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Apiam Animal Health Limited

ASX Code: AHX

Appendix 4D and Financial Report for the Half-Year Ended 31 December 2024

COMPANY DETAILS

Name of entity:	Apiam Animal Health Limited
ACN:	604 961 024
Reporting period:	Half-year ended 31 December 2024
Previous period:	Half-year ended 31 December 2023

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory Results Summary

Metric	31 December 2024	31 December 2023	Change (%)
Revenue from ordinary activities ($m)	106.2	104.4	2%
Net profit attributable to members ($m)	(1.5)	3.3	(146%)
Profit from ordinary activities after tax attributable to members ($m)	(1.5)	3.3	(146%)
Underlying EBITA ($m)	8.6	9.2	(7%)

Notes:

- Underlying EBITA (Earnings Before Interest, Tax, Amortisation, Impairment losses and one-off expenses) is considered by management to be a useful indicator of business profitability, as it excludes one-off corporate restructuring costs, integration, and acquisition expenses.
- Further commentary on the interim results can be found in the 'Operating and Financial Review' section within the Directors' report of the attached Interim Financial Statements.

Dividends

Type	Amount per Security (cents)	Franked Amount per Security
2024 Final Dividend	1.0	100%
2025 Interim Dividend	1.0	100%

Key Dates for 2025 Interim Dividend:

- **Record date:** 4 March 2025
- **Payment date:** 28 March 2025

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Dividend reinvestment plan (DRP)

The Company initiated a Dividend Reinvestment Plan (DRP) on the 25 August 2017, which allows shareholders to reinvest their dividends to acquire additional shares in the Company. Shareholders wishing to participate in the DRP for the 2025 interim dividend must elect to do so by 5:00 PM (Melbourne time) on 5 March 2025.

The timetable for the 2025 interim dividend and DRP is outlined below:

Event / Action	Date
Record Date	4 March 2025
DRP Election Deadline	5 March 2025 (5:00 PM)
Pricing Period Commencement	12 March 2025
Pricing Period End	18 March 2025
Announcement of DRP issue price	19 March 2025
Dividend Payment Date / DRP Share Issue	28 March 2025

The DRP issue price will be the average of the daily market price of Apiam shares over the five trading days from **12 March 2025 to 18 March 2025**.

Shareholders electing to participate should ensure their DRP Election Form is received, or an online election is made, by no later than 5:00pm (Melbourne time) on 5 March 2025. An online election can be made by visiting www.boardroomlimited.com.au.

Further details of the DRP can also be downloaded from www.apiam.com.au.

Net Tangible Assets per Security

Security	31 December 2024	31 December 2023
Ordinary Shares	($0.24)	($0.27)

Return to shareholders

Dividends of $1,814,320 were paid during the period; no share buy backs were conducted during the year.

Basis of Preparation

This report is based on the consolidated financial statements which have been reviewed by Grant Thornton Audit Pty Ltd. The review report is included within the Company's Interim Report which accompanies this Appendix 4D.

Entities over which control has been gained or lost during the period

Refer to Note 4 of the attached Financial Statements for details of entities over which control has been gained. There were no entities over which control was lost during the period.

Associates and Joint Venture Entities

The company has a 50% ownership interest in South West Equine. Apiam's share of net profit after tax was $15,293 for the six-month period.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 31 December 2024 Interim Report (which includes the Directors' Report) which accompanies this Appendix 4D.

Accounting Standards

This Report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

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Directors' Report

The Directors present their report together with the consolidated financial statements of Apiam Animal Health Limited (Apiam) for the half-year ended 31 December 2024.

Director details

The following persons were Directors of Apiam Animal Health Limited during the half-year and up to the date of this report:

- Professor Andrew Vizard
- Dr Christopher Irwin Richards
- Mr Richard John Dennis
- Dr Jan Tennent (retired 21 November 2024)
- Ms Evonne Collier
- Mr Bruce Dixon (appointed 7 October 2024)

Principal Activities

Apiam Animal Health Limited and Subsidiaries' ('the Group') principal activities include the provision of veterinary products and services for production and companion animals.

Review of operations

Apiam's revenue performance for the six months ending December 31, 2024 (H1 FY25) was resilient, due to the diversified nature of the Company's business portfolio and a strong growth performance from Apiam's beef feedlot and pig segments.

The Company's Clinical Vet Services segment faced challenging conditions in some areas, and its first half (H1 FY25) revenue performance was below the prior corresponding period (PCP).

Despite a solid performance in its companion & mixed animal clinics, the Clinical Vet Services segment was substantially impacted by the pause on dairy heifer exports to China early in H1 FY25. This significantly reduced diagnostic revenues and earnings from ACE Laboratories which forms part of the Clinical Vet Services segment. In addition, a softening in equine markets and reduced revenue from Apiam's referral equine clinics impacted upon the performance of the segment.

Following a full strategic review of underperforming businesses and assets, subsequent to the balance date, Apiam's Board of Directors have undertaken to divest several businesses including the underperforming NSW-based equine business that was the subject of a significant restructure in FY24. The Company has entered an agreement to divest the NSW-based equine business and settlement is expected to take place in H2 FY25. The impairment loss associated with this business divestment is $4.5 million (pre-tax) which has been recorded in the Company's H1 FY25 accounts.

While equine veterinary operations continue to remain a core part of Apiam's business, there were specific challenges related to location and changes to local market conditions associated with the underperforming NSW-based equine clinic. Refer to Managing Apiam's business portfolio section below for further information relating to the Company's planned divestments and acquisitions.

Financial review

Group revenue in H1 FY25 grew 1.7% to $106.2 million (H1 FY24: $104.4 million), with Apiam's diversified operations delivering a resilient result in the face of continuing cost-of-living pressures, and the reduction in diagnostics revenues associated with the pause of dairy heifer exports to China and as well as reduced equine numbers.

Gross profit growth of 0.1% to $71.0 million in H1 FY25, was lower than in previous periods and reflects the impact of Apiam's Intensive Animal Veterinary Services segments accounting for 23.1% of Group revenue in the period compared to 20.5% in H1 FY24.

Operating costs were tightly controlled and leverage in operating expenses across the clinic network continued to be realised. A $0.4 million investment in marketing for companion & mixed animal clinics in H1 FY25 helped generate revenue growth and was achieved with Group operating expenses remaining in-line with the prior period.

Underlying EBITA fell 6.5% to $8.6 million (H1 FY24: $9.2 million) as the impact of increased lease costs associated with new or upgraded leases affected Apiam's right-of-use depreciation charges (pursuant to AASB 16).

Underlying NPATA also fell 15.5% to $3.9 million in H1 FY25, primarily due to higher right-of-use interest expense associated with the maturity profile of the Company's leases (in accordance with AASB 16). Bank interest charges of $2.4 million in H1 FY25 remained in line with H1 FY24.

Following the impact of the $4.2 million impairment loss (post-tax basis) Apiam's reported NPAT was $(1.5) million, down from $3.3 million in H1 FY24.

The following tables are presented to assist in the interpretation of the underlying performance of Apiam during H1 FY25. This information is additional and presented using non-IFRS information and terminology.

H1 FY25 Financial Results Summary – Underlying Basis

P&L underlying	H1 FY25	H1 FY24	Movement	%
Total Revenue	106.2	104.4	1.8	1.7%
Cost of goods sold	(35.1)	(33.4)	(1.7)	5.1%
Gross Profit [1]	71.0	**70.9**	**0.1**	**0.1%**
Operating expenses	(57.2)	(57.1)	(0.1)	0.2%
Underlying EBITDA [2]	**13.9**	**13.9**	**0.0**	**0.0%**
Underlying EBITDA (pre AASB 16)	10.8	11.3	**(0.4)**	**(3.6%)**
Underlying EBITA [2]	**8.6**	**9.2**	**(0.6)**	**(6.5)%**
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	(4.2)	**0.0**	**(4.2)**	**n/a**
NPAT attributable to members	**(1.5)**	**3.3**	**(4.7)**	**(145.9)%**
Gross Margin (%)	66.9%	68.0%		
Underlying EBITDA margin (%)	13.1%	13.3%		
Underlying EBITA margin (%)	8.1%	8.8%		
Earnings per share (cents)	(0.84)	1.84	(2.7)	(145.7)%

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 impairment losses, one-off acquisition, integration & restructuring costs (tax effected where applicable at NPAT level)*

3 *Before amortisation (tax effected)*

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H1 FY25 Financial Results Summary – Reported Basis

P&L stat	H1 FY25	H1 FY24	Movement	%
Total revenue	106.2	104.4	1.8	1.7%
Cost of goods sold	(35.1)	(33.4)	(1.7)	5.1%
Gross profit [1]	**71.0**	**70.9**	**0.1**	**0.1%**
Operating expenses	(57.7)	(57.9)	0.1	(0.2)%
EBITDA	**13.3**	**13.1**	**0.2**	**1.5%**
Depreciation ROU assets	(2.7)	(2.4)	(0.3)	10.9%
Depreciation & amortisation	(3.7)	(3.4)	(0.3)	9.0%
Impairment loss	(4.5)	0.0	(4.5)	n/a
EBIT	**2.4**	**7.3**	**(4.9)**	**(67.2)%**
Interest	(2.9)	(2.6)	(0.2)	9.4%
Tax	(1.0)	(1.4)	0.4	(27.9)%
Other (including minorities)	0.0	0.1	(0.0)	n/a
NPAT attributable to members	**(1.5)**	**3.3**	**(4.7)**	**(145.9)%**

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.

Segment performance

Clinical Vet Services segment

Apiam's Clinic Vet Services segment delivered solid results in H1 FY25, however the impact of industry challenges in specific areas resulted in revenue reducing 1.7% (-$1.4 million) compared to H1 FY24.

The Company's network of companion and mixed animal clinics mostly withstood current cost-of-living pressures on household incomes and delivered revenue growth of 3.2% compared to H1 FY24 (+2.1 million).[1]

Offsetting this growth was $1.8 million in reduced diagnostic revenues from ACE Laboratories due to the pause of export dairy heifers to China early in H1 FY25. Softening in equine markets with reduced horse breeding numbers also meant Apiam's referral equine clinics revenues were reduced by $1.7 million in H1 FY25 (vs H1 FY24).

From an earnings perspective, cost efficiencies were successfully realised in clinics in H1 FY25 with operating expenses in the Clinical Vet Services segment down 3.1% on a like-for-like LFL basis compared to PCP. This result allowed for increased investment in marketing expense (+$0.4 million) in H1 FY25 to support growth in profitable areas such as Apiam's Best Mates program, with successful early-stage results achieved.

Additional redundancies of some clinic support roles were undertaken in December 2024, with the benefits to be realised in the remainder of FY25 and beyond.

Intensive Animal Veterinary Services (pigs & beef feedlot segment)

Robust underlying industry conditions, particularly in the beef feedlot and pig segments, has driven strong revenue growth in Apiam's Intensive Animal Veterinary segments in H1 FY25. Overall, revenue for these segments increased 15.0% (+3.2M) in H1 FY25 following a 0.4% increase in the PCP (H1 FY24).

Earnings growth from the beef feedlot segment was also strong in H1 FY25 as the Company delivered on its strategy to focus on higher value veterinary services.

Managing Apiam's business portfolio

Apiam seeks to optimise future business growth through the divestment and exit of underperforming assets as well as the acquisition of strategic businesses where synergies can be realised.

[1] Inclusive of $0.9M growth contribution from acquisition made in October 2023

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Following a review in H1 FY25 of underperforming assets, subsequent to balance date, the decision was made to divest a NSW equine clinic that was acquired by Apiam in 2021 but that has not performed in line with Group targets in recent years. Due to changes in local market conditions and location challenges, it was decided the best course of action for shareholders was to divest this business and a sale agreement has now been entered into. A $4.5 million (pre-tax) impairment charge relating to this divestment has been realised in H1 FY25 and the transaction is expected to be completed in H2 FY25.

Equine veterinary services remain a core veterinary service for Apiam, with Apiam's remaining three dedicated equine referral clinics delivering resilient growth over the last 2-3 years as well as strong earnings margins and profit contribution.

During the period, Apiam's Board also made the decision to divest an underperforming greenfield clinic in Hastings (VIC) and exit the Company's US Joint Venture. There are minimal financial impacts relating to the exit from the US Joint Venture, and the Hastings clinic is being sold for a small profit.

Consequently, it is estimated that the divestment of the NSW-based equine clinic and the Hastings clinic will reduce Group revenue by approximately $2.3 million and EBIT will increase by approximately $1 million (based on annualised H1 FY25 estimates).

In H1 FY25, Apiam also assessed several strategic acquisition opportunities and in accordance with the Company's acquisition criteria, non-binding term sheets have been executed to acquire two companion and mixed animal clinics that will expand the WA and NSW regional networks. Each business is strategically located to derive synergies with existing Apiam clinics operating in nearby regions. The expected total of consideration is approximately $6.3 million and will be paid across H2 FY25.

Business initiatives & cost-saving programs

As part of Apiam's strategy to enhance the earnings margin performance of its veterinary clinics Apiam transitioned to a vet-supported clinic management model during FY24.

Apiam has already realised significant savings from this program in the Company's Business Support Network and within the Clinical Vet Services segment in FY24. Further benefits were realised in H1 FY25 with like-for-like operating expenses within the Clinical Vet Services segment falling by 3.1% in H1 FY25 vs PCP.

Additional redundancies were also undertaken in December 2024 with further savings expected in H2 FY25.

Balance sheet & cash flow

Apiam's balance sheet as at the end of H1 FY25 remains in a solid position and in-line with the prior period.

Closing net debt at 31 December 2024 was $65.7 million[2] (vs $66.8 million as at 30 June 2024). Surplus cash flow in H1 FY25 was used to pay the final FY24 dividend as well as reinvest in organic growth initiatives including $1.3 million which was spent on the ACE Laboratories vaccine laboratory expansion.

Apiam's operating leverage ratio at the end of H1 FY25 was 2.6x, within the Company's covenant requirement of 3.5x.

Operating cash conversion to underlying EBITDA (before AASB 16 lease adjustments) was 99.2%, tracking in-line with Management's target of 100%.

[2] 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)

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Statutory cashflows $m	H1 FY25	H1 FY24
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)**

Dividend
The Board has declared an interim dividend of 1.0 cent per share. This is supported by Apiam's cash generation and the slower pace of the acquisition program.
The record date for the interim dividend is 4 March 2025, and Apiam's dividend reinvestment program will remain in place.

Board changes
Apiam continued its Board renewal program in H1 FY25, with the appointment of Mr Bruce Dixon as an Independent Non-Executive Director on 7 October 2024.
Mr Dixon has over 30 years of management, commercial and Board experience including as Non-Executive Director of Greencross Limited and Ruralco Limited.
Mr Dixon was also formerly Chair of Australian Venue Co, prior to its sale to KKR in 2017, and was previously Chief Executive Officer of Spotless Group Holdings Ltd and Healthscope Limited. Mr Dixon will bring extensive commercial experience to the Company.
Additionally, following Apiam's Annual General Meeting in November 2024, Dr Jan Tennent retired from the Board as an Independent Non-Executive Director.
Dr Tennent served as a Non-Executive Director of Apiam since 2018 and has been Chair of the Remuneration and Nomination Committee since 2022. Dr Tennent played an instrumental role in driving policy change and enhancing the Company's successful recruitment and retention outcomes.
Following Dr Tennent's retirement, Ms Evonne Collier, a current Apiam Non-Executive Director, has been appointed as the Chair of the Remuneration and Nomination Committee.

Outlook
Despite volatility and challenges in specific areas of Apiam's veterinary operations in H1 FY25, veterinary services remain resilient in rural and regional locations.
The Company's diversified model helps to reduce the impact of cyclicality in speciality business areas.
Management are continuing to focus on delivering further efficiencies and synergies from the clinic portfolio and to continue to deliver leverage in the Company's cost base as was demonstrated in FY24. Further cost savings are expected to be realised in FY25.
Cash flows will continue to be applied to ongoing growth initiatives and the dividend program.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 11 of this financial report and forms part of this Directors' Report.

Rounding of amounts

Apiam Animal Health Limited is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Professor Andrew Vizard
Chairman

Melbourne
26 February 2025

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Auditor's Independence Declaration

To the Directors of Apiam Animal Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Apiam Animal Health Limited for the half-year ended 31 December 2024. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 February 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

	Notes	31 December 2024 $'000	31 December 2023 $'000
Revenue		106,160	104,364
Changes in inventories		733	1,920
Cost of materials		(35,863)	(35,349)
Employee benefit expenses		(46,573)	(46,621)
Depreciation and amortisation of non-financial assets		(6,395)	(5,824)
Other expenses		(11,177)	(11,237)
Share of profit from equity accounted investments		15	36
Finance costs		(2,886)	(2,639)
Impairment Losses	6	(4,504)	-
Profit/(loss) before income tax		**(490)**	**4,650**
Income tax expense		(1,004)	(1,393)
Profit/(loss) for the period from continuing operations		**(1,494)**	**3,257**
Profit/(loss) for the period attributable to:			
Owners of Apiam Animal Health Limited		(1,523)	3,281
Non-controlling interests		29	(24)
Total comprehensive income/(loss) for the period		**(1,494)**	**3,257**
Earnings per share		**Cents**	**Cents**
Basic earnings per share	9	(0.84)	1.84
Diluted earnings per share	9	(0.82)	1.82

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	31 December 2024 $'000	30 June 2024 $'000
ASSETS			
Current			
Cash and cash equivalents		3,186	1,757
Trade and other receivables		15,444	13,369
Inventories		15,877	15,144
Other current assets		2,443	1,837
Current assets		**36,950**	**32,107**
Non-current			
Intangible assets	7	163,203	167,599
Property, plant and equipment	8	51,544	51,023
Deferred tax assets		5,115	4,372
Investments		288	273
Other non-current assets		409	403
Non-current assets		**220,559**	**223,670**
Total assets		**257,509**	**255,777**
LIABILITIES			
Current liabilities			
Trade and other payables		15,543	12,910
Lease liabilities		6,132	5,913
Employee benefit obligations		11,663	11,400
Current tax liabilities		2,082	1,333
Other current liabilities		1,861	2,183
Current liabilities		**37,281**	**33,739**
Non-current liabilities			
Borrowings	11	64,829	64,265
Lease liabilities		31,758	31,601
Employee benefit obligations		820	611
Deferred tax liabilities		2,680	3,027
Other liabilities		505	505
Non-current liabilities		**100,592**	**100,009**
Total liabilities		**137,873**	**133,748**
Net assets		**119,636**	**122,029**
EQUITY			
Share capital	10	136,642	135,769
Corporate re-organisation reserve		(26,692)	(26,692)
Non-controlling interest acquisition reserve		(6,615)	(6,615)
Share based payment reserve		1,095	1,093
Foreign currency translation reserve		42	2
Retained earnings		15,130	18,467
Equity attributable to the owners of Apiam Animal Health Limited		**119,602**	**122,024**
Non-controlling interests		34	5
Total equity		**119,636**	**122,029**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

	Share capital	Corporate reorg-anisation reserve	Non-controlling interest acquisition reserve	Share based payment reserve	Foreign Currency Translation Reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2023	**134,840**	**(26,692)**	**(6,615)**	**993**	**6**	**15,336**	**117,868**	**28**	**117,896**
Employee share plan, transfer on exercise of rights	171	-	-	(171)	-	-	-	-	-
Employee share plan, share based payments	-	-	-	217	-	-	217	-	217
Foreign currency translation adjustment	-	-	-	-	(17)	-	(17)	-	(17)
Transactions with owners	**171**	**-**	**-**	**46**	**(17)**	**-**	**200**	**-**	**200**
Profit for the period	-	-	-	-	-	3,281	3,281	(24)	3,257
Total comprehensive income for the period	-	-	-	-	-	3,281	3,281	(24)	3,257
Balance at 31 December 2023	**135,011**	**(26,692)**	**(6,615)**	**1,039**	**(11)**	**18,617**	**121,349**	**4**	**121,353**

	Share capital	Corporate reorg-anisation reserve	Non-controlling interest acquisition reserve	Share based payment reserve	Foreign Currency Translation Reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2024	**135,769**	**(26,692)**	**(6,615)**	**1,093**	**2**	**18,467**	**122,024**	**5**	**122,029**
Employee share plan, transfer on exercise of rights	348	-	-	(348)	-	-	-	-	-
Employee share plan, share based payments	-	-	-	350	-	-	350	-	350
Foreign currency translation adjustment	-	-	-	-	40	-	40	-	40
Dividends paid	525	-	-	-	-	(1,814)	(1,289)	-	(1,289)
Transactions with owners	**873**	**-**	**-**	**2**	**40**	**(1,814)**	**(899)**	**-**	**(899)**
Profit for the period	-	-	-	-	-	(1,523)	(1,523)	29	(1,494)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(1,523)**	**(1,523)**	**29**	**(1,494)**
Balance at 31 December 2024	**136,642**	**(26,692)**	**(6,615)**	**1,095**	**42**	**15,130**	**119,602**	**34**	**119,636**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

For the half-year ended 31 December 2024

	Notes	**31 December 2024 $'000**	31 December 2023 $'000
Cash flows from operating activities			
Receipts from customers		114,119	113,031
Payments to suppliers and employees		(101,423)	(100,088)
		12,696	**12,943**
Acquisition costs relating to acquisition of business		-	(176)
Interest paid		(2,886)	(2,639)
Income taxes paid		(1,338)	(1,956)
Net cash inflow from operating activities		**8,472**	**8,172**
Cash flows from investing activities			
Payment for acquisition of businesses, net of cash acquired	4	(344)	(6,263)
Payments for property, plant and equipment		(3,163)	(2,078)
Proceeds from disposals of property, plant & equipment		158	32
Payments for intangible assets	7	(270)	(93)
Dividends received		-	50
Net cash outflow from investing activities		**(3,619)**	**(8,352)**
Cash flows from financing activities			
Proceeds from borrowings		8,096	18,336
Repayment of borrowings		(7,114)	(15,945)
Lease payments		(3,117)	(2,785)
Dividends paid to company shareholders		(1,289)	-
Net cash inflow from financing activities		**(3,424)**	**(394)**
Net (decrease)/increase in cash and cash equivalents		**1,429**	**(574)**
Cash and cash equivalents at the beginning of the half-year		1,757	3,172
Cash and cash equivalents at end of the half year		**3,186**	**2,598**

The accompanying notes form part of these financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements

1. Nature of operations

Apiam Animal Health Limited and subsidiaries' ('the Group') principal activities include the provision of veterinary products and services to production animals, companion animals and equine. The Group is vertically integrated with strategic sourcing of products, custom manufacture of vaccines, in-house laboratory services and on farm delivery with its own logistics service.

There have been no significant changes in the nature of these activities during the half year.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2024 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of Apiam Animal Health Ltd for the period ended 30 June 2024 and the detailed accounting policies at Note 3 below and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2025.

New Accounting Standards and Amendments

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current reporting period, which did not result in a significant impact on the Group's consolidated financial statements.

3. Material accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 30 June 2024.

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4. Business combinations

The Group applies the acquisition method in accounting for business combinations.

During the reporting period the Group acquired 100% of the business assets of Murgon Veterinary Services (MVS). The acquisition of this veterinary business expands Apiam's presence in companion & mixed animal vet clinics in south east Queensland.

The following detailed table highlights the fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition for the business combination undertaken in the period.

	$'000
Fair value of consideration transferred	
Amounts settled in cash	344
Total fair value of consideration transferred	**344**
Recognised amounts of identifiable net assets	
Inventories	48
Total current assets	**48**
Property, plant & equipment	261
Deferred tax assets	8
Total non-current assets	**269**
Employee benefit obligations	21
Lease liabilities	35
Total current liabilities	**56**
Lease liabilities	199
Employee benefit obligations	4
Total non-current liabilities	**203**
Identifiable net assets	**58**
Goodwill on acquisition	**286**
Net cash outflow on acquisition	**344**

4.1 Consideration transferred

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

4.2 Identifiable net assets

The accounting for all business combinations has been finalised as at 31 December 2024.

There were no contingent liabilities assumed from the acquisition and no separate transactions.

4.3 Goodwill

The goodwill that arose on the combinations can be attributed to the synergies expected to be derived from the combination including implementation of the Groups programs, software systems, support networks, supply and employment contracts. Goodwill has been allocated to CGUs at 31 December 2024 and is attributable to the Clinical Vet Services segment. The goodwill that arose from these business combinations is not expected to be deductible for tax purposes.

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5. Segment reporting

Identification of reportable operating segments

Management identifies its operating segments based on the species to which the Group provide veterinary services and supply animal health products. The Group's three (3) main operating segments are:

- Clinical Vet Services;
- Feedlot;
- Pigs;

Each of these operating segments is managed separately as each species group requires specific veterinary expertise and resources, as well as marketing approaches. These operating segments are monitored and strategic decisions are made based on adjusted segment operating results.

The operating segments are aggregated for reporting purposes on the basis that each business segment has sales consisting predominantly of S4 products, over the counter products and service revenue and that these products and services exhibit similar economic characteristics across each business. Corporate overheads that cannot be allocated to a specific segment are disclosed separately.

The revenues and profit generated by the Group's operating segments are summarized as follows:

	Six (6) months to 31 December 2024 $'000	Six (6) months to 31 December 2023 $'000
Revenue from external customers	106,160	104,364
Segment operating costs	(97,621)	(95,151)
Segment operating profit	**8,539**	**9,213**

The Group's segment operating profit reconciles to the Group's profit after tax as presented in its financial statements as follows:

	Six (6) months to 31 December 2024 $'000	Six (6) months to 31 December 2023 $'000
Total reporting segment operating profit	8,539	9,213
Corporate overheads	(1,304)	(1,177)
Acquisition and integration costs	-	(176)
Restructure costs	(350)	(607)
Finance costs	(2,886)	(2,639)
Impairment losses	(4,504)	-
Share of profit from equity accounted investments	15	36
Net profit before tax	**(490)**	**4,650**
Income tax	(1,004)	(1,393)
Net profit after tax	**(1,494)**	**3,257**

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6. Impairment Losses

During the half year reporting period, the Group assessed the carrying value of assets in Agnes Banks Equine Clinic for impairment. As a result of ongoing financial underperformance, the Group has recognised an impairment charge of $4,504,292 to reduce the carrying amount of assets to their estimated recoverable amount. The impairment charge comprises:

Asset / Liability Category	Amount ($m)
Intangible assets (including goodwill)	3,858
Property, plant and equipment	1,263
Current assets	200
Less: reduction in lease liabilities	(817)
Total impairment charge	**4,504**

This impairment charge has been recognised under "Impairment Losses" in the financial statements for the half year period ending 31 December 2024.

7. Intangible assets

The following table shows the movements in intangible assets:

	Goodwill $'000	Customer Relation-ships $'000	Trademarks & Trade Names $'000	Capitalised develop-ment costs $'000	Total $'000
At 30 June 2024					
Cost	150,125	18,944	3,182	1,789	174,040
Accumulated amortisation and impairment	-	(5,799)	-	(642)	(6,441)
Net book value	**150,125**	**13,145**	**3,182**	**1,147**	**167,599**
Half-year ended 31 December 2024					
Opening net book value	150,125	13,145	3,182	1,147	167,599
Additions	-	-	-	270	270
Acquisition of subsidiaries (a)	286	-	-	-	286
Impairment	(3,446)	(225)	(187)	-	(3,858)
Amortisation	-	(912)	-	(182)	(1,094)
Closing net book value	**146,965**	**12,008**	**2,995**	**1,235**	**163,203**
At 31 December 2024					
Cost	146,965	18,581	2,995	2,058	170,599
Accumulated amortisation and impairment	-	(6,573)	-	(823)	(7,396)
Net book value	**146,965**	**12,008**	**2,995**	**1,235**	**163,203**

(a) The goodwill of the Company increased during the period ending 31 December 2024 due to the acquisition detailed in Note 4.

8. Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Leased Buildings (i)	Leasehold improve-ments	Plant and equipment	Motor vehicles (ii)	Assets under construct -ion	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2024						
At cost	47,835	7,591	18,249	11,670	67	85,412
Accumulated depreciation	(15,553)	(2,261)	(9,707)	(6,868)	-	(34,389)
Net book value	**32,282**	**5,330**	**8,542**	**4,802**	**67**	**51,023**
Half year ended 31 December 2024						
Opening net book value	32,282	5,330	8,542	4,802	67	51,023
Additions	3,661	135	1,177	546	1,305	6,824
Acquisition of subsidiaries	234	-	27	-	-	261
Impairment	(788)	(18)	(314)	(143)	-	(1,263)
Depreciation charge	(2,673)	(461)	(1,383)	(784)	-	(5,301)
Closing net book value	**32,716**	**4,986**	**8,049**	**4,421**	**1,372**	**51,544**
At 31 December 2024						
Cost	50,795	7,373	18,858	11,005	1,372	89,403
Accumulated depreciation	(18,079)	(2,387)	(10,809)	(6,584)	-	(37,859)
Net book amount	**32,716**	**4,986**	**8,049**	**4,421**	**1,372**	**51,544**

i) Right of use Assets
ii) Includes leased and owned motor vehicles

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9. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Apiam Animal Health Limited) as the numerator.

	2024	2023
	$'000	$'000
Profit attributable to Owners of Apiam Animal Health Limited	(1,523)	3,281
	(1,523)	**3,281**

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six (6) months to 31 December 2024	Six (6) months to 31 December 2023
Weighted average number of shares used in basic earnings per share	180,648,679	178,091,853
weighted average number of performance rights	4,815,564	2,567,185
Weighted average number of shares used in diluted earnings per share	**185,464,243**	**180,659,038**
Basic earnings per share (cents)	(0.84)	1.84
Diluted earnings per share (cents)	(0.82)	1.82

10. Share capital

Each share has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of Apiam Animal Health Ltd. Shares issued and authorised are summarised as follows:

	Six (6) months to 31 December 2024 No.	**Year ended 30 June 2024 No.**	**Six (6) months to 31 December 2024 $'000**	**Year ended 30 June 2024 $'000**
Shares issued and fully paid				
• beginning of the period	179,911,701	177,959,623	135,769	134,840
• issued under dividend reinvestment plan	1,082,673	1,433,667	525	478
• employee shares issued	399,436	518,411	348	451
• **Shares issues and fully paid**	**181,393,810**	**179,911,701**	**136,642**	**135,769**
Total shares authorised at the end of the period	**181,393,810**	**179,911,701**	**136,642**	**135,769**

Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of Apiam.

11. Borrowings

As at 31 December 2024, the contractual maturities of the Group's non-derivative financial liabilities were:

	31 December 2024 $'000	30 June 2024 $'000
Non-current		
Bank loans (a)	64,840	64,280
less capitalised costs	(11)	(15)
Total non-current borrowings	**64,829**	**64,265**

Assets pledged as security

(a) Bank loans are secured by first ranking general security agreements in relation to the current and future assets of Apiam and each wholly-owned subsidiary.

Banking covenants

The financial covenants that must be complied with applicable to bank facilities are:

- Maximum gearing ratio, defined as the ratio of Net Debt divided by Net Debt plus Equity, is to be no greater than 45% as of the 30th June each financial year, with
  - Net Debt meaning the amount owing (excluding AASB16 leases) less cash and cash equivalent: and
  - Equity meaning total assets minus total liabilities.
- Maximum operating leverage ratio, defined as the ratio of Net Debt divided by EBITDA, is to be no greater than 3.5x as of the 30th June each financial year, with
  - EBITDA meaning earnings before interest, tax, depreciation and amortisation, excluding any one-off acquisition and integration/system expenses

There were no requirements to report on covenants as at 31 December 2024. However, the ratios maintained during the period were in compliance with the prescribed limits required as at 30 June each financial year.

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11. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Total facilities	31 December 2024	30 June 2024
	$'000	$'000
Bank - term loan facilities	100,000	100,000
Bank - master asset finance agreement for equipment finance	5,000	4,500
Bank - overdraft facility	500	500
Bank - credit card facility	500	500
Bank – guarantee facility	690	690
	106,690	**106,190**
Used at reporting date		
Bank - term loan facilities	64,840	64,280
Bank - master asset finance agreement for equipment finance	4,075	4,295
Bank – guarantee facility	274	229
	69,189	**68,804**
Unused at reporting date		
Bank - term loan facilities	35,160	35,720
Bank - master asset finance agreement for equipment finance	925	205
Bank - overdraft facility	500	500
Bank - credit card facility	500	500
Bank - guarantee facility	416	461
	37,501	**37,386**

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12. Contingent assets and liabilities

In the Directors' view, there are no contingent assets or liabilities that will have a material effect on the Group.

13. Dividends

Dividends of $1,814,320 were declared to equity holders during the six months ended 31 December 2024. Of this amount $1,289,007 was paid in cash while $525,313 was issued in shares under Apiam's dividend reinvestment plan.

14. Events after the reporting date

Dividend Declaration

The Apiam Board of Directors declared an interim dividend on 26 February 2025. The interim dividend of $1,825,218 is 1.0 cps, fully franked and will be paid on 28 March 2025.

Sale of Agnes Banks Equine Clinic

Subsequent to the reporting period, on 25 February 2025, the Group entered an agreement to sell the business assets of Agnes Banks Equine Clinic for nominal consideration of $1. The sale, expected to be completed after the reporting period, aligns with the Group's strategic review to improve profitability and operational efficiency. The disposal is expected to result in ongoing cost savings due to the elimination of recurring losses associated with the clinic's operations.

No further material financial impact is expected beyond the impairment already recognized in the current reporting period.

Sale of Veterinary Clinic at 1853 Frankston-Flinders Road, Hastings

On 31 January 2025, the Group completed the sale of a veterinary clinic operating from 1853 Frankston-Flinders Road, Hastings to an entity associated with Mr Bruce Dixon, a director of the Group, for $534,984. The greenfield start-up veterinary clinic has not met the performance expectations of Apiam management. The disposal is expected to result in ongoing cost savings due to the elimination of recurring losses associated with the clinic's operations and a small gain will be recorded on disposal of the asset in FY25 H2.

As Mr. Dixon is a director of the Group, the transaction constitutes a related party transaction under AASB 124 *Related Party Disclosures*. The Board reviewed the transaction and is satisfied that:

- The sale was conducted on normal commercial terms
- The transaction terms were consistent with fair market value

Other Events

The Group has not identified any other material subsequent events requiring disclosure.

15. Company details

The registered office of the business of the Company is:
27-33 Piper Lane
East Bendigo, VIC, 3350

The principal place of business of the Company is:
27-33 Piper Lane
East Bendigo VIC 3550

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Directors' Declaration

1 In the opinion of the Directors of Apiam Animal Health Limited:

a the consolidated financial statements and notes of Apiam Animal Health Limited are in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
26 February 2025

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Independent Auditor's Review Report

To the Members of Apiam Animal Health Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Apiam Animal Health Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Apiam Animal Health Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 February 2025