

ASCENDIS HEALTH

MEDIA RELEASE

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ASCENDIS HEALTH TO RAISE R100 MILLION THROUGH RIGHTS OFFER

Momentum shift following decision to retain key asset

Johannesburg – Healthcare group Ascendis Health plans to raise R101.5 million in a rights offer to capitalise on growth opportunities in its medical devices and consumer health businesses, and to pay down debt.

Ascendis will issue 143 million new shares at an undiscounted offer price of 71 cents per share. The rights offer is being fully underwritten by Calibre Investment Holdings.

Ascendis Health chairman Harry Smit said: “Our new board has achieved several strategic wins in the past few weeks and we have seen a distinctly positive shift in the group’s prospects.”

“The wins include retaining medical devices which is the business with the most upside potential, with the ability to double its earnings. At the same time, we have extracted further value from the planned sale of Ascendis Pharma and are now embarking on a fully underwritten rights offer,” he said.

In May this year Ascendis secured a R590 million loan from Austell Pharmaceuticals to repay lenders and fund working capital. “The loan was concluded at more favourable terms than our previous debt, and bought the board time to assess which of our assets should be retained with a view to rebuilding the business,” he said.

Last week Ascendis reached agreement for the disposal of Ascendis Pharma to Austell for R410 million. The transaction is contingent on the disposal of Ascendis Pharma to a joint venture between Pharma-Q and Imperial Logistics not being approved by shareholders. The net proceeds from the sale will be used to pay down the Austell loan.

Smit said the offer from Austell was R35 million higher than the Pharma-Q/Imperial offer, which equates to almost 10% of the group’s market capitalisation.

Proceeds of R95.1 million from the disposal of the Ascendis skin business to Amka Products, implemented on 31 May 2022, were also used to reduce the debt.

He said the group’s decision not to proceed with the sale of its medical devices business, the planned disposal of Ascendis Pharma at full value and the rights offer proceeds provide a near complete debt solution.

“Our remaining debt of approximately R130 million is payable by November. This quantum will be reduced by a partial application of the rights offer proceeds. We are now focusing on refinancing the remaining debt on more attractive commercial terms and moving away from non-financial lenders where debt servicing costs are very expensive,” said Smit.

Ascendis will have cash to fund working capital and unlock growth potential in its medical devices and consumer health businesses following the rights offer and the sale of Ascendis Pharma, together with approximately R50 million of proceeds held in escrow from the prior year disposal of Ascendis Animal Health.

“We believe the combination of the medical devices and consumer health businesses present a compelling base for the growth of the group. We are committed to investing for growth and defending our market leading positions through product and geographic expansion in our identified segments,” added Smit.

Ascendis Medical, which incorporates the three operating businesses The Scientific Group, Surgical Innovations and Ortho-Xact, has long-standing relationships and exclusive agency agreements with major multinational suppliers.

The consumer health business is one of the largest vitamin, mineral and supplement suppliers in South Africa, with brands such as Solal, Vitaforce, Menacal, Bettaway and Junglevite being among the most established and recognised in their categories. The business also owns a substantial manufacturing facility in Gauteng, being one of only two South African Health Products Regulatory Authority accredited soft gel capsule manufacturers in the country.

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