

### What's inside?

#### Message from the Managing Director

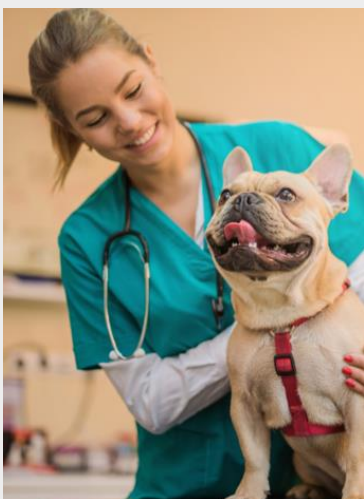
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## Strategy on-track in Q3 with operating leverage being realised



Dear Apiam shareholders,

- **Q3 FY23 YTD revenue +24.2% (vs pcpc); Gross Profit +31.2% (vs pcpc)**
- **Improved operating leverage**
  - **Q3 FY23 YTD underlying EBITA<sup>1</sup> margin 7.1% (vs 6.7% in pcpc)**
  - **Q3 FY23 YTD underlying EBITA<sup>1</sup> +31.5% (vs pcpc)**
- **Dairy & mixed segment LFL<sup>2</sup> revenue growth of +4.5% Q3 FY23 YTD**

I am pleased to provide you with an update on Apiam Animal Health's third quarter performance for the 2023 financial year (Q3 FY23).

This quarter we have been focussed on our strategy to continue to deliver revenue growth, as well as improving operating leverage from our extensive acquisition program embarked on over the past two years.

A summary of our key Q3 FY23 financial metrics is set out below (unaudited basis), noting because of business seasonality Q3 (and Q1) are traditionally the lowest contributors to annual revenue and earnings.

	Sales	Gross profit	EBITA (U/L) <sup>1</sup>
Q3 FY23	\$48.9m +22.9%	\$31.5m +28.0%	\$3.2m +43.3%
Q3 FY23 (YTD)	\$142.6m +24.2%	\$92.9m +31.2%	\$10.1m +31.5%

Managements operational focus in H2 FY23 to deliver integration benefits and greater synergies has delivered higher underlying EBITA margins in Q3 FY23 YTD of 7.1% (vs 6.7% at the same time last year).

Our dairy & mixed animal segment continues to account for the largest share of our business and Q3 FY23 YTD contributed ~77% of Apiam's revenues.

We continue to see the benefits of our growth strategy in this segment, particularly as it brings with it the advantages of less-cyclical revenue streams and resilience in the face of varying economic conditions as many communities around Australia are currently experiencing.

In Q3 YTD FY23 we have delivered +4.5% like-for-like revenue growth in the dairy & mixed animal segment and continue to roll-out several new greenfield sites where we see strong regional growth opportunities.

Industry-wide challenges with respect to growth in animal numbers in the beef feedlot business have continued in Q3 and Management continue to work on innovation in products and services to maintain a solid earnings contribution.

As we move into the final quarter of the FY23 financial year we remain focused on targeting improvements in operating earnings and free cash flows for our shareholders. Q4 FY23 is expected to deliver strong revenue contribution, supported seasonal phasing contribution from our dairy business.

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

Regards.

**Dr Chris Richards**  
Managing Director

#### Notes

<sup>1</sup> Underlying EBITA is unaudited and provisional and excludes one-off expenses

<sup>2</sup> LFL refers to like-for-like (before the contribution from acquisitions during the period or PCP)

## Apiam receives APVMA approval for Japanese Encephalitis vaccine

- **Apiam will be first to market for Australian swine industry**
- **On-track to commence roll-out in June 2023**

A vaccine developed to protect pigs from the deadly Japanese encephalitis virus is months away from being rolled out by Apiam on a commercial scale.

APVMA (Australian Pesticides and Veterinary Medicines Authority) has recently issued a permit to Apiam's wholly owned subsidiary ACE Laboratory Services.

This will be an Australian first for the swine industry and the permit provides for 500,000 doses, which is enough to vaccinate the majority of the Australian pork industry breeder herd if required.



The mosquito-borne disease has claimed the lives of five Australians and thousands of pigs over the past year.

Developed by La Trobe University researchers, the vaccine is expected to be ready for the animal market in the coming months and will then be manufactured at Apiam's vaccine facility in Bendigo. More information about Apiam's state-of-the-art viral vaccine laboratory can be read here:

[Funding for laboratory \(ASX Mar 2022\)](#)

## Greenfield clinic roll-out program continues

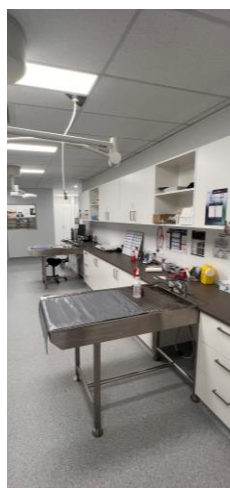
Apiam's greenfields clinic program has continued into 2023, with the recent opening of a new clinic in Yarrowonga (VIC) and another in Caboolture (QLD) due to open in May.

Both sites operate under the Fur Life Vet brand and are co-located with a PetStock retail store in carefully targeted regions with attractive demographics.

Dr Chris Richards, Apiam's Managing Director said "our new Hastings and Yarrowonga greenfield sites have been performing well in the early weeks of operation, with positive feedback from local customers and communities. We have refined our greenfield cost strategy and this is driving stronger financial performance and greater capital efficiency from these locations".



Apiam is on-track to open a further greenfield location in the fast-growing peri-urban suburb of Tarneit (VIC) in October 2023.



Take a tour of  
our Hastings  
greenfields  
site here!





Enriching the lives of Animals,  
People and Communities

## Pig & Feedlot teams take on Protein 2023

Last month our Pig and Feedlot teams sponsored and participated in the TSBE Protein 2023 conference.

This event brought together beef, pork, poultry and dairy industry experts to discuss innovations, bio-security, sustainability animal welfare and more.



By staying up-to-date Apiam's veterinarians can provide the best possible care for their clients' animals.

Apiam staff connected with peers, shared best practice and learned about the latest innovative technologies.

Participating in events like Protein 2023 helps our Company to continue to improve livestock health and wellbeing.

[Read more here](#)

## Apiam in the news...



### The Australian

*The humanisation of pets has exploded and companies want in*

[Read article here](#) (subscription)

### The Gippsland Times

*Calls for HECS incentives to address regional veterinary shortages*

[Read article here](#)

### Business News Australia

*Rural veterinary group Apiam corrals NSW regional clinics for \$11.2m*

[Read article here](#)



### Interview with Apiam MD

Apiam's Managing Director, Dr Chris Richards met with ABN Newswire host Tim McKinnon.

This was a virtual interview discussing Apiam's NSW acquisitions in high-growth regions.

Watch the interview here:

[ABN Newswire link](#)

## MEET THE TEAM – Dr Duncan Runciman *Apiam Veterinary Director*



Dr Duncan Runciman is our Veterinary Director at Apiam.

Dr Runciman is responsible for providing leadership and direction in relation to clinical related activities, including standards of care, professional development of veterinary and nursing teams, and the implementation of new technologies to enhance veterinary services.

Dr Runciman has extensive experience in the veterinary industry, having worked in mixed practice, dairy cattle reproduction, equine medicine, and companion animal services.

He joined Apiam in 2015 as a principal of Gippsland Veterinary Hospital and has since taken on several leadership roles, including heading up the Veterinary Services Advisory Committee for Companion Animals and Equine, and more recently serving as the Regional Lead for Gippsland and Tasmania.

Dr Runciman is well-known across the Company for his ability to develop the surgical skills of other veterinarians and his passion for the highest standards of animal care.