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Strong Q3 with revenue on track to meet FY22 target



Dear shareholders,

It has been an extremely busy and productive start to the year for Apiam. As we head into the final quarter of the 2022 financial year (FY22) I wanted to provide a progress update.

Our third quarter of FY22 (Q3 FY22) has continued to deliver strong growth momentum – particularly in our dairy & mixed animal segment, where we continue to capture market share and integrate acquisitions made during the back half of last calendar year.

In particular, March was a very strong trading month across all our clinics, rebounding from the COVID impacts of January felt around Australia as the Omicron wave took off, forcing many into isolation.

Revenue for Q3 FY22 was \$39.8 million (30.9% higher than Q3 FY21). Similarly, gross profit for Q3 increased strongly to \$24.6 million (40.2% higher than Q3 FY21).

On a March YTD FY22 basis (unaudited), our revenue was \$114.9m and our gross profit was \$70.9m (increases of +26% and 36% vs March YTD FY21 respectively).

Our beef feedlot operations delivered early signs of growth in Q3, with feedlot revenue beginning to reflect feeder cattle flowing into yards as the national herd continues to rebuild.

We have provided a snapshot of the leading industry body, Meat & Livestock Australia (MLA) forecasts for the national cattle herd rebuild in the

year ahead on page 3 and included a link to their Cattle Projections Webinar for 2022.

As you would be aware, we executed 8 acquisitions in the first half of FY22 and these are all performing well and delivering growth for our Company. We continue to work on leveraging greater efficiencies from the businesses as they become fully integrated within our Group.

We also remain firmly committed to delivering organic growth from our underlying business and in this period have made good progress in several areas.

Our companion animal subscription service program 'Best Mates' continues to deliver growth having had its second highest ever month in March 2022 with over 700 new members. Nine of our clinics also reported their highest number of monthly subscriptions on record and we expect to see even stronger customer uptake with this service, particularly as we continue to integrate newly acquired clinics.

We also recently received a Victorian Government Grant to build a new state-of-the-art viral vaccine laboratory in Bendigo. We see this as a very important growth opportunity for Apiam in the future, and a much needed service for our livestock customers.

Our immediate focus is to fast-track the development of a vaccine to target Japanese Encephalitis.



Message from the MD *(continued)*



As we look to the year ahead we will continue to pursue our accelerated acquisition program where strategic opportunities arise.

We also have a stated goal to double our revenues to more than \$300M by the end of FY24, and remain on-track to do this via a combination of organic growth, greenfield clinics openings and acquisitions.

I look forward to providing you a further update of our FY22 performance in the coming months.

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

Regards,

Dr. Chris Richards,
Managing Director

Government grant to build state-of-the-art viral vaccine laboratory in Bendigo

On March 30, Apiam was awarded \$700K under the Victorian State Government's Regional Jobs Fund to build a new state-of-the-art viral vaccine laboratory targeting emerging viral pathogens.

The grant was awarded to Apiam in Bendigo, the location of the new facility by the Minister for Regional Development, Mary-Anne Thomas.



This will be a first of its kind in Australia and will be an extension of Apiam's existing ACE Laboratory Services facilities, which focus on production of autogenous (custom) bacterial vaccines for livestock. ACE Laboratories currently produces nine autogenous vaccines for bacterial diseases in pigs, poultry and cattle.

While the facility is not expected to be fully complete until 2025, it will be constructed in a modular design where the facility can commence use as soon as the first module is complete.

Apiam expect to start producing vaccines within the next 12-18 months, with a priority focus on a vaccine targeting Japanese Encephalitis.

Apiam is working in collaboration with several potential research partners on production of this vaccine.

Apiam also plans to produce several other viral vaccines to fill gaps in the local livestock markets, specifically where there is no commercial vaccine product already available.

"Our plans to build this viral vaccine facility are central to Apiam's strategy to lead product innovation within the animal health segment" said Dr Chris Richards, Apiam's Managing Director.

"We see significant market potential for new viral vaccine technologies, both domestically and in New Zealand where we currently supply bacterial vaccines."

"New pathogens continue to emerge as we are currently seeing in the domestic pig industry with the current Japanese Encephalitis outbreak. The emergence of new viruses (or new strains) are expected to be an ongoing problem for livestock producers."



National cattle herd rebuild forecast in 2022

Meat & Livestock Australia (MLA) released its first cattle industry projections update for 2022 in February.

MLA expect the cattle rebuild to continue in 2022 and noted the following key points:

- National herd forecasts to grow by 1.1m (or 4%) in 2022 as herd rebuild becomes more pronounced
- Slaughter numbers to rise by 11% in 2022, driven by increased supply
- Production volumes expected to reach 2.08M tonnes, a positive for export markets

MLA's Market Information Manager, Mr Stephen Bignell noted "as many countries continue to recover from the pandemic, demand for Australian beef is expected to grow in line with improving supply of cattle from the second half of 2022."



February Cattle Projections Webinar

Listen to MLA's 2022 cattle projections webinar here:

[YouTube link](#)

Continuity of animal care throughout flood crisis

The unprecedented rainfall in QLD and NSW since the start of 2022 has had a devastating impact on many regions and communities. Apiam has two clinics in affected regions – Gympie Vet Services and Agnes Banks Equine Clinic, with both teams demonstrating incredible resilience and hardwork to continue animal care throughout the worst of the crisis.

Commenting on the performance of the clinics, Dr Chris Richards said "ingenuity, resilience, teamwork and a piercing focus on the health and welfare of their colleagues, clients and animals is how I would describe the massive achievement by our Gympie Vet Services team over the last month".

"To have packed up a clinic, relocated the equipment to 3 temporary sites, and watched the clinic submerge while continuing to provide veterinary services to their local communities was inspirational! A huge team effort all round."



"A super effort was also made by the team at the Agnes Banks Equine Clinic who stepped up and out of the mud to deliver exceptional equine veterinary services during the flood crisis."

During the floods, the Agnes Banks equine hub had 15 horses in the hospital requiring continued care. Apiam's ambulatory teams were split either side of the river, visiting horses by boat, helicopter and whatever else was possible.

Some Apiam vets went by boat with SES teams to assess stranded animals, while others took to the skies to assess a horse with an open fetlock joint.

Apiam continues to work with local communities to rebuild following the floods, with animal care the top priority.

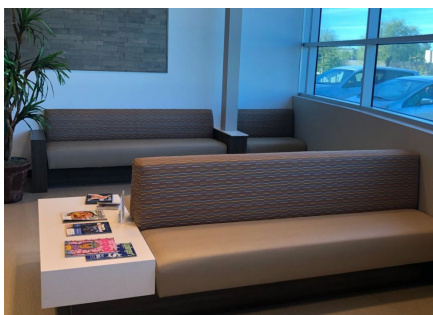
Insights from US veterinary industry research trip

Customer centricity and employee engagement through digital platforms were the common themes observed during a recent visit by several Apiam staff to some leading US veterinary clinics.

Cloud computing is revolutionising vet clinic operations in the US market, in a way it has yet to in Australia.

Wearable cloud-based technology is optimising clinic workflow and driving efficiencies, enhancing precision animal monitoring and driving workplace and client interactions and communications.

New customer digital onboarding, self check-in's and reception areas are designed without desks to enhance client interactions.



From a clinical perspective efficient usability is a key focus - with less than 10 clicks to a complete clinical work up with voice recognition and pre-populated cells for common clinical histories and wellness programs.

Whilst in the US, Apiam staff also had the opportunity to test the recently announced Covetrus Pulse - a fully integrated cloud-based veterinary practice management system and customer engagement platform.

A big thanks to the [Covetrus](#) team and the openness & transparency provided by US veterinary colleagues in providing this extraordinary opportunity.

Apiam staff have returned with some great insights to shape the future of veterinary services and how they are provided to clients and their animals.

The final leg of the trip saw attendance at the Western Veterinary Conference, one of the largest veterinary focussed conference globally. With 500+ exhibitors and plenty of the 40,000+ US vet clinics in attendance, there was plenty of energy and focus on future innovation.

It provided a great opportunity to meet with fellow corporate vet groups and discuss the changing dynamics in the industry, especially in technology, workplace practices and work-life integration.

Consolidation in the sector looks set to continue – and many of these technologies and ideas will be the basis from which future efficiencies and service improvements evolve.





Apiam Animal Health Ltd
Coffee Microcaps Presentation
7 April 2022

Coffee Microcaps Investor Presentation (7 April 2022)

Listen to Apiam's Managing Director, Dr Chris Richards present at Coffee Microcaps Morning Meeting Series earlier in April.

Listen to the interview at the link below:

[Coffee Microcaps YouTube Link](#)



Apiam Animal Health Ltd
Morgans Investor Conference
23 March 2022

Morgans Investor Conference Presentation (23 March 2022)

Read the full Morgans Investor Conference Presentation at the link below:

[Link to presentation](#)

Apiam vets on frontline in Japanese Encephalitis response

The recent Japanese Encephalitis outbreak across the Australian eastern seaboard has seen the Japanese Encephalitis virus - which naturally cycles between waterfowl and mosquitoes - spill into humans and pigs.



Apiam's vet team has been at the forefront of undertaking surveillance across the pig herd and in advising on mosquito control programs in line with National Guidelines.

With over 70 of the estimated 1200 commercial piggeries having been affected, resulted in a busy March for Apiam vets who, in addition to providing their normal veterinary services, have also been deployed by state agencies to undertake surveillance activities across farms to confirm suspected cases and to better understand the epidemiology of this disease.

Samples taken from pigs are sent to the Australian Centre for Disease Preparedness in Geelong for confirmation or exclusion of the Japanese Encephalitis pathogen.

It is suspected that recent rare events have occurred as a result of the alignment of several factors, including the La Niña high rainfall events over the last 12 months, the migration of waterfowl from South-East Asia where the disease is endemic and a seasonal increase in the number of mosquitoes in the same regions.

With the onset of cooler weather and a reduction in mosquitoes, clinical disease is expected to reduce over the next couple of months. Whether this disease becomes an ongoing issue is yet to be determined however Apiam is working on developing a vaccine in the event that it re-emerges into next summer.

The positive news for those of us who love to cook and consume our favourite pork dishes is that the virus does not affect pig meat and that locally produced pork, bacon and ham remains safe to consume.