transaction constitutes a category 1 transaction in terms of the Listings Requirements. The reason for this Special Resolution is therefore for Shareholders to approve the Group Recapitalisation Transaction in terms of paragraph 9.20(b) of the Listings Requirements.

The effect of Special Resolution, if passed, will be to grant the necessary approval of the Group Recapitalisation Transaction in terms of the Companies Act and the Listings Requirements.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ANIMAL HEALTH DISPOSAL IN TERMS OF THE LISTINGS REQUIREMENTS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the disposal in terms of which Animal Health Seller will dispose of the Animal Health Sale Shares to the Animal Health Purchaser for the Animal Health Final Disposal Consideration, on the terms set out in the Circular, be and is hereby approved in terms of section 9 of the Listings Requirements."

Voting in respect of this Ordinary Resolution

Percentage of voting rights required for this Ordinary Resolution number 1 to be adopted is more than 50% of the votes of all Shareholders present or represented by proxy at the General Meeting. MJ Sardi who is participating in the MIP, as described in Part D, paragraph 2.3 of this Circular, will be precluded from voting on this Ordinary Resolution.

Reason and effect

The reason for Ordinary Resolution number 1 is that the Animal Health Disposal constitutes a category 1 transaction in terms of the Listings Requirements. The reason for this Ordinary Resolution number 1 is therefore for Shareholders to approve the Animal Health Disposal in terms of paragraph 9.20(b) of the Listings Requirements.

The effect of Ordinary Resolution number 1, if passed, will be to grant the necessary approval of the Animal Health Disposal in terms of the Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE RCA DISPOSAL IN TERMS OF THE LISTINGS REQUIREMENTS

"**RESOLVED AS ORDINARY RESOLUTION** that, the disposal in terms of which the RCA Seller will dispose of the RCA Sale Shares to the RCA Purchaser for the RCA Disposal Consideration, on the terms set out in the Circular, be and is hereby approved in terms of section 9 of the Listings Requirements."

Voting in respect of this Ordinary Resolution

Percentage of voting rights required for this Ordinary Resolution number 2 to be adopted is more than 50% of the votes of all Shareholders present or represented by proxy at the General Meeting. MJ Sardi who is participating in the MIP, as described in Part D, paragraph 2.3 of this Circular, will be precluded from voting on this Ordinary Resolution.

Reason and effect

The reason for Ordinary Resolution number 2 is that the RCA Disposal constitutes a category 1 transaction in terms of the Listings Requirements. The reason for this Ordinary Resolution number 2 is therefore for Shareholders to approve the RCA Disposal in terms of paragraph 9.20(b) of the Listings Requirements.

The effect of Ordinary Resolution number 2, if passed, will be to grant the necessary approval of the RCA Disposal in terms of the Listings Requirements.

ORDINARY RESOLUTION NUMBER 3 – AUTHORITY GRANTED TO DIRECTORS

"RESOLVED AS AN ORDINARY RESOLUTION that, any one Director or the Company Secretary of Ascendis Health be and is hereby authorised to do all things, sign all documents and take all such actions as required and generally do anything necessary or desirable to give effect to and implement the Transactions set out above, and all such actions taken prior hereto be and are hereby ratified and approved."

Voting in respect of this Ordinary Resolution

Percentage of voting rights required for this Ordinary Resolution number 3 to be adopted is a simple majority of votes, being more than 50% of the votes of all Shareholders present or represented by proxy at the General Meeting.

VOTING AND PROXIES

Participation by electronic communication

Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (Participant(s)) must either 1. register online using the online registration portal at www.smartagm.co.za; or 2. apply to Computershare, by sending an email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Thursday, 30 September 2021. Computershare will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform Participants who notified Computershare of their intended participation by no later than 10:00 on Friday, 1 October 2021 by email of the relevant details through which Participants can participate electronically.

Certificated Shares

If you hold Certificated Shares (i.e. have not dematerialised your Shares in the Company) or are registered as an own name Dematerialised Shareholder (i.e. have specifically instructed your CSDP to hold your Shares in your own name on the Company's sub-register), then:

- you may electronically attend and vote at the General Meeting; alternatively
- you may appoint a proxy (who need not also be a Shareholder of the Company) to represent you at the General Meeting by completing the attached Form of Proxy and, for administrative reasons, returning it to the office of the Company's Transfer Secretaries not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). However, should the Form of Proxy not be returned to the Transfer Secretaries by the aforesaid date and time, Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting at proxy@computershare.co.za. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy as stipulated in section 58(3)(b) of the Act.

Dematerialised Shares

Please note that if you are the owner of Dematerialised Shares with electronic records of ownership under the JSE's electronic settlement system, Strate, held through a CSDP or Broker and are not registered as an "own name' Dematerialised Shareholder you are not a registered Shareholder of the Company, but appear on the sub-register of the Company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or Broker, as the case may be:

- if you wish to electronically attend and vote at the General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to electronically attend and vote at the General Meeting but wish to be represented at the meeting, you must contact your CSDP or Broker, as the case may be, and furnish them with your voting instructions in respect of the General Meeting and/or request them to appoint a proxy. You must not complete the attached Form of Proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or Broker, as the case may be, within the time period required by them.

CSDPs, Brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of Dematerialised Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold Dematerialised Shares in the Company, vote by either appointing a duly authorised representative to electronically attend and vote at the General Meeting or by completing the attached Form of Proxy in accordance with the instructions thereon and returning it to the Company's Transfer Secretaries to be received by not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting.

Identification

Section 63(1) of the Act requires that a person wishing to participate in the General Meeting (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may electronically attend or participate at such meeting.

Voting

Each Shareholder whether present in person or represented by proxy, is entitled to electronically attend and vote at the General Meeting.

Votes at the General Meeting will be taken by a show of hands, or alternatively by way of a poll in accordance with article 22 of the Company's Memorandum of Incorporation.

Quorum

A quorum for the purposes of considering and passing the Resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by Shareholders in respect of each matter to be decided at the General Meeting. In addition, a quorum shall consist of three Shareholders of the Company personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting.

Appraisal Rights

Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. Their attention is drawn to the provisions of that section which are set out in Annexure 12 to this Circular.

Proxies

Each Shareholder is entitled to appoint one or more proxies (who need not be Shareholders of Ascendis Health) to electronically attend, speak and vote in his/her stead. On a poll, every Shareholder present in person or by proxy shall have one vote for each share held by him/her. Shareholders who are unable to electronically attend the General Meeting but who wish to be represented thereat, are required to complete and return the attached Form of Proxy.

It is requested that this Form of Proxy be lodged or posted or faxed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 1st Floor, 15 Biermann Avenue, Rosebank, 2196, or at Private Bag X9000, Saxonwold, 2132, South Africa or by proxy e-mail at proxy@computershare.co.za or by fax on +27 11 688 6238, to be received by them no later than 10:00 on Thursday, 30 September 2021. However, should the Form of Proxy not be returned to the Transfer Secretaries by the aforesaid date and time, Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting.

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

- A Shareholder entitled to electronically attend and vote at the General Meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to electronically attend, participate in and vote at the General Meeting in the place of the shareholder. A proxy need not be a Shareholder of the Company.
- A proxy appointment must be in writing, dated and signed by the Shareholder appointing a proxy, and, subject to the rights of a Shareholder to revoke such appointment (as set out below), remains valid only until the end of the General Meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the Shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a Shareholder.
- The appointment of a proxy is revocable by the Shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the Shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to the Form of Proxy".

Representation

Shareholders of the Company that are companies, that wish to participate in the General Meeting, may authorise any person to act as its representative at the General Meeting.

By order of the Ascendis Health Board

M Nkuna
Company Secretary

3 September 2021

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Ascendis Health Limited

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

FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "*OWN NAME*" REGISTRATION)

This Form of Proxy is **only** for use by:

- Certificated Shareholders; and
- Dematerialised Shareholders with "*own name*" registration,

in respect of the General Meeting of Shareholders to be held electronically on Monday, 4 October 2021 at 10:00, and at any postponement or adjournment thereof.

Certificated Shareholders or Dematerialised Shareholders with "own name" registration who are entitled to electronically attend and vote at the General Meeting are entitled to appoint one or more proxies to electronically attend, speak and vote in their stead. A proxy need not be a Shareholder and shall be entitled to vote on a show of hands or poll.

Dematerialised Shareholders, other than Dematerialised Shareholders with "own-name" registrations, must not return this Form of Proxy to the Transfer Secretaries or deliver it to the chairman of the General Meeting. Dematerialised Shareholders, other than Dematerialised Shareholders with "own-name" registration, should instruct their CSDP or Broker as to what action they wish to take. This must be done in the manner and time stipulated in the agreement entered into between them and their CSDP or Broker.

Shareholders who have Dematerialised their Ascendis Health Shares with a Broker or CSDP, other than with "*own name*" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to electronically attend the General Meeting or the Shareholders concerned must instruct their Broker or CSDP as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.

I / We ______________________________ (name in block letters)

of ______________________________ (address)

Telephone (work) ______________ (home) ______________

Mobile ______________ (email) ______________

being the holder(s) of [ ] Ascendis Health Shares

hereby appoint (see note 1):

1. ______________________________ or failing him / her

2. ______________________________ or failing him / her

the chairman of the General Meeting, as my / our proxy to electronically attend, speak and act on my / our behalf at the General Meeting (and at any postponement or adjournment thereof) and, on a poll, to vote in my stead and to vote for or against the Resolutions or abstain from voting thereon in respect of the Ascendis Health Shares registered in my / our name(s), in accordance with the following instructions (see note 3):

	For	Against	Abstain
Special Resolution – Approval of the Group Recapitalisation Transaction			
Ordinary Resolution No. 1 – Approval of the Animal Health Disposal			
Ordinary Resolution No. 2 – Approval of the RCA Disposal			
Ordinary Resolution No. 3 – Approval granted to Directors			

Please indicate with an "**x**" or the relevant number of Ascendis Health Shares, in the applicable space, how you wish your votes to be cast. Unless otherwise directed, the proxy will vote as he / she deems fit.

Signed at on 2021

Signature(s) Capacity

Assisted by (where applicable) Signature

Please read the notes below.

NOTES:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided, with or without deleting "the chairman of the General Meeting," but any such deletion must be initialled by the Shareholder. The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in the proxy shall be exercised by the chairman of the General Meeting.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercised thereat. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or by his proxy, but the total of the votes cast in respect of which abstentions recorded may not exceed the total votes exercisable by the Shareholder or his proxy.
3. It is requested that this Form of Proxy be lodged or posted or faxed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 1st Floor, 15 Biermann Avenue, Rosebank, 2196, or at Private Bag X9000, Saxonwold, 2132, South Africa or by proxy e-mail at proxy@computershare.co.za, or by fax on +27 11 688 6238, to be received by them no later than 10:00 on Thursday, 30 September 2021. Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting.
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from electronically attending the General Meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary proof establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries of the Company or waived by the chairman of the General Meeting.
6. Any alterations to the Form of Proxy must be initialled by the signatories.