

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Apiam continues strategic equine expansion with acquisition of Hunter Equine Centre

- **High growth dedicated equine business in internationally renowned thoroughbred breeding region**
- **Total acquisition consideration of \$6.5 million**
- **Expected to contribute \$6.0 million to Apiam's FY23 revenue base (on a pro-forma basis)**
- **Continues Apiam's Accelerated Growth strategy to increase pro-forma revenues to more than \$300 million by FY24 and leverage earnings margins**
- **Fourth referral equine clinic acquisition since FY22 as veterinary services within industry continue to experience rapid growth**
- **Significant opportunities to leverage Hunter Equine Centre's expert equine skills across equine clinic network**

Bendigo, 1 December 2022 – Apiam Animal Health Limited (**Apiam** or the **Company**) is pleased to announce the acquisition of Hunter Equine Centre Pty Ltd (**Hunter Equine Centre (HEC)**, the **Acquisition**), a dedicated equine veterinary business located in the Upper Hunter Valley region of NSW.

Hunter Equine Centre operates a well-established equine clinic with ambulatory and hospital-based care supported by a high performance equine veterinary team. It predominantly services the Scone and Upper Hunter Local Government Area (LGA), Australia's largest and most internationally renowned equine region.

The consideration for the Acquisition is \$6.5 million and it is expected to add \$6.0 million in revenue to Apiam on a FY23 pro-forma basis. The clinic has a strong record of performance having delivered 45% average annual revenue growth over the past 3-years.

Dr Chris Richards, Apiam's Managing Director said *"this is Apiam's fourth high performance equine acquisition in the past 18 months. Hunter Equine Centre, in combination with our other specialist equine clinic and referral centres, such as Agnes Banks (NSW) and Scenic Rim (QLD) will offer the opportunity to leverage our highly specialised equine staff, professional development pathways and industry knowledge. This also aligns with Apiam's equine strategy to operate high performance clinics in key operating regions for our Australian equine clients"*.

The Acquisition also continues Apiam's Accelerated Growth strategy to increase pro-forma revenues to more than \$300 million by the end of FY24, and to deliver earnings leverage once integrated into Apiam's network.

Hunter Equine Centre & Apiam equine strategy

Hunter Equine Centre operates from a new, state-of-the-art hospital including a purpose-built surgery, intensive care unit, hospital boarding, diagnostic imaging services and dedicated in-house

laboratory, providing full service to equine clients. Clients come from the domestic, pleasure and racehorse industries.

Hunter Equine Centre currently employs 23 staff (16.1 FTE), including eight FTE veterinary staff, with broad levels of knowledge, experience and expertise.

Apiam implemented a dedicated equine veterinary strategy early in FY22 and since this time has acquired three cornerstone specialist and referral equine clinics – including The Victorian Equine Group (VIC), Scenic Rim Vets (QLD) and Agnes Banks Equine Clinic in NSW (located approximately 250KM south of the Upper Hunter LGA).

Due to the specialised nature of the veterinary equine industry and the level of service increasingly demanded by a growing number of clients, Apiam see significant opportunities arising from the skillsets of Hunter Equine Centre's highly specialised workforce, their medical and systems expertise as well as professional development pathways.

Upper Hunter Valley Equine Industry

The Upper Hunter Local Government Area (LGA) of NSW is an internationally acclaimed and mature thoroughbred breeding region and is considered amongst the leading international centres of thoroughbred breeding excellence. The region is ranked second only to Kentucky, USA in terms of the concentration of thoroughbred stud properties as well as the quality and number of bloodlines (*Hunter Thoroughbred Breeders Association, 2012*).

The Upper Hunter Local Government LGA is additionally renowned as the Horse Capital of Australia, with extensive horse ownership. The Upper Hunter region produces, trains and sells a wide range of equine breeds including heavy draught horses, horses for carriage work, endurance and other sports such as polo and polocrosse, dressage, racing and recreational use. The region also supports nationally recognised specialist equine training, racing, medical and research facilities.

Key acquisition terms

Settlement of the Acquisition is expected to occur in December 2022 with the Acquisition consideration to be paid as \$6.0 million in cash and \$0.5 million in Apiam scrip.

Shares issued to the vendors of Hunter Equine Clinic 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 employment agreements with Apiam and are committed to contributing to the future growth performance of the Company.

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Authorisation

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



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About Apiam Animal Health Limited

Apiam Animal Health is one of Australia's leading rural veterinary businesses made up of 74 business sites including 59 Veterinary Clinics and 296 highly experienced veterinarians as part of a team of 1014 dedicated professionals. The majority of Apiam's vet clinics, production animal, and allied businesses have been around a long time, many of them decades and are spread Australia wide reaching into the heart of dairy, beef, sheep and pig country and the regional towns that are at their centre.

Apiam Animal Health is committed to providing best in class care for its clients, the animals in their care and the communities where people live and work. The Company's purpose, to enrich the lives of animals, people and communities, is applied across all businesses from vet clinic to production animal consultancy, logistics and laboratory with vets and allied staff sharing expertise and specialist knowledge. Apiam is focused on meeting the needs of its clients and shaping the future of the industry to deliver best practice animal health and welfare at a local level and nationally.