

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Accelerated growth strategy remains on target with acquisition of full-service companion animal clinic, The Vet Practice

- Full-service companion animal clinic and rehabilitation centre located in the fast-growing peri-urban area of Whittlesea (VIC)
- Total acquisition consideration of \$8.3 million
- Implied EBITDA acquisition multiple of 6.2x (FY22 normalised basis)
- Continues Apiam's strategy to grow revenue to more than \$300M by FY24 via high-quality acquisitions and organic growth
- Increases Apiam's FY22 pro-forma revenue to \$178 million¹

Bendigo, June 23, 2022 – Apiam Animal Health Limited (**Apiam** or the **Company**) today announced that it has entered into an agreement to acquire The Vet Practice Pty Ltd (**The Vet Practice**), a full-service companion animal clinic located in Whittlesea, Victoria (the **Acquisition**).

The total consideration for the Acquisition is \$8.3 million, to be paid as \$7.1 million in cash consideration and \$1.2 million in Apiam shares.

Apiam's accelerated growth strategy to deliver \$300 million revenue by FY24 remains on-track with the acquisition of The Vet Practice expected to deliver further organic growth following integration into the Apiam network.

The Vet Practice is located in the fast-growth peri-urban region of Whittlesea, on the outer northern suburbs of Melbourne. In recent years the City of Whittlesea has been one of the fastest growing municipalities in Australia and it is forecast to continue to grow rapidly - by 55.9% between 2022 and 2041².

Apiam's Managing Director, Dr Chris Richards said *"the acquisition of The Vet Practice aligns with our strategy to enter regional veterinary markets where rapid population growth is driving strong increases in local animal numbers. The fact that The Vet Practice is also a leading companion animal clinic with a full-service offering means its services can be leveraged across our adjacent clinic network"*.

"Apiam continues to deliver strong organic growth across our companion animal services and it is acquisitions such as The Vet Practice that are expected to contribute to our accelerated growth strategy to achieve \$300 million in revenue by FY24 and deliver increased operating margins."

The acquisition of The Vet Practice is expected to add ~\$7.9 million in revenue and ~\$1.33 million in normalised EBITDA to Apiam on a FY22 proforma basis.

Apiam has previously reported as part of its strategy to double revenue by FY24 that it is targeting reported revenue in excess of \$150 million in FY22. Assuming a full-year contribution from The Vet Practice, Apiam's proforma FY22 revenue would increase to approximately \$178 million¹.

¹ FY22 pro-forma revenue is based on Apiam's target reported revenue of \$150 million+ in FY22, adjusted to include full-year contributions from all acquisitions settled during FY22 as well as Victorian Equine Group and The Vet Practice (settlement on 1 July 2022)

² City of Whittlesea (www.whittlesea.vic.gov.au) and .idcommunity (forecast.id.com.au/whittlesea)

Overview of The Vet Practice

The Vet Practice is a full-service companion animal veterinary clinic, that operates an animal hospital and canine rehabilitation centre from its Whittlesea premises. Services offered include regenerative medicine, hyperbaric medicine, arthroscopy, hydrotherapy and endoscopy as well as general pet healthcare.

The Vet Practice is owned by two veterinarian partners employing 48 staff including 12 veterinarians and 20 veterinary nurses.

Key Acquisition terms

Settlement of the Acquisition is expected to occur on 1 July 2022, in conjunction with Apiam's settlement of Victorian Equine Group (as announced to the ASX on 19 May 2022).

Shares issued to the vendors of The Vet Practice will be subject to a minimum escrow period of 12-months, with 50% subject to an escrow period of 24-months. Key personnel have entered into 3-year employment agreements with Apiam and are committed to leading the future growth of the business.

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Authorisation

This announcement was authorised by the Board of Directors of Apiam Animal Health Limited.

About Apiam Animal Health Limited

Apiam Animal Health is positioned in the Australian market as a vertically integrated animal health business providing a range of products and services to Production and Mixed animals. Apiam Animal Health's strategy is to service Production and Mixed animals throughout their lifecycle, including the provision of veterinary services, ancillary services, genetics, wholesale and retail of related products, together with technical services related to food-chain security.