

## ASX RELEASE

# Apiam Animal Health Limited (ASX: AHX)

## FY23 trading update, cost saving initiatives and regional expansion

- Resilient revenue performance with dairy and mixed animal segment delivering organic revenue growth of 4.9%
- Increased wage costs & interest expense, negatively impacting Net Profit After Tax
- Redundancy & restructuring initiatives completed in June 2023; expected to deliver cost savings from July 2024 of \$2.6 million p.a
- Management continue to work with several clinics around optimisation of staff rostering and increasing operating efficiencies to generate further savings
- Completion of two acquisitions in strategic regional locations & opening of two greenfield clinics in Q4 FY23
- Extension of existing debt facilities on current terms to January 2026

**Bendigo, August 1, 2023** – Apiam Animal Health Limited (**Apiam** or the **Company**) today announced a market update ahead of the release of its financial results for the year ended 30 June 2023 (FY23).

### FY23 Trading update (unaudited basis)<sup>1</sup>

\$M	FY23 (unaudited)	FY22 (reported)	% chg.
Revenue <sup>2</sup>	192.8	157.2	+22.6%
Gross profit	125.3	97.4	+28.6%
EBITDA (underlying)	21.0	18.3	+14.8%
EBITA (underlying)	12.8	11.5	+11.6%
NPAT (underlying)	6.4	7.1	(9.6)%
NPAT (reported)	3.9	4.6	(14.9)%

#### Notes

<sup>1</sup> Underlying EBITDA and EBITA are non IFRS measures and exclude one-off expenses

<sup>2</sup> Excludes one-off revenue adjustment for deferred revenue relating to prior years +\$920K and reversal of earn-out no longer payable -\$190K

Apiam's revenue in FY23 remained resilient and was driven by growth in the Company's dairy & mixed animal segment which accounted for 77% of Apiam's revenues in FY23. This segment delivered like-for-like (LFL) revenue growth of 4.9% in FY23 vs the prior corresponding period (pcp).

The Company's beef feedlot and pig segment continued to operate in a challenging industry environment, with segment LFL revenue falling (4.1)% in FY23. While revenue generated in the feedlot segment was back on the previous year due to lower feeder steer inductions and improved health outcomes, pleasingly the pig segment delivered 5.0% revenue growth in H2 FY23 (vs pcp).

Apiam's earnings performance in FY23 was impacted by growth in wage costs (which increased 8.7% on a LFL basis in the dairy & mixed segment), reflecting the recruitment of higher skill-set veterinarians in H1 FY23, the broader inflationary environment as well as the full year impact of the business support required following the accelerated acquisition program that occurred throughout FY21-FY22.

Rising interest rates over the past 12 months, as well as increased borrowings to fund strategic acquisitions in H1 FY23, has increased Apiam's interest expense in FY23 to \$3.8 million, up from \$1.6 million in FY22. This has had a negative impact on the Company's NPAT performance in FY23.

### **Cost-saving redundancy & restructuring initiatives**

In June 2023, Apiam finalised a cost-saving redundancy & restructuring program to reduce the amount of non-veterinarian staff both within the Company's centralised business support functions, as well as at various clinic locations.

This program is expected to result in a reduction to Apiam's wage expenses of approximately \$2.6 million p.a. from July 2024 onwards. Redundancy costs incurred were not significant and will be treated as non-recurring costs in Apiam's FY23 accounts.

Additional cost synergies are expected as Management continue to work with several Apiam clinics around optimisation of staff rostering and achievement of greater operating cost efficiencies.

### **New acquisitions & greenfield clinics**

In Q4 FY23, Apiam completed the acquisition of two regional companion animal clinics in targeted high-growth locations. Boyne Tannum Vet Surgery, a full-service companion animal clinic located in Queensland, was acquired by Apiam in June. The clinic is located 25 kms from an existing Apiam Fur Life Vet clinic and expected to deliver synergies within a short timeframe.

Apiam also acquired Townsend Veterinary Clinic located in Albury NSW, a large regional city with an extensive surrounding border community. The total consideration for both acquisitions was \$3.9 million.

In addition, Apiam opened two new greenfield clinics in Q4 FY23 - in the regional hubs of Yarrowonga (VIC) and Caboolture (QLD). Both clinics have been performing strongly since commencement of trading and have been targeted to meet the needs of a growing pet care market in these regional growth corridors.

### **Apiam extends debt facilities with NAB**

Apiam is pleased to announce that its long-standing financier, National Australia Bank (NAB), has extended the current terms of the Company's existing debt facilities until January 2026, enabling Apiam to continue to execute on its growth strategy where financial and strategic criteria are met.

*All financial information included in this trading update is unaudited and remains subject to further review and finalisation.*

*Apiam will release its full FY23 results to the ASX on Monday August 28<sup>th</sup> 2023.*

**--Ends--**

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### **Authorisation**

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



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## **About Apiam Animal Health Limited**

Apiam Animal Health Limited is one of Australia's leading rural veterinary businesses made up of more than 80 veterinary clinic sites and additional ancillary business sites. The Company is supported by a strong team of highly experienced veterinarians and other dedicated professionals, employing more than 1000 staff. Apiam's vet clinics, production animal and allied businesses are spread Australia-wide reaching into many regional towns and fast-growing peri-urban areas.

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 business operations from vet clinics 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.