
UPDATE ON DEBT FACILITIES AND FURTHER CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders of Ascendis Health ("**Shareholders**") are referred to the announcement released on SENS on 1 February 2022 ("the **1 February Announcement**") advising Shareholders that, *inter alia*, new debt facilities had been advanced to the Company by Apex Management Services Proprietary Limited and Pharma-Q Holdings Proprietary Limited (collectively the "**Lenders**") in an aggregate amount of R550 million (the "**2022 Debt**"). Terms defined in the 1 February Announcement will bear the same meaning in this announcement.

Furthermore, in the announcement released on SENS on 31 March 2022, Shareholders were advised that in terms of the 2022 Debt, any change to the Board which had not received the prior written approval of the agent (acting on behalf of the Lenders) may trigger a cancellation of the debt facilities and such debt facilities becoming immediately due and payable. On 13 May 2022, by virtue of the change to the Board on 11 May 2022, the Lenders delivered a notice to the Company (the "**Repayment Notice**") declaring the 2022 Debt immediately due and payable.

The Board is pleased to announce that it has concluded a loan agreement with Austell Pharmaceuticals Proprietary Limited, a level 1 B-BBEE contributor and the largest 100% black owned pharmaceutical company in South Africa, ("**Austell**"), (the "**Austell Loan Agreement**") in terms of which Austell will advance a facility to the Company which will be used to repay the full amount owing to the Lenders pursuant to the Repayment Notice and also provide up to R10 million for the purposes of funding the Company's working capital requirements.

2. TERMS OF AUSTELL LOAN AGREEMENT

In terms of the Austell Loan Agreement, Austell shall provide a 6-month facility to Ascendis Financial Services Proprietary Limited in the amount of R590 000 000 at an interest rate of JIBAR plus 4% (cash margin) plus 3.5% (PIK margin) ("the **Austell Facility**"). If an event of default occurs under the Austell Loan Agreement, the interest rate will ratchet by 2.5% from the date of such occurrence. The Austell Facility has a maturity date of 17 November 2022. The Board highlights that these terms are more favourable than those applicable to the 2022 Debt. In particular, no raising fees are payable in respect of the establishment of the Austell Facility.

The Austell Loan Agreement includes the following key events of default, which would entitle Austell to declare amounts under the Austell Loan Agreement due and payable:

- if (a) Shareholders do not approve of the sale of the Pharma business unit to an unincorporated joint venture between Pharma-Q Proprietary Limited and Imperial Logistics Limited (the Existing Pharma Sale); and (b) the relevant subsidiaries of the Company fail to execute a sale agreement for the disposal of the Pharma business unit to Austell (an Austell/Pharma Sale) within 2 Business Days thereafter. The Board notes in this regard that Austell has submitted a compelling detailed written offer to acquire the Pharma business unit; or
- if certain other milestone dates are not met in respect of the Austell Pharma Sale.

A further 2% interest margin will become applicable if Shareholders either approve the Existing Pharma Sale or, to the extent applicable, Shareholders do not approve of the Austell/Pharma Sale.

3. BENEFITS OF THE AUSTELL LOAN FOR ASCENDIS HEALTH

The Board's aim remains the achievement of long-term financial sustainability for the Company and its subsidiaries. The Austell Loan Agreement supports this objective in the following ways:

- it removes the immediate threat of enforcement action by the Lenders;
- it introduces a more stable operating environment in the short term, thus enabling the Company to conclude any disposals without the threat of enforcement; and
- it reduces the cost of borrowings significantly, particularly given the application of the interest rate ratchet announced on 11 May 2022, thus enabling a cumulative saving on interest to 30 June 2022 of approximately R3.6 million.

4. STATUS OF THE PROPOSED DISPOSALS AND FURTHER CAUTIONARY ANNOUNCEMENT

In the 1 February Announcement, Shareholders were also advised that AHSA, a wholly owned subsidiary of Ascendis Health, had entered into three separate sale agreements (the "**SPAs**") in terms of which it will dispose of its direct and indirect interests in the entities through which the businesses known as "Ascendis Pharma", "Nimue" and "Ascendis Medical", operate. The Proposed Disposals are independent of one another, are not interconditional and are subject to separate conditions and shareholder approvals, as set out below. The consideration payable to Ascendis Health for the Proposed Disposals will be settled in cash. The proceeds of the Proposed Disposals will be applied in settlement of the Austell Facility. If there are any excess proceeds from the Proposed Disposals, after full settlement of the Austell Facility, such proceeds will be paid in cash to the Company. Further information in this regard will be announced on SENS in due course, and Shareholders are advised to exercise caution until such time as a further announcement is released on SENS.

Notwithstanding the conclusion of the Austell Loan Agreement and the repayment of the 2022 Debt, the Proposed Disposals will be put to Shareholders in due course, in accordance with their respective SPAs. In terms of the Austell Loan Agreement, the Company is required to call the shareholders meeting to consider the Existing Pharma Sale on or before 8 July 2022.

Shareholders will be given the opportunity to vote on each of the Proposed Disposals separately. Shareholders should note, however, that the Proposed Disposals together constitute a "series of transactions" for AHSA for purposes of section 112(3)(b) of the Companies Act 2008 ("the **Companies Act**") and, accordingly, if they wish to approve all three of the Proposed Disposals, this will also require a special resolution of Shareholders in accordance with section 115(2)(b) of the Companies Act. By contrast, if Shareholders wish to approve only one of the category 1 Proposed Disposals, an ordinary resolution of Shareholders will be required. In the event that Shareholders fail to approve the Existing Pharma Sale and the Company does not conclude the Austell/Pharma Sale, this will constitute an event of default, with the consequences referred to in paragraph 2 above.

5. FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announced published on SENS on 16 May 2022. They are advised to continue to exercise caution when trading in their Ascendis Health shares until such time as there is clarity as to whether an agreement in respect of the Austell/Pharma Sale may be concluded and the terms of thereof are published as this information may have an effect on the price at which Ascendis Health shares trade.

6. RESPONSIBILITY STATEMENT

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

17 May 2022
Bryanston

Transaction Sponsor and Regulatory Advisor to
Ascendis Health



Financial Advisor to Austell



Legal Advisor to Ascendis Health

ALLEN & OVERY

Legal Advisor to Austell

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