

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Strategic NSW acquisitions into two new high-growth regions

- **Attractive entry points into new mixed animal veterinary regions**
- **Total acquisition consideration of \$11.2 million (avg multiple of 6.0x normalised FY22 EBITDA)**
- **Adds \$8.3 million of revenue & \$1.9 million of EBITDA (FY22 normalised basis)**
- **Addition of 5 new clinics, taking Apiam's mixed animal NSW clinics to 9**
- **Apiam's Accelerated Growth strategy to increase pro-forma revenue to \$300M by FY24 and leverage earnings margins on-track**

Bendigo, 30 January 2023 – Apiam Animal Health Limited (**Apiam** or the **Company**) is pleased to announce the acquisition of two mixed animal veterinary businesses in strategic NSW regions (the **Acquisitions**), for total consideration of \$11.2 million.

The Acquisitions are comprised of Singleton Veterinary Hospital (with clinics located in Singleton and Branxton, NSW) as well as Merimbula, Pambula & Eden Vet Clinics (three clinics operated together by joint veterinarian founders). All clinics are mixed animal clinics, with most revenues derived from rapidly expanding companion animal services.

The Acquisitions are expected to add approximately \$8.3 million in revenue and \$1.9 million in EBITDA to Apiam on a FY22 normalised basis, before accounting for any synergies.

Dr Chris Richards, Apiam's Managing Director said *"these acquisitions represent attractive entry points into strategic regions of NSW where increasing regional populations and household pet ownership have driven significant growth in animal numbers.*

We see strong potential to use these locations as a base to launch our product and services such as our Best Mates and ProDairy programs through these regions, initiatives that are driving strong organic growth across our existing and recently acquired clinics.

Apiam's regional expansion strategy into targeted areas where we have identified strong veterinary market potential remains a key growth pillar for our Company as we continue our Accelerated Growth plans to increase pro-forma revenues to \$300 million by FY24 and increase overall Group earnings margins."

Overview of acquired businesses

Singleton Veterinary Hospital is a two-clinic practice located in the regional townships of Singleton and nearby Branxton, NSW. The business services pets, livestock and exotic animals. It has experienced significant revenue growth in the companion animal segment in recent years and employs 19 FTE staff, including 8 veterinarians.

Singleton is located in the lower Hunter Valley region of NSW and is in working proximity to Apiam's existing Hunter Equine Centre and Quirindi clinic locations (74km and 149km respectively) enabling skillset, staff and support synergies in the region.

The *Merimbula, Pambula & Eden Vet Clinics* are a group of three veterinary clinics operated together in the South Coast region of NSW.

Due to the demographic nature of South Coast NSW, all three clinics are mixed animal clinics with a large companion animal focus. Together the clinics employ 6 vets and a total of 11 FTE staff. Veterinary services in this area are highly fragmented, providing strong future growth opportunities.

Newly acquired clinics & existing adjacent clinics
(scale is approximate)



The addition of 5 new mixed animal clinic will increase Apiam's mixed animal clinic presence in NSW to 9 clinics. The Company's NSW mixed animal clinic presence is expected to continue to increase in FY23 with several other attractive opportunities already identified.

Key acquisition terms

Settlement of the Acquisitions is expected to occur on 1 February 2023 with total consideration to be paid as \$8.7 million in cash and \$2.5 million in scrip.

The cash consideration will be funded via Company cash flow and Apiam's acquisition facility.

Shares issued to the vendors 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 Chairman and Managing Director of Apiam Animal Health Limited.

About Apiam Animal Health Limited

Apiam Animal Health is one of Australia's leading rural veterinary businesses made up of 80 business sites including 60 Veterinary Clinics and over 300 highly experienced veterinarians as part of a team of over 1150 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.