
PROPOSED RIGHTS OFFER

1. INTRODUCTION

Shareholders of Ascendis ("**Shareholders**") are advised that the board of directors of Ascendis (the "**Board**") has resolved to raise an amount of R101 530 000 by way of a fully underwritten non-renounceable rights offer (the "**Rights Offer**"), through an offer of 143 000 000 new Ascendis shares (the "**Rights Offer Shares**") at an issue price of 71 cents per share (the "**Rights Offer Issue Price**"), in the ratio of 29.70633 Rights Offer Shares for every 100 Ascendis Shares held on the record date for participating in such rights offer.

2. RATIONALE FOR THE RIGHTS OFFER

On 17 May 2022 Ascendis announced that it had concluded a loan agreement with Austell Pharmaceuticals Proprietary Limited ("**Austell**"), in terms of which Austell advanced a facility of R590 000 000 to Ascendis, to repay the outstanding debt owing to Apex Management Services Proprietary Limited and Pharma-Q Holdings Proprietary Limited and also provide up to R10 000 000 for the purposes of funding the working capital requirements of Ascendis (the "**Austell Facility**"). The Austell Facility is a 6-month facility, expiring on 17 November 2022, which accrues interest at a rate of JIBAR plus 4% (cash margin) plus 3.5% (PIK margin). As at the date of this announcement approximately R498 000 000 is owed to Austell in respect of the Austell Facility.

The Board has been working and continues to work hard towards providing a stable and value accretive base for the future of the Ascendis Group. This entails reducing the debt to sustainable levels and the retention and capacitation of businesses that lay the foundation for the Group to achieve its growth plans and return to scale.

To this end, the Board has made significant progress to retain key assets whilst progressing the disposal of those that will reduce the outstanding debt.

- On 1 February 2022 it was announced that Ascendis Health SA Holdings Proprietary Limited had concluded three separate sale agreements in terms of which it would dispose of its direct and indirect interests in the entities through which the businesses known as "Ascendis Pharma", "Nimue" and "Ascendis Medical" operate (the "**Pharma-Q/Imperial Pharma Disposal**", the "**Skin Disposal**" and the "**Medical Disposal**" respectively).
- Conclusion of the Austell Loan on 17 May 2022 has provided the Board with some breathing space and more favourable debt terms. This has allowed the Board to better assess which of the Company's assets should be retained with a view of rebuilding the business.
- The Skin Disposal was implemented on 31 May 2022 and the proceeds of the Skin Disposal were used to reduce the Austell Facility.
- On 27 June 2022 it was announced that the Medical Disposal would not be proceeding, following a mutual agreement concluded between the parties to terminate the transaction. This allows the Board the chance to realise the potential growth opportunities it believes exists in the Medical business.
- On 19 July 2022, it was announced that Ascendis had concluded an agreement to dispose of the Pharma Business to Austell for a purchase consideration of R410 000 000 (the "**Austell Pharma Disposal**"), a contingent transaction in the event that Shareholders do not approve the Pharma-Q/Imperial Pharma Disposal.

Through the application of the proceeds from a disposal of the Pharma Business, the Company will be left with approximately R129 million to R149 million remaining of the debt, depending on which transaction the Shareholders approve. Despite this improvement in the group's debt position, the Board acknowledges that there is still an immediate need for capital in the underlying businesses to fund net working capital and capitalise on opportunities.

Accordingly, undertaking the Rights Offer will enable the Group to fund near-term investment into the remaining Group. The proceeds of the Rights Offer will be used in part to repay the Austell Facility, with the remainder of the proceeds being used to fund the restorative and net working capital requirements of the Medical and Consumer businesses in the near-term.

Ascendis is also in discussions with commercial banks to provide suitable financing arrangements for the Group and ensure that operational and growth requirements are funded at conservative gearing levels. Proceeds from this will be used to repay the Austell Facility with the balance supporting restoration and growth of the remaining business.

Approximately R50 million is currently held in escrow in respect of the disposal by Ascendis of the Ascendis Animal Health Division, as detailed in the circular issued to Ascendis shareholders on 3 September 2021. This amount is intended to be used towards funding the net working capital requirements of the remaining business.

The Board is comfortable that the cumulative impact of the abovementioned activities will restore balance sheet stability and provide a solid foundation for the turnaround and future growth of Ascendis.

3. SALIENT TERMS OF THE RIGHTS OFFER

The Rights Offer Issue Price of 71 cents per Rights Offer Share represents the 30-day volume weighted average traded price (“**VWAP**”) on Friday, 17 June 2022, being the date immediately prior to the date which the Company determined the Rights Offer Issue Price.

As the Rights Offer is non-renounceable, Shareholders will not be permitted to renounce their rights and will not have the option to offer, sell, transfer, or deliver rights in any way. However, Shareholders will have the right to apply for any excess Rights Offer Shares not taken up by other Shareholders, and any such excess shares will be attributed equitably, taking cognisance of the number of shares and rights held by the Shareholder just prior to such allocation, including those taken up as a result of the Rights Offer, and the number of excess rights applied for by such Shareholder.

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing Ascendis Shares and shall be fully paid up and freely transferable.

The Rights Offer is fully underwritten by Calibre Investment Holdings Proprietary Limited (the “**Underwriter**”), who will receive an underwriting fee of R2 030 600 (representing 2% of the amount underwritten by the Underwriter).

The circular to be issued to Shareholders in respect of the Rights Offer (the “**Rights Offer Circular**”) is in the advanced stages of the JSE approvals process. The salient dates and times applicable to the Rights Offer will be announced in due course, as soon as the Rights Offer Circular is finalised.

26 July 2022

Bryanston

Sponsor:
Questco Proprietary Limited