

## ASX RELEASE

# Apiam Animal Health Limited (ASX: AHX)

## FY23 results summary - Dairy & mixed animal segment driving resilient revenue growth with cost saving programs executed

- Revenue of \$192.8M (+22.6%) driven by resilient dairy & mixed animal segment
- Dairy & mixed animal segment delivering organic revenue growth of 4.9% and contributing 77% of Group revenues
- Underlying EBITA growth of 11.6% to \$12.8M
- NPAT impacted by increased wage & finance costs, as well as one-off non-cash inventory write-down (\$1.7M post-tax impact)
- Management working with several clinics to drive growth and extract further cost savings
- Redundancy & restructuring initiatives expected to save \$2.6M p.a from FY24
- Extension of debt facilities with NAB on current terms to January 2026
- Integration of existing acquisitions & margin expansion key strategic priority in FY24

**Bendigo, August 28, 2023** – Apiam Animal Health Limited (**Apiam** or the **Company**) today released its full year financial results for the year ended 30 June 2023 (FY23).

A summary of the Company's FY23 audited financial results are provided below. These are in-line with Apiam's trading update lodged with the ASX on 11 August 2023.

### Reported financial results<sup>1</sup>

\$M	FY23A	FY22A	% chg.
Revenue <sup>2</sup>	192.8	157.2	22.6%
Gross profit <sup>3</sup>	125.3	97.4	28.6%
EBITDA (underlying)	21.0	18.3	14.8%
EBITA (underlying)	12.8	11.5	11.6%
NPATA (underlying)	6.4	7.1	(9.6)%
NPAT (reported)	2.3	4.6	(50.9)%

#### Notes

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

<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.

<sup>3</sup> Excludes inventory write-down expense of \$2.4 million relating to sanitiser and surface protectant products.

Apiam's revenue in FY23 remained resilient growing 22.6% on a reported basis 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 and 6.4% in H2 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. Revenue generated in the feedlot

segment was lower than the previous year due to reduced feeder steer inductions and improved health outcomes. The pig segment delivered 5.0% revenue growth in H2 FY23 (vs pcp) off the back of industry expansion and recovery in pig numbers from the Japanese encephalitis impacts of 2022.

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. Apiam's business support network costs declined 1.9% in H2 FY23 (vs H1 FY23) as the rate and the scale of the acquisition program slowed in this period.

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

Additionally, Apiam's reported NPAT has been impacted by a one-off provision for inventory, which is reflected as a \$1.7 million non-cash expense (post-tax basis). This has reduced reported NPAT to \$2.3 million (FY22: \$4.6 million).

#### **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 2023 onwards. Redundancy costs incurred were \$0.3 million and will be treated as non-recurring costs in Apiam's FY23 accounts.

Management continue to work with several dairy and mixed animal clinics around optimisation of staff rostering and achievement of greater operating cost efficiencies to improve their financial contribution to the Group.

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

In Q4 FY23, Apiam completed the acquisition of Townsend Veterinary Clinic and entered an agreement to acquire Boyne Tannum Vet Surgery, two regional companion animal clinics in targeted high-growth locations. The acquisition of Boyne Tannum Vet Surgery, a full-service companion animal clinic located in Queensland, was completed by Apiam in July 2023. The clinic is located 25 kms from an existing Apiam Fur Life Vet clinic and expected to deliver synergies within a short timeframe.

Apiam acquired Townsend Veterinary Clinic in April 2023. Townsend Veterinary Clinic is 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.

#### **Outlook**

Apiam remains confident in the resilient nature of its business model. The expansion over the past

three years into the non-cyclical dairy & mixed animal segment is expected to deliver sustainable revenue outcomes in the year ahead.

The Company expects to also deliver improved operating earnings margins in FY24 as the benefits of its cost-saving redundancy & restructuring program takes effect from July 2023. In addition, further margin opportunities have been identified in several clinics and Management is focused on improving their earnings contribution to the Group.

### **FY23 results investor webinar**

Investors are invited to join a conference call hosted by Managing Director, Dr Chris Richards and CFO Matt White at 9.00AM AEST on Monday 28th August 2023.

To access the call please use the zoom link below:

[https://apiam.zoom.us/webinar/register/WN\\_UkQPR73oRVm4VcrZs04pPA](https://apiam.zoom.us/webinar/register/WN_UkQPR73oRVm4VcrZs04pPA)

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### **For further information, please contact:**

Dr Chris Richards  
Managing Director  
Apiam Animal Health Limited  
[chris@apiam.com.au](mailto:chris@apiam.com.au)

Catherine Ross  
Investor Relations  
[catherine.ross@apiam.com.au](mailto:catherine.ross@apiam.com.au)  
0421 997 481

### **Authorisation**

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

### **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.