

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this cover page and throughout the Circular.

**Action required:**

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled “*Action required by Shareholders*”, which commences on page 5 of this Circular.
2. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. If you have disposed of all of your Ascendis Health Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

**Ascendis Health does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Ascendis Health Shares to notify such beneficial owner of the details set out in this Circular.**



**Ascendis Health Limited**

(Registration number 2008/005856/06)  
(Incorporated in the Republic of South Africa)  
Share code: ASC ISIN: ZAE000185005  
("Ascendis" or the "Company")

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**CIRCULAR TO SHAREHOLDERS**

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**regarding:**

- approval of the Pharma-Q/Imperial Pharma Disposal as a Category 1 disposal in terms of the Listings Requirements; and
- if the Pharma-Q/Imperial Pharma Disposal is not approved, approval of the Austell Pharma Disposal as a Category 1 disposal in terms of the Listings Requirements,

**and incorporating:**

- (i) a notice convening the General Meeting; and
- (ii) a Form of Proxy (*grey*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with “*own-name*” registration only).

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**Transaction Sponsor  
and Regulatory Advisor**



**Independent Reporting Accountant**



**Independent Expert**



**Legal Advisor to Ascendis Health**

**ALLEN & OVERY**

**Joint Transaction Advisors**



**Deloitte.**

**Legal Advisor to Austell**

**WEBBER WENTZEL**

in alliance with > Linklaters

**Financial Advisor to Austell**



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**Date of issue: Tuesday, 13 September 2022**

This Circular is available in English only. Copies of this Circular are available during normal business hours by prior arrangement from the registered offices of the Company and the offices of the Transaction Sponsor, at the addresses set out in the “*Corporate Information and Advisors*” section of this Circular, from the date of issue of this Circular until the date of the General Meeting, both days inclusive. This Circular is also available on the Company's website, [www.ascendishealth.com](http://www.ascendishealth.com), with effect from the date of issue of the Circular.

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## CORPORATE INFORMATION AND ADVISORS

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### Directors

#### Executive

CJ Kujenga (*Interim Chief Executive Officer and Chief Financial Officer*)

#### Non-Executive

HJ Smit#  
K Wellner  
SL Mulaudzi  
A Chetty#  
B Harie#  
C Neethling

# *Independent*

### Date and place of incorporation of Ascendis Health

5 March 2008  
South Africa

### Company Secretary and registered office

Mpeo Nkuna  
1 Carey Street, Wynberg  
Sandton, 2090  
(PostNet Suite #252, Private Bag X21, Bryanston, 2021)

### Transaction Sponsor and Regulatory Advisor

Questco Proprietary Limited  
(Registration number 2002/005616/07)  
Ground Floor, Block C  
Investment Place, 10<sup>th</sup> Road  
Hyde Park, 2196

### Independent Expert

PSG Capital Proprietary Limited  
(Registration number 2006/015817/07)  
1<sup>st</sup> Floor, Ou Kollege Building  
35 Kerk Street  
Stellenbosch 7600  
(PO Box 7403, Stellenbosch, 7599)

### Joint Transaction Advisor to Ascendis

Itai Capital Proprietary Limited  
(Registration number 2016/216923/07)  
Suite 109  
19, 9<sup>th</sup> Street  
Houghton Estate  
Johannesburg, 2196

### Financial Advisor to Austell

The Standard Bank of South Africa Limited  
(Registration number: 1962/000738/06)  
3<sup>rd</sup> Floor, 30 Baker Street  
Rosebank, 2196  
(PO Box 61344, Marshalltown, 2017)

### Transfer Secretaries

Computershare Investor Services  
Proprietary Limited  
(Registration number 2004/003647/07)  
2<sup>nd</sup> Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)  
Telephone +27 11 370 5000

### Legal Advisor to Ascendis Health

Allen and Overy (South Africa) LLP  
6<sup>th</sup> Floor, 90 Grayston  
90 Grayston Drive  
Sandown,  
Sandton, 2196

### Independent Reporting Accountant

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
4 Lisbon Lane  
Waterfall City, Jukskei View  
Midrand, 2090  
(Private Bag X36, Sunninghill, 2157)

### Joint Transaction Advisor to Ascendis

Deloitte  
5 Magwa Crescent  
Waterfall City  
Waterfall  
Johannesburg, 2090

### Legal Advisor to Austell

Webber Wentzel  
90 Rivonia Road, Sandton  
Johannesburg  
2196  
(PO Box 61771, Marshalltown, 2107)

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## **IMPORTANT INFORMATION, FORWARD-LOOKING STATEMENTS AND OTHER DISCLAIMERS**

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The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

### **CERTAIN FORWARD-LOOKING STATEMENTS**

This Circular may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements included in this Circular reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements included in this Circular are made only as at the Last Practicable Date, and Ascendis Health undertakes no obligation and does not intend to update publicly or release any revisions to these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this circular. The Company does not undertake any obligation (except as required by the Listings Requirements or any other legal or regulatory requirement) to revise or update any forward-looking statement contained in this circular, regardless of whether that statement is affected as a result of new information, future events or otherwise.

No statement in this Circular is intended as a profit forecast and no statement in this circular should be interpreted to mean that the earnings per share for the current or future years would necessarily match or exceed the historical published earnings per share.

The forward-looking statements contained in this Circular have not been reviewed nor reported on by the auditors of the Company.

Many factors could cause Ascendis Health’s actual performance, results or achievements to be materially different from any future performance, results or achievements that may be expressed or implied by such forward-looking statements.

### **DATE OF INFORMATION PROVIDED**

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

Detail	2022
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 2 September
Circular incorporating the Notice of General Meeting and Form of Proxy ( <i>grey</i> ), distributed to Shareholders on	Tuesday, 13 September
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Tuesday, 13 September
Announcement of distribution of Circular and notice convening the General Meeting published in the press on	Wednesday, 14 September
Last day to trade Shares in order to be recorded in the Register on Voting Record Date (see note 2 below) on	Tuesday, 4 October
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to electronically attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 7 October
For administrative reasons, Forms of Proxy ( <i>grey</i> ) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 10:00am on (see note 5 below)	Tuesday, 11 October
General Meeting held at 10:00am on	Thursday, 13 October
Results of the General Meeting released on SENS on	Thursday, 13 October
Results of the General Meeting published in the press on	Friday, 14 October

### Notes:

1. The above dates and times are subject to amendment at the discretion of Ascendis Health. Any such amendment will be released on SENS and published in the South African press, if required.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 4 October 2022 will not be eligible to electronically attend, participate in and vote at the General Meeting.
3. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
4. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
5. Forms of Proxy (*grey*) not lodged with the Transfer Secretaries to be handed to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting.
6. All dates and times indicated above are South African Standard Time.

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## ACTION REQUIRED BY SHAREHOLDERS

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**The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Action Required by Shareholders section and throughout this Circular.**

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Ascendis Health Shares, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

**The General Meeting will be conducted entirely by electronic participation as contemplated in section 63(2)(a) of the Act, on Thursday, 13 October 2022 at 10:00, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice of General Meeting attached to this Circular.**

### 1. **DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME REGISTERED DEMATERIALIZED SHAREHOLDERS**

#### 1.1 **Voting at the General Meeting**

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your Broker or CSDP.
- 1.1.4 **You must not complete the attached Form of Proxy (grey).**

#### 1.2 **Electronic attendance and representation at the General Meeting**

- 1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
  - 1.2.1.1 electronically participate and vote at the General Meeting; or
  - 1.2.1.2 send a proxy to represent you at the General Meeting.
- 1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to electronically attend, speak and vote at the General Meeting.

### 2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WHO ARE OWN-NAME REGISTERED DEMATERIALIZED SHAREHOLDERS**

#### 2.1 **Voting and electronic attendance at the General Meeting**

- 2.1.1 You may electronically attend the General Meeting in person and may participate and vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (grey) in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries at the details below, to be received by them, for administrative purposes, by no later than 10:00 (South African time) on Tuesday, 11 October 2022 or thereafter by emailing such Form of Proxy (grey) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at proxy@computershare.co.za, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
(Private Bag X9000, Saxonwold, 2132)  
proxy@computershare.co.za

**3. IDENTIFICATION OF SHAREHOLDERS AND PROXIES**

In terms of section 63(1) of the Companies Act, before any person may electronically attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or a valid passport.

**4. ELECTRONIC PARTICIPATION IN THE GENERAL MEETING**

Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (Participant(s)), are requested, for administrative purposes, to either

- (a) register online using the online registration portal at <https://meetnow.global/za>; or
- (b) apply to Computershare, by sending an email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 11 October 2022.

Computershare will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

The Company will inform Participants who notified Computershare of their intended participation as set out above, by no later than 16:00 on Wednesday, 12 October 2022 by email of the relevant details through which Participants can participate electronically. Participants who notified Computershare of their intended participation after 10:00 on Tuesday, 11 October 2022, but before the General Meeting will be provided the relevant details through which Participants can participate electronically once their requests have been validated and the identity of the Shareholder has been confirmed in terms of section 63(1) of the Act.



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons and *vice versa*:

“Act” or “Companies Act”	the Companies Act (No. 71 of 2008), as amended from time to time;
“AHIH”	Ascendis Health International Holdings Limited, incorporated and registered in Malta under registration number C71102 originally being the holding company for the entities through which Remedica and Sun Wave operated (when Ascendis Health owned these entities prior to the Group Recapitalisation Transaction);
“AHSa”	Ascendis Health SA Holdings Proprietary Limited (registration number 2020/440954/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
“Alliance Pharma”	Alliance Pharma Proprietary Limited (registration number 1989/007635/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned subsidiary within the Ascendis Health Group;
“Animal Health”	the following companies, which collectively made up the Animal Health division of the Company and which were sold pursuant to the Animal Health SPA: <ul style="list-style-type: none"><li>– Ascendis Vet Proprietary Limited;</li><li>– Kyron Prescriptions Proprietary Limited;</li><li>– Kyron Laboratories Proprietary Limited; and</li><li>– Ascendis Animal Health Proprietary Limited;</li></ul>
“Animal Health SPA”	the sale of shares agreement entered into on 16 July 2021 between, amongst others, Ascendis Health and Acorn Agri and Food Limited, through its nominee, Sun Valley Estates Proprietary Limited in relation to the acquisition of 100% of the issued share capital of Animal Health;
“Apex Management Services”	Apex Management Services Proprietary Limited (registration number 1997/007251/07), a private company with limited liability duly incorporated in South Africa, a wholly-owned subsidiary of Apex Partners Holdings Proprietary Limited;
“Ascendis” or “Ascendis Health” or “the Company”	Ascendis Health Limited (registration number 2008/005856/06), a public company duly incorporated in South Africa and listed on the main board of the JSE under share code ASC;
“Ascendis Financial Services”	Ascendis Financial Services Proprietary Limited (registration number 2012/021393/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned subsidiary within the Ascendis Health Group;
“Ascendis Health Shares” or “Shares”	ordinary no par value shares in the stated capital of the Company;
“Ascendis Pharma”	Ascendis Pharma Proprietary Limited (registration number 2002/001567/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned Subsidiary within the Ascendis Health Group;

“Austell”	Austell Pharmaceuticals Proprietary Limited (registration number 2000/007795/07), a private company with limited liability duly incorporated in South Africa. Austell is the largest 100% black-owned pharmaceutical company in South Africa. The SA Gani Family Trust, of which Suhail Abdool Gani’s family are the beneficiaries, is the ultimate beneficial shareholder of Austell;
“Austell Facility”	the facility provided to Ascendis Health under the Austell Loan Agreement by Austell, the proceeds of which were used to repay the debt advanced to Ascendis Health by Apex Management Services and Pharma-Q, in an aggregate amount of R590 000 000;
“Austell Loan Agreement”	the facility agreement concluded between, Austell, Ascendis Health, Ascendis Financial Services and AHSA in respect of the Austell Facility, dated Tuesday, 17 May 2022, as amended from time to time;
“Austell Pharma Closing Date”	the last Business Day of the month during which the last of the conditions precedent to the Austell Pharma Disposal is fulfilled or waived (as the case may be), provided that if the last of the conditions precedent is fulfilled or waived (as the case may be) within the last five Business Days of a month, the Austell Pharma Closing Date shall be the last Business Day of the following month, or such other date as may be agreed in writing by the Company, AHSA and Austell;
“Austell Pharma Disposal”	in the event that Shareholders do not approve the Pharma-Q/Imperial Pharma Disposal, the proposed disposal of the Pharma Sale Shares to Austell in terms of the Austell Pharma Disposal Agreement;
“Austell Pharma Disposal Agreement”	the sale and purchase agreement concluded between AHSA, the Company and Austell in relation to the Austell Pharma Disposal on Monday, 18 July 2022;
“Board” or “Directors”	the board of directors of the Company as at the Last Practicable Date, the names of whom are set out in the “ <i>Corporate Information and Advisors</i> ” section of this Circular, or any one or each of them, as the context may require;
“Broker”	any person registered as a “broking member (Equities)” in terms of the rules of the JSE, issued and published in accordance with the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Ascendis Health Shares which are evidenced by physical Documents of Title which have not yet been surrendered for Dematerialisation in terms of Strate;
“Chempure”	Chempure Proprietary Limited (registration number 2011/011010/07), a private company with limited liability duly incorporated in South Africa and wholly-owned subsidiary within the Ascendis Health Group;
“Circular”	this circular, dated Tuesday, 13 September 2022, including the annexures hereto and incorporating the Notice of General Meeting and the Form of Proxy;
“Competition Authorities”	individually and/or collectively, as the context may require, the authorities legally responsible for the administration of antitrust laws in the jurisdictions in which the Pharma Target Companies conduct business, including in relation to South Africa, the Competition Commission, Competition Tribunal and/or Competition Appeal Court, as the case may be, established under the Competition Act, 89 of 1998, as amended from time to time;

“Consumer Brands”	Ascendis Consumer Brands Proprietary Limited (registration number 2013/195936/07), a private company duly incorporated in South Africa and wholly-owned subsidiary of Ascendis comprising the remaining consumer healthcare business of the Ascendis Health Group, consisting of VMS and skincare brands;
“COVID-19”	severe acute respiratory syndrome coronavirus 2;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in the Financial Markets Act;
“Dematerialisation” or “Dematerialise” or “Dematerialised”	the process by which securities which are evidenced by physical Documents of Title are converted to securities that are held in collective custody by a CSDP or its nominee in a separate central securities account and are transferable by electronic entry without a certificate or written instrument;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Ascendis Health Shares which have been Dematerialised;
“Documents of Title”	share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of Ascendis Health Shares;
“EBIT”	earnings before interest and taxation;
“EBITDA”	earnings before interest, taxation, depreciation and amortisation;
“EPS”	earnings per share
“EUR”	a unit of money that is used by the member countries of the EU which have accepted European monetary union;
“Farmalider”	Farmalider, S.A., a company incorporated and registered in Spain with tax identification number A-78285301, being the company through which the business known as Farmalider operates, in respect of which Ascendis Health Spain Holdings previously held 49%;
“Farmalider Disposal”	the disposal of Ascendis Health Spain Holdings’ 49% interest in Farmalider to MMC International Health Holdings, S.L.U, a company incorporated and registered in Spain with tax identification number B-8745434, the terms of which were announced on SENS on 25 June 2021;
“Financial Markets Act”	the Financial Markets Act (No. 19 of 2012), as amended or replaced from time to time;
“Form of Proxy”	the form of proxy incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with “ <i>own-name</i> ” registration only, for purposes of appointing a proxy to represent such Shareholder at the General Meeting;
“General Meeting”	the general meeting of Shareholders to be held electronically on Thursday, 13 October 2022 at 10:00, to consider and if deemed fit, pass the Resolutions set out in the Notice of General Meeting, with or without modification;
“Group” or “Ascendis Health Group”	collectively, Ascendis Health and its Subsidiaries;
“Group Recapitalisation Transaction”	the recapitalisation transaction which took place in 2021 providing for the introduction of a new drawdown facility of EUR20 million and the discharge of c.EUR444 million of senior debt owing by Ascendis Health to a consortium of lenders against: (1) the disposal of the entire issued share capital of AHIH; (2) the application of proceeds from the disposal of Animal Health and RCA; and (3) a reinstated debt facility of EUR15 million;
“HEPS”	headline earnings per share;

“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board;
“Imperial”	Imperial Logistics Limited (registration number 1946/021048/06), a public company duly incorporated in South Africa and a wholly-owned subsidiary of DP World Limited, a global infrastructure-led supply chain solutions provider. DP World Limited is listed on NASDAQ Dubai and its shares are widely held. No individuals related to Ascendis hold any beneficial ownership in DP World Limited;
“Independent Expert”	PSG Capital Proprietary Limited (registration number 2006/015817/07), incorporated in accordance with the laws of South Africa and appointed to provide the Independent Expert Report;
“Independent Expert Report”	the fairness opinion provided by the Independent Expert to the Board in respect of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal Agreement, having regard to the potential awards payable to Cheryl-Jane Kujenga, as a participant in the MIP, as required by the JSE, an extract of which is set out in <b>Annexure 7</b> of this Circular;
“Independent Reporting Accountants” or “PwC”	PricewaterhouseCoopers Inc. (registration number 1998/012055/21), a personal liability company duly incorporated in accordance with the laws of South Africa, and the Company’s reporting accountants for the purposes of the Circular;
“JIBAR”	Johannesburg Interbank Average Rate;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in South Africa and licensed to operate an exchange under the Financial Markets Act or the securities exchange operated by JSE Limited, as the context may require;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Friday, 2 September 2022;
“Management”	the management team of Ascendis Health, including the executive Directors of the Company from time to time;
“Medicine Developers”	Medicine Developers International Proprietary Limited (registration number 2013/071505/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned subsidiary within the Ascendis Health Group;
“MIP”	the management incentive plan described in paragraph 18.3 of Part E of this Circular;
“NAV”	net asset value;
“Notice of General Meeting”	the notice to Shareholders convening the General Meeting to conduct the business described therein and which notice is attached to, and is incorporated in, this Circular;
“Ortho-Xact”	Ortho-Xact Proprietary Limited, (registration number 2009/016275/07), a private company with limited liability duly incorporated in South Africa and which is wholly-owned by Surgical Innovations;
“Ordinary Resolution 1”	the ordinary resolution to be tabled at the General Meeting in terms of which Shareholders will vote on the authorisation of the Pharma-Q/ Imperial Pharma Disposal, as required in terms of section 9 of the Listings Requirements;
“Ordinary Resolution 2”	the ordinary resolution to be tabled at the General Meeting in terms of which Shareholders will vote on the authorisation of the Austell Pharma Disposal, as required in terms of section 9 of the Listings Requirements;

“OTC”	over the counter;
“Pharma” or the “Pharma Reporting Entity” or the “Pharma Target Companies”	the pharmaceutical division of Ascendis Health operated through Alliance Pharma, Ascendis Pharma Holdings, Medicine Developers and Pharmachem;
“Pharmachem”	Pharmachem Pharmaceuticals Proprietary Limited (registration number 2006/033994/07), a private company with limited liability duly incorporated in South Africa and a wholly owned subsidiary within the Ascendis Health Group;
“Pharma-Q/Imperial Disposal Agreement”	the sale and purchase agreement concluded between AHSA and Pharma-Q and Imperial in relation to the Pharma-Q/Imperial Pharma Disposal on Monday, 31 January 2022;
“Pharma-Q/Imperial Pharma Closing Date”	the last Business Day of the month during which the last of the conditions precedent to the Pharma-Q/Imperial Pharma Disposal is fulfilled or waived (as the case may be), provided that if the last of the conditions precedent is fulfilled or waived (as the case may be) within the last five Business Days of a month, the Pharma-Q/Imperial Pharma Closing Date shall be the last Business Day of the following month, or such earlier date as may be agreed in writing by the parties to the Pharma-Q/Imperial Disposal Agreement;
“Pharma-Q/Imperial Pharma Disposal”	the proposed disposal of the Pharma Sale Shares by AHSA to Pharma-Q and Imperial in terms of the Pharma-Q/Imperial Disposal Agreement;
“Pharma-Q”	Pharma-Q Holdings Proprietary Limited (registration number 2001/008487/07), a private company with limited liability duly incorporated in South Africa, collectively owned by Micro Labs Limited (India) (10%), Mr Dheerajmal Bastimal Siroya (India) (23%), Viva Healthcare FZ LLC (India) (11%), Mr Sanjay Bhakhtawar Siroya (India) (5%) and Blackchoice Investments Proprietary Limited (51%), which is controlled by the Zam Kalla Trusts, of which the Kalla family are the beneficiaries;
“Pharma Sale Shares”	the entire issued share capital of each of Alliance Pharma, Ascendis Pharma, Medicine Developers and Pharmachem;
“RCA”	Respiratory Care Africa Proprietary Limited (registration number 1998/017606/07), a private company, registered and incorporated in terms of the laws of South Africa and previously a wholly-owned subsidiary of Surgical Innovations, prior to the implementation of the RCA Disposal in 2021;
“RCA Disposal”	the disposal by Surgical Innovations of the entire issued share capital of RCA to K2021519417 (South Africa) Proprietary Limited (registration number 2021/519417/07), a private company indirectly owned by the Ata Fund III Partnership and K2021517317 (South Africa) Proprietary Limited (registration number 2021/517317/07) in accordance with the provisions of the RCA SPA;
“RCA SPA”	the sale of shares agreement entered into on 25 May 2021 by Surgical Innovations in relation to the RCA Disposal;
“Register”	collectively, the register of Shareholders holding Certificated Shares maintained by the Transfer Secretaries and each of the sub-registers of Shareholders who hold Dematerialised Shares maintained by the relevant CSDPs, in accordance with section 50 of the Act;
“Remedica”	the Remedica business, which comprised the shares in all subsidiaries (other than Sun Wave) held by Remedica Holdings Limited, incorporated and registered in Cyprus under registration number HE 3559, and previously an indirect wholly-owned subsidiary of the Company prior to the Group Recapitalisation Transaction;
“Resolutions”	Ordinary Resolution 1 and Ordinary Resolution 2;

“Rights Offer”	the non-renounceable rights offer by Ascendis Health which raised R101 530 000 through an offer of 143 000 000 Ascendis Health Shares at an issue Price of 71 cents each, which closed on Friday, 19 August 2022;
“SAHPRA”	the South African Health Products Regulatory Authority;
“SENS”	the Stock Exchange News Service of the JSE;
“SFA”	the senior facilities agreement originally dated 19 August 2016, as amended and/or restated from time to time (and most recently amended pursuant to the Amendment Deed) entered into between the Company, certain Subsidiaries and Apex Management Services and Pharma-Q;
“Shareholders”	holders of Ascendis Health Shares;
“Skin” or “Ascendis Skin”	Ascendis Skin and Body Proprietary Limited (registration number 2011/004858/07), a private company with limited liability duly incorporated in South Africa and wholly-owned subsidiary of AHSA;
“Skin Disposal”	the disposal by AHSA of the entire issued share capital of Ascendis Skin and Body Proprietary Limited to AMKA Products Proprietary Limited in terms of the amended and restated sale agreement concluded between them on or about Tuesday, 31 May 2022, which disposal was implemented on Tuesday, 31 May 2022;
“SOCl”	statement of comprehensive income;
“SOFP”	statement of financial position;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company registered and incorporated in terms of the laws of South Africa, and a registered central securities depository in terms of the Financial Markets Act;
“Subsidiary”	a “subsidiary” as defined in the Companies Act;
“Sun Wave”	the Sun Wave business, which is comprised of the shares in Ascendis Wellness S.R.L, incorporated and registered in Romania under registration number J40/3916/201 and the assets held in Sun Wave Pharma International Limited, incorporated and registered in Cyprus under registration number HE 3562;
“Surgical Innovations”	Surgical Innovations Proprietary Limited (registration number 2008/013545/07), a private company with limited liability duly incorporated in South Africa, a wholly-owned Subsidiary within the Ascendis Health Group;
“The Scientific Group”	The Scientific Group Proprietary Limited (registration number 2010/017082/07), a private company with limited liability duly incorporated in South Africa and a wholly-owned Subsidiary within the Ascendis Health Group;
“TNAV”	tangible net asset value;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company registered and incorporated in terms of the laws of South Africa;
“VAT”	Value Added Taxation, levied in terms of the Value Added Tax Act (No. 89 of 1991), as amended;
“VMS”	vitamin, mineral and supplements; and
“ZAR”, “Rand” or “R”	South African Rand.





## Ascendis Health Limited

(Registration number 2008/005856/06)  
(Incorporated in the Republic of South Africa)  
Share code: ASC ISIN: ZAE000185005  
("Ascendis" or the "Company")

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## CIRCULAR TO SHAREHOLDERS

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### PART A: OVERVIEW

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#### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In January 2022, Ascendis announced that Apex Management Services and Pharma-Q had advanced funding (the "January 2022 Debt") to the Group which had been used to discharge the outstanding debt owing to Emma Healthcare Holdings Limited applicable to the Group Recapitalisation Transaction. The original term of the January 2022 Debt expired on Monday, 31 January 2022. Apex Management Services and Pharma-Q then granted an extension of the term of the January 2022 Debt to the earlier of (i) the date on which the last of the proposed disposals listed therein is implemented and (ii) 30 June 2022.

On Tuesday, 1 February 2022 Ascendis released an announcement on SENS informing Shareholders that, *inter alia*, terms had been agreed with Pharma-Q and Imperial for the disposal of Pharma by AHSa.

On Tuesday, 17 May 2022, Ascendis announced that it had concluded the Austell Loan Agreement to repay the January 2022 Debt in full and provide up to R10 million additional debt for the purposes of funding Ascendis Health's working capital requirements.

On Tuesday, 19 July 2022 Ascendis released an announcement on SENS further informing Shareholders that Ascendis Health had concluded the Austell Pharma Disposal Agreement for the disposal of Pharma to Austell subject to the condition that the Pharma-Q/Imperial Pharma Disposal is not approved by the requisite majority of Shareholders.

The disposal of Pharma, either pursuant to the Pharma-Q/Imperial Pharma Disposal or the Austell Pharma Disposal constitutes a Category 1 transaction in terms of the Listings Requirements, requiring the approval of Shareholders by way of an ordinary resolution in terms of paragraph 9.20(b) of the Listings Requirements.

The purpose of this Circular is to:

- provide Shareholders with relevant information regarding the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal, so as to enable Shareholders to make an informed decision as to how they should vote on the Resolutions set out in the Notice of General Meeting; and
- convene the General Meeting, in terms of the Notice of the General Meeting, at which meeting the Resolutions required to approve and implement the Pharma-Q/Imperial Pharma Disposal or the Austell Pharma Disposal, will be considered and, if deemed fit, passed by the Shareholders.

**Shareholders are advised that if the Pharma-Q/Imperial Pharma Disposal is approved by the requisite majority of Shareholders in terms of Ordinary Resolution 1 then the Company will pursue the implementation of the Pharma-Q/Imperial Pharma Disposal.**

**If the Pharma-Q/Imperial Pharma Disposal is not approved by the requisite majority of Shareholders in terms of Ordinary Resolution 1 and the Austell Pharma Disposal is approved by the requisite majority of Shareholders in terms of Ordinary Resolution 2 then the Company will proceed with pursuing the implementation of the Austell Pharma Disposal. Shareholders are further referred to paragraph 25 of this Circular where the Board recommends that Shareholders vote AGAINST the Pharma-Q/Imperial Pharma Disposal and IN FAVOUR of the Austell Pharma Disposal.**

## 2. THE BUSINESS OF PHARMA

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 OTC medicines. Its customers are retail pharmacies, pharmaceutical wholesalers, private hospital groups and government hospitals via tenders.

The Pharma division has indefinite and exclusive access to and rights to market Farmalider's portfolio of products (not registered with SAHPRA yet) for 14 Southern African Development Community countries (including South Africa) and 11 other African countries.

The Pharma division owns some of the well recognised brands in the gastrointestinal, cough and cold, pain, diabetes, and niche generic segments of the domestic pharmaceutical market, including:

- Reuterina, the number one selling<sup>1</sup> and prescribed<sup>2</sup> probiotic range in South Africa, with a 32%<sup>1</sup> market share by value;
- Sinuend and Sinucon hold the number one and two positions in the cold preparation market respectively based on volume sales<sup>1</sup> and jointly hold the number one position in value terms with a market share of 20%<sup>1</sup>;
- Canex T and Canex V rank number one in unit sales, collectively holding a 35% share of volume in their markets<sup>1</sup>;
- Phlexy, an injectable anti-epileptic and a first-to-market "generic" product, is the leading phenytoin injectable with an 87% market share<sup>1</sup>; and
- Biocort is the number one selling hydrocortisone cream in volume terms in South Africa, with a 46% market share<sup>1</sup>.

*(Sources: <sup>1</sup> IQVIA total private market data and <sup>2</sup> Impact Rx)*

## 3. PROSPECTS OF PHARMA

Pharma has developed a five-year new product launch plan for priority molecules. This includes the recently concluded licensing agreement for all Farmalider products, 40 of which have been identified for commercialisation. The new product pipeline, coupled with rationalisation benefits, sets a strong platform for the business.

## 4. RATIONALE FOR THE DISPOSAL OF PHARMA

Pharma is currently operating below scale due to high fixed costs and long lead times for product registrations, which limit EBITDA growth. Nonetheless, its strong product pipeline makes it attractive to trade buyers who are able to extract value via their own platform at a quicker rate than Ascendis is currently able to do. The disposal of Pharma allows the Company to unlock and monetise the value in Pharma's product portfolio and pipeline sooner than it would be able to do otherwise.

This thesis has been confirmed during the price-discovery phase of the disposal process that commenced in the third quarter of the 2021 calendar year, and again through the extensive, formal auction process that was undertaken thereafter. High demand for Pharma allowed for strong competitive tension and the Group believes that it has obtained full value for the disposal of Pharma because of this.

The disposal of Pharma, together with the Rights Offer, provides a complete solution to the alleviation of the Group's ongoing debt burden allowing the Group to consolidate its position in its core business activities thereby providing it with a solid footing to expand going forward.

The Pharma-Q/Imperial Pharma Disposal was concluded as part of Ascendis' recapitalisation strategy, announced on Tuesday, 1 February 2022. The conclusion of the Austell Pharma Disposal follows on from the conclusion the Austell Loan Agreement to repay the January 2022 Debt, as announced on SENS on Tuesday, 17 May 2022. In terms of the Austell Loan Agreement, an event of default will be triggered, if Shareholders vote against the Pharma-Q/Imperial Pharma Disposal and Shareholders fail to pass any resolution required to implement the Austell Pharma Disposal within 75 days of the date of the general meeting at which the Pharma-Q/Imperial Pharma Disposal resolution fails (or such later date as Austell may agree).



## 5. IMPLEMENTATION OF THE DISPOSAL OF PHARMA

The Pharma-Q/Imperial Pharma Disposal will be put to shareholders at the General Meeting in terms of Ordinary Resolution 1 such that Shareholders can vote in favour of, or against, or abstain from voting on, the Pharma-Q/Imperial Pharma Disposal.

The Austell Pharma Disposal will be put to Shareholders at the General Meeting in terms of Ordinary Resolution 2 (which is subject to Ordinary Resolution 1 not being approved by the requisite majority of Shareholders) such that Shareholders can vote in favour of, or against, or abstain from voting on, 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, Ascendis will proceed with the Pharma-Q/Imperial Pharma Disposal (subject to fulfilment or waiver of the remaining outstanding condition/s precedent in the Pharma-Q/Imperial Pharma Disposal Agreement).

If the Pharma-Q/Imperial Pharma Disposal is not approved by the requisite majority of Shareholders in terms of Ordinary Resolution 1, but the Austell Pharma Disposal is approved by the requisite majority of Shareholders in terms of Ordinary Resolution 2, Ascendis will proceed with the Austell Pharma Disposal (subject to fulfilment or waiver of the remaining outstanding condition/s precedent in the Austell Pharma Disposal Agreement).

In terms of the Austell Loan Agreement, an event of default will be triggered, if Shareholders vote against the Pharma-Q/Imperial Pharma Disposal and Shareholders fail to pass any resolution required to implement the Austell Pharma Disposal within 75 days of the date of the general meeting at which the Pharma-Q/Imperial Pharma Disposal resolution fails (or such later date as Austell may agree). This would entitle Austell to declare amounts under the Austell Loan Agreement due and payable.

**The Board has recommended that Shareholders vote against Ordinary Resolution 1 (the Pharma-Q/Imperial Pharma Disposal) and has recommended that Shareholders vote in favour of Ordinary Resolution 2 (the Austell Pharma Disposal). Shareholders are referred to paragraph 25 of this Circular for further information on the Board's opinions and recommendations.**

## 6. THE BUSINESS OF ASCENDIS HEALTH

Ascendis Health is a health and wellness company producing, marketing and distributing a portfolio of leading brands and products.

Founded in 2008 and listed in the healthcare sector (pharmaceuticals and biotechnology) on the main board of the JSE since 2013, the Group supplemented its organic growth strategy by acquiring a portfolio of diverse healthcare businesses, strong brands and dossiers in South Africa and internationally.

The Group operates in related areas of healthcare and reports its performance using the following primary segments:

- Consumer Health (wellness, health supplements, skincare);
- Pharma (generics manufacture and distribution; OTC medicines manufacture and distribution); and
- Medical (imported medical devices, in vitro diagnostic products and orthopaedic limb reconstruction equipment).

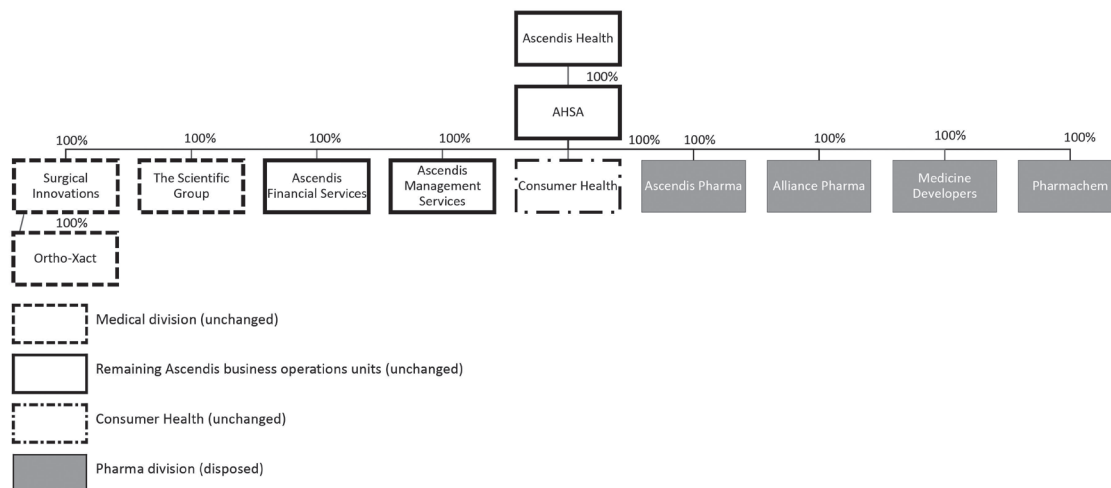
Ascendis Health owns some of the most highly recognised brands in the pharmaceutical and consumer health markets in South Africa, with brands like Reuterina, Sinucon, Sinuend, Solal, Vitaforce, Bettaway and MenaCal.7 occupying the number one or number two positions in their respective markets.

The Group faces various risks in relation to cash flow, liquidity management and funding, the consequent impact of COVID-19, retention of key resources, poor economic and trading environments, the regulatory environment in which it operates, product integrity, technology and data security. More detail in relation to these risks is contained in **Annexure 8** to this Circular.

## 7. PROSPECTS OF ASCENDIS HEALTH AFTER THE DISPOSAL OF PHARMA

### 7.1 Group structure after the disposal of Pharma

Following the disposal of Pharma, the Group's remaining operations will centre around its "Medical" and "Consumer Health" businesses. Ascendis will continue to meet the criteria for listing on the main board of the JSE, as set out in paragraph 4.28 of the Listings Requirements, following the completion of the disposal of Pharma. The diagram below sets out the current group structure of the Company.



### 7.2 Consumer Health

The Consumer Health segment comprises four consumer healthcare businesses targeted at different segments of the value chain:

- **Wellness:** develops, markets, and distributes branded skin products, vitamins and supplements. The 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;
- **Supply Chain:** procures and manufactures vitamins and supplements for the Wellness business and third parties through its production facility in Wynberg, Gauteng. It is one of only two South African Health Products Regulatory Authority accredited soft gel capsule manufacturers in the country;
- **Compounding Pharmacy:** compounds unique, patient-specific formulas from its premises in Bryanston, Gauteng; and
- **Chempure:** is a leading importer and distributor of speciality ingredients used in the sports nutrition, food and beverages, health and wellness as well as personal care industries.

Consumer Health is making strides to take advantage of the country-wide trend to localise manufacturing, and the growing industry trend for large retailers and pharmaceutical chains to have their own private label products. This is in conjunction with the 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 well positioned to bridge the supply chain shortages faced by the industry it services through its specialist procurement model.

### 7.3 **Ascendis Medical**

Medical Devices, which incorporates the three operating businesses The Scientific Group, Surgical Innovations and Ortho-Xact, is a distributor of imported medical devices, in vitro diagnostic products and orthopaedic limb reconstruction equipment. It has long-standing relationships and exclusive agency agreements with major multinational suppliers, and a network of blue chip and government clients. The segment comprises three businesses:

- The Scientific Group is a diagnostic business that distributes products, instruments and services that enable improved patient outcomes to pathology laboratories and for use in scientific research.
- Surgical Innovations distributes products and instruments that are used in surgery, cardiovascular and acute care therapy.
- Ortho-Xact is one of the leading distributors of orthopaedic trauma and limb reconstruction equipment and consumables.

The Scientific Group is focused on deepening and expanding its product portfolio as well as its geographical reach in its chosen markets in the rest of Africa.

Both Surgical Innovations and Ortho-Xact are focused on defending their market position, improving efficiencies and targeting profitable, cash generating growth opportunities.

## 8. **KEY TERMS OF THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL AND THE AUSTELL PHARMA DISPOSAL**

The salient terms of the Pharma-Q/Imperial Pharma Disposal are set out in Part B of this Circular and the salient terms of the Austell Pharma Disposal are set out in Part C of this Circular.

The base purchase consideration for the Pharma-Q/Imperial Pharma Disposal is R375 million.

The base purchase consideration for the Austell Pharma Disposal is R410 million.

Save for the difference in base purchase consideration, the primary difference between the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal is that the Pharma-Q/Imperial Pharma Disposal has already been approved by the relevant Competition Authorities whereas the Austell Pharma Disposal remains conditional upon the relevant Competition Authorities approving the Austell Pharma Disposal. In this regard it is noted that the filing to the relevant Competition Authorities approving the Austell Pharma Disposal was submitted on 17 August 2022 and the Board does not anticipate any delays in obtaining the relevant competition approvals in respect of the Austell Pharma Disposal. The remaining terms of the two disposals are substantively similar.

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## PART B: THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL

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### 9. INTRODUCTION

Shareholders are referred to the announcement released by Ascendis Health on SENS on Tuesday, 1 February 2022, in which it was stated that the Pharma-Q Agreement had been concluded between AHSA and Imperial and Pharma-Q for the disposal of all the Pharma Sale Shares, which will take effect on the Pharma-Q Closing Date. The proceeds of the Pharma-Q/Imperial Pharma Disposal will be applied in settlement of the Austell Facility. If the Austell Facility is discharged in full, any excess proceeds will be retained by Ascendis Financial Services.

### 10. OVERVIEW OF PHARMA-Q AND IMPERIAL

Imperial and Pharma-Q will acquire 49% and 51% of the issued share capital of Pharma, respectively.

Imperial provides logistics solutions for the healthcare, consumer, automotive, chemicals, industrial and commodities industries across the African continent. Through its innovative technology and international expertise, Imperial facilitates access to quality medical products, consumer goods and other products and services. Imperial's Market Access Healthcare business is the leading healthcare distributor in East, West and Southern Africa, which boasts the broadest warehousing and distribution capacity serving healthcare markets in sub-Saharan Africa

Pharma-Q is one of South Africa's leading pharmaceutical contract manufacturing businesses with over 14 years' experience. Pharma-Q's product offering includes:

- steriles, such as eye and ear drops, as well as eye ointments;
- injectables, including glass ampoules, vials and dental cartridges;
- liquids, creams and ointments;
- tablets, capsules and powders;
- contract testing; and
- regulatory services.

### 11. SALIENT TERMS OF THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL

#### 11.1 Purchase Consideration

The total purchase price payable by Imperial and Pharma-Q to AHSA for the Pharma Sale Shares on the Pharma-Q/Imperial Pharma Closing Date is R375 million, adjusted (i) upwards for any cash in the Pharma Target Companies on the Pharma-Q/Imperial Pharma Closing Date, (ii) downwards for any third party debt owing by the Pharma Target Companies on the Pharma-Q Closing Date, and (iii) upwards or downwards (as the case may be) the extent to which the working capital position (as defined in the Pharma-Q/Imperial Disposal Agreement) of the Pharma Target Companies on the Pharma-Q/Imperial Pharma Closing Date either exceeds or is less than R35 000 000.00. The *pro forma* financial effect of the working capital adjustments for the Pharma-Q/Imperial Pharma Disposal are detailed in note 11 of the *pro forma* statement of financial position in **Annexure 4**.

#### 11.2 Use of proceeds

Ascendis Health will apply the proceeds from the Pharma-Q/Imperial Pharma Disposal in settlement of the Austell Facility. If the Austell Facility is discharged in full, any excess proceeds will be retained by Ascendis Financial Services. Excess cash will be used to fund working capital and investment in capital expenditure.

### 11.3 **Conditions precedent**

In terms of the Pharma-Q/Imperial Pharma Agreement, the Pharma-Q/Imperial Pharma Disposal remains subject to the fulfilment or waiver (to the extent permissible) of the following conditions precedent by no later than 31 October 2022, or such later date as Pharma-Q, Imperial and AHSA may agree:

- the completion of the pre-transaction steps to be implemented by AHSA and the Pharma Target Companies in terms of a pre-transaction group restructuring to the reasonable satisfaction of Pharma-Q and Imperial. The fulfilment of this condition precedent is wholly in the control of the Ascendis Health Group; and
- the approval of the Pharma-Q/Imperial Pharma Disposal by Shareholders at a general meeting convened in accordance with the Listings Requirements, in the manner described in this Circular.

Approval of the Pharma-Q/Imperial Pharma Disposal by the relevant Competition Authorities has been obtained subject to the condition that the acquiring group (comprising Pharma-Q and Imperial) ensures that the board of the Pharma Target Companies comprises no less than 75% historically disadvantaged persons, as long as Pharma-Q and Imperial jointly hold shares in the Pharma Target Companies.

### 11.4 **Pharma-Q/Imperial Pharma Closing Date**

The Pharma-Q/Imperial Pharma Closing Date is expected to take place during the fourth quarter of 2022.

### 11.5 **Other significant terms**

In terms of the Pharma-Q/Imperial Disposal Agreement, AHSA is prohibited from the manufacture or commercialisation of any products that are competitors of the top ten performing products of Pharma as at 31 January 2022 for a period of three years after the Pharma-Q/Imperial Pharma Closing Date.

In addition to the non-compete clause mentioned above, the Pharma-Q/Imperial Disposal Agreement contains representations and warranties which are standard for a transaction of this nature.

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## PART C: THE AUSTELL PHARMA DISPOSAL

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### 12. INTRODUCTION

Shareholders are referred to the announcement released by Ascendis Health on SENS on Tuesday, 19 July 2022, in which it was stated that the Austell Pharma Disposal Agreement had been concluded between AHSA and Austell for the disposal of all the Pharma Sale Shares subject to the condition that the Pharma-Q/Imperial Pharma Disposal terminates or lapses in accordance with its terms. If applicable, the Austell Pharma Disposal will take effect on the Austell Pharma Closing Date. The proceeds of the Austell Pharma Disposal will be applied in settlement of the Austell Facility. If the Austell Facility is discharged in full, any excess proceeds will be retained by Ascendis Financial Services.

### 13. OVERVIEW OF AUSTELL

Austell, a BEE level 1 and 100% black-owned pharmaceutical company, was founded in 2005 with the goal of bringing “medicine with a conscience” to the world.

Austell markets and sells products to both the public and private sector and has built market leading brands in a number of prescription categories in South Africa. Austell’s diverse portfolio consists of OTC, generic and innovative products. Austell’s OTC portfolio, which includes well-known brands such as Q-Tuss, Prospan, Sinupret and Tasectan, targets cough, sinusitis, premenstrual, urinary tract, irritable bowel, diarrhoea, osteoarthritis and gastric conditions. Austell’s generic portfolio targets mucolytic, microbial, cardiovascular, gastro-intestinal, diabetic, central nervous system, pain and inflammation and respiratory conditions.

### 14. SALIENT TERMS OF THE AUSTELL PHARMA DISPOSAL

#### 14.1 Purchase Consideration

The total purchase price payable by Austell to AHSA for the Pharma Sale Shares on the Austell Pharma Closing Date is R410 million, adjusted (i) upwards for any cash in the Pharma Target Companies on the Austell Pharma Closing Date, (ii) downwards for any third party debt owing by the Pharma Target Companies on the Austell Pharma Closing Date, and (iii) upwards or downwards (as the case may be) the extent to which the working capital position (as defined in the Austell Pharma Disposal Agreement) of the Pharma Target Companies on the Austell Pharma Closing Date either exceeds or is less than R35 000 000.00. The *pro forma* effect of the working capital adjustments for the Austell Pharma Disposal are detailed in note 11 of the *pro forma* statement of financial position in **Annexure 5**.

#### 14.2 Use of proceeds

Ascendis Health will apply the proceeds from the Austell Pharma Disposal in settlement of the Austell Facility. If the Austell Facility is discharged in full, any excess proceeds will be retained by Ascendis Financial Services and used to fund working capital and investment in capital expenditure.

#### 14.3 Conditions precedent

In terms of the Austell Pharma Disposal Agreement, the Austell Pharma Disposal remains subject to the fulfilment or waiver (to the extent permissible) of the following conditions precedent:

- the completion of the pre-transaction steps to be implemented by AHSA and the Pharma Target Companies in terms of a pre-transaction group restructuring to the reasonable satisfaction of Austell within 7 business days after all other conditions precedent have been fulfilled. The fulfilment of this condition precedent is wholly in the control of the Ascendis Health Group;
- the approval of the Austell Pharma Disposal by the relevant Competition Authorities by no later than 31 December 2022, or such other date as Austell and AHSA may agree;

- the Pharma-Q/Imperial Pharma Disposal Agreement has terminated or lapsed in accordance with its terms by no later than 31 October 2022, or such other date as Austell and AHSA may agree; and
- the approval of the Austell Pharma Disposal by Shareholders at a general meeting convened in accordance with the Listings Requirements, in the manner described in this Circular by no later than 31 October 2022, or such other date as Austell and AHSA may agree.

#### 14.4 **Austell Pharma Closing Date**

The Austell Pharma Closing Date is expected to take place during the fourth quarter of 2022.

#### 14.5 **Other significant terms**

The Austell Pharma Disposal Agreement contains representations and warranties which are substantially similar to the representations and warranties in the Pharma-Q/Imperial Pharma Disposal Agreement, and which are standard for a transaction of this nature.

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## PART D: FINANCIAL INFORMATION

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### 15. HISTORICAL FINANCIAL INFORMATION OF THE PHARMA REPORTING ENTITY

Commentary on the report on the combined historical financial information of the Pharma Reporting Entity for the financial years ended 30 June 2019, 2020 and 2021 as well as the interim financial information for the six months ended 31 December 2021 (“Historical Financial Information of the Pharma Reporting Entity”) are contained in **Annexure 1** of this Circular.

The full Historical Financial Information of the Pharma Reporting Entity is incorporated by reference in terms of paragraph 28 of Part E of this Circular.

The Historical Financial Information of the Pharma Reporting Entity is the responsibility of the Directors.

The Independent Reporting Accountant’s reports on the Historical Financial Information of the Pharma Reporting Entity are contained in **Annexures 2** and **3** of this Circular.

### 16. PRO FORMA FINANCIAL INFORMATION

#### 16.1 Pro forma financial information in respect of the Pharma-Q/Imperial Pharma Disposal

The *pro forma* financial effects in relation to the Pharma-Q/Imperial Pharma Disposal as set out below (“Pharma-Q *pro forma* financial information”) should be read in conjunction with the *pro forma* consolidated statement of profit or loss and other comprehensive income and *pro forma* consolidated statement of financial position and related notes and assumptions as set out in **Annexure 4** of this Circular.

The Pharma-Q *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Pharma-Q/Imperial Pharma Disposal may have affected the results and financial position of the Ascendis Health Group, assuming it was implemented on 1 July 2021 and 31 December 2021, respectively. Because of its nature, the Pharma-Q *pro forma* financial information may not fairly present Ascendis Health’s financial position, changes in equity, results of operations or cash flows post the implementation of the Pharma-Q/Imperial Pharma Disposal.

The Pharma-Q *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Directors. The Pharma-Q *pro forma* financial information has been prepared in accordance with the Listing Requirements, the Guide on *Pro forma* Financial Information issued by SAICA and Ascendis Health’s accounting policies, which are compliant with IFRS.

The Pharma-Q *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant’s reasonable assurance report, as contained in **Annexure 6** of this Circular.

The table below sets out the *pro forma* financial effects of the Pharma-Q/Imperial Pharma Disposal, based on the unaudited financial results for the six months ended 31 December 2021 and on the assumptions that:

- for the purposes of calculating the net asset value per Share and net tangible asset value per Share, the Pharma-Q/Imperial Pharma Disposal was effective on 31 December 2021; and
- for the purposes of calculating the attributable earnings per Share and headline earnings per Share, the Pharma-Q/Imperial Pharma Disposal was effective on 1 July 2021.



	<b>Before<sup>1</sup></b>	<b>Pro forma after post balance sheet adjustments<sup>2</sup></b>	<b>Pro forma after<sup>3</sup></b>	<b>% Change<sup>4</sup></b>
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(102.1)	(37.7)	(40.0)	(6.1%)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	150.6	62.0	103.4	66.6%
Basic (loss)/earnings per share (cents)	48.6	24.3	63.3	160.3%
Basic and diluted headline (loss)/earnings per share (cents) – continuing operations	(114.6)	(58.6)	(105.9)	(80.6%)
Basic and diluted headline (loss)/earnings per share (cents) – discontinuing operations	40.6	(22.8)	18.5	181.1%
NAV and diluted NAV per share (cents)	84.2	91.3	130.8	43.2%
TNAV and diluted TNAV per share (cents)	72.9	82.6	122.0	47.8%
Weighted average number of Shares in Issue	481 494	624 494	624 494	
Number of Shares in Issue	489 470	632 470	632 470	

**Notes and Assumptions:**

1. The financial information in the “Before” column has been extracted, without adjustment from unaudited condensed consolidated financial statements of the Ascendis Health Group for the six months ended 31 December 2021.
2. The financial information in the “Pro forma after post balance sheet adjustments” column reflects the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer on the Ascendis Health Group as post balance sheet adjustments.
3. The financial information in the “Pro forma after” column reflects the impact of the *pro forma* adjustments on the Ascendis Health Group as a consequence of the Pharma-Q/Imperial Pharma Disposal and after taking into account the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer as post balance sheet adjustments. The effects of the Pharma-Q/Imperial Pharma Disposal are calculated on the assumption that the Pharma-Q/Imperial Pharma Disposal net proceeds will be utilised to reduce interest bearing borrowings.
4. Represents the % movement as a result of the Pharma-Q/Imperial Pharma Disposal, being the % movement from column 2 to column 3.

Detailed notes and assumptions regarding the Pharma-Q *pro forma* financial information are set out in **Annexure 4**.

## 16.2 **Pro forma financial information in respect of the Austell Pharma Disposal**

The *pro forma* financial effects in relation to the Austell Pharma Disposal as set out below (“Austell *pro forma* financial information”) should be read in conjunction with the *pro forma* consolidated statement of profit or loss and other comprehensive income and *pro forma* consolidated statement of financial position and related notes and assumptions as set out in **Annexure 5** of this Circular.

The Austell *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Austell Pharma Disposal may have affected the results and financial position of the Ascendis Health Group, assuming it was implemented on 1 July 2021 and 31 December 2021, respectively. Because of their nature, the Austell *pro forma* financial information may not fairly present Ascendis Health’s financial position, changes in equity, results of operations or cash flows post the implementation of the Austell Pharma Disposal.

The Austell *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Directors. The Austell *pro forma* financial information has been prepared in accordance with the Listing Requirements, the Guide on *Pro forma* Financial Information issued by SAICA and Ascendis Health's accounting policies, which are compliant with IFRS.

The Austell *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report, as contained in **Annexure 6** of this Circular.

The table below sets out the *pro forma* financial effects of the Austell Pharma Disposal, based on the unaudited financial results for the six months ended 31 December 2021 and on the assumptions that:

- for the purposes of calculating the net asset value per Share and net tangible asset value per Share, the Austell Pharma Disposal was effective on 31 December 2021; and
- for the purposes of calculating the attributable earnings per Share and headline earnings per Share, the Austell Pharma Disposal was effective on 1 July 2021.

	Before <sup>1</sup>	<b>Pro forma after post balance sheet adjustments<sup>2</sup></b>	<b>Pro forma after<sup>3</sup></b>	% Change <sup>4</sup>
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(102.1)	(37.3)	(39.9)	(7.0%)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	150.6	62.0	111.3	79.4%
Basic (loss)/earnings per share (cents)	48.6	24.7	71.4	188.8%
Basic and diluted headline (loss)/earnings per share (cents) – continuing operations	(114.6)	(58.2)	(113.7)	(95.3%)
Basic and diluted headline (loss)/earnings per share (cents) – discontinuing operations	40.6	(22.8)	26.5	216.1%
NAV and diluted NAV per share (cents)	84.2	91.3	138.7	52.0%
TNAV and diluted TNAV per share (cents)	72.9	82.6	130.0	57.5%
Weighted average number of Shares in Issue	481 494	624 494	624 494	
Number of Shares in Issue	489 470	632 470	632 470	

**Notes and Assumptions:**

1. The financial information in the "Before" column has been extracted, without adjustment from the unaudited condensed consolidated financial statements of the Ascendis Health Group for the six months ended 31 December 2021.
2. The financial information in the "Pro forma after post balance sheet adjustments" column reflects the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer on the Ascendis Health Group as post balance sheet adjustments.
3. The financial information in the "Pro forma after" column reflects the impact of the *pro forma* adjustments on the Ascendis Health Group as a consequence of the Austell Pharma Disposal and after taking into account the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer as post balance sheet adjustments. The effects of the Austell Pharma Disposal are calculated on the assumption that the Austell Pharma Disposal net proceeds will be utilised to reduce interest bearing borrowings.
4. Represents the % movement as a result of the Austell Pharma Disposal, being the % movement from column 2 to column 3.

Detailed notes and assumptions regarding the Austell *pro forma* financial information are set out in **Annexure 5**.

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## PART E: GENERAL INFORMATION IN RELATION TO THE COMPANY

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### 17. INFORMATION RELATING TO ASCENDIS HEALTH

#### 17.1 Share capital

The authorised and issued stated capital of Ascendis Health as at the Last Practicable Date is set out below.

	<b>R'000</b>
<b>Authorised</b>	
2 billion ordinary shares of no-par value	–
<b>Issued</b>	
632 469 959 ordinary shares of no-par value	6 115 533
Less: 9 757 817 Treasury Shares <sup>1</sup>	(2 120)
<b>Stated capital</b>	<b>6 113 413</b>

#### 17.2 Major Shareholders and interests

As far as Ascendis Health is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

<b>Shareholder</b>	<b>Direct beneficial interest in shares</b>	<b>Indirect beneficial interest in shares</b>	<b>Total number of shares held</b>	<b>Percentage of total issued share capital</b>
International Finance Corporation	–	61 686 663	61 686 663	9.75
Kefolile Health Investments Proprietary Limited	56 321 482	–	56 321 482	8.90
Alpvest Equities Proprietary Limited	47 652 918	–	47 652 918	7.53
Peresec Prime Brokers Proprietary Limited	–	47 501 523	47 501 523	7.51
Cresthold Proprietary Limited	42 680 749	–	42 680 749	6.75
Dendrobium Capital Proprietary Limited	36 741 922	–	36 741 922	5.81
<b>Total</b>	<b>183 397 071</b>	<b>109 188 186</b>	<b>292 585 257</b>	<b>46.25</b>

#### 17.3 Material changes

Aside from the disclosures made in this Circular, there have been no material changes in the financial or trading position of Ascendis Health and its Subsidiaries since the publication of the unaudited interim financial statements for the six months ended 31 December 2021, until the Last Practicable Date.

The Group has however seen material changes over the past 12-month period, as summarised below:

- the Animal Health SPA was signed on 16 July 2021 and details were published on SENS on 19 July 2021. This disposal was classified as a category 1 transaction in terms of the Listings Requirements and more fully disclosed in a circular to Shareholders dated 3 September 2021. The Animal Health Disposal was subsequently implemented on 30 November 2021;
- the RCA SPA was signed on 25 May 2021 and details were published on SENS on 26 May 2021. This disposal was classified as a category 1 transaction in terms of the Listings Requirements and more fully disclosed in a circular to Shareholders dated 3 September 2021. The RCA Disposal was implemented on 6 October 2021;

- Ascendis Health concluded the Group Recapitalisation Transaction on 21 October 2021 as contained in a circular to Shareholders dated 3 September 2021, resulting in the settlement of senior debt of EUR444 million from the utilisation of the proceeds from the Animal Health, RCA and Farmalider disposals and further exchange of the Company's beneficial interest in the Remedica and Sun Wave businesses through AHIH;
- the Skin Disposal was implemented on Tuesday, 31 May 2022. It was classified as a category 2 transaction in terms of the Listings Requirements and, as such, did not require Shareholder approval; and
- the Rights Offer, raising R101 530 000, was implemented and 143 000 000 Ascendis Health Shares were issued on Monday, 22 August 2022.

#### 17.4 Material borrowings

The details of Austell Facility as at the Last Practicable Date are set out in the table below:

<b>Lenders' names</b>	<b>Full facility amount R'000</b>	<b>Total amount outstanding R'000</b>	<b>Type of facility</b>	<b>Repayment terms</b>	<b>Interest rate</b>	<b>Source of funds for repayments within 12 months</b>
Austell	590 000	509 445	Secured bullet term loan	Repayable on 17 November 2022	JIBAR plus 4% (cash margin) plus 3.5% (PIK margin)*	Cash generation to service interest and disposals for repayment of capital

\*If an event of default occurs, the margin on the loan outstandings (namely 4% (cash margin) plus 3.5% (PIK margin) (the "Margin") will, upon the date of such occurrence, be increased by an additional 2.5% (being the default interest rate). Upon the occurrence of the earlier of Shareholders (i) approving the Pharma-Q/Imperial Pharma Disposal (or the sale of the pharma business unit to any party (other than Austell)), or (ii) not approving any requisite resolution to approve the Austell Pharma Disposal, the relevant Margin will, upon such occurrence, be increased by an additional 2%.

The Austell Facility is secured, with the following entities, forming part of the Ascendis Health Group, providing security over their assets and guaranteeing the facility:

- Ascendis Health;
- AHSA;
- Ascendis Pharma;
- Consumer Brands;
- Ascendis Financial Services;
- K2013126193 Proprietary Limited;
- K2013197766 Proprietary Limited;
- Ascendis Supply Chain Proprietary Limited;
- Pharmachem;
- Ortho-Xact;
- Chempure;
- Surgical Innovations; and
- The Scientific Group.

Notable events of default under the Austell Facility are as follows:

- the Company fails to hold a shareholders' meeting in respect of the Pharma Disposal by no later than 31 October 2022 (or such later date as Austell may agree);
- If Shareholders vote against the Pharma-Q/Imperial Pharma Disposal at the General Meeting (the date of the shareholders meeting being the "Relevant Date"): and

- the Company fails to enter into the Austell Pharma Disposal two Business Days of the Relevant Date (or such later date as Austell may agree); or
- the Company fails to issue a shareholder circular in respect of the Austell Pharma Disposal within ten Business Days of the Relevant Date (or such later date as Austell may agree); or
- the Shareholders fail to pass any resolution required to implement the Austell Pharma Disposal within 75 days of the Relevant Date (or such later date as Austell may agree); or
- Ascendis Health fails to obtain the approval of the relevant Competition Authorities in accordance with the Competition Act, 1998 for the implementation of the Austell Pharma Disposal within 120 days of the Relevant Date (or such later date as Austell may agree).

If an event of default occurs, Austell will be entitled to declare the full amount outstanding under the Austell Loan Agreement immediately due and payable.

As at the Last Practicable Date, save for the Austell Facility there are no other borrowings that are material to the Group.

## 17.5 Material contracts

As at the Last Practicable Date, save for contracts entered into in the ordinary course of business and save for the contracts described under paragraph 17.3 (*Material Changes*), the Austell Loan Agreement, the Pharma-Q/Imperial Pharma Disposal Agreement and the Austell Pharma Disposal Agreement, there are no other material contracts which Ascendis Health or its Subsidiaries have entered into, either verbally or in writing, within the preceding two years or which constitutes an obligation or settlement that is material to the Group.

As at the Last Practicable Date, there are no agreements between Ascendis Health and Austell, including either the directors or shareholders thereof within the preceding 12 months that may be considered to be material to Shareholders' decision regarding the disposal of Pharma. Austell is not considered to be a related party to Ascendis for purposes of the JSE Listings Requirements.

It is noted that Cresthold (Pty) Limited, which holds 6.75% of the issued share capital in Ascendis Health, is an associate of Suhail Abdool Gani, whose family are the ultimate beneficial shareholders of Austell.

## 18. INFORMATION RELATING TO THE DIRECTORS

### 18.1 Existing and former directors' interests in Shares

As at the Last Practicable Date, the direct and indirect beneficial interests of Directors and their associates (as well as directors that have resigned in the 18 months preceding the Last Practicable Date) in the issued share capital of Ascendis, were as follows:

	Direct beneficial	Indirect beneficial <sup>1</sup>	Indirect non- beneficial <sup>2</sup>	Total	% issued share capital
<b>Current Directors</b>					
SL Mulaudzi	–	56 321 482	–	56 321 482	8.91
H Smit	430 354	–	–	430 354	0.07
K Wellner <sup>3</sup>	1 278 124	–	2 365	1 280 489	0.20
B Harie	4 602	245 923	6 535	257 060	0.04
C Neethling	9 097 350	36 741 922	7 989 405	53 828 677	8.51
<b>Past Directors</b>					
R Dawes (resigned 28 June 2022)	295 400	–	–	295 400	0.05
G Shayne (resigned 6 June 2022)	–	13 249 667	–	13 249 667	2.85
M Sardi (resigned 31 December 2021)	25 597	–	–	25 597	0.004

	Direct beneficial	Indirect beneficial <sup>1</sup>	Indirect non-beneficial <sup>2</sup>	Total	% issued share capital
Dr K Pather (resigned 20 December 2021)	489 937	20 000	–	509 937	0.03
Dr N Jekwa (resigned 11 March 2021)	9 222	–	–	9 222	0.001
<b>Total</b>	<b>11 630 586</b>	<b>106 578 994</b>	<b>7 998 305</b>	<b>126 207 885</b>	<b>20.67</b>

1. Shares not registered in the name of the director but rather through a trust or an investment holding company in which the director holds any or all of the voting rights and/or is a beneficiary of the trust or is the director a beneficial owner, but it is recorded because the shares are held by a close relation to the director.
2. Shares that are not held in the director's name, nor is the director a beneficial owner, but it is recorded because the shares are held by a close relation to the director.
3. K Wellner holds 1 million contracts for difference in respect of Ascendis.

The following changes in the Directors' interests took place between the 31 August 2021, being six months preceding the conclusion of the Pharma-Q/Imperial Pharma Agreement, and the Last Practicable Date:

- K Wellner purchased one million contracts for difference in respect of Ascendis Health Shares in October 2021;
- R Batohi, the husband of B Harie, disposed of 6 535 Ascendis Health Shares on 2 February 2022;
- B Harie acquired 1 054 Ascendis Health Shares on 22 August 2022 pursuant to the Rights Offer;
- Grenture Proprietary Limited, of which B Harie is a beneficiary of the trust that is the shareholder of Grenture Proprietary Limited acquired 56 323 Ascendis Health Shares on 22 August 2022 pursuant to the Rights Offer;
- H Smit purchased 59 000 Ascendis Health Shares on 15 March 2022, 61 000 Ascendis Health Shares on 22 March 2022 and 100 000 Ascendis Health Shares on 1 April 2022. On 22 August 2022 H Smit acquired 210 354 Ascendis Health Shares pursuant to the Rights Offer; and
- Dendobrium Capital, of which C Neethling is a director acquired 870 000 Ascendis Health Shares in April, and prior to Carl Neethling being appointed as a director of Ascendis Health, Dendobrium Capital acquired 1 070 000 Ascendis Health Shares. On 12 May 2022, Dendobrium Capital acquired a further 260 000 Ascendis Health Shares and on 22 August 2022 Dendrobium Capital acquired 24 401 879 Ascendis Health Shares pursuant to the Rights Offer;
- Blee Beleggings Proprietary Limited, of which C Neethling is a director, acquired 5 027 483 Ascendis Health Shares on 22 August 2022 pursuant to the Rights Offer; and
- C Neethling acquired 1 509 300 Ascendis Health Shares in January 2022, 2 588 800 Ascendis Health Shares in February 2022 and 405 000 Ascendis Health Shares in March 2022. In April 2022 Carl Neethling disposed of 123 000 Ascendis Health Shares. Carl Neethling acquired 2 083 544 Ascendis Health Shares on 22 August 2022 pursuant to the Rights Offer.

## 18.2 Directors' interests in the disposal of Pharma

Aside from what has been disclosed in the Circular, none of the Directors (or directors who have resigned in the 18 months preceding the Last Practicable Date), or directors of its major Subsidiaries, have any material beneficial interests, whether direct or indirect, in the disposal of Pharma.

## 18.3 Directors' service contracts and remuneration

Executive directors and identified members of management are participants to the MIP that is cash based and linked to the disposal of identified business units. The scheme encourages the management team to maximise the enterprise value on disposal and ensures that executives are only rewarded after predetermined baseline values for the individual businesses are achieved. Cheryl-Jane Kujenga, in her capacity as the Interim Group Chief Executive Officer and Group Chief Financial Officer, is a participant in the MIP.

In terms of the MIP, participants will be eligible to receive awards (“Awards”) based on various criteria related to the execution of the disposal of Pharma.

The Awards are determined as follows:

- the threshold criterion is that the realised enterprise value (before any adjustments) exceeds the predetermined base minimum enterprise value for Pharma (“the Excess”);
- should the threshold criterion be met, an incentive pool is created based on 15% of the Excess, (“Incentive Pool”);
- 67% of the Incentive Pool will then be allocated to the Pharma management team (“BU Pool”) and 33% will be allocated to the Ascendis Health head office (“Head Office Pool”);
- the Interim Chief Executive Officer and Group Chief Financial Officer will participate in 40% of the Head Office Pool, with the balance allocated to other staff members on a discretionary basis.

In terms of the MIP the BU Pool Awards are payable within 30 days of either the Pharma-Q/Imperial Pharma Closing Date or the Austell Pharma Closing Date (depending on which disposal is implemented). The Head Office Pool Awards are payable by either the Pharma-Q/Imperial Pharma Closing Date or the Austell Pharma Closing Date (depending on which disposal is implemented).

The maximum potential Awards payable to the MIP participants are set out in the table below.

	<b>Cheryl-Jane Kujenga R'000</b>	<b>Other MIP participants R'000</b>	<b>Maximum Total Awards R'000</b>
Pharma-Q/Imperial Pharma Disposal	2 351	11 934	14 286
Austell Pharma Disposal	2 059	10 452	12 511

The board has mandated the human capital committee to investigate the original MIP program to ensure that its construct is fair and appropriate for the Group. An independent firm has also been appointed to review the contracts for the MIP to:

- determine whether the base enterprise values were set appropriately; and
- ensure that the computation of the MIP was correct, taking into account the contractual performance conditions such as penalties for not meeting agreed milestones.

On Thursday, 13 January 2022, the service contract for Cheryl-Jane Kujenga was amended to enable her fulfilment of the Interim Chief Executive Officer and Chief Financial Officer. The particulars of the amendment are as follows:

- A total cost to company increase to R400 000 per month, i.e. R4 800 000 per annum;
- Participation in the MIP in accordance with the terms as set out above; and
- Agreement that the balance of the retention awards due after the completion of the Group Recapitalisation in October 2021 amounting to R3 104 000 will be paid with the September 2022 salary or an earlier mutually agreed exit date.

The JSE has determined that Cheryl-Jane Kujenga’s participation in the MIP results in a vested interest on her part in the disposal of Pharma. Accordingly, the JSE has determined that in order to assess the fairness of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal a fairness opinion is required in respect of Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal.

The Directors’ remuneration for the year ended 30 June 2021 is incorporated by reference as per paragraph 28 of Part E of this Circular.

Save pursuant to the MIP referred to above, the remuneration, fees earned, and any other benefits receivable by: (1) Directors, whether as executives or non-executives; or (2) management or any other agencies or entities which provide secretarial and/or other technical services to the Company or the Ascendis Health Group, will not change as a direct consequence of the disposal of Pharma.



## 19. INFORMATION IN RESPECT OF VENDORS AND PROMOTERS

No assets that are material to the Group have been acquired during the three years preceding the Last Practicable Date.

The Group has not entered into any promoters' agreements during the three years preceding the Last Practicable Date. Accordingly, no amount has been paid, or is accrued as payable, within the preceding three years, or proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to any promoter, partnership, syndicate or other association within the said period.

## 20. WORKING CAPITAL STATEMENT

Subject to the completion of the disposal of Pharma, as set out in this Circular, the Directors are of the opinion that the working capital available to the Group after implementation thereof will be sufficient for the Group's present requirements, i.e. for at least the 12 months from the date of issue of this Circular, and that:

- the Group will be able, in the ordinary course of business, to pay its debts as they fall due;
- the assets of the Group, fairly valued, will be in excess of the liabilities of the Group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;
- the share capital and reserves of the Group will be adequate for ordinary business purposes; and
- the working capital of the Group will be adequate for ordinary business purposes.

## 21. LITIGATION

The Company is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being the previous 12 months, a material effect on the financial position of the Group.

## 22. ESTIMATED EXPENSES

The estimated expenses relating to disposal of Pharma (excluding VAT and disbursements) are set out below:

<b>Description</b>	<b>Payable to</b>	<b>Estimated fee R'000</b>
Transaction Sponsor and Regulatory Advisor	Questco	4 000
Legal Advisor	Allen and Overy	2 046
Tax advisor	Webber Wentzel	433
Deal advisor	Deloitte <sup>#</sup>	4 715
Deal advisor	Itai Capital <sup>^</sup>	2 050
Independent Reporting Accountant	PwC	1 894
JSE documentation fee	JSE	68
Competition Commission filing fee	Competition Commission	275
Common Market for Eastern and Southern Africa competition filing fee	Imperial	974
Independent Expert	PSG	475
Printing and publication	Ince	100
<b>Total</b>		<b>17 030</b>

<sup>#</sup> R402 500 of this fee is payable on the successful implementation of the Austell Pharma Disposal and will not be payable if the Pharma-Q/Imperial Pharma Disposal is implemented.

<sup>^</sup> R175 000 of this fee is payable on the successful implementation of the Austell Pharma Disposal and will not be payable if the Pharma-Q/Imperial Pharma Disposal is implemented.

Other than as set out above, Ascendis Health has incurred no preliminary expenses in relation to the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal during the three years preceding this Circular.



## 23. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names are listed in the “*Corporate information and advisors*” section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

## 24. **INDEPENDENT EXPERT OPINION**

The JSE has determined that Cheryl-Jane Kujenga’s participation in the MIP results in a vested interest on her part in the disposal of Pharma. Accordingly, the JSE has determined that in order to assess the fairness of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal a fairness opinion is required in respect of Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal.

The Board has appointed PSG as the Independent Expert to advise it as to the fairness of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal, after taking into consideration the potential Awards to be made to Cheryl-Jane Kujenga in terms of the MIP. Having considered the terms and conditions of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal and, based on the information provided to it (details of which are set out in the report of the Independent Expert), the Independent Expert has concluded that the terms and conditions of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal are fair.

## 25. **OPINIONS AND RECOMMENDATIONS AND UNDERTAKINGS**

The Board, having considered the terms and conditions of each of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal as well as the opinion of the Independent Expert, believes that it is in the best interest of the Company to proceed with the Austell Pharma Disposal and accordingly unanimously recommends that Shareholders vote **AGAINST** Ordinary Resolution 1 (in respect of the Pharma-Q/Imperial Pharma Disposal) and vote **IN FAVOUR** of Ordinary Resolution 2 (in respect of the Austell Pharma Disposal) at the General Meeting.

The rationale for the Board’s recommendation is that the base purchase consideration for the Pharma-Q/Imperial Pharma Disposal of R375 million is R35 million less than the base purchase consideration for the Austell Pharma Disposal of R410 million. Save for the difference in base purchase consideration, the primary difference between the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal is that the Pharma-Q/Imperial Pharma Disposal has already been approved by the relevant Competition Authorities whereas the Austell Pharma Disposal remains conditional upon the relevant Competition Authorities approving the Austell Pharma Disposal. In this regard it is noted that the filing to the relevant Competition Authorities approving the Austell Pharma Disposal was submitted on 17 August 2022 and the Board does not anticipate any delays in obtaining the relevant competition approvals in respect of the Austell Pharma Disposal. The remaining terms of the two disposals are substantively similar.

In terms of the Austell Loan Agreement, an event of default will be triggered if Shareholders vote against the Pharma-Q/Imperial Pharma Disposal and Shareholders fail to pass any resolution required to implement the Austell Pharma Disposal within 75 days of the date of the general meeting at which the Pharma-Q/Imperial Pharma Disposal resolution fails (or such later date as Austell may agree). This would entitle Austell to declare amounts under the Austell Loan Agreement due and payable.

The Directors, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the Austell Pharma Disposal and against the Pharma-Q/Imperial Pharma Disposal at the General Meeting.

## 26. **ADVISORS' CONSENTS**

Each of the advisors, whose name appears in the “*Corporate information and advisors*” section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its names and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

## 27. NOTICE OF GENERAL MEETING

The General Meeting is scheduled to be held electronically on Thursday, 13 October 2022 at 10:00 for purposes of considering and if deemed fit, passing with or without modification, the Resolutions. A notice convening the General meeting is attached to and forms part of this Circular.

Shareholders are referred to the “*Action required by Shareholders*” section of this Circular, which commences on page 5 and contains information as to the action they need to take with regard to the General Meeting.

## 28. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Circular, and can be accessed at the links provided below, and are available for inspection, by prior arrangement, at the registered offices of the Company and the offices of the Transaction Sponsor from the date of issue of the Circular up to the date of the General Meeting at no charge.

Document name	Link
Ascendis Health circular to shareholders dated 3 September 2021 regarding the Group Recapitalisation, RCA Disposal and Animal Health Disposal	<a href="https://ascendishealth.com/wp-content/uploads/2021/09/Ascendis-Health-Group-Recapitalisation-Circular-3-Sept.-2021.pdf">https://ascendishealth.com/wp-content/uploads/2021/09/Ascendis-Health-Group-Recapitalisation-Circular-3-Sept.-2021.pdf</a>
The Historical Financial Information of the Pharma Reporting Entity for the three financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six months ended 31 December 2021	<a href="https://ascendishealth.com/investor-relations/circulars/">https://ascendishealth.com/investor-relations/circulars/</a>
The remuneration and benefits of Directors for the financial year ended 30 June 2021. Pages 131 and 132 of the annual financial statements for the year ended 30 June 2021.	<a href="https://ascendishealth.com/wp-content/uploads/2021/09/Annual-Financial-statement-2021.pdf">https://ascendishealth.com/wp-content/uploads/2021/09/Annual-Financial-statement-2021.pdf</a>
Ascendis Health interim financial results for the six month period ended 31 December 2021	<a href="https://ascendishealth.com/wp-content/uploads/2022/02/H22021.pdf">https://ascendishealth.com/wp-content/uploads/2022/02/H22021.pdf</a>
Information on Ascendis Health’s debt covenants as at 31 December 2021 contained in the Group interim financial statements for the six months ended 31 December 2021	<a href="https://ascendishealth.com/wp-content/uploads/2022/02/H22021.pdf">https://ascendishealth.com/wp-content/uploads/2022/02/H22021.pdf</a>

## 29. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, are available for inspection at the registered offices of the Company and the offices of the Transaction Sponsor, from the date of issue of this Circular up to and including the date of the General Meeting or can be requested via email from [mpeo.nkuna@ascendishealth.com](mailto:mpeo.nkuna@ascendishealth.com):

- the memoranda of incorporation of Ascendis Health and its major Subsidiaries;
- the Pharma-Q/Imperial Pharma Disposal Agreement;
- the Austell Pharma Disposal Agreement;
- the Austell Facility Agreement;
- reports of the Historical Financial Information of the Pharma Reporting Entity for the three financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and for the six months ended 31 December 2021;
- the Directors’ service contracts;
- the Independent Reporting Accountant’s report on the *pro forma* financial information of the Pharma-Q/Imperial Pharma Disposal and the Austell Pharma Disposal, as reproduced in **Annexure 6**;
- the Independent Reporting Accountant’s reports on the Historical Financial Information of the Pharma Reporting Entity as contained in **Annexure 2** and **3**;
- the Independent Expert’s Report as contained in **Annexure 7**;

- the letter issued by the TRP approving this Circular in terms of Regulation 117 of the Takeover Companies Regulations;
- the written consents of the Company's professional advisors; and
- a signed copy of this Circular.

Signed by

**Harry Smit**  
**Chairman and Independent Director**

**IN JOHANNESBURG ON TUESDAY, 13 SEPTEMBER 2022 ON BEHALF OF THE DIRECTORS IN TERMS OF A DIRECTORS' ROUND ROBIN RESOLUTION**

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## COMMENTARY ON THE REPORT ON THE COMBINED HISTORICAL FINANCIAL INFORMATION OF THE PHARMA REPORTING ENTITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020 AND 30 JUNE 2021 AND THE SIX MONTHS ENDED 31 DECEMBER 2021

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Commentary on the report on the combined historical financial information of the Pharma Reporting Entity for the years ended 30 June 2019, 2020 and 2021 and the six months ended 31 December 2021 are included in this annexure.

The full report on the combined historical financial information of the Pharma Reporting Entity is incorporated by reference in terms of Part E, paragraph 28 of this Circular.

### Background

The Pharmaceutical Business Unit (“the Pharma Reporting Entity”) is a leading producer of pharmaceutical products. Pharma consists of Ascendis Pharma (Proprietary) Limited, Alliance Pharma (Proprietary) Limited, Pharmachem (Proprietary) Limited and Medicine Developers International (Proprietary) Limited.

### Financial commentary

Details about circumstances and facts impacting the business and its performance are described below for each financial year:

#### Financial results – 2019

Turnover for the 12 months ended 30 June 2019 amounted to R412 million. This muted revenue performance was due to a mild winter colds and flu season and out of stocks on key lines.

Gross margin was low at 38% and mainly due to stock obsolescence and foreign exchange losses.

Profitability was negatively impacted due to inclusion of Isando factory cost base for first 6 months of the year (up until divestment of the factory) and an expected credit loss adjustment to liabilities in respect of guarantees issued in favour of other Ascendis Group companies. This resulted in a loss before interest and tax of R812 million (this is after internal management fees of R13.7 million).

#### Financial results – 2020

Turnover for the 12 months ended 30 June 2020 amounted to R308 million. This revenue decline, of 25%, was driven by Covid-19 impact on Q4. Harsh lockdown resulted in a lack of winter colds and flu, impacting the Cough and Cold and Probiotic markets negatively.

Gross margin increased to 47.8% due to favourable sales mix and improved COGS management.

Despite the lower cost base after the factory divestment, profitability was negatively impacted by expected credit loss adjustment to liabilities in respect of guarantees issued in favour of other Ascendis Group companies of R832 million. This resulted in a loss before interest and tax of R873 million (this is after internal management fees of R5.3 million).

#### Financial results – 2021

Turnover for the 12 months ended 30 June 2021 amounted to R312 million. This muted 1% revenue growth driven by continued Covid-19 impact. Lockdowns reduced the incidence of colds and flu, resulting in suppressed sales in key OTC brands (e.g. Sinuend, Sinucon, Reuterina) despite market share gains.

Gross margin increased further to 51.6% due to a favourable sales mix and improved COGS management.

Profit before interest and tax increased to R1 451 million. This includes a favourable expected credit loss adjustment of R1 395 million to liabilities in respect of guarantees issued in favour of other Ascendis Group companies which offset certain once-off costs (e.g. legal costs), costs associated with the divested business (Dezzo), and internal management fees of R12.6 million.

### **Financial results for the period July 2021 – December 2021**

Turnover for the six months ended 31 December 2021 amounted to R181 million. This strong 35% revenue growth was driven by post Covid-19 recovery of the Cough and Cold and Probiotic market segments coupled with continued investment in advertising and promotion (AandP) and trade activity.

Gross profit margin improved 6.5% percentage points versus prior year due to favourable sales mix and improved COGS management.

Profitability improved materially versus FY21 due to improved gross margin management and cost control initiatives (including a fit-for-purpose organisational structure implemented mid 2021). EBIT for the period was R18.3 million (this is after internal management fees of R4.8 million and excludes any adjustments on liabilities in respect of guarantees issued in favour of other Ascendis Group companies).

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORTS ON THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE PHARMA REPORTING ENTITY FOR THE THREE YEARS ENDED 30 JUNE 2019, 30 JUNE 2020 AND 30 JUNE 2021

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### Report 1

#### Independent reporting accountant's review report on the Combined Carve-out Historical Financial Information of the Pharma Reporting Entity for the years ended 30 June 2019 and June 2020

"To the directors of Ascendis Health Limited

1 Carey Street  
Wynberg  
Sandton  
2090

#### Introduction

Ascendis Health Limited (the "Company", "Ascendis" or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal 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, together referred to as the Pharma Reporting Entity (the "Pharma Reporting Entity") by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 13 September 2022, we have reviewed the accompanying combined carve-out statements of financial position of the Pharma Reporting Entity as at 30 June 2019 and 2020 and the related combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "Pharma Reporting Entity FY19 and FY20 Historical Financial Information"), incorporated by reference in **Annexure 1** to the Circular in terms of Part E, paragraph 28 of this Circular, in compliance with the requirements of the JSE Limited ("JSE") Listings Requirements.

#### Directors' responsibility

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited's Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the Pharma Reporting Entity FY19 and FY20 Combined Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Pharma Reporting Entity FY19 and FY20 Combined Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Pharma Reporting Entity FY19 and FY20 Combined Historical Financial Information, the directors of Ascendis are responsible for assessing the Pharma Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Pharma Reporting Entity or to cease operations, or have no realistic alternative but to do so.

## **Reporting accountant's responsibility**

Our responsibility is to express a conclusion on the Pharma Reporting Entity FY19 and FY20 Combined Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of historical financial information performed by the independent auditor of the entity ("ISRE 2410"). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Pharma Reporting Entity FY19 and FY20 Combined Historical Financial Information.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Pharma Reporting Entity FY19 and FY20 Historical Financial Information, does not present fairly, in all material respects, the financial position of the Pharma Reporting Entity as at 30 June 2019 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

## **Emphasis of Matter: Special purpose combined carve-out historical financial information and basis of preparation**

Without modifying our opinion, we draw attention to the fact that, as described in the historical financial information of the Pharma Reporting Entity, the Pharma Reporting Entity did not operate as a separate entity.

The Pharma Reporting Entity's FY19 and FY20 Combined Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Pharma Reporting Entity had been a separate stand-alone entity during the period presented or of future results of the Pharma Reporting Entity.

We also draw attention to the historical financial information of the Pharma Reporting Entity which describes the basis of preparation. The Pharma Reporting Entity's FY19 and FY20 Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

## **Purpose of the report**

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.  
Director: Nqaba Ndiweni  
Registered Auditor  
Johannesburg, South Africa  
6 September 2022"

## Report 2

### Independent reporting accountant's audit report on the Combined Carve-out Historical Financial Information of the Pharma Reporting Entity for the year ended 30 June 2021

"To the directors of Ascendis Health Limited

1 Carey Street  
Wynberg  
Sandton  
2090

#### Our opinion

Ascendis Health Limited (the "Company", "Ascendis" or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal 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, together referred to as the Pharma Reporting Entity (the "Pharma Reporting Entity") by Ascendis (the "Proposed Transaction").

In our opinion, the combined carve-out historical financial information of the Pharma Reporting Entity incorporated by reference in **Annexure 1** to the Circular in terms of Part E, paragraph 28 of the Circular (the "Pharma Reporting Entity FY21 Combined Historical Financial Information") presents fairly, in all material respects, the combined carve-out financial position of the Pharma Reporting Entity as at 30 June 2021, and its combined carve-out financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Limited Listings Requirements.

#### What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 13 September 2022, we have audited the Pharma Reporting Entity's combined carve-out Historical Financial Information, which comprises:

- the combined carve-out statement of financial position as at 30 June 2021;
- the combined carve-out statement of profit or loss and other comprehensive income for the year then ended; the combined carve-out statement of changes in equity for the year then ended;
- the combined carve-out statement of cash flows for the year then ended; and
- the notes to the combined carve-out historical financial information, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).



## **Emphasis of matter: Special purpose combined carve-out historical financial information and basis of preparation**

Without modifying our opinion, we draw attention to the fact that, as described in the Pharma Reporting Entity FY21 Historical Financial Information, the Pharma Reporting Entity has not operated as a separate entity. The Pharma Reporting Entity's FY21 Combined Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Pharma Reporting Entity had been a separate stand-alone entity during the year presented or of future results of the Pharma Reporting Entity.

We also draw attention to the Pharma Reporting Entity FY21 Historical Financial Information of the Pharma Reporting Entity which describes the basis of preparation. The Pharma Reporting Entity FY21 Combined Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

## **Purpose of this report**

This report has been prepared for the purpose of the Circular and for no other purpose.

## **Responsibilities of the directors for the combined carve-out historical financial information**

The directors of Ascendis are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the requirements of the JSE Limited Listings Requirements.

The directors of Ascendis are responsible for the preparation and fair presentation of the Pharma Reporting Entity FY21 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Pharma Reporting Entity FY21 Combined Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Pharma Reporting Entity FY21 Combined Historical Financial Information, the directors of Ascendis are responsible for assessing the Pharma Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Pharma Reporting Entity or to cease operations, or have no realistic alternative but to do so.

## **Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information**

Our objectives are to obtain reasonable assurance about whether the Pharma Reporting Entity FY21 Combined Historical Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this combined carve-out historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Pharma Reporting Entity FY21 Combined Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pharma Reporting Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Ascendis.

- Conclude on the appropriateness of the directors of Ascendis' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pharma Reporting Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the Pharma Reporting Entity's FY21 historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Pharma Reporting Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Pharma Reporting Entity's FY21 Historical Financial Information, including the disclosures, and whether the Pharma Reporting Entity's FY21 Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pharma Reporting Entity to express an opinion on the Pharma Reporting Entity FY21 Combined Historical Financial Information. We are responsible for the direction, supervision and performance of the Pharma Reporting Entity audit. We remain solely responsible for our audit opinion.
- We communicate with the directors of Ascendis regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.  
Director: Nqaba Ndiweni  
Registered Auditor  
Johannesburg, South Africa  
6 September 2022”

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORTS ON THE CONDENSED COMBINED CARVE-OUT INTERIM HISTORICAL FINANCIAL INFORMATION OF THE PHARMA REPORTING ENTITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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### Independent reporting accountant's review report on the Condensed Combined Carve-out Interim Historical Financial Information of the Pharma Reporting Entity for the six months ended 31 December 2021

"To the directors of Ascendis Health Limited

1 Carey Street  
Wynberg  
Sandton  
2090

#### Introduction

Ascendis Health Limited ("Ascendis", the "Company", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of shares in Ascendis Pharma (Pty) Ltd, Alliance Pharma (Pty) Ltd and Medicine Developers International (Pty) Ltd, together referred to as the Pharma Reporting Entity (the "Pharma Reporting Entity") by Ascendis (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 13 September 2022, we have reviewed the accompanying condensed combined carve-out statement of financial position of the Pharma Reporting Entity as at 31 December 2021 and the related condensed combined carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and selected explanatory notes (the "Pharma Reporting Entity Condensed Combined Carve-Out Interim Historical Financial Information"), as incorporated by reference in **Annexure 1** to the Circular in terms of Part E, paragraph 28 of this Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

#### Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Ascendis complies with the JSE Listings Requirements. The directors of the Company are responsible for the preparation and presentation of the Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information in accordance with International Accounting Standard, (IAS) 34 Interim Financial Reporting and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Pharma Reporting Entity Interim Condensed Combined Carve-out Interim Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of the Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information.

### **Basis for qualified conclusion**

The Pharma Reporting Entity prepared the Pharma Reporting Entity Interim Condensed Historical Financial Information for the six-month period ended 31 December 2021 specifically for the purpose of the Circular in order to comply with section 8.7 of the JSE Listing Requirements. As discussed in the Pharma Reporting Entity Interim Condensed Historical Financial Information, the Pharma Reporting Entity Interim Condensed Historical Financial Information does not include the comparative information for the six month period ended 31 December 2020, as is required by International Accounting Standard 34, "Interim Financial Reporting".

### **Qualified conclusion**

Based on our review, with the exception of the matter described in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that the Pharma Reporting Entity Interim Condensed Historical Financial Information of the Pharma Reporting Entity for the six months ended 31 December 2021 as set out in **Annexure 1** to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard, (IAS) 34 Interim Financial Reporting and the requirements of the JSE Limited Listings Requirements.

### **Emphasis of matter: basis of preparation**

We draw attention to the fact that, as described in the Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information of the Pharma Reporting Entity, the Pharma Reporting Entity has not operated as a single entity. The Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Pharma Reporting Entity had operated as a single business during the year presented or of future results of the Pharma Reporting Entity.

The Pharma Reporting Entity Condensed Combined Carve-out Interim Historical Financial Information is prepared by the directors of Ascendis for the purpose of this Circular and may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Purpose of the report**

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.  
Director: Nqaba Ndiweni  
Registered Auditor  
Johannesburg, South Africa  
6 September 2022"

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## PRO FORMA FINANCIAL INFORMATION OF THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL

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The definitions commencing on page 7 of the Circular have been used throughout this Circular.

Set out below is the consolidated *pro forma* statement of financial position and statement of profit or loss and other comprehensive income of Ascendis Health, showing the *pro forma* financial effects of the Pharma-Q/Imperial Pharma Disposal (the “Pharma-Q *pro forma* financial information”).

The Pharma-Q *pro forma* financial information has been prepared to illustrate the impact of the Pharma-Q/Imperial Pharma Disposal on the published financial information of Ascendis Health for the period ended 31 December 2021, based on the assumption that the Pharma-Q/Imperial Pharma Disposal took place on 1 July 2021 for purposes of the *pro forma* consolidated statement of profit or loss and other comprehensive income and on 31 December 2021 for purposes of the *pro forma* consolidated statement of financial position. Because of its nature, the Pharma-Q *pro forma* financial information may not fairly present Ascendis Health’s financial position, changes in equity, results of operations or cash flows after the Pharma-Q/Imperial Pharma Disposal.

The Pharma-Q *pro forma* financial information of Ascendis Health has been prepared using the accounting policies of the Ascendis Health Group as at 31 December 2021, which are in compliance with IFRS, in accordance with the applicable criteria of the Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by SAICA.

The Pharma-Q *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors of Ascendis Health.

The Pharma-Q *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant’s reasonable assurance report thereon, which is presented in **Annexure 6** of this Circular.

**Pro forma consolidated statement of financial position for the six months ended 31 December 2021**

The pro forma consolidated statement of financial position as at 31 December 2021 has been prepared to show the impact of the Pharma-Q/Imperial Pharma Disposal as if it were effective 31 December 2021.

ZAR'000	Notes	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
		Unadjusted SOFP as at 31 Dec 2021	Group Recapitalisation Transaction	Deconsolidation of Skin consideration	Disposal Transaction fees	MIP	Rights Offer	Adjusted Pro Forma SOFP as at 31 Dec 2021		
		1	2	3	4	5	6	7	8	
<b>Non-current assets</b>										
	Property, plant and equipment	125 765								125 765
	Right-of-use assets	25 038								25 038
	Intangible assets and goodwill	54 739								54 739
	Other financial assets	13 014								13 014
	Deferred tax assets	570								570
		<b>219 126</b>								<b>219 126</b>
<b>Current assets</b>										
	Inventories	151 442								151 442
	Trade and other receivables	163 654								163 654
	Other financial assets	68 253								68 253
	Current tax receivable	7 624								7 624
	Cash and cash equivalents	223 358				(1 413)	(1 771)			220 174
		<b>614 331</b>				<b>(1 413)</b>	<b>(1 771)</b>			<b>611 147</b>
	Assets classified as held for sale	909 456		(45 186)						864 270
	<b>Total assets</b>	<b>1 742 913</b>		<b>(45 186)</b>		<b>(1 413)</b>	<b>(1 771)</b>			<b>1 694 543</b>

	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
	Unadjusted SOFP as at 31 Dec 2021	Group Recapitalisation Transaction	Deconsolidation of Skin consideration	Disposal Transaction fees	MIP	Rights Offer			
ZAR'000	1	2	3	4	5	6	7	8	
<b>Notes</b>									
<b>EQUITY:</b>									
Stated capital	6 015 664						97 749	6 113 413	
Reserves	95 220							95 220	
Accumulated loss	(5 698 848)		(31 572)	101 918	(1 413)	(1 275)		(5 631 190)	
<b>Equity attributable to equity holders of parent</b>	<b>412 036</b>	<b>–</b>	<b>(31 572)</b>	<b>101 918</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>97 749</b>	<b>577 443</b>	
Non-controlling interest	–							–	
<b>Total equity</b>	<b>412 036</b>	<b>–</b>	<b>(31 572)</b>	<b>101 918</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>97 749</b>	<b>577 443</b>	
<b>Non-current liabilities</b>									
Borrowings and other financial liabilities	18 269							18 269	
Deferred tax liabilities	69 053							69 053	
Lease liabilities	20 475							20 475	
Contract liabilities	–							–	
	<b>107 797</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>107 797</b>	



	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
	Unadjusted SOFP as at 31 Dec 2021	Group Recapitalisation Transaction	Deconsolidation of Skin consideration	Disposal Transaction fees	MIP	Rights Offer			
ZAR'000	1	2	3	4	5	6	7	8	
<b>Notes</b>									
<b>Current liabilities</b>									
Trade and other payables	137 389				–			137 389	
Borrowings and other financial liabilities	563 650			(101 918)			(97 749)	363 983	
Deferred vendor liabilities	–							–	
Provisions	8 590							8 590	
Contract liabilities	10 839							10 839	
Lease liabilities	13 615							13 615	
Derivative financial liabilities	–							–	
Current tax payable	17 071					(496)		16 575	
Bank overdraft	–							–	
	<b>751 154</b>	<b>–</b>	<b>–</b>	<b>(101 918)</b>	<b>–</b>	<b>(496)</b>	<b>(97 749)</b>	<b>550 991</b>	
Liabilities classified as held for sale	471 927		(13 614)					458 313	
<b>Total equities and liabilities</b>	<b>1 742 914</b>	<b>–</b>	<b>(45 186)</b>	<b>–</b>	<b>(1 413)</b>	<b>(1 771)</b>	<b>–</b>	<b>1 694 544</b>	
Number of Shares (000's)	489 470						143 000	632 470	
NAV and diluted NAV per share (cents)	84.2							91.3	
TNAV and diluted TNAV per share (cents)	72.9							82.6	

	Pharma-Q/Imperial Pharma Disposal							Pro Forma SOFP after the Pharma-Q/Imperial Pharma Disposal
	Adjusted Pro Forma SOFP as at 31 Dec 2021	Deconsolidation of Pharma	Consolidation	Reversal of Group entries consideration	Disposal	Transaction specific fees	MIP	
ZAR'000	8	9	10	11	12	13	14	15
<b>Notes</b>								
<b>Non-current assets</b>								
Property, plant and equipment	125 765							125 765
Right-of-use assets	25 038							25 038
Intangible assets and goodwill	54 739							54 739
Other financial assets	13 014							13 014
Deferred tax assets	570							570
	<b>219 126</b>	-	-	-	-	-		<b>219 126</b>
<b>Current assets</b>								
Inventories	151 442							151 442
Trade and other receivables	163 654							163 654
Other financial assets	68 253							68 253
Current tax receivable	7 624							7 624
Cash and cash equivalents	220 174			51 690	(7 116)	(14 286)	(14 128)	236 334
	<b>611 147</b>	-	-	<b>51 690</b>	<b>(7 116)</b>	<b>(14 286)</b>	<b>(14 128)</b>	<b>627 307</b>
Assets classified as held for sale	864 270	(323 685)	135 522					676 107
<b>Total assets</b>	<b>1 694 543</b>	<b>(323 685)</b>	<b>135 522</b>	<b>51 690</b>	<b>(7 116)</b>	<b>(14 286)</b>	<b>(14 128)</b>	<b>1 522 540</b>

	Pharma-Q/Imperial Pharma Disposal										Pro Forma SOFP after the Pharma-Q/Imperial Pharma Disposal
	Adjusted Pro Forma SOFP as at 31 Dec 2021	8	9	10	11	12	13	14	15		
ZAR'000	Notes	8	9	10	11	12	13	14	15		
<b>EQUITY:</b>											
Stated capital		6 113 413								6 113 413	
Reserves		95 220								95 220	
Accumulated loss		(5 631 190)	(67 103)	(49 809)	397 403	(7 116)	(10 286)	13 436		(5 381 536)	
<b>Equity attributable to equity holders of parent</b>		<b>577 443</b>	<b>(67 103)</b>	<b>(49 809)</b>	<b>397 403</b>	<b>(7 116)</b>	<b>(10 286)</b>	<b>13 436</b>		<b>827 097</b>	
Non-controlling interest		–	–	–	–	–	–	–	–	–	
<b>Total equity</b>		<b>577 443</b>	<b>(67 103)</b>	<b>(49 809)</b>	<b>397 403</b>	<b>(7 116)</b>	<b>(10 286)</b>	<b>13 436</b>		<b>827 097</b>	
<b>Non-current liabilities</b>											
Borrowings and other financial liabilities		18 269								18 269	
Deferred tax liabilities		69 053								69 053	
Lease liabilities		20 475								20 475	
Contract liabilities		–								–	
		<b>107 797</b>	–	–	–	–	–	–	–	<b>107 797</b>	

	Pharma-Q/Imperial Pharma Disposal							Pro Forma SOFP after the Pharma-Q/Imperial Pharma Disposal	
	Adjusted Pro Forma SOFP as at 31 Dec 2021	8	9	10	11	12	13		14
ZAR'000			Deconsolidation of Pharma	Reversal of Group Consolidation entries	Disposal consideration	Transaction specific fees	MIP	Transaction expenses not specifically allocated to a particular transaction	
<b>Notes</b>		<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
<b>Current liabilities</b>									
Trade and other payables	137 389								137 389
Borrowings and other financial liabilities	363 983				(345 714)				18 269
Deferred vendor liabilities	–								–
Provisions	8 590								8 590
Contract liabilities	10 839								10 839
Lease liabilities	13 615								13 615
Derivative financial liabilities	–								–
Current tax payable	16 575						(4 000)	(692)	11 884
Bank overdraft	–								–
	<b>550 991</b>		<b>–</b>	<b>–</b>	<b>(345 714)</b>	<b>–</b>	<b>(4 000)</b>	<b>(692)</b>	<b>200 586</b>
Liabilities classified as held for sale	458 313	(256 582)		185 331					387 062
<b>Total equities and liabilities</b>	<b>1 694 544</b>	<b>(323 685)</b>	<b>(323 685)</b>	<b>135 522</b>	<b>51 690</b>	<b>(7 116)</b>	<b>(14 286)</b>	<b>(14 128)</b>	<b>1 522 541</b>
Number of Shares (000's)	632 470								632 470
NAV and diluted NAV per share (cents)	91.3								130.8
TNAV and diluted TNAV per share (cents)	82.6								122.0

**Notes and assumptions:**

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.

**Columns 2 – 8: Illustrating the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer as post balance sheet adjustments**

2. The Group Recapitalisation Transaction has no effect on the *pro forma* consolidated statement of financial position.
3. Illustrates the deconsolidation of the assets and liabilities associated with the Skin Disposal, extracted without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021. Refer to note 4 of the Ascendis Health interim financial results for the six months ended 31 December 2021 for the assets and liabilities associated with Skin.
4. Illustrates the disposal consideration actually received for the Skin Disposal. The actual consideration is depicted below:

	<b>ZAR'000</b>
<b>Net disposal consideration</b>	<b>101 918</b>

The cash proceeds were applied towards part settling the Austell Facility.

5. Once-off transaction costs of R1.41 million (including VAT) were incurred as a direct result of the Skin Disposal. The transaction costs were paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are not considered tax deductible.
6. Once-off MIP costs to be paid in cash directly as a result of implementation of the Skin Disposal, net of the associated tax impact at 28%. The MIP costs consists of a contractual amount of R770 585, and a further discretionary amount approved by the Board of R1 million.
7. Illustrates the effects of the Rights Offer, entailing the issue of 143 000 000 shares at an issue price of R0.71 per share for a total gross consideration of R101.53 million. The amount is shown net of the transaction fees associated with the Rights Offer to the value of R3.78 million, which were capitalised. The cash proceeds will be applied towards part settling the Austell Facility.
8. Illustrates the *pro forma* SOFP after the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer.

**Columns 9 – 15: Illustrating the impact of the Pharma-Q/Imperial Pharma Disposal**

9. Illustrates the deconsolidation of the assets and liabilities associated with the Pharma-Q/Imperial Pharma Disposal, extracted, without adjustment, from the reviewed condensed combined historical financial information of the Pharma Reporting Entity for the six months ended 31 December 2021, incorporated by reference in terms of Part E, paragraph 28 of this Circular. Given that the Pharma Reporting Entity was classified as held for sale on 31 December 2021 by Ascendis Health, all assets of the Pharma Reporting Entity were classified as "Assets Held for Sale" and all liabilities of the Pharma Reporting Entity were classified as "Liabilities Held for Sale".
10. Consolidation adjustments comprise the reversal of consolidation and elimination journal entries relating to the consolidation of the Pharma Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.
11. Illustrates the disposal consideration expected to be received for the Pharma-Q/Imperial Pharma Disposal as if the Pharma-Q/Imperial Pharma Disposal occurred on 31 December 2021. The determination of the disposal adjustments will be finalised based on the actual position on the effective date of the Pharma-Q/Imperial Pharma Disposal. For the purpose of the *pro forma* consolidated financial statements, these adjustments have been calculated using the financial position as at 31 December 2021. The *pro forma* calculation is illustrated below:

	<b>ZAR'000</b>
Purchase consideration	375 000
Plus: net cash and working capital adjustments (based on the combined Pharma Reporting Entity SOFP as at 31 December 2021) as explained in paragraph 11.1 of Part B of this Circular	22 403
<b>Net disposal consideration</b>	<b>397 403</b>

The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the purchase consideration.

The cash proceeds will be applied towards settling the balance of the Austell Facility.

The excess cash, after taking into account proceeds from the Skin Disposal, the Rights Offer and the Pharma-Q/Imperial Pharma Disposal, is allocated to cash and cash equivalents as the total purchase consideration received exceeds the outstanding debt balance on the Austell Facility. The excess cash will be used to fund working capital and investment capital expenditure.

12. Once-off transaction costs of R7.12 million (including VAT) are expected to be incurred as a direct result of the Pharma-Q/Imperial Pharma Disposal. The transaction costs are assumed to be paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are not considered tax deductible.
13. Once-off MIP costs to be paid in cash directly as a result of implementation of the Pharma-Q/Imperial Pharma Disposal, net of the associated tax impact at 28%, the MIP costs total a maximum of R14.29 million.
14. Additional once-off transaction costs of R11.66 million (including VAT) are expected to be incurred that are not directly attributable to a particular transaction. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.  
In addition, once-off awards of R2.4 million are to be paid in cash directly as a result of the implementation of the Pharma-Q/Imperial Pharma Disposal, net of the associated tax impact at 28%.
15. Illustrates the *pro forma* SOFP after the impact of the Group Recapitalisation Transaction, the Skin Disposal, the Rights Offer and the Pharma-Q/Imperial Pharma Disposal.

## Pro forma consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2021

The pro forma consolidated statement of profit and loss and comprehensive income as at 31 December 2021 has been prepared to show the impact of the Pharma-Q/Imperial Disposal as if it was effective 1 July 2021.

ZAR'000	Notes	Subsequent events						Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	
		1	2	3	4	5	6		7
		Unadjusted SOCI for the period ended 31 Dec 2021	Subsequent events Group Recapitalisation Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer	
<b>STATEMENT OF PROFIT AND LOSS</b>									
<b>Revenue</b>		298 382	-	-	-	-	-	-	298 382
Cost of sales		(175 955)							(175 955)
<b>Gross Profit</b>		<b>122 427</b>							<b>122 427</b>
Other income		3 605							3 605
Selling and distribution costs		(24 394)							(24 394)
Administrative expenses		(112 498)							(112 498)
Net impairment loss on financial assets		(5)							(5)
Other operating expenses		(21 281)					(1 771)		(23 052)
Once off costs		(61 354)				(1 413)			(62 767)
Net impairment loss on assets		-							-
<b>Operating profit/(loss)</b>		<b>(93 500)</b>				<b>(1 413)</b>	<b>(1 771)</b>		<b>(96 684)</b>
Finance income		2 234							2 234
Finance costs		(391 372)	345 984		6 758			6 481	(32 149)
<b>Profit/(loss) before taxation</b>		<b>(482 638)</b>	<b>345 984</b>		<b>6 758</b>	<b>(1 413)</b>	<b>(1 771)</b>	<b>6 481</b>	<b>(126 599)</b>
(Tax expense)/credit		(7 876)	(96 875)	-	(1 892)	-	496	(1 815)	(107 963)
<b>(Loss)/profit from continuing operations</b>		<b>(490 514)</b>	<b>249 108</b>		<b>4 866</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>4 667</b>	<b>(234 562)</b>
<b>Profit/(loss) from discontinuing operations</b>		<b>725 336</b>							<b>387 461</b>
Profit (loss) from historical discontinued operations		956 194	(402 919)		70 346				623 622
(Loss)/profit from new discontinued operations		(230 858)		(5 303)					(236 161)

	Unadjusted SOCl for the period ended 31 Dec 2021	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOCl for the period ended 31 Dec 2021
		1	2	3	4	5	6	7	8	
ZAR'000		Group Recapitalisation Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer			
<b>Notes</b>										
<b>(Loss)/profit for the period</b>	<b>234 822</b>	<b>(153 810)</b>	<b>(5 303)</b>	<b>75 212</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>4 667</b>		<b>152 899</b>	
<b>(Loss)/profit attributable to:</b>										
Owners of the parent	233 876								151 953	
Continuing operations	(491 460)								(235 508)	
Discontinued operations	725 336								387 461	
Non-controlling interest	946								946	
	<b>234 822</b>								<b>152 899</b>	
<b>STATEMENT OF COMPREHENSIVE INCOME</b>										
<b>Other comprehensive income:</b>										
<b>Other comprehensive income items that are or may be reclassified to profit and loss</b>										
Foreign currency translation reserve	(295 146)									(295 146)
Non-controlling interest relating to items that may be reclassified	–									–
Revaluation of property, plant and equipment	–									–
Income tax relating to items that will not be reclassified	–									–
<b>Other comprehensive income/(loss) for the period net of tax</b>	<b>(295 146)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(295 146)</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(60 324)</b>	<b>(153 810)</b>	<b>(5 303)</b>	<b>75 212</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>4 667</b>		<b>(142 247)</b>	



ZAR'000	Notes	1	Subsequent events		Subsequent events – Skin Disposal			Subsequent events		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021
			Unadjusted SOCI for the period ended 31 Dec 2021	Group Recapitalisation Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer	
		2	3	4	5	6	7	8		
	Total comprehensive loss attributable to:									
	Owners of the parent	(61 270)							(143 193)	
	Continuing operations	(411 410)							(530 654)	
	Discontinued operations	350 140							387 461	
	Non-controlling interest	946							946	
		<b>(60 324)</b>							<b>(142 247)</b>	
	Profit/(loss) for the year	233 876							151 953	
	<b>Headline earnings reconciliation – continuing obligations</b>									
	Net (profit)/loss on the sale of property, plant and equipment	(204)							(204)	
	Tax effect	57							57	
	(Profit)/loss on disposal of subsidiary	51		(70 346)					(70 295)	
	Tax effect	(18)							(18)	
	Impairment of investment	(60 191)							(60 191)	
	<b>Headline earnings reconciliation – discontinuing obligations</b>									
	Net (profit)/loss on the sale of property, plant and equipment	(207)							(207)	
	Tax effect	–							–	
	(Profit)/loss on disposal of subsidiary	(766 531)							(766 531)	
	Tax effect	4 514							4 514	
	Goodwill, intangible assets and tangible assets impairment	256 626							256 626	
	Tax effect	(24 314)							(24 314)	
	<b>Total Headline earnings</b>	<b>(356 341)</b>	–	<b>(70 346)</b>	–	–	–	<b>(508 611)</b>		

ZAR'000	Notes	Unadjusted SOCl for the period ended 31 Dec 2021	Subsequent events				Adjusted Pro Forma SOCl for the period ended 31 Dec 2021		
			1	2	3	4		5	6
			Group Recapitalisation Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer	
		481 494						143 000	624 494
	Weighted average Shares in Issue (000's)	481 494							
	Basic and diluted (loss)/earnings per share (cents) – total	48.6							24.3
	Basic and diluted (loss)/earnings per share (cents) – continuing operations	(102.1)							(37.7)
	Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	150.6							62.0
	Basic and diluted headline (loss)/earnings per share (cents) – total	(74.0)							(81.4)
	Basic and diluted headline (loss)/earnings per share (cents) – continuing operations	(114.6)							(58.6)
	Basic and diluted headline (loss)/earnings per share (cents) – discontinuing operations	40.6							(22.8)

ZAR'000	Notes	8	Pharma-Q/Imperial Pharma Disposal			11	12	13	14	15
			Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	Deconsolidation of Pharma	Reversal of Group Consol entries					
<b>STATEMENT OF PROFIT AND LOSS</b>										
<b>Revenue</b>		298 382								298 382
Cost of sales		(175 955)								(175 955)
<b>Gross Profit</b>		<b>122 427</b>								<b>122 427</b>
Other income		3 605								3 605
Selling and distribution costs		(24 394)								(24 394)
Administrative expenses		(112 498)								(112 498)
Net impairment loss on financial assets		(5)								(5)
Other operating expenses		(23 052)					(14 286)			(39 807)
Once off costs		(62 767)					(7 116)			(81 541)
Net impairment loss on assets		–								–
<b>Operating profit/(loss)</b>		(96 684)					(7 116)			(132 213)
Finance income		2 234								2 234
Finance costs		(32 149)					22 725			(9 424)
<b>Profit/(loss) before taxation</b>		(126 599)					<b>(7 116)</b>			<b>(14 128)</b>
(Tax expense)/credit		(107 963)							4 000	692
<b>(Loss)/profit from continuing operations</b>		<b>(234 562)</b>					<b>(7 116)</b>			<b>(13 436)</b>
<b>Profit/(loss) from discontinuing operations</b>		<b>387 461</b>								<b>645 481</b>
Profit (loss) from historical discontinued operations		623 622					280 491			904 113
(Loss)/profit from new discontinued operations		(236 161)						(8 431)		(258 632)
<b>(Loss)/profit for the period</b>		<b>152 899</b>					<b>(7 116)</b>			<b>13 436</b>
							<b>(8 431)</b>			<b>(10 286)</b>
										<b>396 444</b>

ZAR'000	Notes	Pharma-Q/Imperial Pharma Disposal								Transaction expenses not specifically allocated to a particular transaction	Pro Forma SOCI after the Pharma-Q/Imperial Pharma Disposal
		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	8	9	10	11	12	13	14		
		8	9	10	11	12	13	14	15		
	<b>(Loss)/profit attributable to:</b>										
	Owners of the parent	151 953								395 498	
	Continuing operations	(235 508)								(249 983)	
	Discontinued operations	387 461								645 481	
	Non-controlling interest	946								946	
		<b>152 899</b>								<b>396 444</b>	
	<b>STATEMENT OF COMPREHENSIVE INCOME</b>										
	<b>Other comprehensive income:</b>										
	<b>Other comprehensive income items that are or may be reclassified to profit and loss</b>										
	Foreign currency translation reserve	(295 146)								(295 146)	
	Non-controlling interest relating to items that may be reclassified	–								–	
	Revaluation of property, plant and equipment	–								–	
	Income tax relating to items that will not be reclassified	–								–	
	<b>Other comprehensive income/(loss) for the period net of tax</b>	<b>(295 146)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(295 146)</b>	
	<b>Total comprehensive (loss)/income for the year</b>	<b>(142 247)</b>	<b>(14 040)</b>	<b>(8 431)</b>	<b>16 362</b>	<b>(7 116)</b>	<b>(10 286)</b>	<b>(13 436)</b>	<b>101 298</b>		

ZAR'000	Notes	Pharma-Q/Imperial Pharma Disposal							Transaction expenses not specifically allocated to a particular transaction	Pro Forma SOCI after the Pharma-Q/Imperial Pharma Disposal
		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	Deconsolidation of Pharma	Reversal of Group Consol entries	Disposal consideration	Transaction fees	MIP	13		
		8	9	10	11	12	13	14	15	
	Total comprehensive loss attributable to:									
	Owners of the parent	(143 193)							100 352	
	Continuing operations	(530 654)							(545 129)	
	Discontinued operations	387 461							645 481	
	Non-controlling interest	946							946	
		<b>(142 247)</b>							<b>101 298</b>	
	Profit/(loss) for the year	151 953							395 498	
	<b>Headline earnings reconciliation – continuing obligations</b>									
	Net (profit)/loss on the sale of property, plant and equipment	(204)							(204)	
	Tax effect	57							57	
	(Profit)/loss on disposal of subsidiary	(70 295)			(280 491)				(350 787)	
	Tax effect	(18)							(18)	
	Impairment of investment	(60 191)							(60 191)	
	<b>Headline earnings reconciliation – discontinuing obligations</b>									
	Net (profit)/loss on the sale of property, plant and equipment	(207)							(207)	
	Tax effect	–							–	
	(Profit)/loss on disposal of subsidiary	(766 531)							(766 531)	
	Tax effect	4 514							4 514	
	Goodwill, intangible assets and tangible assets impairment	256 626							256 626	
	Tax effect	(24 314)							(24 314)	
	<b>Total Headline earnings</b>	<b>(508 611)</b>	<b>–</b>	<b>–</b>	<b>(280 491)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(545 557)</b>	



## Notes and assumptions

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.

### **Columns 2 – 8: Illustrating the impact of the Group Recapitalisation Transaction, the Skin Disposal, and the Rights Offer as post balance sheet adjustments**

2. Illustrates the reversal of the finance costs and related tax expense incurred before the Group Recapitalisation Transaction associated with the entities disposed of as part of the Group Recapitalisation Transaction on the assumption that the Group Recapitalisation Transaction was effective on 1 July 2021, amounting to an adjustment of R366.37 million. This is netted off against finance costs and related tax expense incurred on the Austell Facility for the six month period to 31 December 2021 in accordance with the terms of the Austell Loan Agreement on the assumption that the Austell Loan Agreement came into effect on 1 July 2021, amounting to R20.38 million. The terms of the Austell Loan Agreement give rise to an additional 2% charged on the facility should the Austell Pharma Disposal not be approved.

Further, the operating profit associated with the entities disposed of as part of the Group Recapitalisation Transaction, net of the MIP and transaction costs, amounting to R381.26 million is reversed on the assumption that the Group Recapitalisation Transaction was effective on 1 July 2021. Additional transaction costs of R21.66 million relating to the Group Recapitalisation Transaction were also incurred, as depicted below:

	<b>R'000</b>
(Profit)/loss from discontinued operations	(381 256)
Additional transaction costs	(21 662)
	<b>(402 919)</b>

3. Illustrates the deconsolidation of the profit associated with Skin from discontinued operations, as extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021. Refer to note 4 of the Ascendis Health interim financial results for the period ended 31 December 2021 for the profit associated with Skin.
4. The once-off profit on the Skin Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:
  - 4.1 The profit on the Skin Disposal has been determined using the difference between the disposal consideration of R101.92 million (refer to note 4 of the *pro forma* consolidated statement of financial position) and the net asset value of Skin at 31 December 2021 (refer to note 3 of the *pro forma* consolidated statement of financial position), resulting in a profit of R70.35m.
  - 4.2 A reversal of the finance cost, which is expected to have an ongoing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R6.76 million of finance costs associated with the part settlement of the Austell Facility (refer to note 4 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 13.26% per annum.
  - 4.3 A tax effect of R1.89 million, being a reversal of the tax benefit associated with the finance cost no longer incurred at the statutory rate of 28% (which will have a continuing effect).
  - 4.4 No capital gain or other expense is expected on the Skin Disposal.
5. Once-off transaction costs of R1.41 million (including VAT) were incurred as a direct result of the Skin Disposal. The transaction costs are paid from internal cash reserves, and are not considered tax deductible.
6. Once-off MIP costs to be paid in cash directly as a result of implementation of the Skin Disposal, net of the associated tax impact at 28%.
7. A reversal of the finance cost, which is expected to have an ongoing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R6.48 million of finance costs associated with the settlement of the Austell Facility (refer to note 7 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 13.26% per annum.
8. Illustrates the *pro forma* SOCI after the impact of the Group Recapitalisation Transaction, the Skin Disposal, and the Rights Offer.

### **Columns 9 – 15: Illustrating the impact of the Pharma-Q/Imperial Pharma Disposal**

9. Illustrates the deconsolidation of the profit associated with the Pharma Reporting Entity, extracted from the reviewed condensed combined historical financial information of the Pharma Reporting Entity for the six months ended 31 December 2021, incorporated by reference in terms of Part E, paragraph 28 of this Circular.
10. Consolidation adjustments comprise the reversal of consolidation and elimination entries relating to the consolidation of the Pharma Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.
11. The once-off profit on the Pharma-Q/Imperial Pharma Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:
  - 11.1 The profit on the Pharma-Q/Imperial Pharma Disposal has been determined as the difference between the disposal consideration of R397.4 million (refer to note 11 of the *pro forma* consolidated statement of financial position) and net asset value of the Pharma Reporting Entity at 31 December 2021 (refer to notes 9 and 10 of the *pro forma* consolidated statement of financial position), resulting in a profit of R280.5 million.
  - 11.2 Reversal of the finance costs, which is expected to have a continuing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R22.73 million finance costs associated with the settlement of the balance of the Austell Facility (refer to note 11 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 13.26% per annum.
  - 11.3 The excess cash will be used for working capital and investment capital expenditure and thus will not attract finance income.



11.4 A tax effect of R6.36 million, being the reversal of the tax benefit associated with the finance cost no longer incurred (which will have a continuing effect).

11.5 No capital gain or other expense is expected on the Pharma-Q/Imperial Pharma Disposal.

12. Once-off transaction costs of R7.12 million (including VAT) are expected to be incurred as a direct result of the Pharma-Q/Imperial Pharma Disposal. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.

13. Once-off MIP costs to be paid in cash directly as a result of implementation of the Pharma-Q/Imperial Pharma Disposal, net of the associated tax impact at 28%.

14. Additional once-off transaction costs of R11.66 million (including VAT) are expected to be incurred that are not directly attributable to a particular transaction. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.

In addition, once-off awards of R2.4 million are to be paid in cash directly as a result of the implementation of the Pharma-Q/Imperial Pharma Disposal, net of the associated tax impact at 28%.

15. Illustrates the *pro forma* SOCI after the impact of the Group Recapitalisation Transaction, the Skin Disposal, the Rights Offer and the Pharma-Q/Imperial Pharma Disposal.

Save for the transaction and MIP costs, the profit on sale from the Group Recapitalisation Transaction, the profit on sale of Skin, and the profit on sale of the Pharma Reporting Entity, all adjustments are expected to have a continuing effect.

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## PRO FORMA FINANCIAL INFORMATION OF THE AUSTELL PHARMA DISPOSAL

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The definitions commencing on page 7 of the Circular have been used throughout this Circular.

Set out below is the consolidated *pro forma* statement of financial position and statement of profit or loss and other comprehensive income of Ascendis Health, showing the *pro forma* financial effects of the Austell Pharma Disposal (the “Austell *pro forma* financial information”).

The Austell *pro forma* financial information has been prepared to illustrate the impact of the Austell Pharma Disposal on the published financial information of Ascendis Health for the period ended 31 December 2021, based on the assumption that the Austell Pharma Disposal took place on 1 July 2021 for purposes of the *pro forma* consolidated statement of profit or loss and other comprehensive income and on 31 December 2021 for purposes of the *pro forma* consolidated statement of financial position. Because of its nature, the Austell *pro forma* financial information may not fairly present Ascendis Health’s financial position, changes in equity, results of operations or cash flows after the Austell Pharma Disposal.

The Austell *pro forma* financial information of Ascendis Health has been prepared using the accounting policies of the Ascendis Health Group as at 31 December 2021, which are in compliance with IFRS, in accordance with the applicable criteria of the Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by SAICA.

The Austell *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors of Ascendis Health.

The Austell *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant’s reasonable assurance report thereon, which is presented in **Annexure 6** of this Circular.

### Pro forma consolidated statement of financial position for the six months ended 31 December 2021

The pro forma consolidated statement of financial position as at 31 December 2021 has been prepared to show the impact of the Austell Pharma Disposal as if it were effective 31 December 2021.

ZAR'000	Notes	Unadjusted SOFP as at 31 Dec 2021	Subsequent events				Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
			1	2	3	4	5	6	7	8			
			Recapitalisation Transaction	Group Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer				
<b>Non-current assets</b>													
Property, plant and equipment		125 765											125 765
Right-of-use assets		25 038											25 038
Intangible assets and goodwill		54 739											54 739
Other financial assets		13 014											13 014
Deferred tax assets		570											570
		<b>219 126</b>											<b>219 126</b>
<b>Current assets</b>													
Inventories		151 442											151 442
Trade and other receivables		163 654											163 654
Other financial assets		68 253											68 253
Current tax receivable		7 624											7 624
Cash and cash equivalents		223 358					(1 413)	(1 771)					220 174
		<b>614 331</b>					<b>(1 413)</b>	<b>(1 771)</b>					<b>611 147</b>
Assets classified as held for sale		909 456			(45 186)								864 270
<b>Total assets</b>		<b>1 742 913</b>			<b>(45 186)</b>		<b>(1 413)</b>	<b>(1 771)</b>					<b>1 694 543</b>

ZAR'000	Notes	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
		Unadjusted SOFP as at 31 Dec 2021	Group Recapitalisation Transaction	2	3	4	5	6	7	
		1	2	3	4	5	6	7	8	
<b>EQUITY:</b>										
Stated capital		6 015 664				97 749			6 113 413	
Reserves		95 220							95 220	
Accumulated loss		(5 698 848)		(31 572)	101 918	(1 413)	(1 275)		(5 631 190)	
<b>Equity attributable to equity holders of parent</b>		<b>412 036</b>	<b>–</b>	<b>(31 572)</b>	<b>101 918</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>97 749</b>	<b>577 443</b>	
Non-controlling interest		–							–	
<b>Total equity</b>		<b>412 036</b>	<b>–</b>	<b>(31 572)</b>	<b>101 918</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>97 749</b>	<b>577 443</b>	
<b>Non-current liabilities</b>										
Borrowings and other financial liabilities		18 269							18 269	
Deferred tax liabilities		69 053							69 053	
Lease liabilities		20 475							20 475	
Contract liabilities		–							–	
<b>Current liabilities</b>		<b>107 797</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>107 797</b>	
Trade and other payables		137 389							137 389	
Borrowings and other financial liabilities		563 650			(101 918)			(97 749)	363 983	
Deferred vendor liabilities		–							–	
Provisions		8 590							8 590	
Contract liabilities		10 839							10 839	
Lease liabilities		13 615							13 615	
Derivative financial liabilities		–							–	
Current tax payable		17 071					(496)		16 575	
Bank overdraft		–							–	
		<b>751 154</b>	<b>–</b>	<b>–</b>	<b>(101 918)</b>	<b>–</b>	<b>(496)</b>	<b>(97 749)</b>	<b>550 991</b>	

ZAR'000	Notes	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOFP as at 31 Dec 2021
		Unadjusted SOFP as at 31 Dec 2021	Group Recapitalisation Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer		
		1	2	3	4	5	6	7	8	
	Liabilities classified as held for sale	471 927		(13 614)					458 313	
	<b>Total equities and liabilities</b>	<b>1 742 914</b>	<b>-</b>	<b>(45 186)</b>	<b>-</b>	<b>(1 413)</b>	<b>(1 771)</b>	<b>-</b>	<b>1 694 544</b>	
	Number of Shares (000's)	489 470						143 000	632 470	
	NAV and diluted NAV per share (cents)	84.2							91.3	
	TNAV and diluted TNAV per share (cents)	72.9							82.6	

ZAR'000	Notes	Austell Pharma Disposal					Transaction expenses not specifically allocated to a particular transaction	Pro Forma SOFP after the Austell Pharma Disposal
		Adjusted Pro Forma SOFP as at 31 Dec 2021	Deconsolidation of Pharma	Reversal of Group Consolidation entries	Disposal consideration	Transaction specific fees		
	8	9	10	11	12	13	14	15
<b>Non-current assets</b>								
Property, plant and equipment	125 765							125 765
Right-of-use assets	25 038							25 038
Intangible assets and goodwill	54 739							54 739
Other financial assets	13 014							13 014
Deferred tax assets	570							570
	<b>219 126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219 126</b>
<b>Current assets</b>								
Inventories	151 442							151 442
Trade and other receivables	163 654							163 654
Other financial assets	68 253							68 253
Current tax receivable	7 624							7 624
Cash and cash equivalents	220 174			101 488	(7 780)	(12 511)	(14 128)	287 243
	<b>611 147</b>	<b>-</b>	<b>-</b>	<b>101 488</b>	<b>(7 780)</b>	<b>(12 511)</b>	<b>(14 128)</b>	<b>678 216</b>
Assets classified as held for sale	864 270	(323 685)	135 522					676 107
<b>Total assets</b>	<b>1 694 543</b>	<b>(323 685)</b>	<b>135 522</b>	<b>101 488</b>	<b>(7 780)</b>	<b>(12 511)</b>	<b>(14 128)</b>	<b>1 573 449</b>
<b>EQUITY:</b>								
Stated capital	6 113 413							6 113 413
Reserves	95 220							95 220
Accumulated loss	(5 631 190)	(67 103)	(49 809)	447 202	(7 780)	(9 008)	(13 436)	(5 331 124)
<b>Equity attributable to equity holders of parent</b>	<b>577 443</b>	<b>(67 103)</b>	<b>(49 809)</b>	<b>447 202</b>	<b>(7 780)</b>	<b>(9 008)</b>	<b>(13 436)</b>	<b>877 509</b>
Non-controlling interest	-	-						-
<b>Total equity</b>	<b>577 443</b>	<b>(67 103)</b>	<b>(49 809)</b>	<b>447 202</b>	<b>(7 780)</b>	<b>(9 008)</b>	<b>(13 436)</b>	<b>877 509</b>





## Notes and assumptions

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.

### Columns 2 – 8: Illustrating the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer as post balance sheet adjustments

2. The Group Recapitalisation Transaction has no effect on the *pro forma* consolidated statement of financial position.
3. Illustrates the deconsolidation of the assets and liabilities associated with the Skin Disposal, extracted without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021. Refer to note 4 of the Ascendis Health interim financial results for the six months ended 31 December 2021 for the assets and liabilities associated with Skin.
4. Illustrates the disposal consideration actually received for the Skin Disposal. The actual consideration is depicted below:

	<b>ZAR'000</b>
<b>Net disposal consideration</b>	<b>101 918</b>

The cash proceeds were applied towards part settling the Austell Facility.

5. Once-off transaction costs of R1.41 million (including VAT) were incurred as a direct result of the Skin Disposal. The transaction costs were paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are not considered tax deductible.
6. Once-off MIP costs to be paid in cash directly as a result of implementation of the Skin Disposal, net of the associated tax impact at 28%. The MIP costs consist of a contractual amount of R770 585, and a further discretionary amount approved by the Board of R1 million.
7. Illustrates the effects of the Rights Offer, entailing the issuing of 143 000 000 shares at an issue price of R0.71 per share for a total gross consideration of R101.53 million. The amount is shown net of the transaction fees associated with the Rights Offer to the value of R3.78 million, which were capitalised. The cash proceeds will be applied towards settling part of the Austell Facility.
8. Illustrates the *pro forma* SOFP after the impact of the Group Recapitalisation Transaction, the Skin Disposal and the Rights Offer.

### Columns 9 – 15: Illustrating the impact of the Austell Pharma Disposal

9. Illustrates the deconsolidation of the assets and liabilities associated with the Austell Pharma Disposal, extracted, without adjustment, from the reviewed condensed combined historical financial information of the Pharma Reporting Entity for the six months ended 31 December 2021, incorporated by reference in terms of Part E, paragraph 28 of this Circular. Given that the Pharma Reporting Entity was classified as held for sale on 31 December 2021 by Ascendis Health, all assets of the Pharma Reporting Entity were classified as "Assets Held for Sale" and all liabilities of the Pharma Reporting Entity were classified as "Liabilities Held for Sale".
10. Consolidation adjustments comprise the reversal of consolidation and elimination journal entries relating to the consolidation of the Pharma Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.
11. Illustrates the disposal consideration expected to be received for the Austell Pharma Disposal as if the Austell Pharma Disposal occurred on 31 December 2021. The determination of the disposal adjustments will be finalised based on the actual position on the effective date of the Austell Pharma Disposal. For the purpose of the *pro forma* consolidated financial statements, these adjustments have been calculated using the financial position as at 31 December 2021. The *pro forma* calculation is illustrated below:

	<b>ZAR'000</b>
Purchase consideration	410 000
Plus: net cash and working capital adjustments (based on the combined Pharma Reporting Entity SOFP as at 31 December 2021) as explained in paragraph 14.1 of Part C of this Circular	37 202
<b>Net disposal consideration</b>	<b>447 202</b>

The effect of a movement in the net debt and net working capital positions at the effective date will result in a rand-for-rand adjustment to the purchase consideration.

The cash proceeds will be applied towards settling the balance of the Austell Facility.

The excess cash, after taking into account proceeds from the Skin Disposal, the Rights Offer and the Austell Pharma Disposal, is allocated to cash and cash equivalents as the total purchase consideration received exceeds the outstanding debt balance on the Austell Facility. The excess cash will be used to fund working capital and investment capital expenditure.

12. Once-off transaction costs of R7.78 million (including VAT) are expected to be incurred as a direct result of the Austell Pharma Disposal. The transaction costs are assumed to be paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are not considered tax deductible.
13. Once-off MIP costs to be paid in cash directly as a result of implementation of the Austell Pharma Disposal, net of the associated tax impact at 28%, the MIP costs total a maximum of R12.51 million.
14. Additional once-off transaction costs of R11.66 million (including VAT) are expected to be incurred that are not directly attributable to a particular transaction. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.  
In addition, once-off awards of R2.4 million are to be paid in cash directly as a result of the implementation of the Austell Pharma Disposal, net of the associated tax impact at 28%.
15. Illustrates the *pro forma* SOFP after the impact of the Group Recapitalisation Transaction, the Skin Disposal the Rights Offer and the Austell Pharma Disposal.



ZAR'000	Notes	Unadjusted SOCI for the period ended 31 Dec 2021	Subsequent events				Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021
			1	2	3	4	5	6	7	8			
			Recapitalisation Transaction	Group Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer				
	Profit (loss) from historical discontinued operations	956 194	(402 919)		70 346							623 622	
	(Loss)/profit from new discontinued operations	(230 858)		(5 303)								(236 161)	
	<b>(Loss)/profit for the period</b>	<b>234 822</b>	<b>(149 894)</b>	<b>(5 303)</b>	<b>74 476</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>3 961</b>				<b>155 373</b>	
	<b>(Loss)/profit attributable to:</b>												
	Owners of the parent	233 876										154 427	
	Continuing operations	(491 460)										(233 033)	
	Discontinued operations	725 336										387 461	
	Non-controlling interest	946										946	
		<b>234 822</b>										<b>155 373</b>	
	<b>STATEMENT OF COMPREHENSIVE INCOME</b>												
	<b>Other comprehensive income:</b>												
	<b>Other comprehensive income items that are or may be reclassified to profit and loss</b>												
	Foreign currency translation reserve	(295 146)										(295 146)	
	Non-controlling interest relating to items that may be reclassified	–										–	
	Revaluation of property, plant and equipment	–										–	
	Income tax relating to items that will not be reclassified	–										–	
	<b>Other comprehensive income/(loss) for the period net of tax</b>	<b>(295 146)</b>	–	–	–	–	–	–	–	–	–	<b>(295 146)</b>	
	<b>Total comprehensive (loss)/income for the year</b>	<b>(60 324)</b>	<b>(149 894)</b>	<b>(5 303)</b>	<b>74 476</b>	<b>(1 413)</b>	<b>(1 275)</b>	<b>3 961</b>				<b>(139 773)</b>	

ZAR'000	Notes	Unadjusted SOCl for the period ended 31 Dec 2021	Subsequent events		Subsequent events – Skin Disposal				Subsequent events		Adjusted Pro Forma SOCl for the period ended 31 Dec 2021
			1	2	3	4	5	6	7	8	
			Recapitalisation Transaction	Group Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer		
	Total comprehensive loss attributable to:										
	Owners of the parent	(61 270)									(140 719)
	Continuing operations	(411 410)									(528 179)
	Discontinued operations	350 140									387 461
	Non-controlling interest	946									946
	Profit/(loss) for the year	<b>(60 324)</b>									<b>(139 773)</b>
		233 876									154 427
	<b>Headline earnings reconciliation – continuing obligations</b>										
	Net (profit)/loss on the sale of property, plant and equipment	(204)									(204)
	Tax effect	57									57
	(Profit)/loss on disposal of subsidiary	51				(70 346)					(70 295)
	Tax effect	(18)									(18)
	Impairment of investment	(60 191)									(60 191)
	<b>Headline earnings reconciliation – discontinuing obligations</b>										
	Net (profit)/loss on the sale of property, plant and equipment	(207)									(207)
	Tax effect	–									–
	(Profit)/loss on disposal of subsidiary	(766 531)									(766 531)
	Tax effect	4 514									4 514
	Goodwill, intangible assets and tangible assets impairment	256 626									256 626
	Tax effect	(24 314)									(24 314)
	<b>Total Headline earnings</b>	<b>(356 341)</b>				<b>(70 346)</b>					<b>(506 136)</b>

ZAR'000	Notes	Unadjusted SOCl for the period ended 31 Dec 2021	Subsequent events				Subsequent events – Skin Disposal			Subsequent events		Adjusted Pro Forma SOCl for the period ended 31 Dec 2021
			1	2	3	4	5	6	7	8		
			Recapitalisation Transaction	Group Transaction	Deconsolidation of Skin	Disposal consideration	Transaction fees	MIP	Rights Offer			
	Weighted average Shares in Issue (000's)	481 494							143 000		624 494	
	Basic and diluted (loss)/earnings per share (cents) – total	48.6									24.7	
	Basic and diluted (loss)/earnings per share (cents) – continuing operations	(102.1)									(37.3)	
	Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	150.6									62.0	
	Basic and diluted headline (loss)/earnings per share (cents) – total	(74.0)									(81.0)	
	Basic and diluted headline (loss)/earnings per share (cents) – continuing operations	(114.6)									(58.2)	
	Basic and diluted headline (loss)/earnings per share (cents) – discontinuing operations	40.6									(22.8)	

ZAR'000	Notes	Austell Pharma Disposal							Transaction expenses not specifically allocated to a particular transaction	MIP	Pro Forma SOCI after the Austell Pharma Disposal
		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	Deconsolidation of Pharma	Reversal of Group Consol entries	Disposal consideration	Transaction fees	11	12			
		8	9	10	11	12	13	14	15		
<b>STATEMENT OF PROFIT AND LOSS</b>											
<b>Revenue</b>		298 382								298 382	
Cost of sales		(175 955)								(175 955)	
<b>Gross Profit</b>		<b>122 427</b>								<b>122 427</b>	
Other income		3 605								3 605	
Selling and distribution costs		(24 394)								(24 394)	
Administrative expenses		(112 498)								(112 498)	
Net impairment loss on financial assets		(5)								(5)	
Other operating expenses		(23 052)					(12 511)		(2 470)	(38 033)	
Once off costs		(62 767)				(7 780)			(11 658)	(82 205)	
Net impairment loss on assets		–								–	
<b>Operating profit/(loss)</b>		(96 684)				<b>(7 780)</b>	<b>(12 511)</b>		<b>(14 128)</b>	<b>(131 103)</b>	
Finance income		2 234								2 234	
Finance costs		(28 713)			19 289					(9 424)	
<b>Profit/(loss) before taxation</b>		(123 163)			<b>19 289</b>	<b>(7 780)</b>	<b>(12 511)</b>		<b>(14 128)</b>	<b>(138 293)</b>	
(Tax expense)/credit		(108 925)			(5 401)		3 503	692		(110 131)	
<b>(Loss)/profit from continuing operations</b>		<b>(232 087)</b>			<b>13 888</b>	<b>(7 780)</b>	<b>(9 008)</b>		<b>(13 436)</b>	<b>(248 424)</b>	
<b>Profit/(loss) from discontinuing operations</b>		<b>387 461</b>								<b>695 280</b>	
Profit (loss) from historical discontinued operations		623 622			330 290					953 912	
(Loss)/profit from new discontinued operations		(236 161)			(14 040)		(8 431)			(258 632)	
<b>(Loss)/profit for the period</b>		<b>155 373</b>			<b>(14 040)</b>	<b>(8 431)</b>	<b>(9 008)</b>		<b>(13 436)</b>	<b>446 856</b>	

ZAR'000	Notes	Austell Pharma Disposal							Transaction expenses not specifically allocated to a particular transaction	MIP	Pro Forma SOCI after the Austell Pharma Disposal
		Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	8	9	10	11	12	13			
	<b>(Loss)/profit attributable to:</b>										
	Owners of the parent	154 427									445 910
	Continuing operations	(233 033)									(249 370)
	Discontinued operations	387 461									695 280
	Non-controlling interest	946									946
		<b>155 373</b>									<b>446 856</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>											
<b>Other comprehensive income:</b>											
<b>Other comprehensive income items that are or may be reclassified to profit and loss</b>											
	Foreign currency translation reserve	(295 146)									(295 146)
	Non-controlling interest relating to items that may be reclassified	-									-
	Revaluation of property, plant and equipment	-									-
	Income tax relating to items that will not be reclassified	-									-
	<b>Other comprehensive income/(loss) for the period net of tax</b>	<b>(295 146)</b>									<b>(295 146)</b>
	<b>Total comprehensive (loss)/income for the year</b>	<b>(139 773)</b>	<b>(14 040)</b>	<b>(8 431)</b>	<b>13 888</b>	<b>(7 780)</b>	<b>(9 008)</b>	<b>(13 436)</b>	<b>151 710</b>		
Total comprehensive loss attributable to:											
	Owners of the parent	(140 719)									150 764
	Continuing operations	(528 179)									(544 516)
	Discontinued operations	387 461									695 280

	Austell Pharma Disposal					Transaction expenses not specifically allocated to a particular transaction	MIP	14	15
	Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	Deconsolidation of Pharma	Reversal of Group Consol entries	Disposal consideration	Transaction fees				
ZAR'000	8	9	10	11	12	13			
<b>Notes</b>									
Non-controlling interest	946							946	
Profit/(loss) for the year	(139 773)							151 710	
	154 427							445 910	
<b>Headline earnings reconciliation – continuing obligations</b>									
Net (profit)/loss on the sale of property, plant and equipment	(204)							(204)	
Tax effect	57							57	
(Profit)/loss on disposal of subsidiary	(70 295)			(330 290)				(400 586)	
Tax effect	(18)							(18)	
Impairment of investment	(60 191)							(60 191)	
<b>Headline earnings reconciliation – discontinuing obligations</b>									
Net (profit)/loss on the sale of property, plant and equipment	(207)							(207)	
Tax effect	–							–	
(Profit)/loss on disposal of subsidiary	(766 531)							(766 531)	
Tax effect	4 514							4 514	
Goodwill, intangible assets and tangible assets impairment	256 626							256 626	
Tax effect	(24 314)							(24 314)	
<b>Total Headline earnings</b>	<b>(506 136)</b>	<b>–</b>	<b>–</b>	<b>(330 290)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(544 943)</b>	
Weighted average Shares In Issue (000's)	624 494							624 494	
Basic and diluted (loss)/earnings per share (cents) – total	24.7							71.4	



	Austell Pharma Disposal					Transaction expenses not specifically allocated to a particular transaction	14	15
	Adjusted Pro Forma SOCI for the period ended 31 Dec 2021	8	9	10	11			
ZAR'000		Deconsolidation of Pharma	Reversal of Group Consol entries	Disposal consideration	Transaction fees	MIP		Pro Forma SOCI after the Austell Pharma Disposal
<b>Notes</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
Basic and diluted (loss)/earnings per share (cents) – continuing operations	(37.3)							(39.9)
Basic and diluted (loss)/earnings per share (cents) – discontinuing operations	62.0							111.3
Basic and diluted headline (loss)/earnings per share (cents) – total	(81.0)							(87.3)
Basic and diluted headline (loss)/earnings per share (cents) – continuing operations	(58.2)							(113.7)
Basic and diluted headline (loss)/earnings per share (cents) – discontinuing operations	(22.8)							26.5

## Notes and assumptions

1. Extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.

### Columns 2 – 8: Illustrating the impact of the Group Recapitalisation Transaction, the Skin Disposal, and the Rights Offer as post balance sheet adjustments

2. Illustrates the reversal of the finance costs and related tax expense incurred before the Group Recapitalisation Transaction associated with the entities disposed of as part of the Group Recapitalisation Transaction on the assumption that the Group Recapitalisation Transaction was effective on 1 July 2021, amounting to an adjustment of R366.37 million. This is netted off against finance costs and related tax expense incurred on the Austell Facility for the six month period to 31 December 2021 in accordance with the terms of the Austell Loan Agreement on the assumption that the Austell Loan Agreement came into effect on 1 July 2021, amounting to R14.94 million.

Further, the operating profit associated with the entities disposed of as part of the Group Recapitalisation Transaction, net of the MIP and transaction costs, amounting to R381.26 million is reversed on the assumption that the Group Recapitalisation Transaction was effective on 1 July 2021. Additional transaction costs of R21.66 million relating to the Group Recapitalisation Transaction were also incurred, as depicted below:

	R'000
(Profit)/loss from discontinued operations	(381 256)
Additional transaction costs	(21 662)
	<b>(402 919)</b>

3. Illustrates the deconsolidation of the profit associated with Skin from discontinued operations, as extracted, without adjustment, from the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021. Refer to note 4 of the Ascendis Health interim financial results for the period ended 31 December 2021 for the profit associated with Skin.
4. The once-off profit on the Skin Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:
  - 4.1 The profit on the Skin Disposal has been determined using the difference between the disposal consideration of R101.92 million (refer to note 4 of the *pro forma* consolidated statement of financial position) and the net asset value of Skin at 31 December 2021 (refer to note 3 of the *pro forma* consolidated statement of financial position), resulting in a profit of R70.35 million.
  - 4.2 A reversal of the finance cost, which is expected to have an ongoing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R5.74 million of finance costs associated with the part settlement of the Austell Facility (refer to note 4 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 11.26% per annum.
  - 4.3 A tax effect of R1.61 million, being a reversal of the tax benefit associated with the finance cost no longer incurred at the statutory rate of 28% (which will have a continuing effect).
  - 4.4 No capital gain or other expense is expected on the Skin Disposal.
5. Once-off transaction costs of R1.41 million (including VAT) were incurred as a direct result of the Skin Disposal. The transaction costs are paid from internal cash reserves, and are not considered tax deductible.
6. Once-off MIP costs to be paid in cash directly as a result of implementation of the Skin Disposal, net of the associated tax impact at 28%.
7. A reversal of the finance cost, which is expected to have an ongoing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R5.50 million of finance costs associated with the settlement of the Austell Facility (refer to note 7 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 11.26% per annum.
8. Illustrates the *pro forma* SOCI after the impact of the Group Recapitalisation Transaction, the Skin Disposal, and the Rights Offer.

### Columns 9 – 15: Illustrating the impact of the Austell Pharma Disposal

9. Illustrates the deconsolidation of the profit associated with the Pharma Reporting Entity, extracted, from the reviewed condensed combined historical financial information of the Pharma Reporting Entity for the six months ended 31 December 2021, incorporated by reference in terms of Part E, paragraph 28 of this Circular.
10. Consolidation adjustments comprise the reversal of consolidation and elimination entries relating to the consolidation of the Pharma Reporting Entity within the unaudited condensed consolidated financial statements of Ascendis Health for the six months ended 31 December 2021.
11. The once-off profit on the Austell Pharma Disposal and the impact of the application of the disposal consideration to reduce interest-bearing borrowings is set out below:
  - 11.1 The profit on the Austell Pharma Disposal has been determined as the difference between the disposal consideration of R447.2 million (refer to note 11 of the *pro forma* consolidated statement of financial position) and net asset value of the Pharma Reporting Entity at 31 December 2021 (refer to notes 9 and 10 of the *pro forma* consolidated statement of financial position), resulting in a profit of R330.29 million.
  - 11.2 Reversal of the finance costs, which is expected to have a continuing effect, has been determined based on the principal assumption that the settlement of the interest-bearing borrowings was effective 1 July 2021. The reversal of R19.29 million finance costs associated with the settlement of the balance of the Austell Facility (refer to note 11 of the *pro forma* consolidated statement of financial position) which incurred interest at the average rate of 11.26% per annum.
  - 11.3 The excess cash will be used for working capital and investment capital expenditure and thus will not attract finance income.
  - 11.4 A tax effect of R5.40 million, being the reversal of the tax benefit associated with the finance cost no longer incurred (which will have a continuing effect).
  - 11.5 No capital gain or other expense is expected on the Austell Pharma Disposal.

12. Once-off transaction costs of R7.78 million (including VAT) are expected to be incurred as a direct result of the Austell Pharma Disposal. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.
13. Once-off MIP costs to be paid in cash directly as a result of implementation of the Austell Pharma Disposal, net of the associated tax impact at 28%.
14. Additional once-off transaction costs of R11.66 million (including VAT) are expected to be incurred that are not directly attributable to a particular transaction. The transaction costs will be paid from internal cash reserves and are not considered tax deductible.  
In addition, once-off awards of R2.4 million are to be paid in cash directly as a result of the implementation of the Austell Pharma Disposal, net of the associated tax impact at 28%.
15. Illustrates the *pro forma* SOCI after the impact of the Group Recapitalisation Transaction, the Skin Disposal, and the Rights Offer and the Austell Pharma Disposal.

Save for the transaction and MIP costs, the profit on sale of Skin, the profit on sale from the Group Recapitalisation Transaction, and the profit on sale of the Pharma Reporting Entity, all adjustments are expected to have a continuing effect.

Should Shareholders not approve the Austell Pharma Disposal and Ascendis Health fails to execute a sale agreement for the disposal of Pharma to Austell within two business days thereafter or certain milestone dates are not met, default interest would become applicable as set out in paragraph 17.4 of Part E of the Circular. This would result in an additional R5.44 million *pro forma* interest charge before tax for the 6-month period ended 31 December 2021, resulting in an additional adjustment to the *pro forma* adjusted EPS and HEPS as set out below:

<b>Cents per share</b>	
Basic and diluted EPS (*)	(0.01)
Basic and diluted HEPS (*)	(0.01)

\* Calculated as the default interest over the weighted average number of shares in issue for the interim period ended 31 December 2021 plus shares issued through the Rights Offer.

No default interest will become applicable should the Pharma-Q/Imperial Pharma Disposal not be approved by Shareholders and Ascendis Health concludes an agreement in respect of the Austell Pharma Disposal.

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORTS ON THE *PRO FORMA* FINANCIAL INFORMATION FOR THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL AND THE AUSTELL PHARMA DISPOSAL

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### Report on the Assurance Engagement on the Compilation of Consolidated *Pro Forma* Financial Information included in a Circular

"To the Directors of Ascendis Health Limited

1 Carey Street  
Wynberg  
Sandton  
2090

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information of Ascendis Health Limited ("Ascendis", the "Company", or "you") by the directors. The *pro forma* financial information, as set out on in **Annexures 4** and **5** of the Circular, consists of the *pro forma* financial effects, consolidated *pro forma* statement of financial position as at 31 December 2021, the consolidated *pro forma* statement of profit or loss and other comprehensive income for the six months ended 31 December 2021 and related notes of:

- the disposal 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 ("Pharma") to either:
  - an unincorporated joint venture between Pharma-Q Proprietary Limited and Imperial Logistics Limited (the "Pharma-Q Pharma Disposal"); or
  - Austell Pharmaceuticals Proprietary Limited ("Austell") (the "Austell Pharma Disposal")(the "Proposed Transaction").

The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited ("JSE") Listings Requirements and described in **Annexures 4** and **5** of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the Proposed Transaction. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 31 December 2021, which is unaudited.

#### Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexures 4** and **5** of the Circular.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexures 4 and 5** of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexures 4 and 5** of the Circular.

## PricewaterhouseCoopers Inc.

Director: Nqaba Ndiweni

Registered Auditor

Johannesburg, South Africa

6 September 2022"

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## INDEPENDENT EXPERT'S REPORT

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PSG Capital Proprietary Limited  
 1<sup>st</sup> Floor, Ou Kollege Building  
 35 Kerk Street  
 Stellenbosch  
 7600

**6 September 2022**

Board of Directors  
 Ascendis Health Limited  
 ("Ascendis Health" or the "Company")  
 1 Carey Street, Wynberg  
 Sandton  
 2090

Dear Sirs, Mesdames

### INDEPENDENT EXPERT'S REPORT IN RESPECT OF THE PHARMA DISPOSAL

#### 1. INTRODUCTION

Ascendis Health SA Holdings Proprietary Limited ("AHSa"), a wholly-owned subsidiary of Ascendis Health, has entered into two separate sale agreements in terms of which it will dispose of its direct and indirect interests in the entity through which the business known as "Pharma" operates (the "Pharma Disposal") as set out in the circular to Shareholders ("Circular"), of which this opinion forms part.

Two separate sale agreements have been concluded between:

- AHSa, Pharma-Q Holdings Proprietary Limited ("Pharma-Q") and Imperial Logistics Limited ("Imperial"), collectively referred to as (the "Pharma-Q Pharma Disposal"); and
- AHSa and Austell Pharmaceuticals Proprietary Limited ("Austell") ("Austell Pharma Disposal").

If Shareholders do not approve the Pharma-Q Pharma Disposal, the proposed disposal of the Pharma Business to Austell in terms of the Austell Pharma Disposal will be implemented.

The purchase consideration outlined in the two sale agreements, are as follows;

- Pharma-Q Pharma Disposal – R375 million; and
- Austell Pharma Disposal – R410 million.

Furthermore, executive directors and identified members of management are participants to the Management Incentive Plan ("MIP") that is cash based and linked to the disposal of identified business units. The scheme encourages the management team to maximise the enterprise value on disposal and ensures that executives are only rewarded after predetermined baseline values for the individual businesses are achieved. Cheryl-Jane Kujenga, in her capacity as the Interim Group Chief Executive Officer and Group Chief Financial Officer, is a participant in the MIP.

Full particulars of the Pharma Disposal are contained in the Circular to which this report is annexed.

Terms appearing in title case and not otherwise defined herein, shall bear the meanings ascribed to those terms in the Circular.

#### 2. SCOPE

The Ascendis Health board of directors ("the Board") is required in terms of section 10.2 of the JSE Listings Requirements ("Listings Requirements") to obtain a report from an independent professional expert, opining on whether the terms of the Pharma Disposal are fair to Shareholders of Ascendis Health taking into account the potential Awards payable to Cheryl-Jane Kujenga as the Interim Group Chief Executive Officer and Group Chief Financial Officer of Ascendis Health, pursuant to the MIP.

Cheryl-Jane Kujenga is regarded as a related party to AHSA, and thus Ascendis Health, in terms of section 10.1(b)(ii) of the Listing Requirements, are required to obtain a fairness opinion.

PSG Capital Proprietary Limited (“PSG Capital”) has been appointed by the Board, as the independent expert to opine, in accordance with the Listings Requirements, on whether the Pharma Disposal is fair to Shareholders.

### 3. **RESPONSIBILITY**

Compliance with the Listings Requirements is the responsibility of the Board.

We confirm that our Independent Expert Report has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Ascendis Health shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the Listing Requirements.

### 4. **DEFINITION OF THE TERM “FAIRNESS”**

A transaction will generally be considered fair to a company’s shareholders if the benefits received by the company, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

In terms of Schedule 5 of the Listings Requirements, fairness is primarily based on quantitative factors. The Pharma Disposal will generally be considered fair to Ascendis Health shareholders if the purchase consideration is equal to or greater than the value attributable to the Pharma Disposal.

The JSE has determined that Cheryl-Jane Kujenga’s participation in the MIP results in a vested interest on her part in the disposal of Pharma. Accordingly, the JSE has determined that in order to assess the fairness of the Pharma-Q Pharma Disposal and the Austell Pharma Disposal a fairness opinion is required in respect of Pharma-Q Pharma Disposal and the Austell Pharma Disposal.

We have applied the aforementioned principles in preparing our Independent Expert Report (“Opinion”). This Opinion does not purport to cater for an individual shareholder’s position but rather the general body of Shareholders. A Shareholder’s decision regarding fairness of the terms of the Pharma Disposal may be influenced by their particular circumstances. Should a Shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Pharma Disposal, considering his/her personal circumstances.

### 5. **SOURCES OF INFORMATION**

During our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Ascendis Health management (“Management”) and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our Opinion include:

- A summary of the terms and conditions of the Pharma Disposal as contained in the circular;
- The audited annual financial statements of Pharma, (the “Target Assets”) for the financial years ended 30 June 2020 and 30 June 2021;
- The interim financial results for the period ended 31 December 2021;
- Forecasted financial information for the Target Assets provided by Management;
- The Ascendis Health SENS announcements relating to the Pharma Disposal;
- The draft Circular;
- Other financial and non-financial information provided by Management;
- Information provided by Management regarding the previous disposal processes on the Target Assets;
- Discussions with Management regarding the financial information relating to prevailing market, economic, legal and other conditions and alternatives to the Pharma Disposal, which may affect the underlying value and the rationale for the Pharma Disposal; and
- Publicly available information relating to the Target Assets and the industry in which the Target Assets operate that we deemed relevant, including company announcements, analysts’ reports and media articles.



## 6. ASSUMPTIONS

We have arrived at our Opinion based on the following assumptions:

- That the terms and conditions of the Pharma Disposal are legally enforceable and suspensive conditions to the Pharma Disposal will be duly fulfilled;
- That the current economic, regulatory and market conditions will not change materially;
- That Ascendis Health or the Target Assets are not involved in any material legal proceedings, save for matters disclosed to PSG Capital;
- That neither Ascendis Health or the Target Assets has/have material outstanding disputes with any regulatory body, including the South African Revenue Service and equivalent authorities in other jurisdictions;
- That there are no undisclosed contingencies that could affect the value of the relevant securities;
- That the structure of the Pharma Disposal will not give rise to any undisclosed tax liabilities; and
- Reliance can be placed on the representations made by Management during the course of forming this Opinion.

## 7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of provided information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of the Target Assets and the economic environment in which the Target Assets operate.

## 8. PROCEDURES

In arriving at our Opinion, we relied upon financial and other information, obtained from Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our Opinion, we have, *inter alia*, undertaken the following procedures:

- Reviewed and analysed the aforementioned financial information;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, such as, *inter alia*:
  - the rationale for the Pharma Disposal;
  - understanding the effects on Ascendis Health of the Pharma Disposal;
  - market conditions and pricing discovery during previous disposal attempts of the Target Assets;
  - the events leading up to the Pharma Disposal; and
  - the current market conditions relating to Ascendis Health and the Target Assets;
- Where relevant, corroborated representations made by Management to source documents;
- Performed a valuation of the Target Assets as detailed below;
- Reviewed certain publicly available information relating to Ascendis Health and the Target Assets that we have deemed relevant; and
- Considered other relevant facts and information relevant to concluding this Opinion.

## 9. VALUATION APPROACH

In considering the Pharma Disposal, PSG Capital performed an independent valuation of the Target Assets.

For the purposes of our valuations of the Target Assets, we have applied the discounted cash flow valuation method (“DCF”) as our primary valuation methodology. We furthermore applied a market multiple approach and other valuation methods as a secondary valuation approach to test the reasonability of the results of the DCF.



## Pharma

Key external value drivers identified in the valuation of Pharma include, *inter alia*:

- The impact of the general economies in which Pharma operates (Gross domestic product (“GDP”) growth and inflation); and
- The growth and opportunities in the industry in which Pharma operates.

Key internal value drivers identified in the valuation of Pharma include, *inter alia*, the ability of Pharma to:

- Grow its product offering, geographic reach, market share and revenue;
- Maintain competitive profit margins; and
- Achieve the forecasted cost of capital and cashflows that underpin the valuation.

Sensitivity analyses on the valuation of Pharma were conducted, where practical, utilising key value drivers, which included, *inter alia*:

- A variance range of 1.0% in the DCF discount rate, which analysis resulted in a variation range on the base value of 4%;
- A variance range of 1.0% in the forecasted revenue growth applied in the DCF, which analysis resulted in a variation range on the base value of 16%;
- A variance range of 0.5% in the forecasted EBITDA margins applied in the DCF, which analysis resulted in a variation range on the base value of 5%; and
- A variance range of 0.5x in the EBITDA exit multiple applied in the DCF, which analysis resulted in a variation range on the base value of 4%.

The sensitivity analyses were conducted to determine the impact on the equity value when the key value drivers listed are adjusted up or down. Based on the above, the equity value is not materially sensitive to changes in the DCF discount rate, exit multiple or forecasted EBITDA margin but is materially sensitive to changes in the forecasted revenue growth.

We are of the view that year on year changes, on average, based on the assurances provided by Management for the 5-year forecast, are unlikely to be to this extent and therefore any changes that may occur in these value drivers based on the information currently available to Management, is likely to produce a value in the range presented in this report.

## 10. OPINION

We have considered the terms and conditions of the Pharma Disposal as set out above, and our Opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Management.

### **Fairness:**

Based on the results of our valuation procedures and analysis performed, we are of the opinion that the value range for the Target Assets amounts to between R352 million and R384 million (the “Value Range”). The purchase considerations for the Target Assets of R375 million and R410 million for the Pharma-Q Pharma and Austell Pharma Disposals respectively therefore fall within or above the estimated Value Range.

Therefore, on a quantitative basis, we are of the opinion, that the Pharma Disposal is fair to Shareholders.

Furthermore, we are of the opinion that the Pharma Disposal is fair to Shareholders based on the net proceeds, after deducting the potential Awards payable to Cheryl-Jane Kujenga from the purchase consideration, with such net proceeds being within or above the estimated Value Range, as shown in the table below for each Target Asset.

<b>R'000</b>	<b>Value Range – low</b>	<b>Value Range – high</b>	<b>Purchase consideration</b>	<b>Maximum Potential Awards</b>	<b>Net proceeds</b>
Pharma-Q Pharma Disposal	352 000	384 000	375 000	2 351	372 649
Austell Pharma Disposal	352 000	384 000	410 000	2 059	407 941

In conclusion, based on the results of our procedures and analysis performed and after taking into account all financial and non-financial considerations, we are of the opinion, subject to the limiting

conditions as set out below, that the Pharma Disposal is fair to Shareholders for both the Pharma-Q Pharma and Austell Pharma Disposals.

#### 11. **LIMITING CONDITIONS**

This Opinion is provided to the Board in connection with the Pharma Disposal, for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Shareholders. This Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasted probabilities relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecast by Management.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Pharma Disposal.

The Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Pharma Disposal have been or will be properly fulfilled. Subsequent developments may affect our Opinion; however, we are under no obligation to update, revise or re-affirm such.

#### 12. **INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES**

We confirm that PSG Capital holds no shares in Ascendis Health, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge, we are not related to a person who has or has had such interest in Ascendis Health within the immediately preceding two years or in the outcome of the Pharma Disposal.

We note, purely in the interests of transparency, that PSG Capital, along with several other companies which include PSG Konsult Limited ("PSG Konsult"), are subsidiaries of PSG Group Limited ("holding company"). PSG Konsult's asset management and/or wealth divisions may hold and/or have held Ascendis shares in connection with client or fund investments. PSG Konsult is a financial services group that is separately listed on the JSE Main Board and investment decisions by its underlying divisions and funds are made entirely independently of both PSG Capital and its holding company, with neither PSG Capital nor its holding company having any insight into same.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Pharma Disposal; (ii) evaluate the consequences of the Pharma Disposal; and (iii) assess the effect of the Pharma Disposal on the value of the shares and on the rights and interests of Shareholders, or a creditor of Ascendis Health and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the Opinion is payable in cash and is not contingent on the outcome of the Pharma Disposal.

#### 13. **CONSENT**

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear in any required regulatory announcement or documentation regarding the Pharma Disposal.

Yours faithfully

**TERENCE KRETZMANN**  
**PSG CAPITAL PROPRIETARY LIMITED**

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## MATERIAL RISKS

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Material issues which could impact positively or negatively on Ascendis Health's ability to deliver its strategy and on the revenue and profitability of the business, are identified annually by the Board and executive Management.

The Directors consider several internal and external factors in determining these material issues. These factors include the Group's strategy, trading and economic environments in the countries of operation, competitor landscape, external opportunities and threats, legislation and regulation, and the needs, expectations and concerns of the group's primary stakeholders.

In the review for the 2023 financial year, the group's debt reduction and restructuring has been included as a material issue as this will have a material impact on the sustainability of the business.

Four of the material issues for the 2022 financial year, namely the group recapitalisation, impact of COVID-19, exchange rate exposure and regulation, are not included for the forthcoming year.

### GROUP RESTRUCTURING AND DEBT REDUCTION

The group's restructuring, which includes the disposal of Ascendis Pharma, and the completion of a rights offer will provide a near complete debt solution and enable the group to invest in the growth of the remaining businesses of Medical Devices and Consumer Health.

Related risks	Risk mitigation
<ul style="list-style-type: none"> <li>• Default on payment obligations to lenders</li> <li>• Failure to complete disposal of Ascendis Pharma</li> </ul>	<ul style="list-style-type: none"> <li>• Loan from Austell Pharmaceuticals concluded at more favourable commercial terms than previous debt</li> <li>• Decision to retain Medical Devices which was previously identified for disposal, as this is the business with the highest growth potential</li> <li>• Non-renounceable rights offer fully underwritten</li> <li>• Head office costs being reduced to align with the needs of the business</li> </ul>

### CASH FLOW, LIQUIDITY MANAGEMENT AND FUNDING

The sustainability of the business is dependent on efficient cash flow management and long-term liquidity

Related risks	Risk mitigation
<ul style="list-style-type: none"> <li>• Lack of liquidity to fund working capital requirements</li> <li>• Delays in creditor payments</li> <li>• Adverse creditor trading terms and limited supply of goods and services</li> <li>• Potential default on payment of salaries and taxes</li> <li>• Trading under distressed financial conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing head office restructure to reduce costs</li> <li>• Weekly monitoring of forecasts and actual cash flows</li> <li>• Weekly and monthly working capital management targets and tracking</li> <li>• Free cash flow targets for each business unit</li> <li>• Engagement with credit insurers to maintain and improve trade credit limits</li> <li>• Planned engagements with banks post the settlement of the debt to negotiate funding for working capital requirements to ensure timely payment of creditors</li> </ul>

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## RETENTION OF KEY RESOURCES

Retaining key resources and ensuring leadership stability is critical to the completion of the group's restructuring and refinancing, and the delivery of the group's strategy.

Related risks	Risk mitigation
<ul style="list-style-type: none"><li>• Experienced executives and skilled staff are in high demand both locally and internationally</li><li>• Loss of key people and challenge of retaining staff in current climate of uncertainty and change within the group</li><li>• Instability among the leadership team could compromise the delivery of the group's strategy</li><li>• Incentive schemes are currently not attractive owing to below target performance</li></ul>	<ul style="list-style-type: none"><li>• Management incentive plan to retain and incentivise key staff and executives, including the CFO/interim CEO</li><li>• Short-term retention awards for selected head office employees and participating business units</li><li>• Ongoing communication with staff and alignment of rewards, with heavier weighting towards segment performance</li><li>• Appointment of a chief transition officer to oversee the group restructuring and implementation of the group strategy</li></ul>

## CURRENT GLOBAL ECONOMIC CRISIS AND IMPACT ON THE SA ECONOMY

Global economic and trading conditions in the group's countries of operation could negatively impact on revenue and profit growth. This has been compounded by the severe economic impact of COVID-19-related trading restrictions in South Africa.

Related risks	Risk mitigation
<ul style="list-style-type: none"><li>• Poor global and local economic conditions resulting in reduced consumer spending therefore negatively impacting the group's organic growth</li><li>• Increase in raw material input costs</li><li>• Increase in operating costs</li><li>• Possible profit/ margin erosion</li></ul>	<ul style="list-style-type: none"><li>• Healthcare markets in which the Group operates are resilient and defensive</li><li>• Preventative care, such as wellness and nutraceuticals, is being promoted globally by health insurance providers, governments and through consumer choice</li><li>• Brand portfolio offers wellness and healthcare products across diversified customer income groups</li></ul>

## PRODUCT INTEGRITY

As a healthcare business it is essential that products are manufactured to the highest standards to ensure product safety, customer satisfaction, and trust in the brands.

Related risks	Risk mitigation
<ul style="list-style-type: none"><li>• Poor product quality could cause negative side-effects at consumer or patient level</li><li>• Customer claims from product failure could result in financial losses and reputational damage</li><li>• Product recalls owing to poor standards would negatively impact on trust in the brand as well as profitability of the group</li></ul>	<ul style="list-style-type: none"><li>• In-house manufacturing facility in Gauteng is focused on good manufacturing practice (GMP), certification and quality assurance programmes</li><li>• Outsourced manufacturing undertaken by GMP compliant third parties</li><li>• Ensure suppliers comply with international quality, health and safety standards, and ethical practices</li><li>• Regular site visits and audits of third-party supplier facilities</li><li>• Adequate insurance cover for product recalls and possible product liability</li></ul>

## TECHNOLOGY AND DATA SECURITY

Leading-edge information systems are critical for the efficient operation of the business, with effective processes required to limit the risk of breaches of data security and customer privacy.

<b>Related risks</b>	<b>Risk mitigation</b>
<ul style="list-style-type: none"><li>• Inadequate data protection</li><li>• Breaches of stakeholder privacy, loss of stakeholder data and theft of intellectual property</li><li>• Increased exposure to cyber-attacks due to employees working from home in a post COVID-19 environment</li><li>• Cyber-crime resulting in legal liability and reputational damage</li></ul>	<ul style="list-style-type: none"><li>• Robust IT security governance and processes</li><li>• Data security and IT audits</li><li>• Policies implemented to address data security risks</li><li>• Secure data management and control processes</li><li>• IT steering committee determines IT strategic initiatives</li><li>• Cyber insurance cover</li><li>• Regular cyber security awareness and training</li><li>• Simulated phishing testing on staff</li></ul>



## Ascendis Health Limited

(Registration number 2008/005856/06)  
(Incorporated in the Republic of South Africa)  
Share code: ASC ISIN: ZAE000185005  
("Ascendis" or the "Company")

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## NOTICE OF GENERAL MEETING

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Terms defined in the Circular to which the notice is attached apply, *mutatis mutandis*, throughout this Notice of General Meeting unless a term is separately defined herein.

Notice is hereby given that a General Meeting of Shareholders will be held electronically on Thursday, 13 October 2022 at 10:00, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out below, in the manner required by the Act and subject to the applicable Listings Requirements.

### RECORD DATES

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded in the Register in order to:

- receive the Notice of General Meeting is Friday, 2 September 2022;
- electronically participate and vote at the General Meeting is Friday, 7 October 2022; and
- the last day to trade in order to be eligible to vote at the General Meeting is Tuesday, 4 October 2022.

### ORDINARY RESOLUTION 1 – APPROVAL OF THE PHARMA-Q/IMPERIAL PHARMA DISPOSAL IN TERMS OF THE LISTINGS REQUIREMENTS

**“RESOLVED AS AN ORDINARY RESOLUTION** that, the disposal of the Pharma Sale Shares pursuant to the Pharma-Q/Imperial Pharma Disposal on the terms and subject to the conditions of the Pharma-Q/Imperial Pharma Disposal Agreement contemplated in the Circular to which this Notice is attached and forms part, be and is hereby approved in terms of section 9 of the Listings Requirements.”

#### ***Voting in respect of this Ordinary Resolution 1***

*The percentage of voting rights required for this Ordinary Resolution 1 to be adopted is more than 50% of voting rights exercised thereon by all Shareholders present or represented by proxy at the General Meeting.*

#### ***Reason and effect***

*The reason for Ordinary Resolution 1 is that the Pharma-Q/Imperial Pharma Disposal constitutes a Category 1 transaction as contemplated by section 9 of the Listings Requirements and therefore requires the approval of Shareholders by way of an ordinary resolution.*

### ORDINARY RESOLUTION 2 – APPROVAL OF THE AUSTELL PHARMA DISPOSAL IN TERMS OF THE LISTINGS REQUIREMENTS

**“RESOLVED AS AN ORDINARY RESOLUTION** that, subject to Ordinary Resolution 1 not being approved by the requisite majority of voting rights exercised thereon by all Shareholders present or represented by proxy at the General Meeting, the disposal of the Pharma Sale Shares pursuant to the Austell Pharma Disposal on the terms and subject to the conditions of the Austell Pharma Disposal Agreement contemplated in the Circular to which this Notice is attached and forms part, be and is hereby approved in terms of section 9 of the Listings Requirements.”

#### ***Voting in respect of this Ordinary Resolution 2***

*The percentage of voting rights required for this Ordinary Resolution 2 to be adopted is more than 50% of the voting rights exercised thereon by all Shareholders present or represented by proxy at the General Meeting.*

## **Reason and effect**

*The reason for Ordinary Resolution 2 is that the Austell Pharma Disposal constitutes a Category 1 transaction as contemplated by section 9 of the Listings Requirements and therefore requires the approval of Shareholders by way of an ordinary resolution.*

**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 by virtue of Ordinary Resolution 1 being passed, then Ascendis will proceed with pursuing the implementation of the Pharma-Q/Imperial Pharma Disposal.**

**If the Pharma-Q/Imperial Pharma Disposal is not approved by the requisite majority of Shareholders in terms of Ordinary Resolution 1 and the Austell Pharma Disposal is approved by the requisite majority of Shareholders in terms of Ordinary Resolution 2, Ascendis will proceed with pursuing the implementation of the Austell Pharma Disposal.**

## **VOTING AND PROXIES**

### **Participation by electronic communication**

Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (Participant(s)) are requested, for administrative purposes, to either **1.** register online using the online registration portal at <https://meetnow.global/za>; or **2.** apply to Computershare, by sending an email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 10:00 on Tuesday, 11 October 2022. Computershare will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform Participants who notified Computershare of their intended participation as set out above, by no later than 16:00 on Wednesday, 12 October 2022 by email of the relevant details through which Participants can participate electronically. Participants who notified Computershare of their intended participation after 10:00 on Tuesday, 11 October 2022, but before the General Meeting will be provided the relevant details through which Participants can participate electronically once their requests have been validated and the identity of the Shareholder has been confirmed in terms of section 63(1) of the Act.

### **Certificated Shares**

If you hold Certificated Shares (i.e. have not dematerialised your Shares in the Company) or are registered as an own-name Dematerialised Shareholder (i.e. have specifically instructed your CSDP to hold your Shares in your own-name on the Company's sub-register), then:

- you may electronically attend and vote at the General Meeting; alternatively
- you may appoint a proxy (who need not also be a Shareholder of the Company) to represent you at the General Meeting by completing the attached Form of Proxy and, for administrative reasons, returning it to the office of the Company's Transfer Secretaries not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). However, should the Form of Proxy not be returned to the Transfer Secretaries by the aforesaid date and time, Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting at [proxy@computershare.co.za](mailto:proxy@computershare.co.za). Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy as stipulated in section 58(3)(b) of the Act



## **Dematerialised Shares**

Please note that if you are the owner of Dematerialised Shares with electronic records of ownership under the JSE's electronic settlement system, Strate, held through a CSDP or Broker and are not registered as an 'own-name' Dematerialised Shareholder you are not a registered Shareholder of the Company, but appear on the sub-register of the Company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or Broker, as the case may be:

- if you wish to electronically participate and vote at the General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to electronically participate and vote at the General Meeting but wish to be represented at the meeting, you must contact your CSDP or Broker, as the case may be, and furnish them with your voting instructions in respect of the General Meeting and/or request them to appoint a proxy. You must not complete the attached Form of Proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or Broker, as the case may be, within the time period required by them.

CSDPs, Brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of Dematerialised Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold Dematerialised Shares in the Company, vote by either appointing a duly authorised representative to electronically attend and vote at the General Meeting or by completing the attached Form of Proxy in accordance with the instructions thereon and returning it to the Company's Transfer Secretaries to be received by not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting.

## **Identification**

Section 63(1) of the Act requires that a person wishing to participate in the General Meeting (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may electronically attend or participate at such meeting.

## **Voting**

Each Shareholder whether present in person or represented by proxy, is entitled to electronically attend and vote at the General Meeting.

Votes at the General Meeting will be taken by way of a poll in accordance with article 22 of the Company's Memorandum of Incorporation.

## **Quorum**

A quorum for the purposes of considering and passing the Resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by Shareholders in respect of each matter to be decided at the General Meeting. In addition, a quorum shall consist of three Shareholders of the Company personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting.

## **Proxies**

Each Shareholder is entitled to appoint one or more proxies (who need not be Shareholders of Ascendis Health) to electronically participate and vote in his/her stead. On a poll, every Shareholder present in person or by proxy shall have one vote for each share held by him/her. Shareholders who are unable to electronically attend the General Meeting but who wish to be represented thereat, are required to complete and return the attached Form of Proxy.

It is requested that this Form of Proxy be lodged or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 1<sup>st</sup> Floor, 15 Biermann Avenue, Rosebank, 2196, or at Private Bag X9000, Saxonwold, 2132, South Africa or by e-mail at proxy@computershare.co.za, to be received by them no later than 10:00 on Tuesday, 11 October 2022. However, should the Form of Proxy not be returned to the Transfer Secretaries by the aforesaid date and time, Shareholders will nevertheless be entitled to lodge the Form of Proxy immediately prior to the proxy exercising such Shareholder's rights as a Shareholder at the General Meeting, in accordance with the instructions therein, with the chairman of the General Meeting.



In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

- A Shareholder entitled to electronically attend and vote at the General Meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to electronically attend, participate in and vote at the General Meeting in the place of the shareholder. A proxy need not be a Shareholder of the Company.
- A proxy appointment must be in writing, dated and signed by the Shareholder appointing a proxy, and, subject to the rights of a Shareholder to revoke such appointment (as set out below), remains valid only until the end of the General Meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the Shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a Shareholder.
- The appointment of a proxy is revocable by the Shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the Shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to the Form of Proxy".

### **Representation**

Shareholders of the Company that are companies, that wish to participate in the General Meeting, may authorise any person to act as its representative at the General Meeting.

By order of the Ascendis Health Board

**M Nkuna**

Company Secretary

13 September 2022





## Ascendis Health Limited

(Registration number 2008/005856/06)  
(Incorporated in the Republic of South Africa)  
Share code: ASC ISIN: ZAE000185005  
("Ascendis" or the "Company")

### FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION)

This Form of Proxy is only for use by:

- Certificated Shareholders; and
- Dematerialised Shareholders with "own-name" registration,

in respect of the General Meeting of Shareholders to be held electronically on Thursday, 13 October 2022 at 10:00, and at any postponement or adjournment thereof.

Certificated Shareholders or Dematerialised Shareholders with "own-name" registration who are entitled to electronically attend and vote at the General Meeting are entitled to appoint one or more proxies to electronically attend, speak and vote in their stead. A proxy need not be a Shareholder and shall be entitled to vote on a show of hands or poll.

Dematerialised Shareholders, other than Dematerialised Shareholders with "own-name" registrations, must not return this Form of Proxy to the Transfer Secretaries or deliver it to the chairman of the General Meeting. Dematerialised Shareholders, other than Dematerialised Shareholders with "own-name" registration, should instruct their CSDP or Broker as to what action they wish to take. This must be done in the manner and time stipulated in the agreement entered into between them and their CSDP or Broker.

Shareholders who have Dematerialised their Ascendis Health Shares with a Broker or CSDP, other than with "own-name" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to electronically attend the General Meeting or the Shareholders concerned must instruct their Broker or CSDP as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.

I/We \_\_\_\_\_ (name in block letters)

of \_\_\_\_\_ (address)

Telephone (work) \_\_\_\_\_ (home)

Mobile \_\_\_\_\_ (email)

being the holder(s) of  Ascendis Health Shares

hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

the chairman of the General Meeting, as my/our proxy to electronically attend, speak and act on my/our behalf at the General Meeting (and at any postponement or adjournment thereof) and, on a poll, to vote in my stead and to vote for or against the Resolutions or abstain from voting thereon in respect of the Ascendis Health Shares registered in my/our name(s), in accordance with the following instructions:

	For	Against	Abstain
<b>Ordinary Resolution 1</b> – Approval of Pharma-Q/Imperial Pharma Disposal			
<b>Ordinary Resolution 2</b> – Approval of the Austell Pharma Disposal (conditional on Ordinary Resolution 1 not being approved)			

Please indicate with an "x" or the relevant number of Ascendis Health Shares, in the applicable space, how you wish your votes to be cast. Unless otherwise directed, the proxy will vote as he/she deems fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2022

Signature(s) \_\_\_\_\_ Capacity

Assisted by (where applicable) \_\_\_\_\_ Signature

**Please read the notes on the reverse side hereof.**

**Notes:**

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided, with or without deleting "the chairman of the General Meeting," but any such deletion must be initialled by the Shareholder. The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in the proxy shall be exercised by the chairman of the General Meeting.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorize the proxy to vote or to abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercised thereat. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or by his proxy, but the total of the votes cast in respect of which abstentions recorded may not exceed the total votes exercisable by the Shareholder or his proxy.
3. It is requested that this Form of Proxy be lodged or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 1<sup>st</sup> Floor, 15 Biermann Avenue, Rosebank, 2196, or at Private Bag X9000, Saxonwold, 2132, South Africa or by proxy e-mail at proxy@computershare.co.za, to be received by them no later than 10:00 on Tuesday, 11 October 2022, or thereafter by emailing this Form of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at proxy@computershare.co.za, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from electronically attending the General Meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary proof establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries of the Company or waived by the chairman of the General Meeting.
6. Any alterations to the Form of Proxy must be initialled by the signatories.



