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Dear Apiam shareholders,

Following on from the strong results in the second half of FY2020, I am pleased to advise shareholders that the forward momentum has continued through the first quarter of FY2021 (Q1 FY21).

Revenue (unaudited) for Q1 FY21 was \$29.6m, 14.1% higher than Q1 FY20, noting the first quarter is generally the lowest contributor to Apiam's fiscal year. Gross Profit (unaudited) for Q1 FY21 was \$16.6m, up 21.2% on Q1 FY20.

In particular, Q1 FY21 was supported by a strong performance in our companion animal and dairy segment with growth also being achieved across the pig segment on the prior comparative quarter. This growth offset a decrease in revenue from feedlot services as a result of less cattle being on feed than during the same period last year due to high feeder cattle prices and in some cases disrupted export markets.

Underlying conditions in most of our regional areas improved due to recent rainfall and the benefits of Apiam's growth-focused strategy. Implementation of new business initiatives also made important contributions – particularly the ProDairy consultancy program and our Best Mates program within the companion animal segment, with both continuing to deliver organic growth through new customer acquisitions.

We have also delivered excellent growth in our specialist diagnostic and vaccine business, which we acquired as part of the ACE Laboratory Services acquisition in October 2019. We have seen significant success in cross-selling these specialist services both across our large production animal base and into other industry sectors.

From a cost perspective, I am also pleased to report that Apiam is generating operating cost efficiencies and leverage as our revenue base continues to grow. This is evident in our strong profit momentum, and we expect this to continue into the second half of FY21.

Below, in this newsletter, you'll find more detail on some of the business initiatives I've outlined above.

We also look forward to updating you of further Company progress at our Annual General Meeting (AGM) on Thursday November 26 2020. This year, and in-line with COVID-19 safe recommendations, our AGM will be held virtually and all shareholders will be advised of online access details shortly.

In the meantime, please do not hesitate to contact me via email at chris@apiam.com.au if you have any further questions about Apiam's business.

Regards,

Dr. Chris Richards
Managing Director



Pet ownership has surged during COVID-19 lockdowns

Apiam's companion animal business has had a bumper six-months. As has been widely reported throughout the media, pet ownership has surged since COVID-19 lockdowns were introduced around Australia.

Some contributing reasons are thought to be people have had more time on their hands, are looking for companionship and have additional savings since holidays and entertainment in many forms are no longer COVID-safe options. This has been confirmed by pet adoption agencies that have also seen surges in pet adoption rates, as well as dog breeders who report the highest demand for puppies they have ever seen.

These trends have been very favourable for Apiam, given new pets bring with them an early and immediate requirement for many vet services – such as vaccinations, check-ups & de-sexing. There is also a growing trend towards high quality pet food, as issues with low-quality food have become more commonly known amongst pet owners.



Apiam launched its Best Mates annual subscription companion animal program at the start of the 2020 financial year, and it was expanded throughout the Company's clinics over the past 12-months. Increased pet ownership has supported rapid momentum in new members signing up to this program, with 64% growth in Q3 FY20 and 41% growth in Q4 FY20 (over the preceding quarter).

The Best Mates program has been designed to improve the standard of pet care as well as the affordability, particularly as it covers unlimited health checks, vaccinations, de-sexing, dentals and discounts on parasite treatments and pet food.



Dr Chris Richards, Apiam's Managing Director said "We're seeing a trend towards pets being more a part of the family and treated as such. This has been a trend we have been observing in regional areas for some time, where traditionally it was more of a trend we saw in the cities. It is now more widespread with regional communities willing to invest more in the health and wellbeing of their companion animals."

Additionally, the days of a low-cost pet, particularly puppies, are over. With the costs of breeding having increased substantially, this flows through to what owners are willing to invest in their pets health. This is also been seen in the increased demand for many of Apiam's more specialized services such as diagnostics, where the Company has invested heavily in first-class equipment. These can now be offered to regional customers that might otherwise have only had the option to travel to cities for more specialised services. This is a real point of difference for Apiam's clinics in many regional areas.

Best Mates TV advertising launch

Best Mates has recently developed and launched a TV advertising campaign to promote its services.

To date this has been shown across regional TV stations in Victoria and Southern NSW

Best Mates continues to grow strongly with 3,778 active members and 20% growth in Q1 FY21.

As at the end of June 2020, around 4.5% of Apiam's active patients were Best Mates members, leaving plenty of room for further growth.

www.furlifevet.com.au/bestmates/



(featuring Dr Ashleigh Hargreaves)

Lockdown and its impact on your pets

COVID related lockdowns has meant most of us have spent significantly more time at home. While the bonds between owners and pets have benefited in many ways, it is important to remember this time won't last forever...and for many pets this transition back to more normal ways of life may be hard.

Apiam's animal behaviourist, Dr Ashleigh Hargreaves recommends pet owners start planning ahead to make sure their animals cope when left on their own for extended periods again. Life could become difficult, particularly for dogs, who can be prone to anxiety or behavioral issues. Some may turn to destructive behaviour or barking to fill their time, or suffer more silently such as pace or refuse to eat their food.

It is not always as obvious when cats are suffering from separation distress as their signs of stress and anxiety may be more subtle. However, they can benefit just as dogs do to a more gradual return to the work-day routine and some can benefit from having toys to play with as well as hidden food to search for.

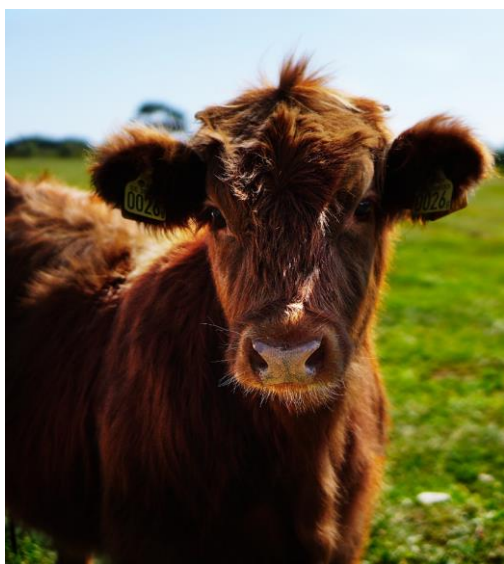
Dr Hargreaves suggests gradually implementing changes now to avoid confusing or overwhelming pets when they are left alone saying "the best thing is to transition them slowly and ease them into it rather than suddenly being away from 9 to 5".

Dr Hargreaves also has some other practical tips including:

- **Keep pets mentally busy** : Leave pets with something to do, such as scattering food around the backyard to sniff out, or putting food inside a toy to keep them busy
- **Monitor them if you're worried** : install an old tablet or camera in the home to monitor their behaviour, or ask a neighbor to keep an eye on barking and behavior during they day while you're not home
- **Routine, routine** : pets thrive on routine. They should know what to expect in a day. Pets knowing when they will be walked and fed can often help them cope better with changes at other parts of the day
- **Seek professional advice if you're pet is struggling** : Make an appointment with your local vet if separation issues persist for more than a short time. True separation anxiety is a mental health disorder that affects how the brain functions and is not going to get better with time, it will likely get worse if professional advice is not sought

Remember a healthy pet transitioned slowly should cope fine returning back to old routines, but pets who have showed signs of separation anxiety before, or for new pets who have never had an extended day independently of their owners may take some time to make this adjustment.

Fur Life Vet clinics offer in-person or zoom appointments to help with any of your pets behavioral needs - www.furlifevet.com.au



Apiam finalist in HR Awards

Apiam has been selected a finalist in three categories of the 2020 Australian Human Resources (HR) Awards.

The categories Apiam is a finalist in are:

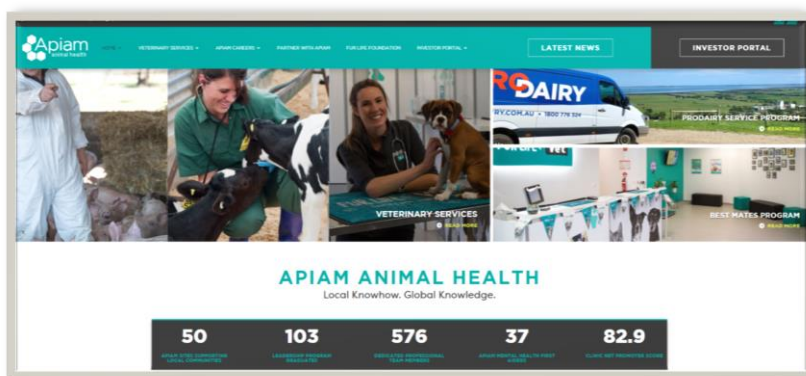
- the 'Best Graduate Development Program';
- 'Employer of Choice (100-999 employees)'; and
- the 'Australian HR Team of the Year' categories.

We are delighted with these nominations and believe this acknowledges Apiam as an employer of choice when it comes to its highly skilled and dedicated team members. This also recognises the value we place on our people and maintaining market-leading practices in People and Culture.

Winners will be announced in December 2020.



Apiam re-brands & launches new look interactive website



The Apiam brand is one of our business's key assets. Over recent months we have sought to unify how we are represented across our various businesses and embarked on the Apiam Brand Alignment Project.

We have entered an exciting new phase in the evolution of our business, and feel it is the right time to move to one brand across our many business segments, to represent to our clients that, as a whole, Apiam will always deliver best in class veterinary care.

For our Vet Clinic staff, our individual clinic identities have been united behind the Fur Life Vet brand for several years. As such Fur Life Vet is being elevated to the key vet clinic brands of all clinics. Where specialist programs exist such as ProDairy these brands will continue with the Apiam branding integrated within their programs.

As part of the Apiam Brand Alignment Project, Apiam has recently launched its new website to provide a better user experience for the public, veterinary industry and investors.

The new site is jam packed with information on the company, engaging videos to show what we do as a company to enrich the lives of people and animals in our care.

The new Investor section makes it easier to access Company News, media releases and Investor updates and presentations.

Check it out at www.apiam.com.au