

## Enriching the lives of Animals, People and Communities

May 2024

## Revenue resilience and cost control leveraging earnings growth



Dear Apiam shareholders,

I am pleased to provide you with an update on Apiam Animal Health's year-to-date performance for FY24 up until 31 March 2024 (FY24 YTD).

- Revenue +8.5% FY24 YTD
- Gross Profit +12.1% FY24 YTD
- Improved operating leverage with LFL¹ Group opex (2.4)%
- Underlying EBITA<sup>2</sup> +23.0% FY24 YTD
- Underlying EBITA<sup>2</sup> margin 8.0% (vs 7.1% in pcp)

\* growth comparisons relative to the prior corresponding period FY23 YTD (to 31 Mar)

Since our last update in February, Management have continued to focus on extracting further earnings and cash flow from Apiam's existing clinic portfolio.

The Group's revenue performance has also continued to prove resilient despite challenges to consumer spending in many parts of the economy.

A summary of our key FY24 YTD financial metrics are set out in the following table on an unaudited basis.

1 Jul – 31 Mar 24	FY24 YTD	FY23 YTD	% chg.
Revenue	154.8	142.6	+8.5%
Gross profit	104.2	92.9	+12.1%
EBITA (U/L) <sup>2</sup>	12.4	10.1	+23.0%
NPATA (U/L) <sup>2</sup>	5.9	5.4	+9.1%

Consistent with the trends at the time of our first half FY24 results, improved underlying industry conditions in the beef feedlot segment and delivery of high-level services in both the beef feedlot and pig segments have driven strong performance in Apiam's intensive animal segment in FY24 YTD.

Our dairy & mixed animal segment contributed ~79% of Apiam's revenues in FY24 YTD, continuing to show revenue resilience.

Pleasingly, we have also seen a strengthening in performance across many of our clinics as we have increasingly moved to our vet-supported management model resulting in cost savings and better patient outcomes.

Our operating cost base continues to benefit from the restructuring program we put in place during 2023. Overall, our Group operating expenses on a like-for-like basis have fallen 2.4% in FY24 YTD as all areas of the business remain focused on generating workflow efficiencies. This is being reflected in our improved EBITA margins.

As we move into the final quarter of the FY24 financial year we remain focused on targeting improvements in operating earnings and free cash flows for our shareholders. Historically, Q4 has contributed the largest share to our second half performance, because of the seasonal component of our dairy and other livestock business.

Please do not hesitate to contact me via email at <a href="mailto:chris@apiam.com.au">chris@apiam.com.au</a> if you have any questions.

Regards,

Dr Chris Richards Managing Director

