Ascendis HEALTH

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Presentation outline

Section		Presenter
01	Overview	Mark Sardi
02	Operational review	Mark Sardi
03	Financial review	Cheryl-Jane Kujenga
04	Group recapitalisation	Mark Sardi
05	Q & A	Mark Sardi & Cheryl-Jane Kujenga

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Overview of the six months

Largely defensive COVID-19 portfolio	▪ **Total revenue +33%** ▪ **Total EBITDA +50%**
Strong operational performances in a tough environment	▪ ***Europe*** **Revenue +35%, EBITDA +56%** ▪ ***Africa*** **Revenue +30%, EBITDA +28%**
Focused new management team and strength of management across the divisions	▪ **EBITDA margin up from 17.6% to 19.9%**
Strong operating performance negatively impacted by debt, financing and related costs	▪ **Finance costs (excluding lease liabilities) up 131%**
Continued progress on sale of identified non-core assets	▪ **Animal Health** ▪ **Biosciences** ▪ **Dezzo Trading**

Impact of COVID-19

- Impact of **second wave** of COVID-19 was **less disruptive** than the initial outbreak as key response processes are now embedded in the business
- Second wave **impacted all countries** of operation
  - Severity of new strain of virus in South Africa and lockdown regulations reintroduced
  - Major impact in Spain and Romania, with harsh lockdown restrictions
  - Relative isolation of Cyprus benefited the containment of the virus
- **Vaccination programmes** gaining momentum in European Union countries
- Slow start to vaccine roll-out in SA as **risk of third wave** increases
- Impact of COVID-19 on business units covered in the operational review of this presentation

Impact of COVID-19 (*continued*)

- Minimal production facility closures due to employee infections
- Experienced **supply chain challenges** due to port and shipping delays; increased freight and distribution costs
- **Cost savings** realised due to less travel and reduced marketing during lockdown
- **Priorities** in managing the impact of COVID-19 remain as follows:
  - ensuring **health and safety** of employees and all stakeholders
  - maintaining **business continuity**
  - availability of products to assist in the **humanitarian response** to the pandemic

Strategy review

The group has achieved several significant successes in the first half of FY2021

Stabilise

- Proactively navigated challenging liquidity position brought on by significant Covid-19 driven demand in SA – successfully serviced high levels of patient demand and played a role in addressing humanitarian crisis in SA
- Concluded a set of agreements to ensure group has sufficient liquidity headroom to continue driving strong operational performance and meet potential future Covid-driven demand:
  - Concluded interim forbearance agreement (enabling an interest standstill)
  - Raised €6m in bilateral liquidity facilities in Remedica
  - Negotiated retention of Dezzo sale proceeds
- In process of negotiating permanent balance sheet recapitalisation

Fix the balance sheet

Optimise

- Portfolio businesses performing exceptionally well in challenging environment
  - Group EBITDA up 50% at R794m vs H1 2020 of R529m
- Established 'Transition Team' to manage high impact projects in BUs, drive divestments and further optimise group liquidity management
- Made significant progress on business "clean-up" in SA BUs: working capital clean-up in Medical Devices, supply chain and SKU optimisation in Consumer Brands, carve out of working capital intensive and loss making Dezzo business in SA Pharma
- Commenced head office cost optimisation programme
- Developed new LTI to drive entrepreneurial / owner-led value maximisation behaviour

Right-size and set the platform

Monetise

- Successful divestment of Scitec and avoided capital call of €15m (underperforming and non-core asset)
- Successful divestment of non-core Direct Selling businesses (for R10m more than prior offer)
- Successful divestment of Dezzo tender pharma business (loss-making and non-core asset) in March 2021
- Significantly progressed other sale processes in SA: Animal Health and Biosciences
- Recently concluded 3-year strategic business plans for all remaining businesses which will inform value maximisation path to monetisation (of SA assets in particular)

Focus on value maximisation

Resilience, Innovation and Energy: Key behaviours that have underpinned the turnaround journey

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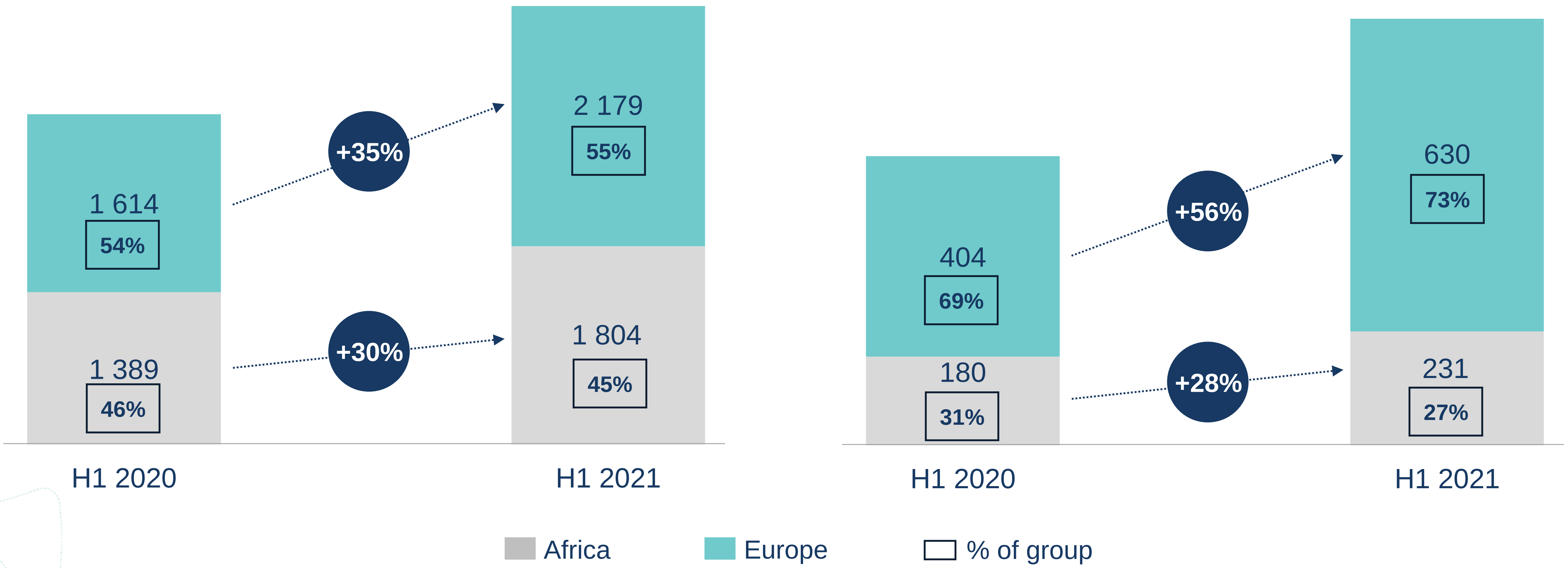
Geographical performance

Revenue growth (R'm)

Normalised EBITDA growth (R'm)



Continuing operations; EBITDA before HO costs

Remedica

Summary P&L

€'m	Dec 2020	Dec 2019	% change
Revenue	**67.0**	55.5	21%
EBITDA	**22.4**	17.0	31%
EBITDA margin	**33.4%**	30.7%	

Overview

An integrated developer, manufacturer and marketer of generic pharmaceuticals with a focus on chronic need antiretroviral and oncology therapeutic treatment. Located in Cyprus, selling >340 generic, branded generic and OTC products in >100 countries, mainly to high-growth emerging markets as well as to NGOs.

Performance

- Strong performance across each of its agency, NGO, out-licensing and home market channels:
  - Agency: 90 agents with a strong emerging market presence and a focus on the private market
  - NGO: Consistent demand for anti-malarials, anti-infectives and pain management treatments
  - Cyprus: Continued to capitalise on leadership in local market with a focus on cardiovascular and chronic medications
  - Out-licensing: ARV and oncology portfolio continued to perform, underpinned by price competitive, reliable supply

Outlook

- Focus on market expansion and development through own, co-developed and in-licensed products, targeting markets where the business does not have a strong presence
- New co-development relationship with Pharmazac focusing on anti-diabetics and anti-thrombotics
- Penetrating new sales channels in existing territories

Sun Wave Pharma

Summary P&L

€'m	Dec 2020	Dec 2019	% change
Revenue	**27.6**	26.8	3%
EBITDA	**8.3**	7.4	13%
EBITDA margin	**30.2%**	27.7%	

Overview

A leading nutraceutical and OTC brand in Romania, selling through multiple distribution channels. Several products are leaders in their segments, including neuronal remodulation post-stroke, stress relief, liposomal iron, flu relief, urinary tract infection and female infertility.

Performance

- Continued to capitalise on strong market position in Romanian nutraceuticals (#1) and OTC (#4) products
- Negative impact of COVID-19 on acute categories offset by strong performance in chronic therapies
- Innovative digital strategies used to reach target market during lockdown restrictions

Outlook

- New launches of innovative combination products under existing brands
- Plans to expand international presence to neighbouring countries, currently refining execution model
- Continue to improve position in OTC market and further expand #1 nutraceutical market share

Farmalider

Summary P&L

€'m	Dec 2020	Dec 2019	% change
Revenue	**19.1**	16.7	14%
EBITDA	**2.2**	-	
EBITDA margin	**11.6%**	(0.1%)	

Overview

A Spanish pharma company which develops, licences and manufactures mainly generic and OTC products. The business sells licensing rights on differentiated products with limited competition and has marketing authorisations and dossiers for a range of pharma products in several European countries.

Performance

- Solid growth, driven by sales in out-licensing and contract supply.
- Growth in EBITDA is due to higher contribution margin as a result of an increase in out-licensing revenue cost and cost reduction measures.
- Included in PY consulting cost is the Sequoia legal expenses which did not recur in FY21.

Outlook

- New contract manufacturing agreements implemented for strategic product lines, mainly paracetamol, ibuprofen tablets and ibuprofen suspension, to improve service levels
- Further develop internationalisation strategy by exporting Farmalider's niche formulations to other markets
- Pipeline for SA pharma business

Pharma (SA)

Summary P&L

R'm	Dec 2020	Dec 2019	% change
Revenue	**348**	343	1%
EBITDA	**(17)**	3	(635%)
EBITDA margin	**(5.0%)**	0.9%	

Overview

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

Performance

- Negative impact of COVID-19 included the following:
  - Lower sales by state tender and dispensing doctors
  - No cough and cold season which impacted Sinuend and Sinucon sales
  - Limited antibiotic scripting impacting Reuterina sales
- Exited low margin, highly capital consumptive state tender business

Outlook

- Focus on five key therapeutic classes (pain, cough and cold, gastrointestinal, insulin and niche generics)
- Continue to source first-to-market and niche prescription molecules
- Expand into Africa
- Address supply challenges by diversifying the local supplier base and securing new API sources

Medical (SA)

Summary P&L

R'm	Dec 2020	Dec 2019	% change
Revenue	**1 123**	707	59%
EBITDA	**214**	137	56%
EBITDA margin	**19.1%**	19.4%	

Overview

Leading medical devices, consumables and in vitro diagnostic (IVD) product supplier in SA, comprising 4 integrated businesses: Surgical Innovations (surgical and interventional), Respiratory Care Africa (respiratory high-care and ICU), The Scientific Group (IVD) and Ortho-Xact (orthopaedic)

Performance

- Respiratory Care Africa (RCA) supplies ventilators, monitors and high flow nasal oxygen equipment critical to the fight against COVID-19. Strong demand resulted in revenue more than doubling over H1 2020
- The Scientific Group (TSG) also experienced increased demand for its molecular testing products
- RCA and TSG performance offset by Surgical Innovations and Ortho-Xact which were negatively impacted by lower elective surgery and trauma cases as a result of lockdown restrictions

Outlook

- Continue to service COVID-driven market demand
- Execute on platform enhancement programme (complete warehouse environment optimisation and pursue new partnership arrangements with suppliers)
- Drive further organic growth in SA and Africa (leveraging existing and new agencies in higher-margin consumables area)

Consumer Health (SA)

Summary P&L

R'm	Dec 2020	Dec 2019	% change
Revenue	**333**	339	(2%)
EBITDA	**34**	40	(14%)
EBITDA margin	**10.2%**	11.7%	

Overview

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

Performance

- Strong demand for immunity building products during pandemic
- Offset by negative impacts of COVID-19:
  - Skin - closure of 25% of the salon base
  - Reduced contract manufacturing volumes
  - Factory closed for six weeks during lockdown
- Rand volatility negatively impacted margins across the division

Outlook

- Continued focus on rationalisation of the product portfolio, diversification into more defensive ingredients
- Chempure should benefit from recovery in the sports nutrition and personal care markets post the COVID-19 impact
- The skin division will continue to pursue international growth and identify key partners in selected countries
- Compounding pharmacy is expected to maintain growth momentum through vitamin IV bars and doctor-specific compounding

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Income statement

Continuing operations (R'm)	6 months Dec 2020	6 months Dec 2019*	% change	Year to Jun 2020*
Revenue	**3 983**	**3 003**	33%	**6 474**
Cost of sales	(2 205)	(1 628)	35%	(3 507)
Gross profit	**1 778**	**1 375**	29%	**2 967**
Gross profit margin	*44.7%*	*45.8%*		*45.8%*
Depreciation in cost of sales	32	28	18%	51
Net operating expenses	(1 016)	(874)	16%	(1 962)
Normalised EBITDA	**794**	**529**	50%	**1 056**
Normalised EBITDA margin	*19.9%*	*17.6%*		*16.3%*
Depreciation in cost of sales	(32)	(28)		(51)
Transaction & restructuring costs	(119)	(72)		(250)
EBITDA	**643**	**429**	50%	**755**
Depreciation & amortisation	(125)	(120)	4%	(300)
Impairments	(150)	1		(653)
Operating profit/(loss)	**368**	**310**	18%	**(198)**
Operating profit margin	*9.2%*	*10.3%*		*(3.1%)*

** Restated*

- Revenue growth driven by Remedica and Medical Devices
- Margins impacted by increased cost of freight and distribution
- Strong operational results impacted by:
  - Costs continue to be incurred for transaction-related and debt restructuring activity
  - Impairments: detailed assessment performed at half year (historically only at year end)

Income statement (*continued*)

Continuing operations (R'm)	6 months Dec 2020		6 months Dec 2019*	Year to Jun 2020*
	As reported	Normalised headline earnings	Normalised headline earnings	Normalised headline earnings
Operating profit	**368**	**486**	**383**	**52**
Operating profit margin	*9.2%*	*12.2%*	*12.7%*	*0.8%*
Net finance costs	(545)	(545)	(247)	(853)
Taxation	(126)	(139)	(14)	98
(Loss)/profit after tax	**(303)**	**(197)**	**122**	**(703)**
Non-controlling interest	2	2	15	72
Attributable (loss)/profit after tax	**(301)**	**(195)**	**137**	**(631)**
Add back: capital items	152	152	1	595
Headline (loss)/earnings	**(149)**	**(43)**	**138**	**(35)**
WANOS ('m)	479.8	479.8	477.5	477.5
EPS (c)	**(62.7)**	**(40.7)**	**28.7**	**(175.4)**
HEPS (c)	**(31.1)**	**(9.0)**	**28.9**	**(50.7)**

** Restated*

- Strong normalised operating performance, with HY 2021 at 9x full year FY2020 after impairments in both periods
- Headline earnings negatively due to:
  - The new funding structure, which results in significantly higher costs, and includes R280m related to the PIK
  - Higher tax in Remedica and Medical Devices plus impact of limiting DTA in certain operations
- Resulting in a headline loss per share

Revenue by business

Continuing operations	6 months to Dec 2020	6 months to Dec 2019*	% change	Year to Jun 2020
INTERNATIONAL (€'m)				
Remedica	67.0	55.5	21%	123.9
Sun Wave Pharma	27.6	26.8	3%	51.5
Farmalider	19.1	16.7	14%	35.8
Other	-	0.2		0.2
Total International - €'m	**113.7**	**99.2**	**15%**	**211.4**
Total International - R'm	**2 179**	**1 614**	**35%**	**3 676**
SOUTH AFRICA (R'm)				
Pharma	348	343	1%	700
Medical	1 123	707	59%	1 464
Consumer Health	333	339	(2%)	634
Total South Africa - R'm	**1 804**	**1 389**	**30%**	**2 798**
Total continuing operations – R'm	**3 983**	**3 003**	**33%**	**6 474**
Discontinued operations				
Scitec – completed Jul 2020	132	620		1 189
Direct Selling – completed Aug 2020	5	40		54
Animal Health – in progress	280	238		489
Biosciences – in progress	219	212		336
Total discontinued operations – R'm	**636**	**1 110**		**2 068**
Total group - R'm	**4 619**	**4 113**		**8 542**

** Restated*

Normalised EBITDA by business

Continuing operations	6 months to Dec 2020	6 months to Dec 2019*	% change	Year to Jun 2020*
INTERNATIONAL (€'m)				
Remedica	22.4	17.0	31%	41.6
Sun Wave Pharma	8.3	7.4	13%	14.6
Farmalider	2.2	-		3.4
Other	-	0.4		-
Total International - €'m	**32.9**	**24.8**	33%	**59.6**
Total International - R'm	**630**	**404**	56%	**1 040**
SOUTH AFRICA (R'm)				
Pharma	(17)	3	(635%)	(45)
Medical	214	137	56%	143
Consumer Health	34	40	(14%)	59
Total South Africa - R'm	**231**	**180**	28%	**157**
Group head office costs	(67)	(55)	21%	**(140)**
Total continuing operations – R'm	**794**	**529**	50%	**1 057**
Discontinued operations				
Scitec – completed Jul 2020	19	19		61
Direct Selling – completed Aug 2020	(3)	(6)		(24)
Animal Health – in progress	76	63		125
Biosciences – in progress	42	13		18
Total discontinued operations – R'm	**134**	**89**		**180**
Total group - R'm	**928**	**618**		**1 237**

** Restated*

Transaction-related and restructuring costs

Continuing operations R'm	6 months to Dec 2020	6 months to Dec 2019	Year to Jun 2020
Remedica disposal costs	23	26	74
Loss on deregistration of Efekto	52	-	-
Dezzo disposal costs	2	-	-
Scitec disposal costs	-	3	15
Biosciences disposal costs	-	2	-
Other	1	1	6
Debt/capital restructuring	41	40	155
Total transaction-related and restructuring costs	**119**	**72**	**250**

- The continuing costs incurred to manage the debt and various divestment programmes have eroded operational performance
- Additional R9.5m consultant fees relating to the disposals of Biosciences, Scitec and Animal Health included under discontinued operations

Impairments

R'm *Total group* CGU	Goodwill	Intangible assets	IFRS 5	H1 2021 Total	FY 2020 Total
Biosciences			96	**96**	**31**
Pharma Africa		48		**48**	**15**
Medical	70			**70**	**309**
Consumer Health Africa				**-**	**166**
Farmalider		32		**32**	**178**
Scitec				**-**	**268**
Total impairments	**70**	**80**	**96**	**246**	**967**
Total related asset balances	**2 138**	**2 518**		**4 656**	**5 675**

- Robust impairment exercise performed at half year, historically done at year end only
- More conservative judgement applied due to impact of COVID-19 on macro assumptions
- Remaining goodwill = Remedica (R1.8bn) and Medical (R243m)
- Intangible assets include Drug Masterfiles (R1.1bn), Brands and Trademarks (R754m), and Customer Relationships (R603m)
- 71% of intangible assets & goodwill relate to Remedica

Prior period error - deferred tax

Overview

In December 2020, it was identified that release of deferred tax liabilities associated to the impairments raised on intangible assets recognised in terms of *IFRS 3: Business Combinations* had not taken place.

The result was a misstatement of the deferred tax expense recognised for the period and a corresponding impact on deferred tax assets and liabilities.

Financial Reporting Impact

	Dec 2019	Jun 2020
Statement of financial position		
Retained earnings	(79 322)	(147 446)
Opening retained earnings: Dec 2019 impact	(79 322)	(79 322)
Retained earnings: Jun 2020 impact		(68 124)
Statement of profit/loss and other comprehensive income		
Tax adjustment	-	68 124

Actions & Implications

- All historical transactions of a similar nature were scrutinised to verify occurrence of the error taking place elsewhere.
- Internal investigation into circumstances under which the error arose, measures implemented to avoid reoccurrence.
- Confirmed no impact for the current interim reporting period.
- Error and its particulars to be reported to the JSE as part of year end procedures.

Balance sheet – net assets

R'm	Dec 2020	Dec 2019	Jun 2020
Intangible assets and goodwill	4 656	5 234	5 675
Trade and other receivables	2 280	2 192	2 321
Inventories	1 349	1 599	1 583
Property, plant and equipment	1 036	1 074	1 039
Cash and cash equivalents (net)	311	205	344
Right-of-use assets	272	300	320
Tax-related assets	165	108	232
Other financial assets	64	77	56
Net assets from continuing operations	**10 133**	**10 789**	**11 570**
Assets classified as held for sale	995	280	704
Total net assets	**11 128**	**11 069**	**12 274**

- Reduction in intangibles and goodwill due to amortisation and additional impairments
- Debtors and inventory balances are reflective of higher trading plus more efficient working capital management
- Cash utilisation accelerated by finance costs, transaction costs and supplier driven faster creditor payments
- Conservative deferred tax asset recognition approach

Balance sheet – liabilities and equity

R'm	Dec 2020	Dec 2019	Jun 2020
Borrowings	6 889	5 285	6 825
Deferred vendor liabilities	926	1 068	1 138
Trade and other payables	1 225	1 444	1 551
Other liabilities	420	489	487
Tax-related liabilities	312	414	383
Liabilities from continuing operations	**9 772**	**8 700**	**10 384**
Assets classified as held for sale	318	112	450
Total liabilities	**10 090**	**8 812**	**10 834**
Equity	1 038	2 257	1 440
Total liabilities and equity	**11 128**	**11 069**	**12 274**

- 95% of borrowings now classified as current due to repayment term of 31 December 2021
- Phased repayment of Sun Wave Pharma DVL main contributor to the reduction in deferred vendor liabilities
- Supplier-led accelerated repayment period has resulted in a reduction in payables despite increased trading
- Other liabilities comprise lease liabilities and provisions

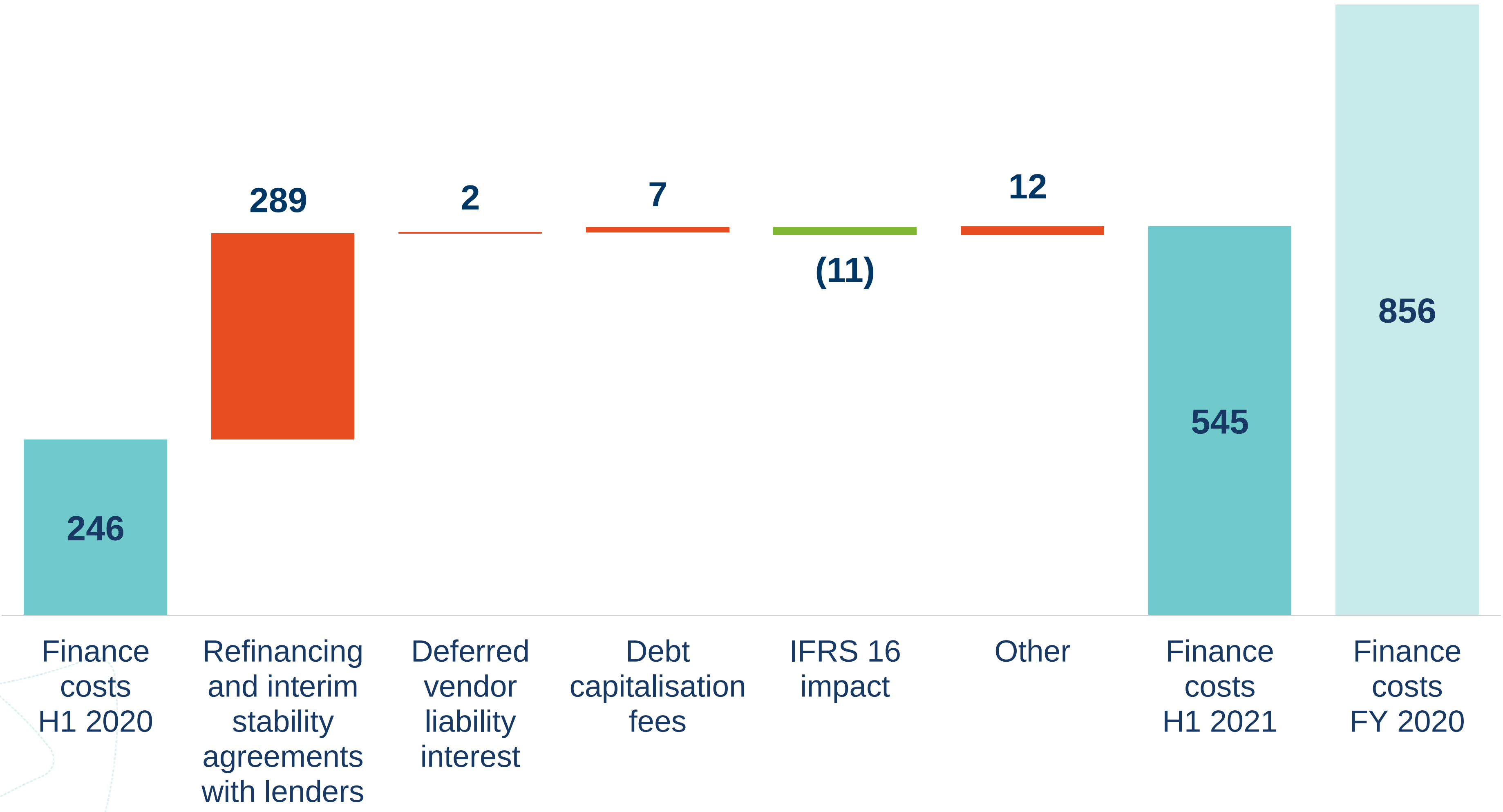
Borrowings

R'm	Dec 2020	Dec 2019	Jun 2020
Euro denominated facilities	4 292	3 241	4 362
Rand denominated facilities	2 101	1 295	1 948
Total senior debt	**6 393**	**4 536**	**6 310**
Cyprus loan facility	140	140	160
Bank loan – Spain	269	186	272
Short-term loans	-	341	-
Other facilities	87	82	82
Total other debt	**496**	**749**	**515**
Total borrowings	**6 889**	**5 285**	**6 825**
Split as follows:			
Current liabilities	6 759	5 146	540
Non-current liabilities	130	139	6 285
Cash	**311**	**205**	**344**

- Euro denominated facilities €187m including c€18m capitalised interest
  - €159m incurs interest Euribor + 4% + 10% PIK
  - €9m incurs interest Euribor + 5% + 5% PIK
- ZAR denominated facilities R2.1bn including cR100m capitalised interest
  - R1.9bn incurs interest at Jibar + [3.75% -4.2%] + 10% PIK
  - R196m incurs interest at Jibar + 5% + 5% PIK
- Cash received from disposal of Scitec, Direct Selling of cR100m outweighed by interest capitalised on debt
- Debt will increase due to non-payment of interest plus additional 2.5% PIK from January 2021

Finance costs

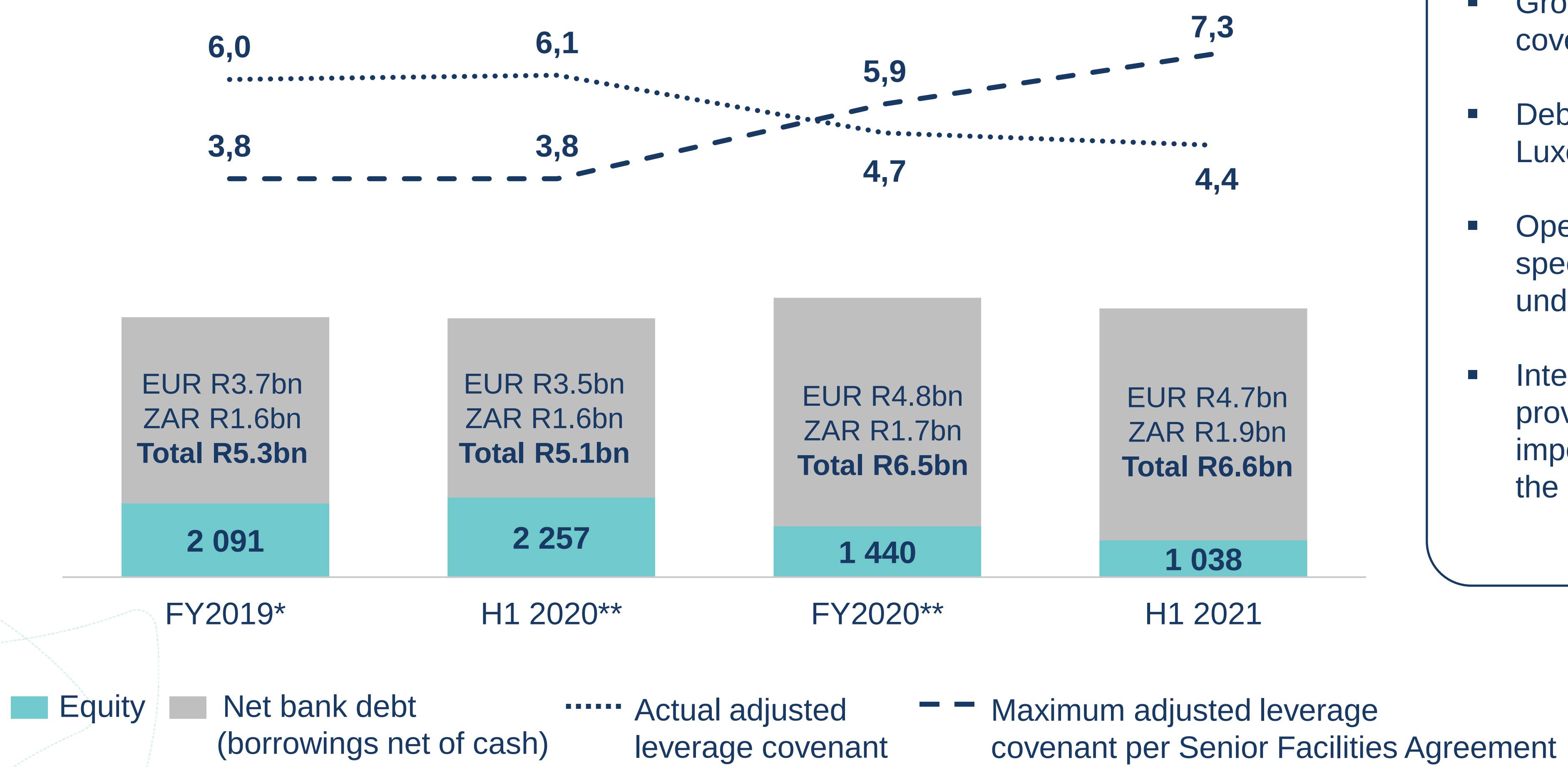
Net finance costs (R'm)



- SFA has significant consequences to the group's cost of funding
- PIK resulted in cR280m additional funding costs

Gearing and covenants

Equity, net debt and debt:EBITDA (R'm)



- Group currently meeting the gearing covenant requirement
- Debt is held in South Africa, Luxembourg, Malta and Cyprus
- Operating entities in the group are specifically identified as guarantors under the SFA
- Interest Forbearance Agreement provides liquidity headroom – important until stability restored in the business

** Pre-IFRS 16*
*** Restated*
12 month rolling EBITDA used in line with covenant calculations

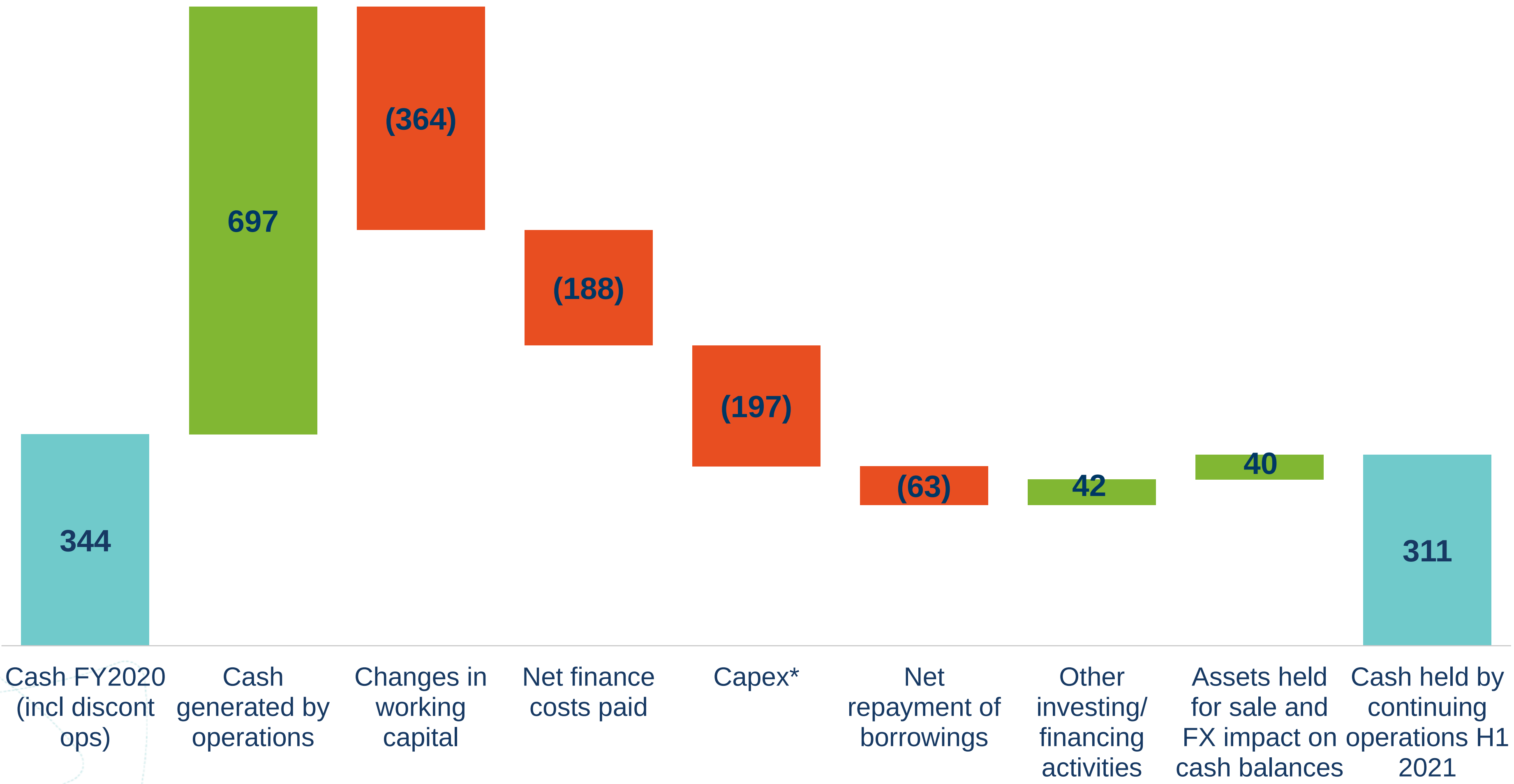
Deferred vendor liabilities

R'm	Dec 2020	Dec 2019	Jun 2020
Remedica	753	637	801
Sun Wave Pharma	49	297	195
Klub M5	12	35	35
Kyron	112	99	107
Total deferred vendor liabilities	**926**	**1 068**	**1 138**
Split as follows:			
Deferred consideration	865	637	908
Contingent consideration	61	431	230

- Need to solve for the deferred vendor payments together with the debt
- Post period end:
  - Sun Wave Pharma paid in full
  - Klub M5 will be fully paid by end of April
  - Kyron payment will be set off the proceeds from Animal Health
- Remedica will form part of the recapitalisation considerations

Cash utilisation

Cash movements for six months (R'm)



** PPE – R127m; Intangibles – R70m*

Despite strong performance, cash is consumed by:

- high funding costs on borrowings
- cost of transaction and restructuring
- accelerated payables payments given group's credit ratings
- capex incurred to maintain dossier requirements and improve manufacturing facilities

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Lender-driven disposal process to deleverage balance sheet

- Embarked on a disposal process in June 2020 to **sell the majority of assets**
- **Disposal process was challenging** and further complicated by the debt overhang
  - High execution risk from running multiple sales processes in parallel
  - Process highly regulated by senior facilities agreement with lenders
  - Complexity of outstanding DVLs
- Process was **focused on returning capital to lenders**, not value maximisation
- Unclear if **material value would have been returned to shareholders** through this process
- **Indicative offers** received for Remedica and Sun Wave Pharma were **below initial expectations**
  - Majority of lenders therefore opted to sell their debt to Blantyre and L1 Health; increased to >75%
  - Blantyre and L1 Health advised they would no longer support the disposal process
  - Sales processes for Remedica and Sun Wave Pharma were therefore terminated

Group recapitalisation update

June 2020 – January 2021

Lender-driven deleveraging process

EUROPE	SOUTH AFRICA
Remedica	Medical Devices
Sun Wave Pharma	Consumer Health
Farmalider	Pharma
Scitec	Dezzo
	Biosciences
	Animal Health

Assets identified for disposal

Planned sale of assets before 31 December 2021 when debt repayment due

January – March 2021

- Jan: Blantyre Capital and L1 Health advised that they represent >33% of lender consortium
- Propose recapitalisation to maximise value of assets
- Feb: Blantyre and L1 Health increase collective exposure to >75% of the lender consortium
- Enter consensual negotiations on recapitalisation structure
- Mar: Forbearance agreement concluded for interest standstill

Benefits of recapitalisation

- Ensures ASC has sufficient future liquidity
- Avoids the risk of under-valuing assets through fire sale disposals which could result in residual debt
- Enables ASC to monetise and optimise value from assets
- Provides certainty for all key stakeholders

Key principles of the group recapitalisation

- Engage on a **consensual basis** with Blantyre and L1 Health
    - Aim to achieve an optimal outcome for all stakeholders, acknowledging the legacy capital structure
- Restore **balance sheet stability** through the following:
    - Reduce the high level of gearing and short-term maturity obligations; debt is due in >12 months
    - Address the need for short-term funding given working capital requirements
    - Create a sustainable capital structure to optimise the value of the business
- Senior facilities agreement with the lender consortium remains binding on ASC
- Continue the disposal of non-core assets that are at advanced stage negotiations
- Recapitalisation to be structured as an **exchange of debt for interests in operating subsidiaries**
- **Shareholder approval** will be required for the eventual group recapitalisation to proceed

Forbearance agreement

- **Short-term funding required** for working capital purposes, particularly to meet COVID-19 driven demand in Medical Devices
- **Forbearance agreement concluded** with Blantyre and L1 Health until 30 April 2021
  - Provides for an interest standstill which improves short term liquidity by R79 million
  - Interest standstill agreement may be extended by further agreement
- If agreement is not reached on a **consensual recapitalisation transaction by 30 April 2021**, risk that forbearance may not be extended and enforcement action could follow
- Should the **recapitalisation transaction not be approved by shareholders**, risk that senior lenders may then proceed with enforcement action

Non-consensual restructuring

- A **non-consensual outcome** will occur in the following cases:
  - The parties do no reach agreement on a consensual transaction by 30 April 2021, or
  - The group recapitalisation is not approved by 75% of shareholders
- In both cases, Ascendis will then enter a **business rescue (BR) process**
- A BR practitioner will initiate an orderly **sale of assets to settle debt with creditors**
- In a BR process, **shareholders rank behind all other creditors**
- In an accelerated asset disposal process, the **outstanding debt may exceed the proceeds** from a distress sale of assets
- In this scenario, **shareholders are likely to receive minimal to zero value**.

Transaction governance

Professional team advising on the group recapitalisation

Entity	Role
Rothschild and Co South Africa	Transaction advisor
Allen & Overy	Legal advisors
Questco Corporate Advisory	JSE sponsor
PricewaterhouseCoopers	Reporting accountants and auditors

- PSG Capital appointed as the independent expert to provide fair and reasonable opinion

Group recapitalisation timeline

Programme	Timing
Agreement with Blantyre/L1 Health on consensual transaction structure ▪ Final terms of group recapitalisation to be announced on SENS immediately after parties reach agreement	By 30 April 2021
Circular on consensual transaction distributed to shareholders ▪ Will include notice of general meeting and voting instructions ▪ Will outline the implications for shareholders of a non-consensual transaction	By 30 June 2021
General meeting to vote on group recapitalisation	By 31 July 2021

Presentation outline

Section		Presenter
01	Overview	Mark Sardi
02	Operational review	Mark Sardi
03	Financial review	Cheryl-Jane Kujenga
04	Group recapitalisation	Mark Sardi
05	Q & A	Mark Sardi & Cheryl-Jane Kujenga

Thank you

Q&A

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