

ASCENDIS HEALTH

MEDIA RELEASE

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ASCENDIS HEALTH TO BE DEBT-FREE AFTER FURTHER DISPOSALS, WITH CASH TO INVEST FOR REBUILDING

Company will focus on Consumer Brands following recapitalisation

Johannesburg – Ascendis Health plans to dispose of three businesses to settle outstanding debt of R550 million plus interest, and generate cash for investment in the expansion and rebuilding of the group.

Agreements have been reached for the disposal of Ascendis Medical, Ascendis Pharma and the Nimue business in three separate transactions.

Following these disposals and the recapitalisation of the group, Ascendis will comprise solely of the Consumer Brands division.

Newly appointed chairman Harry Smit said the planned disposals will alleviate the group's ongoing debt burden and leave the business debt-free, with cash reserves of approximately R200 million to invest for rebuilding.

“We believe the remaining Consumer Brands business presents a compelling base for the growth of the group. Consumer Brands is one of the largest vitamin, mineral and supplement suppliers in South Africa, with market-leading brands such as Solal, Vitaforce, Menacal, Bettaway and Junglevite being among the most established and recognised in their categories.

“The Consumer Brands business also has a manufacturing capability in Gauteng, being one of only two South African Health Products Regulatory Authority accredited soft gel capsule manufacturers in the country,” he said.

The disposals will generate total proceeds of R802 million, which will be set off against existing debt plus accumulated interest, with the excess cash being retained by the group.

Smit said the injection of cash into the business will enable management to scale the Consumer Brands business and allow the group to pursue opportunities which were not possible while operating under the restrictive debt burden.

“We plan to pursue a growth strategy focused on expanding into the broader consumer products sector by acquiring earnings-enhancing businesses with a high return on

equity and high operating margins which will strengthen the group's market position. Acquisitions will be funded through a combination of cash, conservative debt and equity," he said.

Smit said the disposal of Ascendis Medical will alleviate the need for significant catch-up and ongoing capital expenditure, which would have been required to optimise returns and would have needed to be funded out of new borrowings.

The disposals of Ascendis Medical and Ascendis Pharma are subject to shareholder approval.

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For further information kindly contact investor.relations@ascendishealth.com