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Dairy & mixed animal clinics continue to drive revenue growth



Dear Apiam shareholders,

Following the release of our full year FY21 results in August, I wanted to provide you with an update of our performance and activities for the first quarter of this new financial year (Q1 FY22).

We have had a very productive start to the period, completing three important regional acquisitions as well as continuing to drive revenue and gross profit growth across the Group as a whole.

Apiam's revenue (unaudited) for Q1 FY22 of \$34.6 million was 16.7% higher than the same quarter last year (Q1 FY21: \$29.6 million), noting the first quarter is generally the lowest seasonal contributor to the Company's full year performance.

Our gross profit (unaudited) also continued its growth momentum and increased 26.4% to \$21.0 million in Q1 FY22 (compared to the same quarter last year).

The sustained gross profit uplift that we continue to deliver period-on-period, reflects the growing contribution that dairy and mixed (companion) animal clinics are making to the Group as well as our ongoing strategies to ensure strong revenue capture across all areas of the business.

Dairy and mixed animal clinic revenues are expected to continue to trend towards 70% of Apiam's total revenue and are a key source of growth for our Company as regional demographics, animal ownership and vet spend in these areas continues to grow rapidly.

To continue to expand our presence in attractive market segments we completed the acquisitions of Scenic Rim Vet Hospital (QLD), Golden Plains Group (Greater Geelong, VIC) and Harbour City Vet Surgery (QLD). Each of these acquisitions takes Apiam in Q1FY22 into markets and regions we have identified as rapidly growing and under-served. We continue to identify these types of opportunities and expect similar acquisitions to be a key feature of our growth strategy in the year ahead

Attractive, fast-growth regional locations is also the focus of our greenfield clinic program, and this quarter we opened a new state-of-the-art clinic in Highton, Geelong (VIC). Apiam now has a growing presence in this peri-urban region with the ability to share staff and leverage our cost base across our growing clinic network in Greater Geelong, the Surf Coast and surrounds.

In Q1 FY22, our pigs and beef feedlot business has continued to be challenged by the market cycles that have affected these segments in FY20-FY21. We expect to see improved performance from these businesses in the second half of the year and have implemented initiatives to capture market share as these sectors rebound.

We recognise our highly-skilled workforce is our greatest asset, and we continue to implement policies that address industry challenges, such as work-life balance and vet burn-out. You will see more detail around some of our recent initiatives in this area on the following pages.



Message from the MD *(continued)*



Our Annual General Meeting is scheduled for Thursday 25 November and, in-line with COVID-19 recommendations, will be held virtually. We will provide shareholders further operational and financial updates at this time.

Details of online access to the AGM will be provided to shareholders via the registry from today.

In the meantime, please do not hesitate to contact me via email at chris@apiam.com.au if you have any questions.

Regards,

Dr. Chris Richards,
Managing Director

Expansion of equine veterinary services in time for breeding season

The equine veterinary industry has surged in recent times, buoyed by the ability of the Racing Industry to continue to operate safely despite various lockdowns and the increasing ownership of horses as companion and leisure animals.



Apiam's completion of the acquisition of Scenic Rim Veterinary Hospital in July 2021 significantly boosted its presence in the Queensland equine market – adding a mixed animal clinic and specialist equine hospital in attractive growth locations to the Company's clinic network.

With Scenic Rim Vets being a leader in Queensland equine services, other clinics within Apiam's network have also gained access to its leading equine reproduction and surgical veterinarian team. This is a big win for all of Apiam's equine customers.

While Apiam has long operated in the mixed-animal veterinary services market, the Company has been strategically increasing its specialist exposure to the equine sector.

This leverages major investments in racing industry prize money, increased government support to the sector in some states and greater spending across the sector generally. As an example, the average sale price for yearlings at the 2021 Inglis Easter Yearlings Sale was 20% greater than in 2020.

Apiam has other dedicated equine services and centres in Gippsland, Kyabram and Warrnambool in Victoria and specialist equine veterinarians in other QLD clinics including in Clermont and Samford Valley.

Scenic Rim Vets will act as a cornerstone equine clinic and key referral centre for Apiam's other clinics in the region.

Apiam has plans to continue its equine expansion strategy in the year ahead.




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Interview with Stocks Down Under (23 September 2021)

Watch Apiam’s Managing Director, Dr Chris Richards talk with Stocks Down Under host Stuart Roberts about the regional veterinary sector, positive COVID-19 impacts and Apiam’s FY22 outlook

Listen to the interview via this link below.
[Stocks Down Under Interview](#)



Investor Presentation – FY21 results (30 August 2021)

[Read full presentation here](#)



Industry-first initiatives for wellbeing & mental health of Apiam vets

Increasingly, the mental health and wellbeing of many veterinarians across Australia is being challenged by growing workloads, workplace stresses, an industry-wide shortage of vets and a lack of support given in traditional industry structures.

As one of the fastest growing employers of vets in Australia, Apiam is determined to do its part to support the mental health of the sector – and thereby become a leader in improving the welfare of its staff.

There are a number of grim industry statistics relating to mental health of vets and Apiam’s Managing Director Dr Chris Richards is committed to turning this around.

“Apiam has been at the forefront in identifying these challenges and implementing a mental health strategy to address the underlying issues. We have trained 53 mental health first aid officers that support our locations and we have also put in place an employee assistance program where staff can access professional counselling sessions with a qualified psychologist or social worker”

Apiam has also introduced an additional paid leave day to support mental wellbeing and has joined forces with Smiling Mind to help promote mindfulness across its 700+ person workforce.

Another of the Company’s major initiatives to address work-life balance issues, often associated with rural and regional practices that are expected to service their communities 24/7, is the implementation of Apiam’s proprietary software-based triage service. This is a service run by experienced veterinary nurses who manage after hour calls and triage cases, giving busy veterinarians much needed down-time.

“Since its launch in late 2020, Apiam’s triage service has reduced the number of after-hours calls going to our vets by around 60%”.

Apiam is also focussed on supporting the wellbeing of its regional customers and communities. The Company has implemented a Client Assistance Program to aid clients, many of whom are farmers, and where issues are identified can offer their clients access to some of the mental health programs offered to Apiam employees. “Rural communities band together in times of crisis, and Apiam wants to be there for our clients as much as we can”