
PROPOSED AUSTELL PHARMA DISPOSAL AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders of Ascendis ("**Shareholders**") are referred to the announcement published on SENS on 17 May 2022 ("the **17 May Announcement**") wherein shareholders were advised that Ascendis had concluded a loan agreement with Austell Pharmaceuticals Proprietary Limited ("**Austell**") (the "**Austell Loan Agreement**") in terms of which Austell would advance a facility of R590 000 000 to the Company at an interest rate of JIBAR plus 4% (cash margin) plus 3.5% (PIK margin) (the "**Austell Facility**").

In the 17 May Announcement, Shareholders were also advised that if Shareholders do not approve of the sale of the Pharma business unit ("**Ascendis Pharma**") to an unincorporated joint venture between Pharma-Q Proprietary Limited and Imperial Logistics Limited (the "**Pharma-Q/Imperial Pharma Disposal**"), an event of default under the Austell Loan Agreement would be triggered if Ascendis did not then agree to sell Ascendis Pharma to Austell.

Shareholders were further advised that an additional 2% interest margin would become applicable if Shareholders either approved the Pharma-Q/Imperial Pharma Disposal, or to the extent applicable, Shareholders do not approve a sale of Ascendis Pharma to Austell.

The Company is pleased to announce that negotiations with Austell have been completed and shareholders are advised that Ascendis Health SA Holdings Proprietary Limited ("**AHSA**"), a wholly-owned subsidiary of Ascendis, has now concluded an agreement with Austell (the "**Austell Pharma Sale Agreement**") in respect of the sale of Ascendis Pharma to Austell (the "**Austell Pharma Disposal**").

The disposal of Ascendis Pharma to Austell at full value of R410,000,000 (subject to upwards or downwards adjustment) materially reduces Ascendis' outstanding debt under the Austell Facility and provides a platform to refinance the outstanding debt at commercial terms, restoring balance sheet stability to Ascendis.

The aim of the board of directors of Ascendis Health (the "**Board**") remains the achievement of long-term financial sustainability for the Company and its subsidiaries and it is continuing to explore other opportunities for the group to repay its senior debt facilities as soon as possible, while also ensuring the availability of sufficient capital to meet working capital requirements.

2. SALIENT TERMS OF THE AUSTELL PHARMA DISPOSAL

Pursuant to the Austell Pharma Disposal, Ascendis will dispose of the entire issued share capital of Medicine Developers International Proprietary Limited, Pharmachem Pharmaceuticals Proprietary Limited, Alliance Pharma Proprietary Limited and Ascendis Pharma Proprietary Limited (the "**Pharma Sale Companies**"), being the entities through which Ascendis Pharma operates.

Ascendis Pharma operates primarily within the private and public sectors of the South African pharmaceutical industry and is a marketer and distributor of both prescription and over-the-counter medicines. It owns brands in the therapeutic areas of gastrointestinal tract, cough and cold, pain, diabetes and niche generic therapeutic segments of the domestic pharmaceutical market. Its customers are retail pharmacies, pharmaceutical wholesalers, private hospital groups, as well as government hospitals and clinics.

The total purchase consideration for the Pharma Sale Companies is R410 000 000, to be settled by way of set-off against the Austell Loan and cash (to the extent the Austell loan is fully discharged and settled). The purchase consideration will be adjusted (i) upwards for any cash in the Pharma Sale Companies on the closing date of the Austell Pharma Disposal (the "**Closing Date**"), (ii) downwards for any third party debt owing by the Pharma Sale Companies on the Closing Date, and (iii) upwards or downwards (as the case may be) to the extent that the working capital of the Pharma Sale Companies on the Closing Date either exceeds or is less than R35 000 000.

The Austell Pharma Disposal remains subject to the fulfilment or waiver (to the extent permissible) of the following conditions precedent:

- on or before two business days after the date of signature of the Austell Pharma Sale Agreement, the board of directors of the Pharma Sale Companies, Ascendis and AHSA have approved the agreement in respect of the Austell Pharma Disposal;
- on or before 31 December 2022, the completion of the pre-transaction steps to be implemented by AHSA and the Pharma Sale Companies in terms of a pre-transaction group restructuring to the reasonable satisfaction of Austell;
- on or before 31 December 2022, the approval of the Austell Pharma Disposal by the shareholders of AHSA, to the extent required by the Companies Act, 71 of 2008 (the “**Companies Act**”);
- on or before 31 October 2022, the approval of the Austell Pharma Disposal by Shareholders, to the extent required by the Companies Act and the JSE Listings Requirements;
- on or before 31 October 2022, the agreement in respect of Pharma-Q/Imperial Pharma Disposal having terminated or lapsed in accordance with its terms; and
- on or before 31 December 2022, the approval of the Austell Pharma Disposal by the relevant competition authorities.

The Closing Date will be the last business day of the month in which the last outstanding condition precedent is fulfilled or waived, provided that if the conditions precedent are fulfilled or waived within the last five business days of the month, the Closing Date will be the last business day of the following month.

The Austell Pharma Disposal is subject to warranties and undertakings that are customary for a transaction of this nature.

3. **FINANCIAL INFORMATION**

The net asset value of Ascendis Pharma as at 31 December 2021 (extracted from the unaudited interim results of Ascendis Health for the six months ended 31 December (prepared in terms of International Financial Reporting Standards)), was R117 million. The unaudited profit after tax attributable to Ascendis Pharma for the six months ended 31 December 2021 was R22 million (extracted from the unaudited interim results of Ascendis Health for the six months ended 31 December (prepared in terms of International Financial Reporting Standards)).

4. **CATEGORISATION OF THE AUSTELL PHARMA DISPOSAL**

The Austell Pharma Disposal constitutes a Category 1 disposal in terms of the JSE Listings Requirements and will be subject to the approval of Shareholders at a general meeting which will be called in terms of the notice of general meeting to be attached to the circular to be issued to Ascendis shareholders relating to the Austell Pharma Disposal (the “**General Meeting**”).

A further announcement setting out the salient dates and times of the General Meeting will be released in due course.

One circular will be issued to Ascendis shareholders in respect of both the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal, each requiring approval by ordinary resolution of shareholders as category 1 transactions. Both the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal will be put to shareholders at the General Meeting such that Shareholders can indicate: (a) their vote in favour of or against the Pharma-Q/Imperial Pharma Disposal; and (b) to the extent that the requisite majority of Shareholders do not vote in favour of the Pharma-Q/Imperial Pharma Disposal (and only after shareholders have voted in respect of the Pharma-Q/Imperial Pharma Disposal), whether they would vote in favour of or against the Austell Pharma Disposal.

It is a condition precedent to the Austell Pharma Disposal that the Pharma-Q/Imperial Pharma Disposal has terminated or lapsed in accordance with its terms. Accordingly, if the requisite majority of Shareholders vote in favour of the Pharma-Q/Imperial Pharma Disposal, the resolution in relation to the Austell Pharma Disposal will be withdrawn at the General Meeting and Ascendis will proceed with the Pharma-Q/Imperial Pharma Disposal, subject to the fulfilment or waiver of any outstanding conditions precedent to the Pharma-Q/Imperial Pharma Disposal.

If the Pharma-Q/Imperial Pharma Disposal is not approved by the requisite majority of Shareholders, but the Austell Pharma Disposal is approved by the requisite majority of Shareholders, Ascendis will proceed with the Austell Pharma Disposal, subject to the fulfilment or waiver of any outstanding conditions precedent to the Austell Pharma Disposal.

The Austell Pharma Disposal does not constitute a transaction with a related party.

5. **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are referred to the cautionary announcements published on SENS on 16 May 2022, 17 May 2022, 27 June 2022 and 12 July 2022 and are advised that following the publication of this announcement, Shareholders are no longer required to exercise caution when dealing in Ascendis securities.

19 July 2022

Bryanston

Sponsor:
Questco Proprietary Limited

Financial advisor to Austell:
The Standard Bank of South Africa Limited

Legal advisor to Austell:
Webber Wentzel