



Apiam Animal Health H1 FY25 Results

26 February 2025

H1 FY25 RESULTS SUMMARY

Revenue
\$106.2m
+1.7% vs pcp

Gross profit
\$71.0m
+0.1% vs pcp

EBITDA¹
(underlying, pre AASB 16)
\$10.8m
(3.6)% vs pcp

NPATA¹ (underlying)
\$3.9m
(15.5)% vs pcp

NPAT (reported)
\$(1.5)m
(145.9)% vs pcp

Interim dividend
1.0 cps
in-line with pcp

Notes:

1. Underlying earnings are non-IFRS measures and exclude one-off acquisition, integration & restructuring costs (tax effected where applicable at NPAT level)

H1 FY25 PERFORMANCE UPDATE

» Resilient Group revenues +1.7% in H1 FY25 through diversified portfolio

- Clinical Vet Services segment revenue (1.7)% vs PCP
 - General Vet Clinics¹ +3.2% +\$2.1m
 - ACE Labs Diagnostics -60.5% (\$1.8m)
 - Referral equine clinics -11.5% (\$1.7m)
- Intensive Animal Vet Services revenue +15.0% (+\$3.2M) vs PCP

» Operating expenses tracking in-line with prior period; cost leverage across clinic network continues to be realised

» Managing portfolio through strategic acquisitions & divestment of underperforming assets in H2 FY25. Divestment process underway for three businesses

- Agreement in place to divest underperforming NSW-based equine clinic. Impairment loss of \$4.5 million (pretax) reported in H1 FY25
- Following divestments, it is expected that revenue will reduce by \$2.3M and EBIT will increase by ~\$1M (H1 FY25 annualised basis)



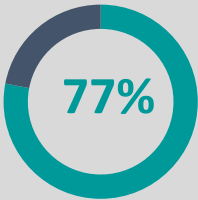
Notes:

1. Inclusive of \$0.9M growth contribution from acquisition made in Oct 2023

CLINICAL VET SERVICES

- General Vet Clinics (Companion & Mixed Animal Clinics)
- Referral Equine Clinic Services
- Diagnostic Services – via ACE Laboratories

Clinical Vet Services
% of H1 FY25 revenue



B2C
model

- Full-range of veterinary services & products required for animal health & well-being
- Most clinics providing emergency services and procedures typical of referral services
- Serviced via Apiam’s extensive clinic network including flagship “Fur Life Vet” brand
- Several dedicated equine-only emergency and specialist referral hospitals
- Offer subscription-based Best Mates wellness program for routine & preventative health services
- Product sales - prescription products (pharmacy) & retail



- | | | | | |
|---------------------------|--------------------------|---------------------|------------------------|--------------|
| → MEDICINE | → SURGERY | → WELLNESS PROGRAMS | → REPRODUCTION | → TELEHEALTH |
| → DIAGNOSTIC LABORATORIES | → PET AND EQUINE DENTALS | → REHABILITATION | → HERD HEALTH PROGRAMS | → PHARMACY |

FUR LIFE Vet
BEST MATES
Total Care for your pet

CLINICAL VET SERVICES SEGMENT - H1 FY25

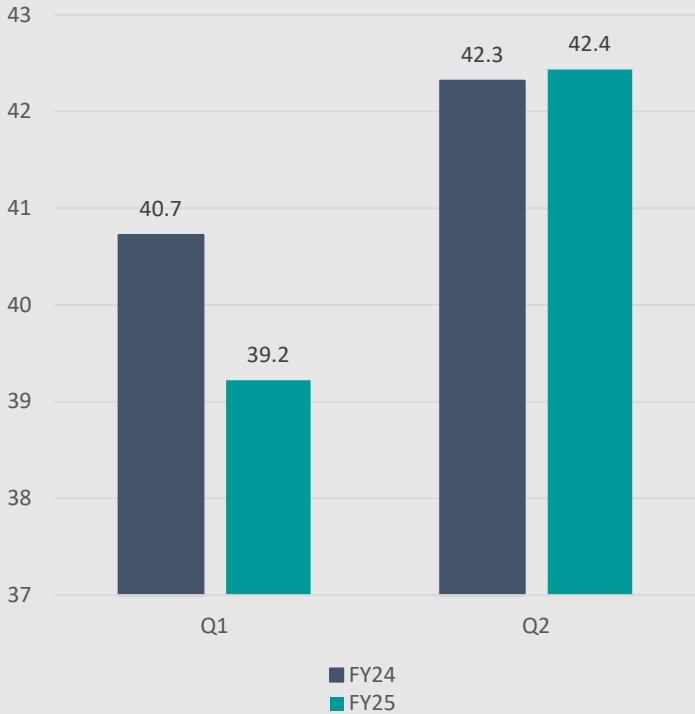
Segment impacted in H1 FY25 by specific industry challenges, despite solid result in core operations

(1.7%) Reported segment revenue growth H1 FY25



- Companion & mixed animal clinic revenues withstanding cost-of-living and COVID-19 animal life-stage challenges with reported revenue growth +3.2% in H1 FY25
 - Investment in marketing program (+\$0.4M in H1 FY25) driving strong early-stage results in profitable areas
 - Best Mates members +5.8% (December 31 vs June 30, 2024)
- ACE Laboratories diagnostic revenues significantly reduced given Chinese market demand for dairy heifers has paused (↓60.5% vs H1 FY24)
- Equine clinic revenues impacted by softening in equine markets with reduced horse breeding numbers (↓11.5% vs H1 FY24)
- Cost efficiencies at clinic level being realised throughout period – LFL Clinical Vet Services opex (3.1)% vs H1 FY24
- Divestment agreement in place for NSW-based equine clinic (refer slide 8 for further info)

Clinical Vet Services – Quarterly Revenue (\$M)



H1 FY25 revenue changes vs PCP (\$m)

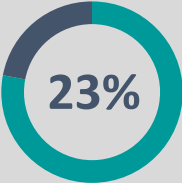
- +\$2.1M companion & mixed animal vet clinics**
- \$(1.8M) ACE Laboratories diagnostics**
- \$(1.7M) Equine clinics**

INTENSIVE ANIMAL VET SERVICES

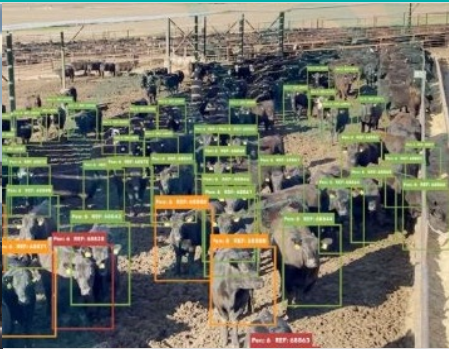
BEEF FEEDLOT & PIGS

Commercial feedlot & pig customers

Intensive Animal Vet Services
% of H1 FY25 revenue

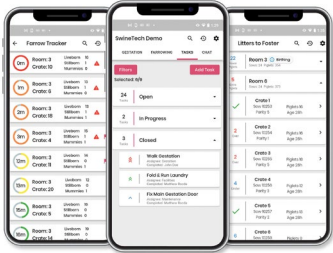
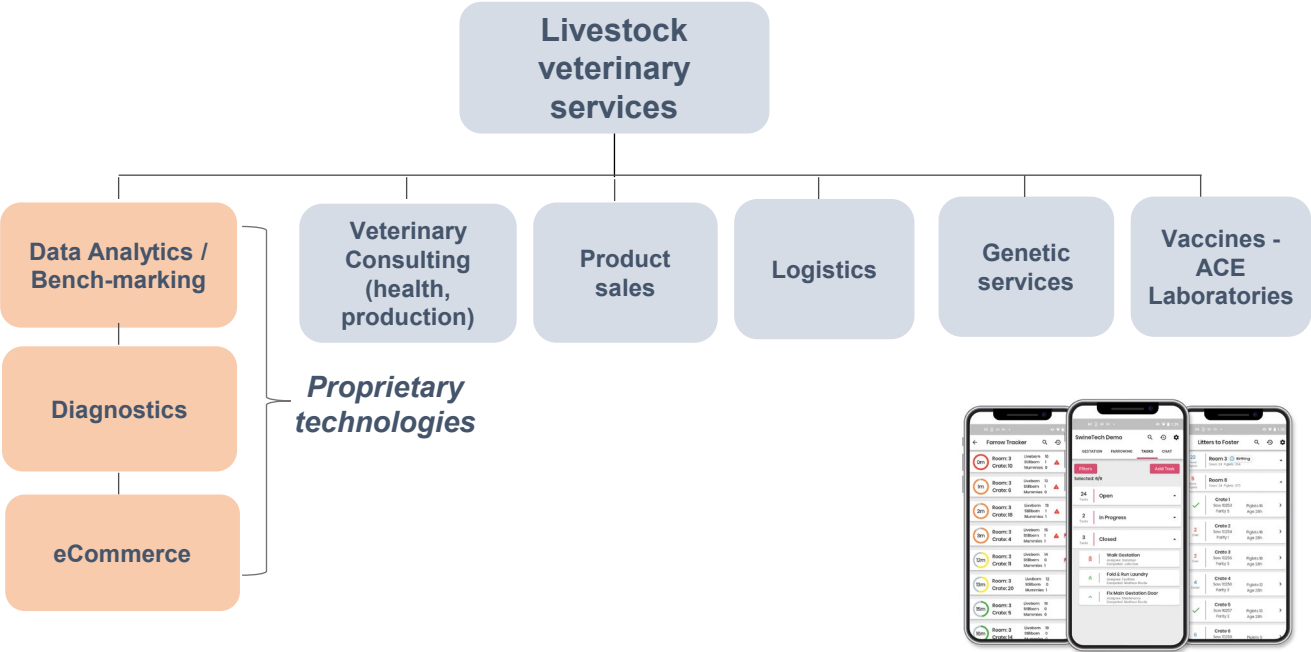


B2B
model



TECHNOLOGY & DATA ANALYTICS DRIVE APIAM'S SERVICE AND PRODUCT OFFERING:

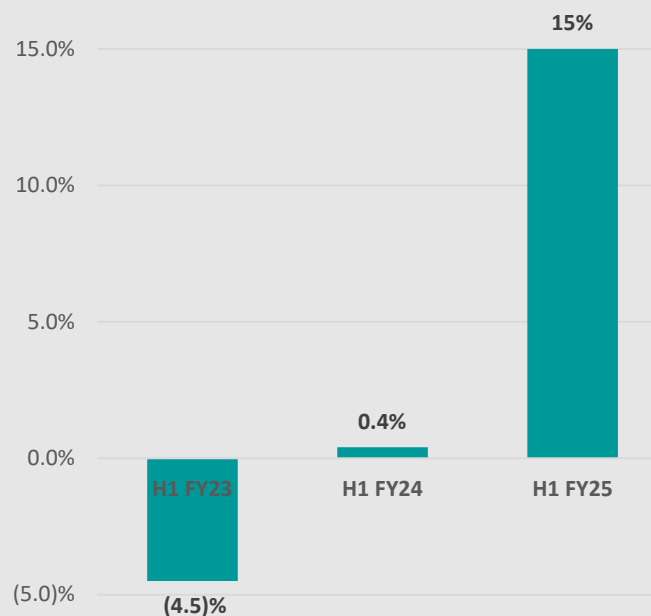
- Veterinary consulting services
- Advanced diagnostics
- Genetics
- Specialised product sales
- Logistics
- Custom vaccines
- Biosecurity



INTENSIVE ANIMAL VET SERVICES – H1 FY25



INTENSIVE ANIMAL VET SERVICES REVENUE PERFORMANCE – HALF ON HALF (% GROWTH)



- Improved industry conditions across intensive livestock sectors
 - Beef feedlot revenue +28.2% vs H1 FY24
 - Pigs revenue +7.0% vs H1 FY24

Gross profit + earnings uplift in H1 FY25



Transition to higher value veterinary services



Increased use of data analytics to enhance & grow consulting services



New vaccines & product technologies deployed

MANAGING THE PORTFOLIO

DIVESTMENTS OF UNDERPERFORMING ASSETS & STRATEGIC ACQUISITIONS IN H2 FY25

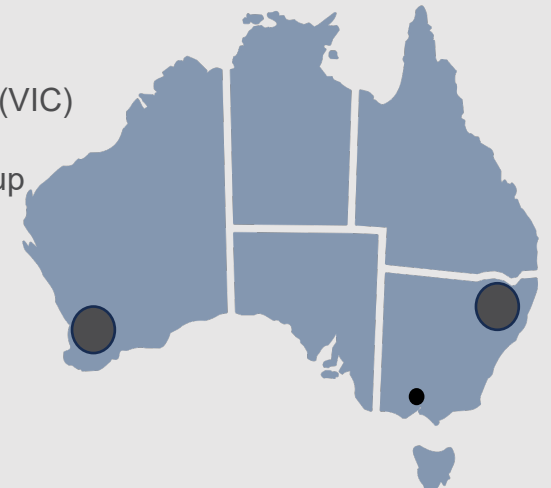
Divestments in H2 FY25

- Divestment processes underway to exit three businesses in H2 FY25
 - underperforming equine clinic in NSW (sale agreement executed, with completion expected in H2 FY25)
 - greenfield companion clinic in Hastings (VIC)
 - US Joint Venture
- Impairment charge of \$4.5M (pre-tax) related to NSW equine clinic
- Equine veterinary services remain a core strategic service
 - NSW equine clinic being divested due to specific location challenges and changes to local equine demographics leading to underperformance
 - Apiam's three other large referral equine clinics performed strongly over past 3 years providing resilient revenue growth & strong margin contributions. New VEG satellite clinic recently opened in Lancefield (VIC)
- Estimated financial impacts from the divestment of NSW equine clinic and VIC greenfield companion clinic (H1 FY25 annualised basis)
 - reduced revenue of \$2.3M; additional EBIT of ~\$1M (removal of loss-making equine business)



Acquisitions and New Clinics in H2 FY25

- Executed non-binding term sheets in place to acquire several mixed animal veterinary clinics:
 - Expansion of WA and NSW regional networks
 - Each business **strategically located** to derive synergies with existing Apiam clinics operating in nearby regions
 - Expected to settle in Q3 FY25
- Estimated financial impacts (full year basis)
 - +\$8.9M revenue, +\$1.1M EBITDA
- Expected total consideration ~\$6.3M
- New equine clinic opened at Lancefield (VIC)
 - Satellite of Victorian Equine Group



H1 FY25 financial summary



H1 FY25 P&L SUMMARY

\$m	H1 FY25A	H1 FY24A	Variance	%
Total revenue	106.2	104.4	1.8	1.7%
Cost of goods sold	(35.1)	(33.4)	(1.7)	5.1%
Gross profit¹	71.0	70.9	0.1	0.1%
Operating expenses	(57.2)	(57.1)	(0.1)	0.2%
Underlying EBITDA²	13.9	13.9	0.0	0.0%
Underlying EBITDA (pre AASB 16)²	10.8	11.3	(0.4)	(3.6)%
Underlying NPATA^{2,3}	3.9	4.6	(0.7)	(15.5)%
Amortisation (post tax)	(0.8)	(0.8)	0.0	(2.4)%
One-off expenses (post tax)	(0.4)	(0.5)	0.1	(25.6)%
Impairment loss (post tax)	(4.2)			
Reported NPAT	(1.5)	3.3	(4.7)	(145.9)%

Gross margin	66.9%	68.0%		
Underlying EBITDA margin	13.1%	13.3%		
Underlying EBITDA <i>pre AASB 16</i> margin	10.2%	10.8%		
Earnings Per Share (cents)	(0.84)	1.84	(2.7)	(145.7)%

- **Revenue +1.7%:** resilient amid industry challenges.

Performance impacted by challenges in Clinical Vet Services segment (ACE Laboratories and equine clinics – refer slide 5 for further information)

- **Gross profit +0.1%:** gross margin impacted as Intensive Animal Veterinary Services accounted for larger share of revenue vs pcg
- **Operating expenses +0.3%:** strong cost control. LFL operating expenses in Clinical Vet Services (3.1)% Growing investment in marketing program (+\$0.4M in H1 FY25) to support Best Mates and other organic initiatives
- **Cost savings** continue across Clinical Vet Services segment
 - Additional redundancies & restructuring undertaken in December 2024
 - Management continue to work with several clinics to achieve greater efficiencies & meet target margins
- **Underlying EBITDA pre AASB 16 (3.6)%** due to impact of increased lease charges in the period
- **Underlying NPATA (15.5)%** affected by AASB-16 lease (non-cash) impacts
 - ROU depreciation charges +10.9%
 - ROU interest charges +64.6%
 - Interest expense in line-with H1 FY24
- **Reported NPAT (145.9)%** affected by \$4.2M (post tax) impairment loss associated with divestment of underperforming NSW equine business

Notes:

1. Gross profit is a non-IFRS measure and only considers the cost of inventory associated with product revenue. It does not consider any cost of services associated with service revenue
2. Underlying earnings are non-IFRS measures and exclude one-off acquisition, integration & restructuring costs (tax effected where applicable at NPATA level)
3. Before amortisation (tax effected)

BALANCE SHEET

Stable and in-line with prior period

\$m	31 Dec 2024A	30 Jun 2024A
Cash	3.2	1.8
Trade & receivables	15.4	13.4
Inventories	15.9	15.1
Property, plant & equipment	51.5	51.0
Intangibles	163.2	167.6
Other assets	8.3	6.9
TOTAL ASSETS	257.5	255.8
Borrowings	64.8	64.3
Trade & other payables	15.5	12.9
Lease liability	37.9	37.5
Provision & other liabilities	19.6	19.1
TOTAL LIABILITIES	137.9	133.7
NET ASSETS	119.6	122.0

Notes:

1. Borrowings include \$4.1M of equipment bank finance (reported under lease liability) for purposes of net debt calculation as at 31 Dec 2024 (FY24: \$4.3M)

Key movements:

- Working capital well managed with a focus on operating cash flow
- No current exposure to earn-outs
- Intangibles impairment reflects divestment of NSW-based equine clinic

Borrowings & net debt:

- Net debt of \$65.7M¹ as at 31 December 2024 (vs \$66.8M¹ as at 30 June 2024)
- Operating leverage ratio 2.6x vs covenant of 3.5x (net debt/EBITDA)
- Acquisition pipeline strong with emphasis on strategic opportunities – non-binding term sheets in place for \$6.3m in capital deployment in H2 FY25

CASH FLOW

Cash conversion in line with Management target of 100%

Statutory cashflows \$m	H1 FY25A	H1 FY24A
Net cash provided by operating activities	8.5	8.2
Acquisition of subsidiary, net of cash	(0.3)	(6.3)
Payments for property, plant and equipment	(3.2)	(2.1)
Payments for Intangible assets	(0.3)	(0.1)
Other	0.2	0.1
Net cash used in investing activities	(3.6)	(8.4)
Net changes in financing	1.0	2.4
Dividends paid to shareholders	(1.3)	0.0
Repayment of lease liabilities	(3.1)	(2.8)
Proceeds from share issue	0.0	0.0
Other	0.0	0.0
Net cash inflow from financing activities	(3.4)	(0.4)
Net change in cash and cash equivalents	1.4	(0.6)

Cashflow Conversion \$m	H1 FY25A	H1 FY24A
Underlying EBITDA (pre AASB 16 lease adjustment)	10.8	11.3
Net cash inflow from operating activities (less AASB 16 lease reclassification impact)	6.0	5.8
Add back:		
One-off expense paid	0.6	0.8
Interest paid	2.9	2.6
Income tax paid	1.3	2.0
Underlying cashflow before tax & interest:	10.8	11.2
Conversion	99.2%	99.6%

- Operating cash flow +3.7% in H1 FY25 (vs PCP)
- Strong working capital management
- Property, plant & equipment spend inclusive of ACE Laboratories vaccine lab expansion (\$1.3M) – refer slide 17 for further details
- Slower acquisition program in FY24 and H1FY25

DIVIDEND

Interim dividend declared

	FY25 interim dividend
Dividend	1.0 cps
Payout ratio on NPATA (excluding impairment expense) ¹	52.4%
Franking	100%
Record date	4 March 2025
Payment date	28 March 2025

- Board declares an interim dividend of 1.0 cps, fully franked, payable on 28 March 2025
- Supported by ongoing strong cash generation and slower pace of acquisition program
- Dividend reinvestment plan in place
 - Last day to elect to participate in DRP: 5 March 2025
 - DRP pricing period: 5 day AHX VWAP between 12 March 2025 and 18 March 2025



Notes

¹ Reported NPAT plus amortization expense (post-tax) & impairment expense (post-tax) associated with divestment of a NSW equine clinic

Strategy & outlook



ORGANIC GROWTH STRATEGY - FY25



CLINICAL VET SERVICES GROWTH DRIVERS IN FY25

- Targeting group margin thresholds for all clinics
 - driving volumes through enhanced marketing
 - optimising standards of care
 - active management of clinic resources
- Preparing clinics for COVID-pets commencing mid-life stage in FY26 through onboarding AI systems to enhance efficiencies
- Expanding successful Best Mates 'whole-of-life' program
- Maturation of greenfield sites
- Growing new (prescription only) product opportunities
- Launch of ProLivestock program and further expansion of ProDairy program into existing and new regions



INTENSIVE ANIMAL VET SERVICES GROWTH DRIVERS IN FY25

- Leverage investment made in software technology
- Extend use of data analysis to enhance disease surveillance
- Third-party software technologies to improve client production and profitability
- Roll out unique third-party pharmaceutical technology to enhance reproduction performance in pig industry
- Further growth of vaccine business

INTEGRATION OF AI TO ENHANCE REVENUE GROWTH AND CLINIC EFFICIENCIES

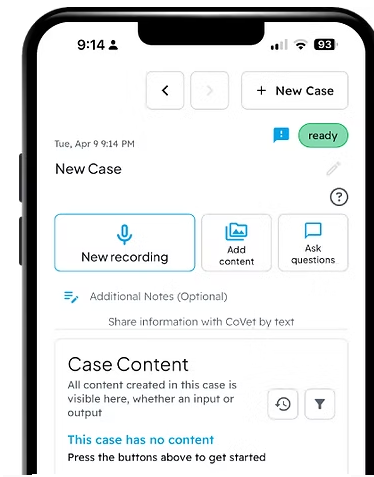


AI-ASSISTED CX PLATFORMS BEING DEPLOYED TO ENHANCE CUSTOMER EXPERIENCE, STANDARDS OF CARE AND OPERATIONAL EFFICIENCIES

- Opportunities identified to improve customer experience, increase volumes and achieve workflow efficiencies
- Implementation of AI customer engagement + geometric social media to drive volumes
- Early-stage trial has resulted in increased uptake of Best Mates in targeted areas
- AI-assisted diagnostics to enhance Standards of Care being implemented in H2FY25

PARTNERSHIP WITH CO-VET

- Co-Vet is a US-based technology company
- Apiam and Co-Vet are partnering to deploy the Co-Vet AI offering which will enhance efficiencies across Apiam clinic network
- Co-Vet AI scribe app automates medical records, client communications, discharge instructions, resulting to reduced non-chargeable time for veterinary teams



ACE LABORATORIES DRIVING INNOVATION & GROWTH

Growth opportunities, with further integration into Clinical Vet Services segment



Vaccines

- Permit approval of four new vaccines
- Development of *Japanese Encephalitis* vaccine in collaboration with La Trobe Uni
- Next Generation Gene Sequencing technology



Enhanced Intensive Animal Vet business offering

- Antimicrobial Resistance monitoring
- Development and commercialisation of unique diagnostic testing



Integration into Clinical Vet Services

- Clinics leverage offering for disease diagnostics & surveillance
- Expansion of the pasture and grain feed testing services



Current vaccine expansion project underway:

- Victorian State Government *Regional Jobs Fund* grant of \$700K to build vaccine lab
- Locally produced autogenous (custom) vaccines to fill a critical gap in market
- Laboratory construction plans approved
- Adoption of new production technologies
- Modular construction to align with sales growth
- Project expected to complete Jan 2027



OUTLOOK

LOOKING AHEAD

- **Veterinary services remains resilient in rural and regional locations**
 - Supported by Apiam's diversified Clinical Vet Services (B2C) and Intensive Animal Vet Services (B2B) model
 - Expected increase for veterinary demand as COVID-19 pets head into "mid-life" stages from FY26
- **Management remain focused on driving both revenue opportunities + further efficiencies at clinic level**
- **Further cost savings in Clinical Vet Services segment expected to be realised in H2 FY25**
- **Surplus cash flows to be applied to growth initiatives and dividend**
- **Company continues to monitor the market for strategic acquisitions subject to return on capital thresholds**

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