

ASX Release

Apiam Animal Health Limited

(ASX: AHX)

Apiam enters into exclusive distribution agreement with Plumblin

- Apiam has entered into a distribution agreement with Plumblin, a leading Korean-based animal DNA therapeutics company
- Apiam will exclusively distribute a number of Plumblin's patented immunotherapy technology products in Australia and NZ and have first right of refusal for exclusive distribution of future products in a range of markets
- Establishment of US distribution company, Apiam Solutions LLC with JV partner, Swine Veterinary Centre, a long term shareholder in Apiam

Melbourne, July 18th, 2018 – Apiam Animal Health Limited (**Apiam** or the **Company**) are pleased to announce that it has entered into a distribution agreement with Korean DNA vaccine therapy company, Plumblin Life Sciences (**Plumblin**).

Under the terms of the distribution agreement, Plumblin will licence a number of its patented immunotherapy technology products to Apiam, to be exclusively distributed by Apiam, in the swine, bovine and equine industries in Australia and New Zealand. The agreement also provides Apiam with first right of refusal to market Plumblin's companion animal cancer and kidney disease therapy products in Australia and New Zealand and current and future pig products in the USA and Canada.

Apiam will pay a licence fee to Plumblin for these distribution rights of US\$300,000 which will be amortised across the agreement term of 20 years. The terms of the distribution agreement have been structured to take into account the best use of Apiam's capital, and as such, an ongoing royalty payment of 5% of revenues earned from Plumblin sales will be payable by Apiam, up to the first one million doses of the relevant product. No other milestone payments will be payable by Apiam.

Apiam will also fund the initial costs of registration and market development of Plumblin products in the relevant distribution markets, however will be reimbursed for registration costs by Plumblin within twelve months of the product registration. These costs will be funded from Apiam's operating cashflows.

Plumblin, a listed company based in Seoul, acquired the animal health assets from US human immunotherapy company, Inovio Pharmaceuticals in 2014, and develops DNA vaccine therapy products for animals. Plumblin's first product, Lifetide SW5 is registered in Australia and New Zealand for use in sows to increase the number of pigs weaned. The company has also developed a number of other immunotherapy and vaccine products that in trials have been demonstrated to prevent clinical disease and improve health and performance in production animals. Plumblin have also developed gene therapy products to improve life expectancy in companion animals through improving outcomes for dog cancer and dog and cat kidney disease.

As part of this relationship, Apiam will also undertake applied research on these products to demonstrate performance of the pipeline products under commercial conditions for the Australian and New Zealand markets. Apiam's Managing Director, Dr Chris Richards said "Plumblin have a number of innovative products planned to come to market over the next four years as well as further R&D programs in place for future development of DNA vaccines. These new technology products are expected to contribute to Apiam's sustainability programs which include the commercialisation of alternatives to antimicrobials and will be industry leading as we look to support socially acceptable farming practices. Importantly, this partnership with Plumblin is also expected to deliver significant benefits for Apiam clients, their animals and our shareholders".

Dr Richards added "Apiam is well positioned to commercialise Plumblin's innovative technology across our animal footprint, initially in pigs and dairy cattle. We have a number of similar relationships under development and expect to continue leveraging new products across our client base in Australia and the US, via our new joint venture company, Apiam Solutions LLC".

Plumblin's Chief Executive Officer, Anthony K. Kim, said "We are excited to partner with Apiam for the exclusive distribution of our Lifetide SW5 product in Australia and New Zealand, as well as for the future products we have in development across a range of animal species and international markets. We believe Apiam's market reach and leading technical expertise in the swine and dairy cattle sector will deliver strong market results for both parties".

Apiam's revenue from Plumblin sales in FY2019 is not expected to be material, with sales expected to commence in FY2020 as additional products in pigs and dairy cattle come to market subject to successful commercial local trials. The gross margin contribution from sales of Plumblin products is expected to improve Apiam's overall group gross margin, particularly as Plumblin sales become more significant in FY2020 and beyond.

Apiam Solutions LLC

Apiam recently established a US distribution company, Apiam Solutions LLC, based in Minnesota with joint venture partner, Swine Veterinary Center (**SVC**). SVC are one of the largest and well known swine veterinary groups in the world, servicing a significant percentage of the US market as well as consulting in a number of other countries. The partnership between Apiam and SVC, who have been a long-term shareholder in Apiam, will see products developed by Apiam being distributed through the joint venture company in the US. SVC will provide technical, administrative and local management support. Products are expected to start flowing into the market in Q2 of FY2019 and the business is expected to be cash flow positive in its first year.

The establishment of Apiam Solutions LLC also provides a pathway for commercialisation and distribution to the US pig industry as Plumblin's pig products are approved for use in North America over the next few years.

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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.