

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Strategic equine clinic acquisitions in-line with Apiam's growth strategy to double revenue to \$300M by FY24

- **Binding agreements to acquire the assets of Victorian Equine Group (VEG) and Romsey Veterinary Surgery**
- **VEG will be Apiam's third high-performance cornerstone referral equine centre**
- **Provides an expert referral equine offering in all Eastern states, and forms a basis for accelerated expansion of equine services in Victoria**
- **Romsey Vet Surgery is a rapidly growing clinic servicing mixed animals (including equine) located in a major growth corridor**
- **Combined consideration of \$13.75M; Acquisition multiple of 6.0x projected FY22 EBITDA (normalised basis)**
- **Apiam is well-funded to execute additional strategic acquisition opportunities in coming months with bank approval to increase its acquisition facility by \$20M**
- **Strategy to double the Company's revenue base by FY24 (to more than \$300M) is on-track**

Bendigo, 19 May 2022 – Apiam Animal Health Limited (**Apiam** or the **Company**) is pleased to announce it has entered into binding agreements to acquire the assets of Victorian Equine Group and Romsey Veterinary Surgery (together, the **"Acquisitions"**).

The total consideration for the Acquisitions is \$13.75 million.

Dr Chris Richards, Apiam's Managing Director said, "we are pleased to announce these strategic acquisitions that further reflect our commitment to providing leading equine veterinary services while continuing our strategic regional expansion into fast-growth veterinary markets".

"VEG will enable us to provide industry leading surgical and specialist skills to the broad range of equine markets we service in Victoria. Apiam now have a leading specialist cornerstone equine clinic location in each major East Coast state for our local clinics to use for expert referral. Romsey Veterinary Surgery adds an important mixed animal location in the fast growth corridor between Melbourne and Bendigo. We are looking forward to welcoming both veterinary clinic teams on board".

Victorian Equine Group Pty Ltd ("VEG")

VEG is a major provider of equine services including surgical, diagnostics, reproduction and hospitalisation and is considered amongst Australia's market leaders for specialist surgical referral. Located in Bendigo, VEG's specialist equine hospital provides ambulatory services for racehorses, other performance horses and the equine pleasure market. VEG also has an additional base in the Goulburn Valley adjacent to Victoria's main stud region. Overall, the business is strategically located to capture large and growing equine populations particularly in the Goulburn Valley and Macedon Ranges areas of Victoria. Growth in these regions has been strong in recent years, particularly as decentralization of capital city training facilities has occurred within the racing industry and large breeding operators have established their operations in regional Victoria.

VEG generates diversified revenues, with a wide spread of customers. No single customer accounts for more than 5% of total revenue. The business employs 25 FTE staff, including 12 veterinarians.

In FY22, VEG is projected to generate \$5.5M of revenue which represents 20% growth year-on-year. This follows several years of strong financial growth.

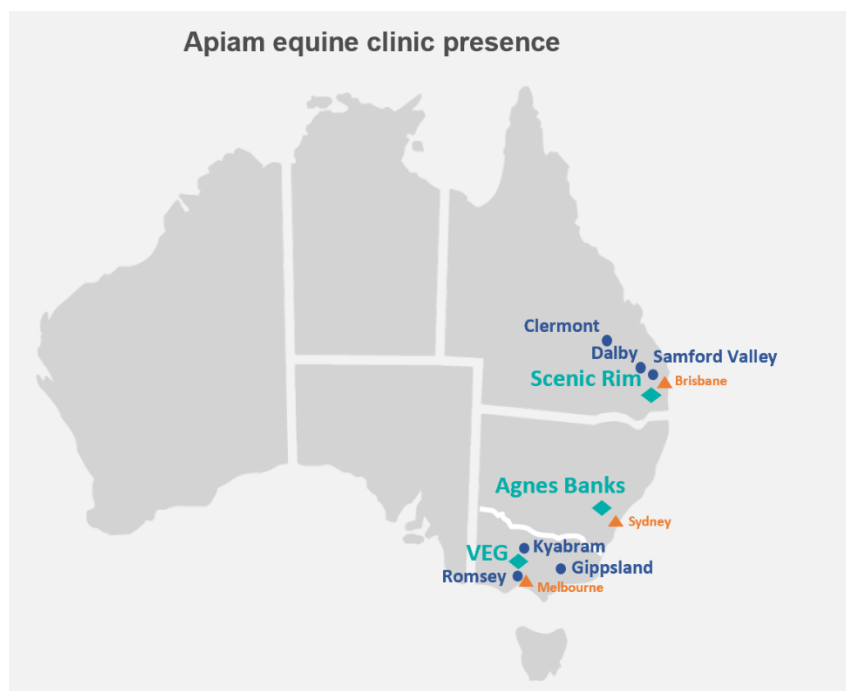
Romsey Veterinary Surgery Pty Ltd

Romsey Veterinary Surgery is a mixed animal and equine clinic located in the Melbourne to Bendigo growth corridor that predominantly services companion animals and animals from nearby farms. The clinic business also benefits from a growing equine presence in the region. With 16 staff, including 6 veterinarians, the clinic has a strong track record of performance, with 28% revenue growth in FY21. Projected revenue for Romsey Veterinary Surgery is \$3.3 million in FY22.

Apiam's equine veterinary strategy

Apiam currently operates two dedicated equine cornerstone clinics, in each of NSW and QLD through the acquisition of Scenic Rim Veterinary Services in Queensland (acquired 30 July 2021) and Agnes Banks Equine Clinic in NSW (acquired 1 December 2021). Both businesses are performing strongly under Apiam's ownership.

VEG adds a third high-performance referral cornerstone equine clinic and provides Apiam with a leading specialist equine presence down the East Coast. This acquisition will enable Apiam to further leverage its adjacent referral / feeder clinics, giving these clinics local access to industry leading skills and resources and also reduce the need for Apiam's existing Victorian equine clinics to refer to third party equine specialists.



Cornerstone equine clinics

- ◆ Scenic Rim (QLD)
- ◆ Agnes Banks (NSW)
- ◆ Victorian Equine Group (VIC)

Key referral centres

- Samford Valley (QLD)
- Clermont (QLD)
- Knox (Dalby) (QLD)
- Gippsland Equine (VIC)
- Kyabram (VIC)
- Romsey (VIC)

Key Acquisition terms

The combined consideration for the Acquisitions is \$13.75 million. This represents an overall acquisition multiple of 6.0x projected FY22 EBITDA (normalised basis).

The Acquisition consideration will be funded via \$9.8 million of cash consideration and the issue of \$4.0 million of Apiam shares. There is an additional earn-out payable to the vendors of VEG of up to \$1.2 million, based on FY22 performance.

Settlement of Romsey Veterinary Surgery is expected to occur on 1 June 2022 and settlement of VEG is expected to occur on 1 July 2022.

Shares issued to the vendors for the Acquisitions will be subject to a minimum escrow period of 12-months, with 50% subject to an escrow period of 24-months. Key employees have entered into minimum term employment agreements with appropriate engagement and restraint terms to reflect an ongoing contribution to earnings and expected support of the execution of Apiam's growth strategy.

Approval to increase acquisition finance facility

Apiam has secured approval from its lender, National Australia Bank Ltd (NAB) to increase its acquisition finance facility by \$20 million, in order to support its acquisition growth strategy. This provides additional headroom for future acquisitions of approximately \$38 million, before taking into account the cash consideration component for the VEG and Romsey Veterinary Surgery acquisitions.

Apiam continues to have a strong acquisition pipeline with several opportunities in the due diligence phase. Further acquisitions are expected to be finalised in the coming months and Apiam is well-funded to execute on these opportunities.

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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.