

Managing Director's Address Annual General Meeting

21 November 2024



APIAM'S BUSINESS TODAY



CLINICAL VET SERVICES

- Formerly named Dairy & Mixed Animal segment
- Companion & mixed animal veterinary clinic services
- Business-to-Consumer model (B2C)
- 78% of FY24 Group revenue

B2C



INTENSIVE ANIMAL VET SERVICES

- Includes Beef Feedlot & Pigs segments
- Services commercial feedlot & piggery operators
- Business-to-Business model (B2B)
- 22% of FY24 Group revenue

B2B

80
CLINICS



330
VETERINARIANS

APIAM'S RURAL & REGIONAL CLINIC NETWORK BY STATE



CLINICAL VET SERVICES

COMPANION & MIXED ANIMAL VETERINARY CLINIC SERVICES

Companion animal / pet, equine & farm
services clients

Clinical Vet Services
% of FY24 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

INTENSIVE ANIMAL VET SERVICES

BEEF FEEDLOT & PIGS
Commercial feedlot & pig customers

Intensive Animal Vet Services
% of FY24 revenue

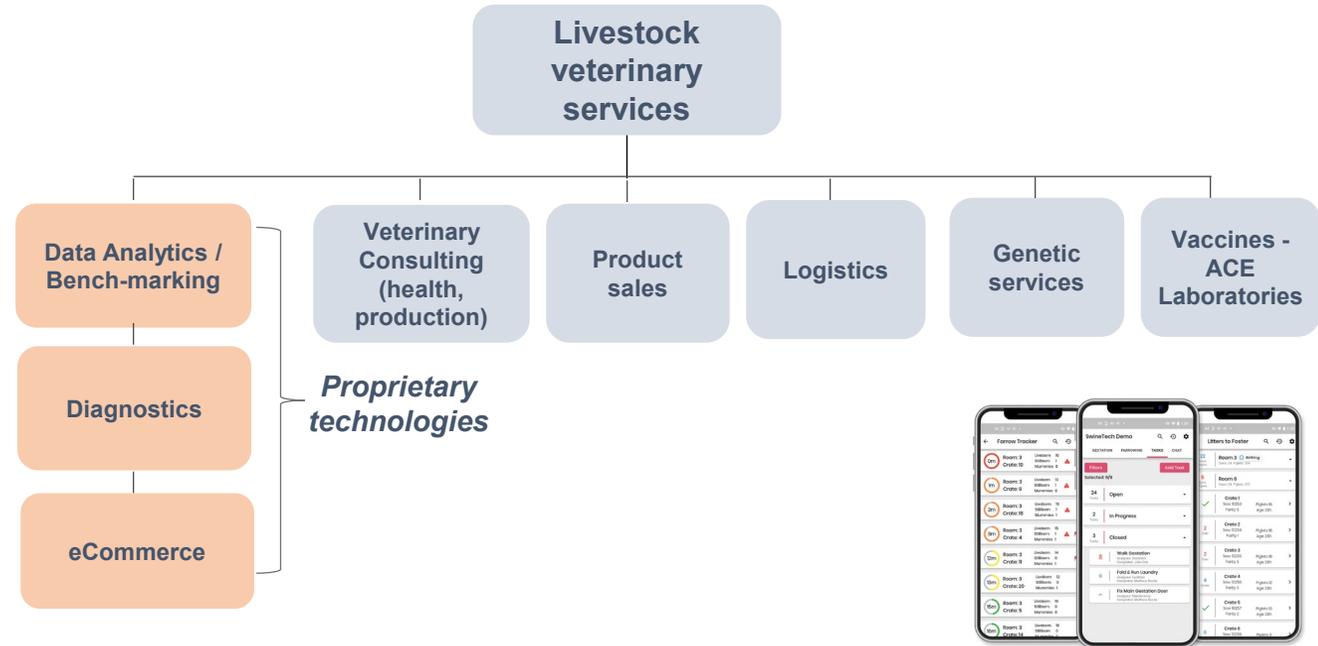


B2B
model



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

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



FY24 PERFORMANCE UPDATE



Resilient revenues despite broader economic and cost-of-living issues; supported by a diversified veterinary model



Earnings growth strategy implemented

- improved operating model and clinic efficiencies
- operating leverage & further synergies extracted from acquisitions
- cost-saving programs implemented across the business delivering improved earnings margins



Strong cash flows being applied to resumption of dividend, debt reduction and organic growth initiatives



FY24 RESULTS SUMMARY

Revenue¹
\$204.8m
+6.2% vs pcp

Gross profit
(underlying)¹
\$137.3m
+9.6% vs pcp

EBITDA
(underlying,
pre AASB 16)^{1,2,3}
\$20.3m
+22.3% vs pcp

EBITA
(underlying)^{1,3}
\$15.8m
+23.2% vs pcp

NPATA
(underlying)^{1,3}
\$7.2m
+12.3% vs pcp

Operating cash
flow
\$18.9m
+8.5% vs pcp

- Resilient revenue growth
- *Like-For-Like (LFL)* Group revenue (0.5)% excluding four restructured clinics in Clinical Vet Services segment
- Operating leverage with *LFL* Group opex (2.5)% despite inflationary environment
- Surplus cash flow applied to debt reduction & organic growth initiatives
- Net debt of \$66.8M (end of FY24) vs \$71.1M (end of H1 FY24)
- Final dividend of 1.0 cps (in-line with H1 FY24)

Notes:

1. Underlying earnings are non-IFRS measures and exclude one-off acquisition, integration & restructuring costs (tax effected where applicable at NPAT level). Growth rates based on FY23 financials that exclude one-off revenue adjustment for deferred revenue relating to prior years +\$920K, reversal of income from earn-out no longer payable \$(190)K and inventory write-down expense of \$2.4M
2. EBITDA after adjusting for lease expense (pre AASB 16 lease adjustments)
3. Earnings are also presented on a pre-amortisation basis to provide a more accurate reflection of Apiam's operational performance by excluding the effects of acquired intangibles asset amortisation expense

SEGMENT SUMMARY- FY24



CLINICAL VET SERVICES SEGMENT

+7.4%

Reported segment growth FY24

(1.6)%

LFL segment growth FY24¹

+4.5%

Acquisitions avg. revenue growth²

- Resilient revenue despite broader economic and cost-of-living issues
- COVID pets in healthy young adult stage of lifecycle (lowest vet spend between 2-4 years of life)
- Best Mates members +32.4% in FY24
- Vet-supported management model driving improved earnings margins
- Ramp-up of 4 greenfield clinics supporting additional organic growth
- ProDairy model continues to expand market penetration



INTENSIVE ANIMAL VET SERVICES SEGMENTS

Feedlot + Pigs segment performance % growth vs PCP

FY22

FY23

FY24

Revenue (reported & LFL)

(6.5)%

(4.1)%

+2.3%

Gross profit¹ (reported & LFL)

1.5%

(5.4)%

+10.1%

Drivers of improved segment revenue in FY24:

- Improved industry conditions across livestock sectors
- Beef feedlot segment has experienced strong revenue growth since Q2 FY24

Drivers of improved segment earnings in FY24:



Transition to higher value veterinary services in FY24



Increased use of data analytics to enhance & grow consulting services



New vaccines & product technologies deployed

Notes:

¹ LFL refers to like-for-like (or ex-acquisition performance) and adjusted to exclude acquisitions that have not contributed a full 12-months of trading in FY24 or FY23. Excludes four clinics undergoing significant restructure

² Average revenue growth n FY24 across seven acquisitions completed since 1 July 2022

FY25 YTD TRADING (Jul – Oct)

Resilient revenue performance continuing into FY25 despite cost-of-living and broader economic challenges

\$M ¹	FY25 YTD (Jul-Oct)	FY24 YTD (Jul-Oct)	% chg
Revenue	70.2	69.8	+0.5%
Gross profit	46.7	46.9	-0.4%
Operating expenses	38.3	38.3	+0.1%
EBITDA (underlying)	8.4	8.6	-2.9%
EBITDA (underlying, pre AASB 16)	6.6	7.1	-6.2%

- Strong results from core companion and mixed animal clinics & beef feedlot segment
- Group revenue & earnings growth impacted in FY25 YTD by:
 - One equine clinic that continues to be significantly restructured and is a key management focus
 - ACE Laboratories diagnostic revenues significantly reduced over period given Chinese market demand for dairy heifers has paused (due to milk oversupply in local markets)
 - **Excluding these impacts, Group revenue +3.7% in FY25 YTD**
- Larger revenue contribution from Intensive Animal segments in FY25 YTD (vs pcp) impacting gross margin
- Strong cost control with opex tracking in-line with prior period



FY25 YTD TRADING (Jul – Oct) (continued)

Core veterinary businesses continue to perform in-line with expectations



Clinical Vet Services Segment FY25 YTD

- Segment revenue growth FY25 YTD: +1.9% vs pcp¹
- Companion, mixed animal & dairy revenue growth FY25 YTD: +3.3% vs pcp
- Companion animal revenues withstanding cost-of-living and COVID-19 animal life-stage challenges
- Softening in equine markets with reduced horse breeding numbers



Intensive Animal Vet Services Segment FY25 YTD

- Segment revenue growth FY25 YTD : +12.1% vs pcp
- Beef feedlot revenues continue to grow strongly since Q2 FY24



Notes:

¹ Adjusted to exclude revenues from one clinic that continues to be restructured and ACE diagnostics revenue from primary producer export of dairy cattle to China (refer slide 8 for further information)

ACE LABORATORIES DRIVING INNOVATION & GROWTH

Acquisition of ACE Laboratories in FY20 and subsequent investment is driving strong growth opportunities across both Clinical Vet Services and Intensive Animal businesses



Vaccines

- Permit approval of four new vaccines - *Histophilus somni*, *Moraxella sp.*, *Mycoplasma bovis*, *Japanese Encephalitis virus*
- Development of the *Japanese Encephalitis* vaccine in collaboration with La Trobe University
- Next Generation Gene Sequencing technology adopted to enhance vaccine efficacy



Enhanced Intensive Animal Vet business offering

- Antimicrobial Resistance monitoring
- Development and commercialisation of unique diagnostic testing to enhance pathogen detection, epidemiology and vaccine candidates



Integration into Clinical Vet Services

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



Current vaccine expansion project underway:

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

ORGANIC GROWTH STRATEGY INITIATIVES - FY25 UPDATE



CLINICAL VET SERVICES GROWTH DRIVERS IN FY25

- Working towards all clinics in network meeting Group target margins. Continue to work to resolve issues in one clinic with significant restructuring requirements
- Preparing clinics for expected increase in companion animal visits as COVID-pets enter mid-life in FY26
- Relunched successful Best Mates program to extend to 'whole-of-life' program and provide monthly payment plans
- Further ramp-up of greenfield sites & recently restructured clinics now on-track
- Rolled out new (prescription only) 'once yearly' paralysis tick & flea prevention product across companion animal base
- 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 across livestock customer base
- Extend use of data analysis to enhance disease surveillance
- Continued the commercialisation of third-party software technologies to improve client production and profitability
- Rolled out a unique third-party pharmaceutical technology to enhance reproduction performance in the pig industry
- Focus on further growth of vaccine business including expansion of vaccine laboratory to meet future demands from existing and new vaccines.

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
- **Management remain focused on driving both revenue opportunities + further efficiencies at clinic level**
- **Surplus cash flows to be applied to debt management and growth initiatives**
- **Company continues to monitor the market for strategic acquisitions subject to return on capital thresholds**

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Board Authorisation

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