

14 December 2023
ASX Announcement

ACCC will not oppose Woolworths' 55% purchase of Petstock Group

Key Points

- **Woolworths acquisition of a 55% interest in PETstock not opposed by ACCC**
- **ACCC has accepted PETstock's undertaking to divest a package of 41 sites**
- **Auctus Investor returns are finalised, they are not subject to outcome of divestment package**
- **Final close of transaction scheduled for Wednesday 3 January 2024**

Auctus Investment Group ('AVC', 'Auctus' or 'The Company') wishes to advise that the Australian Competition and Consumer Commission (ACCC) will not oppose the purchase of 55% of the PETstock Group Pty Ltd¹ (PETstock) by Woolworths Group Limited (Woolworths).

Overview

In December 2022, Woolworths announced its intention to acquire a 55% equity interest in PETstock for \$586 million. This equated to an Enterprise Value (EV) of \$1.3b² for 100% of PETstock. The Australian Competition and Consumer Commission (ACCC) has been reviewing the competition impacts of the proposal since January 2023. Post Woolworths' announcement to acquire a controlling interest in PETstock, the ACCC commenced a review into PETstock's past acquisitions. In order to address competition concerns raised by the ACCC, the ACCC has accepted a court-enforceable undertaking by PETstock to divest of 41 specialty pet retail stores, including 25 veterinary hospitals and two online retail stores.

The Pet Fund

In March 2021, Auctus raised the \$58m Pet Fund to acquire a stake in PETstock Group.

On 15 December 2022 when Woolworths announced its proposed acquisition of a 55% equity stake, the PETstock Group had grown the PETstock network to 276 stores.

Outcome

The Woolworths acquisition equated to an EV of \$1.3b² for 100% of the PETstock Group. The ACCC has accepted PETstock's undertaking to divest 41 specialty pet retail stores, 25 co-located veterinary hospitals and two online retail stores, predominantly under the Best Friends Pets, My Pet Warehouse and Pet City banners. PETstock's divestment undertaking

¹ Formerly referred to as Petspiration Group

² Enterprise value is presented on a pre-AASB16 basis excluding the value of lease liabilities

has led to an adjustment to the previously disclosed EV. The adjusted EV is \$1.128b³ Auctus estimates the adjusted EV will result in a return on equity of 1.5x for unitholders in The Pet Fund.

As a result of the adjusted EV, and the time that has passed between the transaction with Woolworths being announced and today's decision by the ACCC, Auctus expects its performance fee attributable from the sale of the PETstock Group to be \$3m.

Key Dates

- 14 December 2023: ACCC announced Woolworths' acquisition of 55% in PETstock not opposed and acceptance of undertakings by PETstock to divest 41 sites
- 3 January 2024: Final Close of the transaction.

The WOW/ACCC announcement can be read in full here:

- WOW announcement: <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02753939-2A1494423>
- ACCC announcement: <https://www.accc.gov.au/media-release/woolworths-acquisition-of-controlling-interest-in-petstock-not-opposed-as-petstock-gives-undertakings-relating-to-past-acquisitions>

- ENDS

This announcement has been authorised for release by the Board of AVC

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About Us

Auctus Investment Group Limited is an ASX listed global investment manager with in-excess of A\$530M Assets Under Management (AUM), focusing on opportunities across private equity, infrastructure and private real estate. Our core investment thesis is investing in sectors with strong tailwinds and potential to scale. Auctus provides access to these private market investments for wholesale, Family Office and sophisticated investors.

³ Enterprise value is presented on a pre-AASB16 basis excluding the value of lease liabilities