Ascendis HEALTH

ANNUAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2022

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Constructive progress in FY2022 to ensure a sustainable base is set

2021

JULY

Farmalider disposal implemented

Animal Health disposal agreement concluded and transaction approved by shareholders on 4 October 2021

OCTOBER

Group recapitalisation approved with 98.5% shareholder support.

The group recapitalisation resulted in the disposal of Remedica and Sun Wave

Animal Health and Respiratory Care Africa (RCA) disposals approved and RCA implemented 6 October 2021

NOVEMBER

Animal Health disposal implemented 30 November 2021

DECEMBER

Pursuant to the general meeting on 20 December 2021, four non-executive directors stepped down and five new non-executive directors were appointed by shareholders.

Forbearance agreement concluded, enabling time for an alternative solution to be agreed

Total impact was a reduction of R7,6 billion to the debt
with reinstated debt of Euro15 million

2022

JANUARY

New loan agreement concluded with Apex Management Services and Pharma-Q Holdings and debt transferred

Independent non-executive director Harry Smit appointed as chairman

Chief financial officer Cheryl-Jane Kujenga appointed as interim CEO following the resignation of Mark Sardi in December 2021

MAY

Board strengthened with the appointment of three new non-executive directors. New loan agreement concluded with Austell Pharmaceuticals on more favourable terms and an extension of the repayment term from June to November 2022.

Disposal of Skin business to Amka Products, with net proceeds of R95 million applied to reduce debt.

JUNE

Board makes decision to retain Medical Devices and terminate negotiations for its disposal, based on the belief that the business has significant growth potential that was not reflected in the Apex purchase agreement

Resignations of Gary Shayne and Richard Dawes from the board.

JULY

Agreement reached with Austell Pharmaceuticals on disposal of Pharma business for R410 million. The transaction is contingent on shareholders not approving the initial offer of R375 million received for Pharma when shareholders vote on the transaction in October 2022

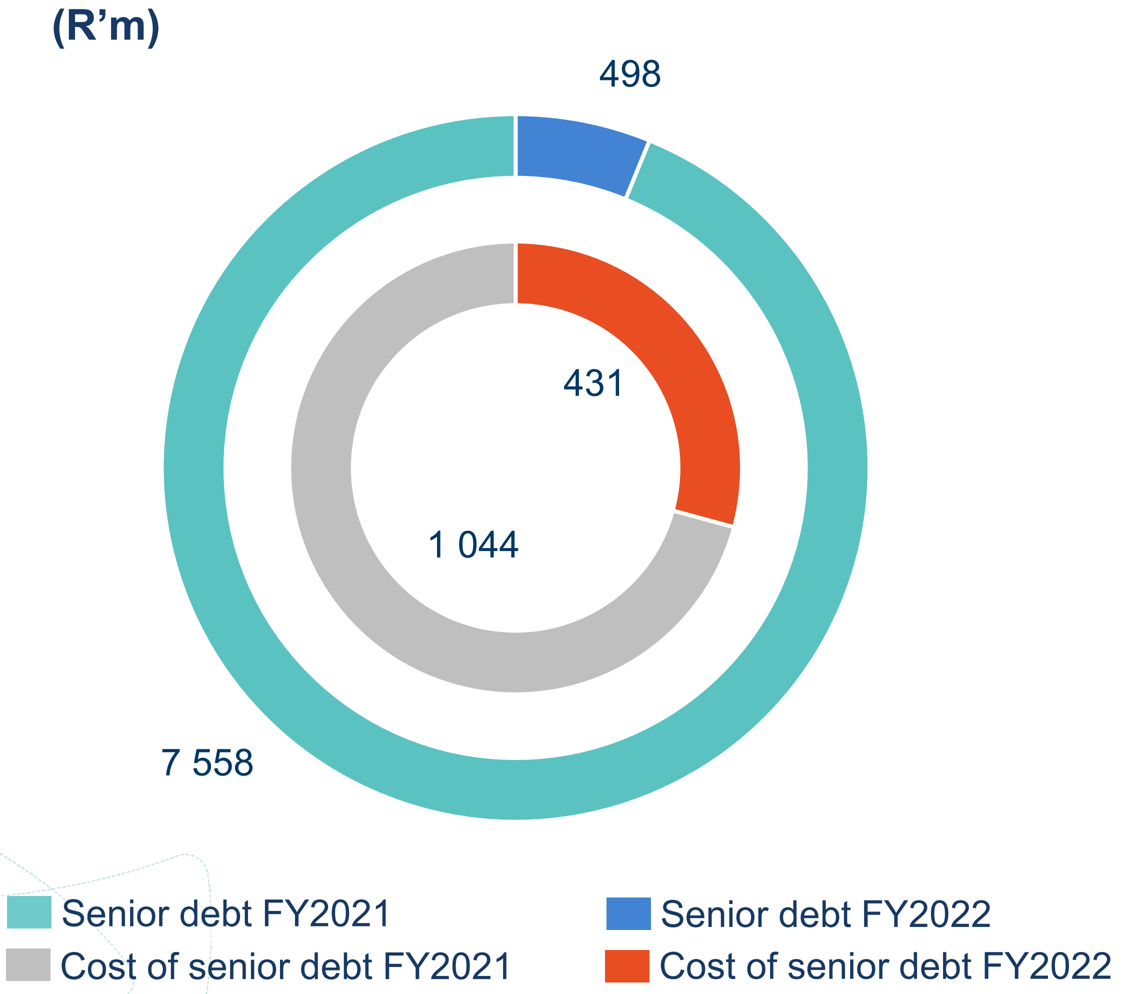
AUGUST

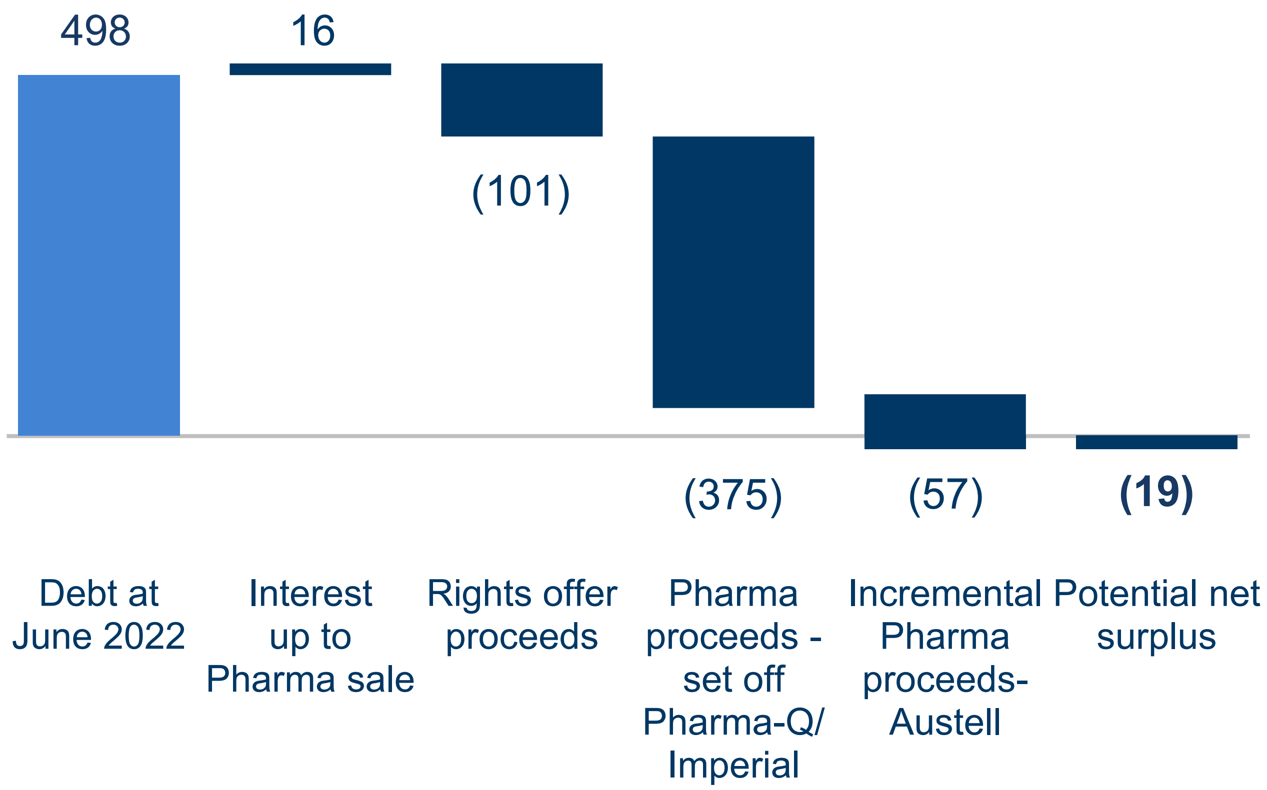
Rights offer undertaken to fund growth and pay down debt. The offer was over subscribed, raising R101.5 million through the issue of 143 million new Ascendis Health shares

SEPTEMBER

Appointment of Carl Neethling as chief transition officer (CTO) and acting chief executive officer (CEO) of Ascendis with effect from 13 September 2022
Austell increases offer by further R22 million.

Significant de-gearing with a clear pathway to extinguishing the debt





Performance highlights

The work performed this year has created a foundation for the next phase of Ascendis' evolution

R101.5 million raised in an oversubscribed rights offer	Senior debt reduced to **R498 million** (2021: R6 717m)	Full **repayment** of all vendor liabilities (2021: R841m)	Profit on disposal of assets of **R1 013 million**
Revenue from existing operations **up 4%** to R1 943 million	Normalised EBITDA[PM] from existing operations **up 136%** to R66 million	Normalised EBITDA[PM] from continuing operations **154% recovery** to R13 million	Further reduction in head office costs, **down 24%**

Normalised EBITDA[PM] : *Normalised EBITDA is not a term defined by IFRS and may accordingly differ from company to company. The board believes that normalised EBITDA is a relevant performance measure as it provides a measure of sustainable earnings. The normalised EBITDA figures have been calculated per Ascendis Health's methodology for the calculation as set out on the company's website.*
***Note: Existing operations** represent all three business units that were owned as at year end, namely Medical (excluding RCA sold in Oct 2021), Consumer Health (excluding the Skin business sold in May 2022) and Pharma, as well as the Head Office function. **Continuing operations** represent Medical (excluding RCA) and Consumer Health (excluding Skin), as well as the Head Office function*

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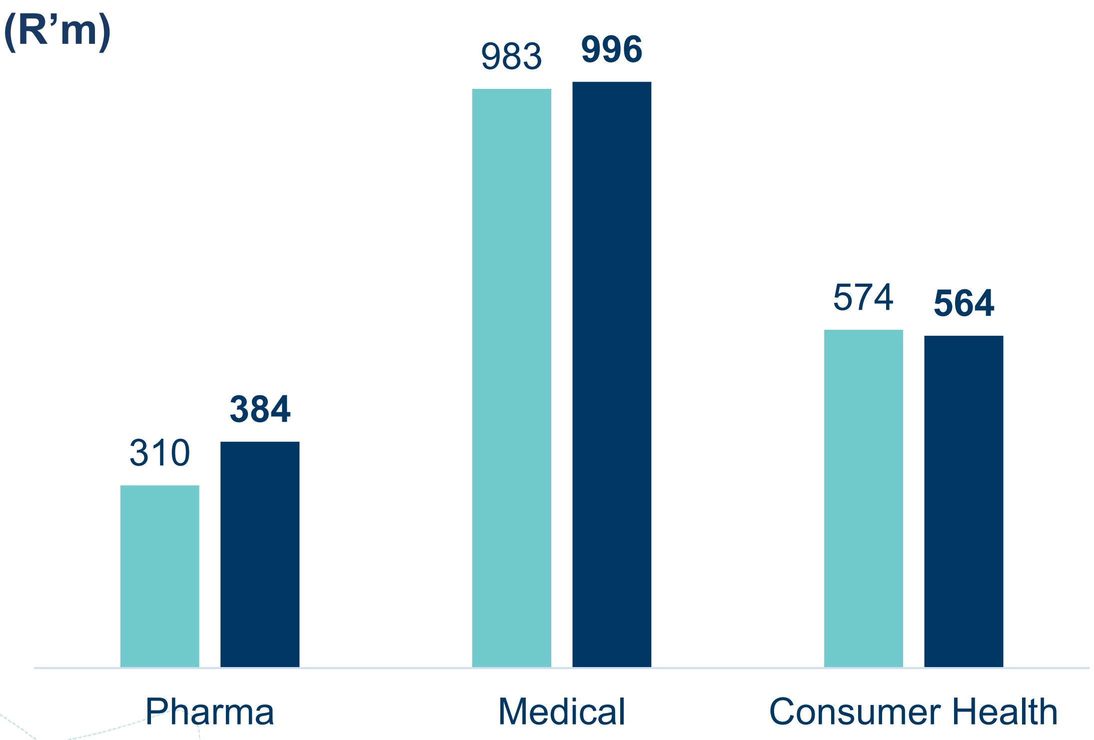
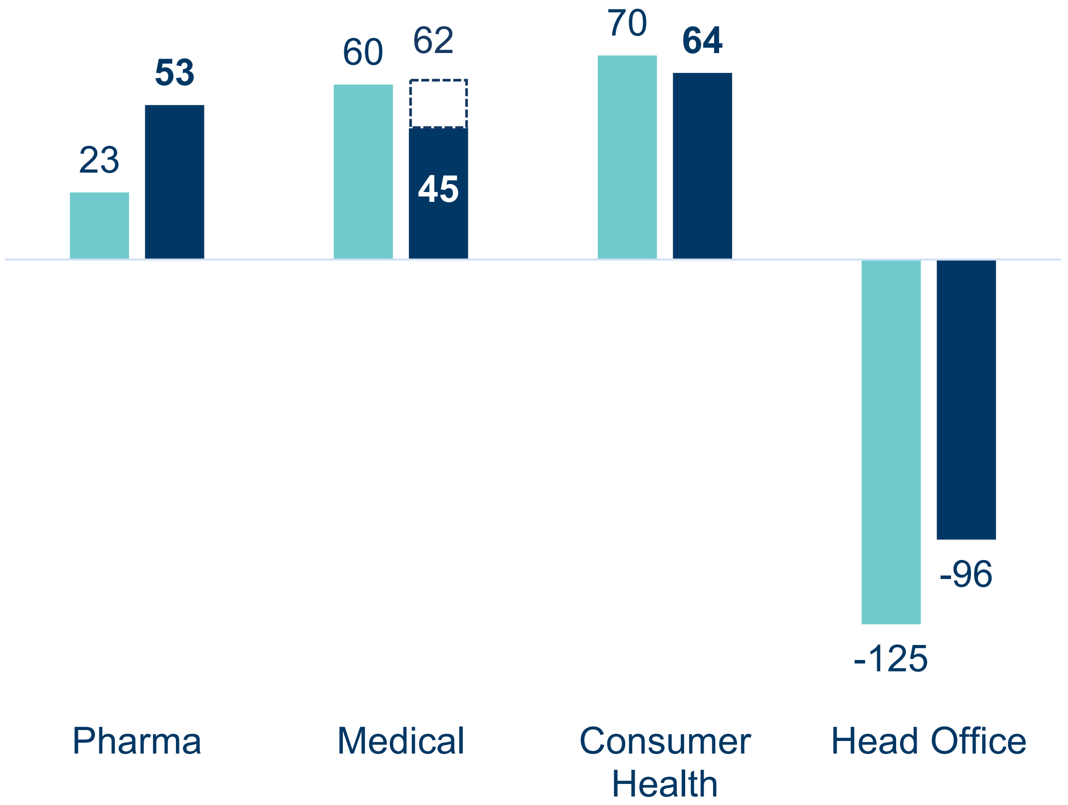
Segment performance

A resilient performance against a constrained economic backdrop

Revenue from existing operations increased to R1 943m



Normalised EBITDA[PM] from existing operations improved to R66m



FY2021 (restated) FY2022

Pharma (excl Dezzo) (*disclosed as discontinued*)

Summary P&L

R'm	Jun 2022	Jun 2021	% change
Revenue	**384**	310	24%
Normalised EBITDA[PM]	**53**	23	130%
Normalised EBITDA[PM] margin	**13.8%**	7.4%	

Overview

Ascendis Pharma operates within the private and public sectors of the local pharmaceutical market, selling and distributing generic pharmaceuticals and OTC medicines to retail pharmacies, dispensing doctors, pharmaceutical wholesalers, private hospital groups and government hospitals.

Performance and Outlook

- The business was well positioned to take advantage of post Covid-19 normalisation, with the return of the annual flu season. Strong performance experienced in the key brands of Reuterina, Sinuend and Sinucon.
- This demonstration of consistent growth in this business was a key value protection and contributed to ensuring optimal pricing was obtained from bidders.
- The disposal of Pharma is at an advanced stage, with the shareholder vote scheduled to take place in October 2022. The proceeds from this disposal will be set off against the Austell facility.

Medical (excl RCA)

Summary P&L

R'm	Jun 2022	Jun 2021	% change
Revenue	**996**	983	1%
Normalised EBITDA^{PM}	**45**	60	(25%)
Normalised EBITDA^{PM} margin	**4.5%**	6.1%	

Overview

Leading medical devices, consumables and in vitro diagnostic (IVD) product supplier in SA, comprising three integrated businesses: Surgical Innovations (surgical and interventional), The Scientific Group (IVD) and Ortho-Xact (orthopaedic)

Performance and Outlook

- Both Surgical Innovations and Ortho-Xact reported double digit revenue growth, up 15% and 26% respectively.
- Growth tempered by The Scientific Group which was negatively impacted by a combination of a reduction in funding for Covid-19 in the rest of Africa, together with the loss of the South Africa National Blood Service tender, resulting in a 18% reduction in revenue.
- Normalised EBITDA^{PM} of R45m includes a provision of R17m for a historical tax matter. Excluding this provision, the sustainable normalised EBITDA^{PM} base of the Medical division was R62m.
- Ortho-Xact is expected to continue to drive topline and earnings growth in its core orthopaedic business through geographic expansion in SA, supported by newly launched nailing and sports medicine portfolio of products.
- The Scientific Group is expected to achieve revenue growth in FY2023 through a combination of a carry forward of tenders in the African market that were postponed last year and an emerging point of care product portfolio.
- Surgical Innovations is in the midst of an operational turnaround aimed at supporting on-going revenue growth while enhancing profit margins in the businesses. This involves restorative and growth capex investments (informed by a strong focus on return on capital), gross profit, opex and cash / NWC optimisation, and targeted new business development.

Consumer Health (excl Skin)

Summary P&L

R'm	Jun 2022	Jun 2021	% change
Revenue	**564**	574	(2%)
Normalised EBITDA[PM]	**64**	70	(8%)
Normalised EBITDA[PM] margin	**11.3%**	12.2%	

Overview

The Ascendis Consumer Brands portfolio comprises seven key vitamin, mineral & supplement (VMS) brands and three skincare brands. The business is the third largest VMS supplier in South Africa, with Solal, Vitaforce and Bettaway among the most established and recognised brands in the domestic VMS market.

Performance and Outlook

- Slowing consumer demand in H2, together with port and shipping delays of raw materials negatively impacted earnings.
- Taking advantage of the country-wide trend to localise manufacturing, and the growing industry trend for large retailers and pharmacy chains to have their own private label products.
- Drive to improve production and efficiencies, maximise infill rates and increase our investment into marketing and product development of existing brands.
- Innovation in the Compounding Pharmacy will see product expansion into the veterinary and skin categories to optimise the current facility, with a view to expand and scale this business over time.
- Chempure is a leading importer and distributor of speciality ingredients used in sports nutrition, food and beverages, health and wellness as well as personal care. The business is well positioned to bridge the supply chain shortages faced by these industries through its specialist procurement model.

Head office

Summary P&L

R'm	Jun 2022	Jun 2021	% Improvement
Head office costs	**(96)**	(125)	(24%)
Once-off costs	**(81)**	(271)	(70%)

Overview

The Head Office structure was originally set up to service a fast growth multi-geographical group. In 2021 a restructuring exercise commenced to align the Head Office structure to the much reduced, post Group Recapitalisation business. A further restructure is in progress in line with the disposals earmarked as part of the Recapitalisation Plan

Performance

- The benefit of the head office cost reduction programme is reflected in a further decrease in costs.
- The head office cost reduction program was somewhat slowed down in the second half of the financial year due to ongoing corporate activity. As the group stabilises, It enables an acceleration to this programme in FY2023.

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Income statement

Continuing operations (R'm)		Year to Jun 2022	Year to Jun 2021*	% change
Revenue	FY2021 includes Dezzo revenue of R268m	**1 559**	**1 825**	(15%)
Cost of sales		(921)	(1 132)	(19%)
Gross profit		**638**	**693**	(8%)
Gross profit margin		*40.9%*	*38.0%*	
Other income		17	55	(69%)
Operating expenses	Includes R96m related to head office, plus R17m provision from Medical	(642)	(773)	(17%)
Normalised EBITDA^{PM}		**13**	**(25)**	154%
Normalised EBITDA^{PM} margin		*0.8%*	*(1.3%)*	
Transaction & restructuring costs	Will reduce significantly as group stabilises	(81)	(271)	(70%)
Depreciation & amortisation	Includes R170m goodwill write off (FY21: R86m)	(249)	(171)	46%
Operating loss		**(317)**	**(467)**	(32%)

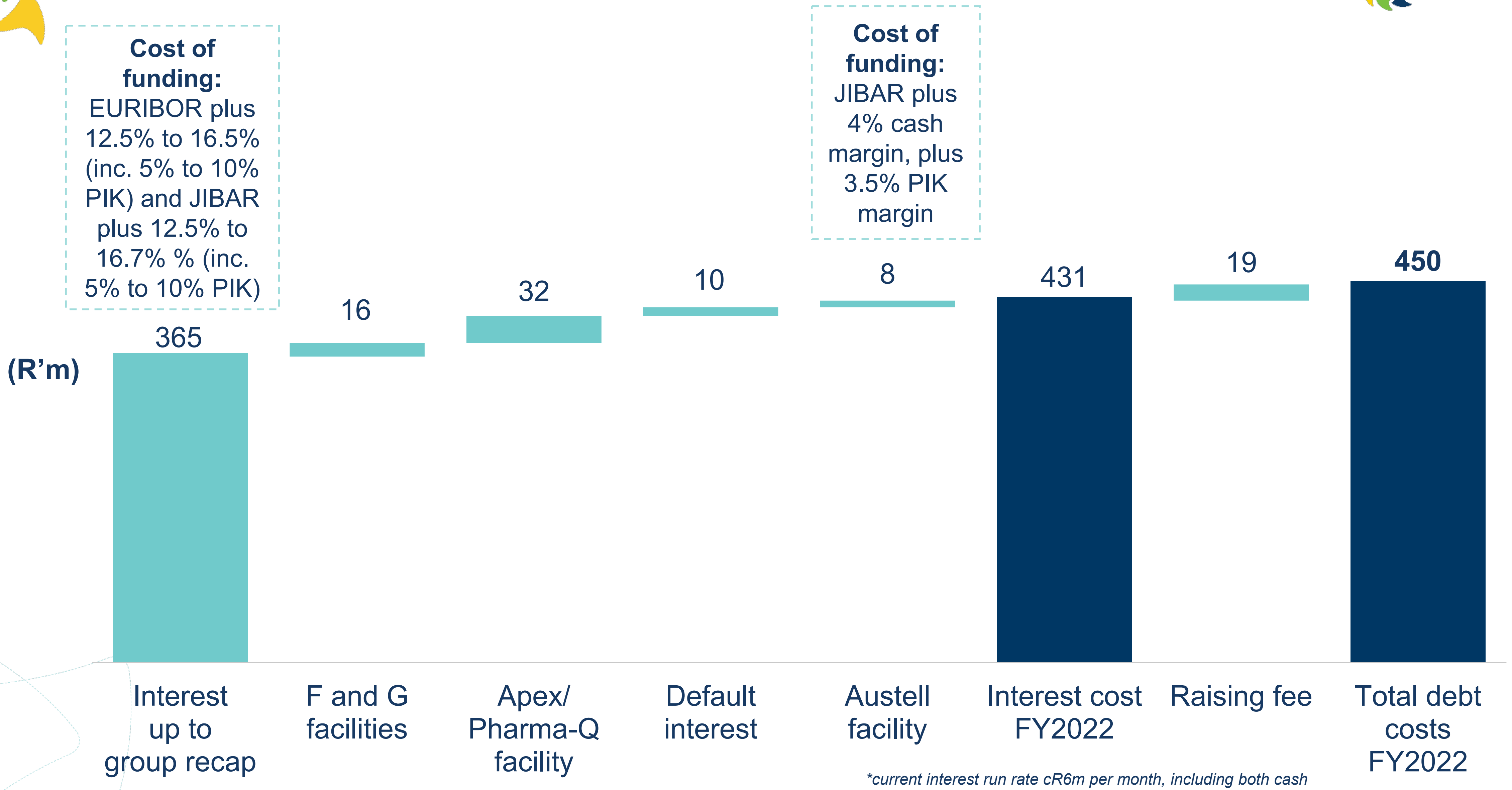
** Restated*

Income statement (*continued*)

Continuing operations (R'm)		Year to Jun 2022		Year to Jun 2021*
		As reported	Normalised headline earnings	Normalised headline earnings
Operating loss		**(317)**	**(236)**	**(196)**
Operating margin		*(20.4%)*	*(15.2%)*	*(10.7%)*
Net finance costs	Includes R431m related to the senior debt + R19m debt raising fee	(478)	(478)	(1 080)
Taxation		37	16	(134)
Loss after tax		**(758)**	**(698)**	**(1 410)**
Adjusted for capital items and NCI	TSG goodwill write off	171	170	50
Headline loss		**(587)**	**(528)**	**(1 360)**
WANOS ('m)		482.4	482.4	481.5
EPS (c)	Improvement due to combination of improvements in expenses and reduced finance costs	**(157.3)**	**(145.0)**	**(300.2)**
HEPS (c)		**(121.8)**	**(109.4)**	**(282.4)**

* *Restated*

Structural reduction in finance costs



*current interest run rate cR6m per month, including both cash margin and PIK

Balance sheet – assets

R'm	Jun 2022	Jun 2021
Intangible assets and goodwill	116	364
Trade and other receivables	339	407
Inventories	372	454
Property, plant and equipment	231	200
Cash and cash equivalents	213	366
Right-of-use assets	116	158
Tax-related assets	69	94
Other financial assets	62	14
Held for sale assets	160	8 578
Total assets	**1 678**	**10 635**

- TSG goodwill of R170m fully impaired; no goodwill left on the balance sheet
- Improvements in management of debtors and inventory:
  - Debtors' days improved to 71 days from 77 days
  - Inventory days improved to 153 days from 174 days
- PPE includes capex additions in Medical of R49m
- R64m restricted cash included in cash balance
- ROU asset mainly the Kya Sands lease – R96m
- Conservative approach to recognition of DTA, total assessed losses exceed R500m
- Other financial assets include Animal Health escrow R51m and a s12J (BEE related) investment of R4m

Balance sheet – liabilities and equity

R'm	Jun 2022	Jun 2021*
Borrowings	544	6 792
Trade and other payables	424	523
Tax-related liabilities	39	106
Other liabilities	186	374
Held for sale liabilities	83	2 326
Total liabilities	**1 276**	**10 121**
Equity	402	514
Total liabilities and equity	**1 678**	**10 635**

** Restated*

- Borrowings are made up of senior debt of R498m, total return swap of R37m (cash backed) and remainder of Phillips lease of R9m
- The group's credit ratings not yet fully restored - therefore creditors payments accelerated more than is ideal
- Other liabilities comprise lease liabilities of R151m, contract liabilities of R17m and provisions of R18m

** Restated*

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Driving outsized value for all stakeholders

"We have already salvaged significant value for stakeholders since changes to the Board in May this year and are now single mindedly focused on creating further value for shareholders through programmatically optimising and growing the remaining businesses in the group"

GROW
- **E**xploit our strong market position to expand
  - Leveraging existing operating base

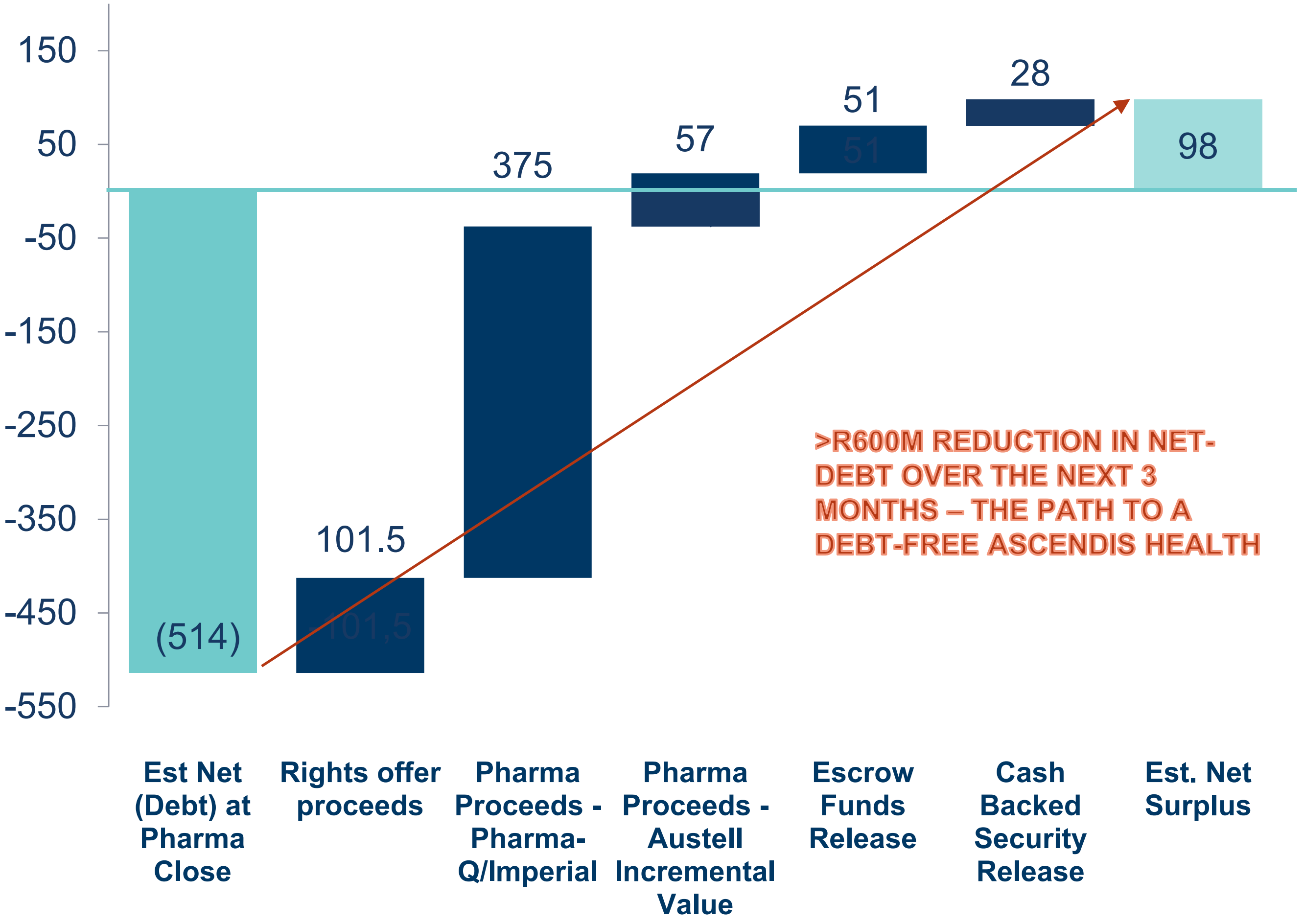
OPTIMISE
– Right–size our cost & capital structures
- Ensure the resiliency of our businesses

STABILISE
– Conclude de-leveraging of the balance sheet
- Lay the foundation – set the culture

Stabilising our balance sheet

Significant value (>R100m) has been salvaged since May and various initiatives have been undertaken which are adding significant value for shareholders:

- **Retained the Medical Devices and IVD businesses** – significant upside potential relative to the offer received – **this will require significant work given needs of certain businesses.**
- Negotiated **improved debt financing terms** with Austell - **material interest savings**.
- **Achieved** R57m higher offer for Pharma relative to initial offer from Pharma-Q/Imperial.
- **Concluded successful rights offer process – injected c.R101.5m liquidity** in the group
- **Cost & operating restructure initiatives** are underway
- Together with an expected R51m funds to flow from Animal Rights escrow proceeds and up to R28m from the release of cash-backed security - **we will be in a position to solve the senior debt in entirety and pave the way for the implementation of a sustainable capital structure.**



*Pharma proceeds excl. potential debt-like adjustments

Optimisation of our businesses

"Underinvestment and distraction arising from corporate activity has resulted in many of the remaining businesses operating below their potential. ***The challenges facing our businesses are worse than anticipated and significant work will need to be undertaken to right the ship."***

We have established a dedicated value creation team working actively with management to accelerate the de-risking and optimisation of the businesses by:

- ✓ Developing robust processes to drive optimal and fact-based capital allocation
- ✓ Optimising cash generation through proactive opex and working capital management
- ✓ Supporting negotiations towards **higher / more sustainable gross profit margins and revenue growth initiatives (incl. investment in brands, sales and marketing)**
- ✓ Ensuring we have the **right people in the right roles – developing a culture of financial and operational ownership & accountability**
- ✓ Re-looking and **adjusting operating models – implementing optimal capital structures**
- ✓ Implementing a fit-for-purpose holding company structure to maximise value-added and minimise cost-drag.
- ✓ Actively driving the reduction of head office costs.

Ongoing Stabilisation & Optimisation Initiatives

GROUP HEAD OFFICE	STATUS
DECENTRALISATION OF OPERATING STRUCTURE	Work on decentralising treasury function has commenced with an initial trial on TSG underway and further roll-out anticipated.
GROUP BALANCE SHEET RESTRUCTURE & LIQUIDITY MANAGEMENT	Rights offer successfully concluded Discussions with banking partners are advanced Continued management of liquidity constraints have been successful – additional R57m offer value received for Ascendis Pharma Material interest savings from SFA refinance with Austell
PAYROLL AND STAFF STRUCTURE	Extensive review underway with focus on right-sizing operating structure with strong leadership – significant cost savings identified.
GROUP-WIDE INCENTIVE REVIEW	In an early stage – objective is to align teams with ownership mindset and focus on ROIC & cash generation rather than EBITDA.
OTHER	Optimisation/repositioning of various functions in the HO expected to result in annualised savings as the HO wind down continues. Shareholder engagement to be prioritised

Ongoing Stabilisation & Optimisation Initiatives (*continued*)

BUSINESS UNITS	STATUS
DIAGNOSTIC & BUSINESS UNIT SUPPORT	An extensive business unit review and diagnostic has commenced to identify key growth and focus areas to prioritise within each underlying business. The team is supporting management to accelerate, project manage and de-risk key initiatives, as well as develop further short- & medium-term value-added projects. **Within Consumer Health**, this includes reviewing competitiveness and factory operations, capex spend/prioritisation, sales growth opportunities and partnerships whilst **within Medical** the focus is on transforming the various business models to generate attractive ROIC.
BUSINESS MODEL REVIEW	A comprehensive review of our Surgical Innovations; Ortho-Xact & Cardaxes businesses has been substantially completed and is informing decisions on: **Capital allocation; Leadership and staff transitions; opportunities to enhance margins and return on invested capital** with the objective of transforming the sustainability and cash generation profiles of these businesses. Further reviews are ongoing across other businesses in the group.
SHARED SERVICE OPTIMISATION	The group's legacy structure includes multiple shared services layers that are being unwound and are expected to result in significant cost and efficiency savings. A thorough review of leases and contractual arrangements is being undertaken with the objective of renegotiating onerous agreements and optimising costs. HO has already been relocated from Bryanston to our manufacturing facility in Wynberg in an effort to reduce costs.

Moving towards an Investment Holding Company

As we embark on this exciting and challenging next phase in the Ascendis Health journey, we have to ensure that the group head office structure supports the value unlock in the businesses in a cost effective manner - recognising the smaller group that remains. This has not been sufficiently progressed over the past year and is currently a core focus.

FROM: CORPORATE HEAD OFFICE	TO: INVESTMENT HOLDCO

FROM: CORPORATE HEAD OFFICE

- **Excessive costly "corporate head office"** that is outsized vs remaining, smaller group of businesses
- **Unnecessary "busy work"** that is not value adding.
- **Cycle of burdensome regulatory and legal work** that is not required for a smaller group
- **Layers of shared services and costs**
- **More "corporate employee" mindset** (someone else's money) **and less business owner mindset** (my money)
- **Centralised services, cash management and treasury** (businesses swept and funded) - significantly hindering nimbleness and accountability in the businesses

TO: INVESTMENT HOLDCO

- **Investment Holdco fulfilling high-value add portfolio management & finance functions only**
- **Streamlined governance and reporting -** that gives insight into performance and that can drive fact-based decisions
- **Streamlined structure – decentralised businesses with direct reporting into Holdco** (no costly divisions with unnecessary shared service/reporting layers)
- **Ownership & entrepreneurship culture with accompanying accountability – equity linked incentives**
- **Decentralised cash management –** businesses manage their own funds with Holdco providing support on key capital allocation decisions.

Growing our footprint & leveraging our assets

With a de-geared balance sheet, right-sized cost base and optimised operations, the businesses will be well placed to drive their (long postponed) **strategic growth plans in the months ahead. This will be achieved by:**

1. **Prioritising investment into new product categories and agencies that offer a favourable return on invested capital e.g. rejoin agency in Ortho-Xact**
2. **New business development in existing market segments and investment into our strong brands- leveraging existing sales team and operating cost base to benefit from operating leverage**
3. **Potential bolt-on acquisitions with prudent use of debt** (not opportunistic and only once the existing businesses are sufficiently re-based and cash generative to absorb new acquisitions)
4. **Evaluating alternative pathways to unlock value for shareholders of the group**

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Thank you
Q&A

Additional Information

Total revenue and EBITDA

R'm	REVENUE Year to Jun 2022	REVENUE Year to Jun 2021*	NORMALISED EBITDA[PM] Year to Jun 2022	NORMALISED EBITDA[PM] Year to Jun 2021*
Total operations	**3 477**	**8 213**	**496**	**1 446**
Discontinued operations	**(1 918)**	**(6 387)**	**(483)**	**(1 470)**
Historical discontinued operations	(1 460)	(5 984)	(419)	(1 432)
New discontinued operations	(458)	(403)	(64)	(38)
Continuing operations	**1 559**	**1 825**	**13**	**(24)**

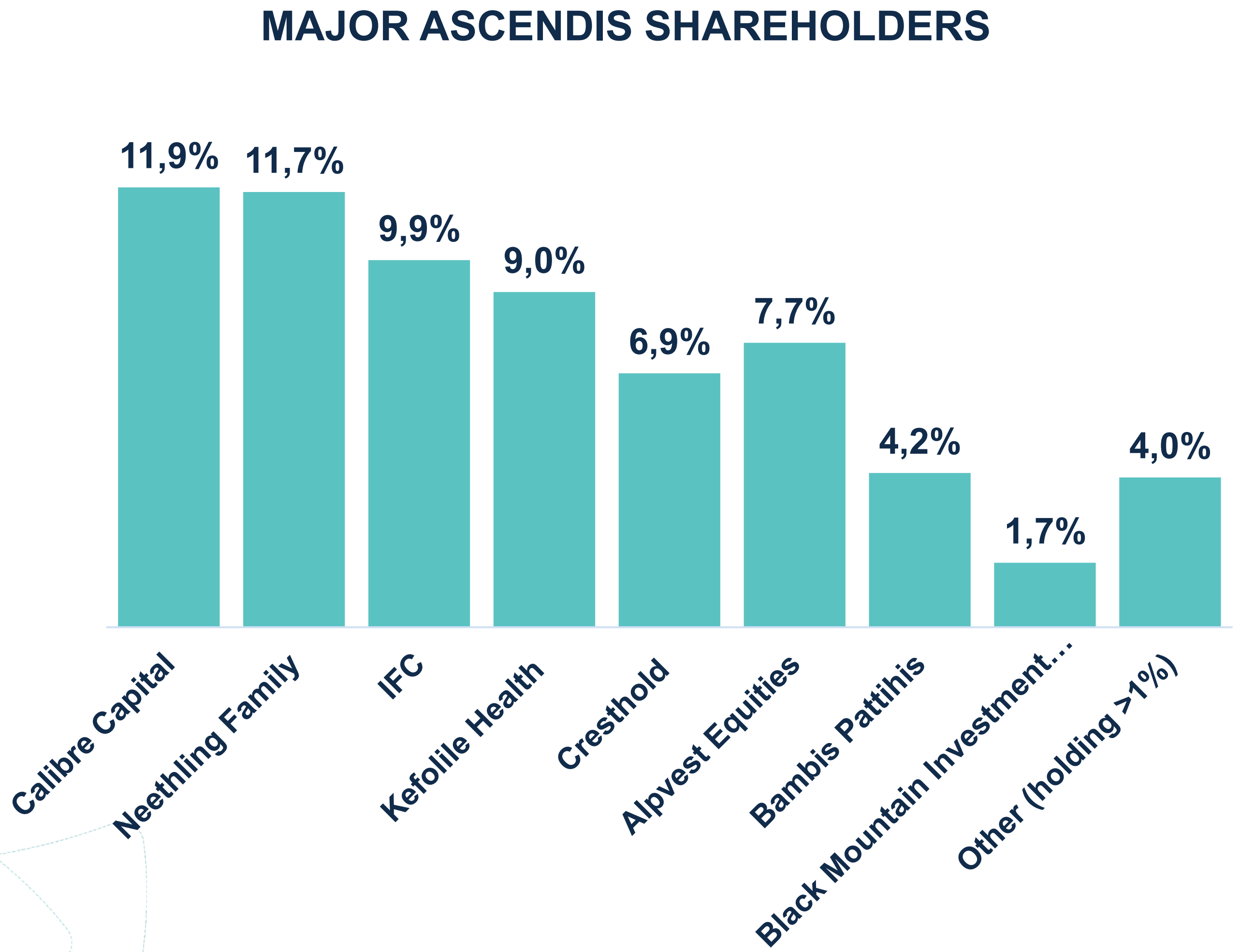
** Restated*

Revenue / normalised EBITDA^{PM} – existing SA operations

	R'm	Year to Jun 2022	Year to Jun 2021*	% change
REVENUE	Pharma – total SA operations	384	578	
	Less: Dezzo		(268)	
	Pharma – discontinued SA operations	384	310	24%
	Medical – continuing operations	995	983	1%
	Consumer Health – continuing operations	564	574	(2%)
	Total existing SA operations	**1 943**	**1 867**	**4%**
Normalised EBITDA^{PM}	Pharma – total SA operations	53	(6)	
	Add back: Dezzo		29	
	Pharma – discontinued SA operations	53	23	129%
	Medical – continuing operations	45	60	(25%)
	Consumer Health – continuing operations	64	70	(8%)
	Total	**162**	**153**	**6%**
	Group head office costs	(96)	(125)	(24%)
	Total existing SA operations	**66**	**28**	**154%**

** Restated*

UPDATED SHAREHOLDER LANDSCAPE



→ 632 469 959 Issued Shares & 9 757 817 Treasury Shares

→ >67% of Shares held by individuals / entities holding at least 1%.

→ 16 869 total shareholders of which 12 836 hold <1000 shares

→ 15.83% held by foreign shareholders

→ 55% black ownership (as at 30 June 2022)

* Percentages calculated based on total issued shares less treasury shares as at 16 September 2022

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