

## What's inside?

Message from the  
Managing Director

Opening of two new  
purpose-built clinics

Partnership with  
Geelong Cats

Employee profile:  
Dr Lucy Collins

Purchase of Tatura  
large animal clinic

Launch of Tele-Health  
triage platform

StockTalk interview



## Regional expansion and Q3 performance update



Dear Apiam shareholders,

As we head into the final quarter of FY21, I wanted to update you of our recent progress.

Our revenue for March YTD FY21 (unaudited), was \$91.6m (+4.7% vs March YTD FY20) and gross profit (unaudited) was \$52.0m (+9.7% vs March YTD FY20).

Due to the impact of abnormally high product purchasing by many farming customers in March 2020, particularly as the initial threat of COVID-19 began to impact Australia and significantly alter consumption patterns, revenue for Q3 FY21 was \$30.3m, 2.8% below Q3 FY20.

Gross Profit for Q3 FY21 was \$17.5m (+1.5% vs Q3 FY20), with this growth for the quarter lower than we typically deliver, a reflection of the abnormally strong March 2020 contribution as outlined above.

Moving into Q4 FY21, we expect to deliver increased revenue and gross profit on the prior comparable period.

Overall, when looking at the core drivers of our FY21 YTD performance, excellent growth momentum is still occurring in our dairy & mixed animal clinics, being driven by the rapid acceleration in pet ownership and population numbers in regional growth corridors.

Revenues from our pig segment remain resilient, although some industry challenges remain.

Beef feedlot revenues continue to be below the record highs experienced in FY19-FY20. We are now however seeing early signs of improvement in this segment.

Our gross profit also continued its strong upward trajectory, and Apiam has consistently driven gross margin expansion as we have increased revenue capture in our clinics, made attractive acquisitions and strategically changed our business mix.

There have also been other developments in recent weeks.

You may have seen that we successfully raised \$6.0m via an over-subscribed placement. This was important to increase the institutional representation on our share register. Proceeds from the placement will be used to accelerate our regional expansion strategy and continue to capture the rapid growth we are seeing in pet and livestock ownership in regional veterinary markets.

We plan to continue our investment in opening new greenfield clinics as well as making strategic acquisitions.

Apiam is currently seeing increased M&A opportunities in the veterinary markets, with a larger number of high-quality groups expressing interest in accessing the Company's resources.

Another development I wanted to update shareholders of is that leading specialty pet retailer, Petstock, has acquired a 16.4% stake in our Company.

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## Message from the MD – (continued)



As you would be aware our businesses have had a commercial relationship since 2018, when we entered into a Joint Venture arrangement to open co-located veterinary and retail clinics throughout regional Australia.

Since this time, we have rolled-out several co-located clinics. We have most recently rolled-out two new clinics (Torquay North and Shepparton), that are both located adjacent to Petstock retail outlets.

I welcome Petstock's investment in our Company as it strengthens our collaborative business relationship and further supports us to work together in the next phase of our clinic roll-outs.

Apiam's focus for the year ahead continues to be pursuing our regional expansion strategy. As an established regional player, Apiam is well-placed to scale-up and leverage its market position in fast-growing regional veterinary markets.

Please do not hesitate to contact me via email at [chris@apiam.com.au](mailto:chris@apiam.com.au) if you have any further questions.

Regards,

**Dr. Chris Richards,**  
Managing Director

# Opening of two new purpose-built clinics, part of Apiam's regional expansion strategy

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. Apiam's strategy to capitalise on the pet ownership surge has seen the Company open two new greenfield clinics located adjacent to joint venture partner, Petstock.

Apiam's Torquay North Clinic opened in January and is strategically located in a fast-growing hub 20km outside of Geelong (VIC).

Since commencement of trade, this state-of-the-art veterinary clinic has performed well ahead of expectations, with strong support from the local community.

A successful clinic open day with Apiam's new partner, AFL club, Geelong Cats, was held in March strengthening the clinic's profile and level of community awareness.

This was shortly followed by the opening of Apiam's new Shepparton Fur Life Vet clinic in mid-March, which employs 12 staff and is located in the important Goulburn Valley region of northern VIC.

Like all of Apiam's greenfield clinics, Fur Life Vet Shepparton has been purpose-built to cater for the animal needs of the area, including large animals.

Dr Rob Bonanno, a well-known Shepparton dairy vet and ProDairy consultant has returned to provide vet services to his home town. "We have been able to design this clinic to suit our needs and for the evolving work that we are doing. We have an isolation ward for any contagious cases like parvo, a pathology ward that can do blood tests in 14 minutes rather than being sent off, as well as a dental room."

"Dental work is booming, and with animals living longer, and not getting as many bones to chew it is a growing need for many of our pet patients."

Apiam plans to roll out more new Fur Life Vet clinics over the next 12 months, in targeted regional locations with attractive population growth profiles. A number of new clinics are currently in the planning and building phase.





## Employee profile: Dr Lucy Collins

Dr Lucy Collins was employed by Apiam in 2015 and is one of the Company's senior veterinarians, with expertise in dairy cows.

Dr Collins has played a key role in the development and rollout of Apiam's ProDairy platform.

In addition, Dr Collins was recently awarded one of the prestigious Nuffield Scholarships (designed to support "change makers" for Australian primary producers). Dr Collins plans to focus her study on improving animal welfare practices for dairy cows and the industry as a whole.

Dr Collins is passionate about animal welfare on Australian dairy farms saying "I just felt like there was a lot more we could be doing, on a domestic basis".

"Some of our farming clients are required by their processors to undertake an annual animal welfare audit, but they're using overseas standards and assessment programs."



## Partnership with Geelong Cats Football Club

The Cats have signed Apiam (and their Fur Life Vet brand) as their vet and pet membership partner.

As part of the new agreement, Cats members will receive unlimited free consults on preventative and protective healthcare at Fur Life Vet Clinics via a discounted Best Mates membership.

This is a great opportunity for Apiam given the reach and diversity of the Geelong fan base. It aligns with Apiam's strategy to attract new companion animal customers, with a national and local approach to increasing "Fur Life Vet" brand awareness.

Mr Braith Cox, Geelong's Chief Commercial Officer said, "The partnership is a huge win for our members, offering real savings and peace of mind"



## Purchase of Tatura large animal clients

In December 2020, Tatura Vets (located in the Goulburn Valley region of VIC) announced to its community it was to permanently close its large animal veterinary service due to the retirement of a key veterinarian and other staffing issues.

Apiam is pleased to report that it jumped at the opportunity to continue to offer the residents of Tatura (and surround) high quality large animal veterinary services.

Apiam settled on the business in late-December and by mid-January had already provided services to more than 40 dairy farmers with Dr Chris Richards saying, "we are committed to supporting Australia's dairy industry".

Apiam has continued through the quarter signing up many dairy producers in the region to its ProDairy service program.



## StockTalk interview – Post pandemic winners

Watch Apiam's Managing Director, Dr Chris Richards talk with StockTalk host Dr Nigel Finch, and co-panelist, Mr Jimmie Wong (from ASX - listed Credit Intelligence) about the COVID-19 driven macro shifts benefitting their companies.

See the interview at the link below.

<https://stockhead.com.au/stockhead-tv/post-pandemic-winners-whos-taking-advantage-in-the-new-normal/>



## Launch of Tele-Health triage platform



Along with Apiam's successful regional expansion strategy, Apiam is also leveraging its technology investment. Its latest initiative is a proprietary software-based triage service that enhances interaction between vets, clients and their animals.

The After Hours Tele-Health triage system is run by a team of experienced Apiam veterinary nurses and involves calls being triaged to ensure best practice response to emergency care and other non-critical animal matters.

Apiam's Managing Director, Dr Chris Richards commented that "all the after hours and weekend calls from more than 30 of our vet clinics come through this service, and since launch there has been over a 50% reduction in calls requiring a vets time since deployment."

The system integrates vet tracking, our practice management system and rostering system, and from a practical perspective allows Apiam to know exactly where vets are if out on jobs, and who is best placed to deal with the following cases, depending on the level of urgency.

This allows triage nurses to better coordinate vets time, and for more thorough briefing before the vet attends cases.

Importantly, this initiative is a key competitive advantage for Apiam in retaining its talented staff members, where in many regional areas, veterinarians can be under challenging workloads - based on a load of working full time and then on top of that, dealing with a lot of after-hours emergency calls and visits.

Initiatives such as this virtual triage system, designed to address work-life balance issues for vets are assisting Apiam in recruitment and are seen as a key competitive advantage for the Company.