

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Annual General Meeting 2022 Chair Address

Bendigo, 24 November 2022

Good-morning ladies and gentlemen.

It is my pleasure to address shareholders today at the Annual General Meeting of Apiam Animal Health Limited for 2022.

This year has been a period of significant business transformation for our Company, as we have rolled out our Accelerated Growth strategy to build towards our target of \$300 million in pro-forma revenues by the end of the 2024 financial year.

Not only does this strategy significantly grow our revenue base, but more importantly it is building a business of significant scale and financial resilience; a business that is capable of generating strong, reliable free cash flows. We believe this is key to delivering intrinsic value for our Company's shareholders.

A key element of our Accelerated Growth strategy is transitioning Apiam's business mix so that it derives a very large share of its revenues from the dairy and mixed animal segment. Mixed animals includes a range of animal species including companion animals as well as equine.

We are already making rapid progress in this area, and if we look at just this past financial year we derived around 74% of our revenues from the dairy & mixed animal segment when we include the full impact of the acquisitions we made, up from 60% in the prior financial year.

Driving growth across these segments results in many benefits for Apiam. As veterinarians, we know these segments provide highly resilient revenue and income streams with reduced exposure to the cyclicity often associated with the intensive agricultural animal industries.

We are also experiencing the strongest growth in the dairy & mixed animal veterinary markets that many of us have seen in decades – driven in part by changing demographics as well as consumer spending habits and attitudes to animal care in regional areas. Capturing this growth is a key part of our strategy.

These trends I have outlined ensured that Apiam's financial performance over the past financial year was strong and resilient – despite the many economy-wide challenges faced as a result of significant lockdowns in the second half of 2021, rising costs in many areas as well as labour shortages.

Our Accelerated Growth strategy is built on a foundation of both organic and acquisitive growth, and in line with this we executed 11 acquisitions during FY22 as well as a further acquisition in October. Together, these acquisitions have added an additional 16 clinic locations giving you an idea of the pace of the acquisition program we have underway at the moment.

Our acquisition program is highly targeted towards areas that are experiencing rapid dairy & mixed animal growth. Our Managing Director, Dr Chris Richards will provide further details about our acquisition program in his address shortly, but I do want to highlight that delivering organic growth is also an important part of the strategy and our ability to generate future cost leverage is an important consideration in every acquisition we make.

Ultimately this will drive our ability to generate increasing profit growth and free cash flow for shareholders.

Funding our growth plans have been a key consideration for the Board and management. In addition to utilising the strong operating cash flows the Company generates, we have also bolstered our capital position. In May, we conducted a successful \$20.25 million equity raising which was well supported by new and existing shareholders and during the year we also negotiated additional debt finance from our banking provider, NAB.

The ability of our Company to execute these funding initiatives, during a turbulent period for capital markets, speaks to the strength and resilience of our business model and the successful repositioning of Apiam as a Company on an accelerated growth path.

We have also considered our dividend policy in light of our growth objectives over the next few years and declared a final dividend in respect of FY22 of 0.4 cents per share. Moving forward, the Board's view is that Apiam's Accelerated Growth Strategy presents a great opportunity to deliver substantial intrinsic value to all shareholders. The Board therefore intends to invest all capital during this growth period towards funding the Accelerated Growth strategy.

Now, turning to our Environmental, Social and Governance priorities. In 2022 we have conducted a review and recently completed our corporate sustainability plan. This has resulted in important Company goals and policies for FY23.

Our initiatives in this area are centred around three key pillars, that align with our Company purpose – that is, *to enrich the lives of Animals, People and Communities*. These pillars are the guiding foundation of our ESG program and we plan to report back to you with further progress and achievements at each formal reporting period, the next being our first half results in February 2023.

This year we have also progressed our Board renewal plans, appointing Ms Evonne Collier as a Non-Executive Director to the Board as of the 1st October. Ms Collier, who joins us here today, has significant Company Director and strategic leadership experience in many important areas such as business scale-up, commercial transformation and digital disruption. She has spent a large part of her career working in multinationals across sales, marketing and Software as a Service in relevant industries including pharmaceuticals and animal health.

We welcome Evonne to the Apiam Board and look forward to benefiting from the diverse skillset she brings to the Company. Her leadership and experience will strengthen the implementation of our Accelerated Growth strategy that we have mapped out over the next two years. Evonne is standing for formal election at this meeting today.

I also recognise Mike van Blommestein who has announced his intention to retire from the Apiam Board and will therefore not stand for re-election today. Mike has made a significant contribution to the Company since Apiam listed in 2015 and has been Chair of the Remuneration and Nomination Committee throughout his tenure. I thank Mike personally, and on behalf of the Board, for his wise counsel over those years.

Before I wrap-up I take this opportunity to thank Apiam's entire staff for another year of hard work and achievement, without which the results I have talked about today would not be possible.

I will now hand over to Chris Richards who will provide an overview of our FY22 financial performance as well as an update of our year-to-date performance in this new financial year.

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For further information, please contact:

Dr Chris Richards
Managing Director
Apiam Animal Health Limited
chris@apiam.com.au

Catherine Ross
Investor Relations
catherine.ross@apiam.com.au
0421 997 481

Authorisation

This announcement was authorised by the Board of Apiam Animal Health Limited.

About Apiam Animal Health Limited

Apiam Animal Health is one of Australia's leading rural veterinary businesses made up of 74 business sites including 59 Veterinary Clinics and 296 highly experienced veterinarians as part of a team of 1014 dedicated professionals. The majority of Apiam's vet clinics, production animal, and allied businesses have been around a long time, many of them decades and are spread Australia wide reaching into the heart of dairy, beef, sheep and pig country and the regional towns that are at their centre.

Apiam Animal Health is committed to providing best in class care for its clients, the animals in their care and the communities where people live and work. The Company's purpose, to enrich the lives of animals, people and communities, is applied across all businesses from vet clinic to production animal consultancy, logistics and laboratory with vets and allied staff sharing expertise and specialist knowledge. Apiam is focused on meeting the needs of its clients and shaping the future of the industry to deliver best practice animal health and welfare at a local level and nationally.