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ASX Announcement

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Strategic Acquisition of New Zealand Water Laboratory

HIGHLIGHTS

- HRL Holdings acquires Water Testing Hawkes Bay, a water sampling and laboratory business based in Hawkes Bay, New Zealand
 - This acquisition accelerates HRL's strategic objective to expand the company's broad range of testing services in the water sector
 - Ability to leverage Analytica's brand, reputation and expansive service offering into a new geographical segment
 - Purchase funded through cash reserves.
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Acquisition of Water Testing Hawkes Bay

HRL Holdings Limited (ASX: HRL) (**HRL or the Company**) is pleased to announce that it has executed an agreement to purchase Water Testing HB (2016) Limited (**WTHB**). Settlement of the transaction will occur on 1 March 2021.

Whilst modest in size, the acquisition of WTHB is important strategically as it:

- ✓ accelerates HRL's expansion into routine water quality and environmental laboratory testing;
- ✓ provides a solid recurring revenue base with approximately 80% of revenues coming from local government authorities;
- ✓ expands HRL's geographic coverage in New Zealand to the Hawkes Bay region on the east coast;
- ✓ through an integration into the Analytica Laboratories business unit, takes advantage of advanced technology and lean operating procedures; and
- ✓ provides opportunity to offer Analytica's full range of laboratory services to a new segment of customers.

Acquisition Details

HRL will acquire 100% of the share capital of WTHB in a cash purchase for NZD\$650,000. No deferred consideration, contingent consideration or earn-outs are payable.



Water Testing Hawkes Bay

Water Testing Hawkes Bay is one of New Zealand's leading regional bacteriological water-testing and analysis laboratories, focused primarily on providing sampling and routine water-testing for the government authority and businesses in the Hasting District, Napier City and Hawkes Bay region. It provides a range of services including:

- ✓ Water sample collection
- ✓ Drinking water testing
- ✓ Surface and ground water testing
- ✓ Effluent and trade waste testing
- ✓ Swimming pools and spas testing.

WTHB employs around 12 skilled sampling and laboratory staff, and averages around NZ\$1.5M in annual revenues.

Authorised by the Board

Paul Marshall
Company Secretary

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