

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



---

## **SURGICAL INNOVATIONS - COMMENCEMENT OF VOLUNTARY BUSINESS RESCUE**

---

Shareholders are referred to the interim results for the six months ended 31 December 2022 of the Company and its subsidiaries ("**the Group**") ("**Interim Results**"), in terms of which shareholders were advised of the ongoing dispute between Surgical Innovations Proprietary Limited ("**Surgical Innovations**"), a wholly owned subsidiary within the Group, and the South African Revenue Service ("**SARS**"), in respect of value added tax for the 2018 - 2020 tax periods, which led to the R67 million provision being raised in the Interim Results.

Surgical Innovations is a leading local distributor of life-saving surgical and acute care medical equipment and consumables. The business represents reputable global agencies and has an extensive equipment footprint servicing private and government hospitals.

Despite the underlying operational business of Surgical Innovations being sound and presenting attractive growth prospects, it is burdened by onerous non-operational legacy creditor agreements and disputes with SARS relating to prior financial periods which have caused untenable financial strain.

Over the course of the past year, Surgical Innovations has already paid R18 million under SARS' voluntary disclosure programme as part of an active 'clean -up' project. Subsequently, in the interim period ended 31 December 2022, Surgical Innovations was assessed with a further amount of R67 million including interest and penalties for an unrelated matter pertaining to value added tax. Despite a formal objection to this assessment and active engagements with SARS on the matter to reach an amicable solution – SARS has advised that Surgical Innovations will remain liable for the full assessed amount which is payable in short order.

This approach from SARS, together with the actions of another non-operational creditor, has placed significant financial strain on the business to the extent where the board of directors of Surgical Innovations ("**SI Board**") has had no alternative but to resolve to voluntarily commence business rescue proceedings, as envisaged in terms of Section 129(1) of the Companies Act ("**Business Rescue**") and has accordingly filed the resolution with the Companies and Intellectual Property Commission ("**CIPC**") today, 12 May 2023.

The SI Board has resolved to appoint Daniel Terblanche from DT Consult RSA as the Business Rescue practitioner. The relevant forms relating to, and necessary to formalise the appointment of the business rescue practitioners, as contemplated in section 129 of the Companies Act, 2008, have been filed with the CIPC.

The Business Rescue process will provide Surgical Innovations with a temporary reprieve to resolve these disputes with SARS and the non-operational creditor and will enable the operational business to continue functioning without any significant disruption.

The SI Board does not believe that the Business Rescue process will materially affect the business's ability to continue trading and is satisfied that there is a reasonable prospect of rescuing Surgical Innovations, as envisaged in terms of Section 129(1)(b) of the Companies Act, given that Surgical Innovations has outstanding growth prospects with a multi-period history of double-digit revenue growth, a defensible business model and a leading portfolio of products.

The SI Board is furthermore satisfied that there is a high likelihood that Surgical Innovations will continue in existence as a solvent and commercially viable operation post Business Rescue.

Shareholders will be advised as further material information becomes available.

Johannesburg  
12 May 2023

Sponsor  
Valeo Capital (Pty) Ltd

 Valeo Capital