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Managing Directors' Message

Dear Apiam shareholders,

I thought it was an important time to provide a business update given the turbulence and challenges for many businesses and stock markets in recent times as we all adapt to a rapidly changing environment due to the global outbreak of COVID-19.

I would like to reassure shareholders that Apiam has delivered a very solid trading performance in the three months to 31 March 2020 (Q3 FY2020), and is on track to meet its guidance to deliver EBIT growth in the current second half of the 2020 financial year (vs H1 FY2020).

Revenue (unaudited) for Q3 2020 was \$31.2m, 16.2% higher than Q3 2019. March YTD 2020 revenue of \$87.4m was up 5.4% on the prior corresponding period. Gross Profit (unaudited) for Q3 2020 was \$17.3m, up 29.5% on Q3 2019. March YTD 2020 gross profit of \$47.5m rose 13.5% compared to a year earlier.

In particular, Q3 FY2020 was supported by a strong performance in March with growth being achieved across all of Apiam's animal segments despite the broader global challenges. Underlying industry conditions in many of our regional areas improved due to recent rainfall and the benefits of Apiam's growth-focused strategy and implementation of new business initiatives also made important

contributions – particularly Zoono disinfectant product sales into the pig and poultry industry, the ProDairy consultancy program and our Best Mates program within the companion animal segment.



In relation to COVID-19, I can reassure you we are monitoring the situation closely and are keeping abreast of all developments in major markets. As an animal healthcare business, hygiene and health safety are a fundamental part of our business and Apiam's highly trained veterinary practitioners and support teams are very experienced in managing the risk of infectious agents.



Message from the Managing Director – (continued)

Nonetheless, we are preparing for future challenges that may evolve and carefully navigating new technologies and ways of doing business that put the safety of our customers, staff and the community at the forefront of what we do. I am proud of our team for quickly adapting to using new technology and initiatives aimed at protecting business and service continuity, such as TeleHealth for remote consultations where possible.

This is a difficult time for many. To date, Apiam has been able to remain a resilient business that offers an essential and important health service to its customer's animal base. We are in good shape financially and operationally and we believe we are well placed to weather the COVID-19 storm.

Below, in this newsletter, you'll find more detail on some of the initiatives I've outlined briefly above.

Please do not hesitate to contact me via email at chris@apiam.com.au if you have any further questions about Apiam's business.

Regards,
Dr. Chris Richards
Managing Director

Strong demand for Apiam's Zoono disinfectant products

In November 2019 Apiam executed an agreement with Zoono Animal Health for the exclusive distribution of ASX-listed Zoono Group's proprietary sanitiser and protectant technology for use in livestock facilities in Australia and for US-based swine customers.

Apiam has recently extended its distribution footprint with an expansion of its US rights from swine to other livestock, poultry and the veterinary industry, in addition to new territories of Canada, New Zealand, Philippines and Vietnam, where it is working with existing distribution channels to bring the products to market.

Zoono produce an alternative to chemicals which both disinfects and provides ongoing mechanical activity for up to 30 days. The innovative technology has demonstrated effectiveness against a range of common bacteria and viruses including H1N1 influenza (prevalent in swine) and feline coronavirus. Recent tests in the United Kingdom have also shown effectiveness against this COVID-19 surrogate, which has led to Australia's Therapeutic Goods Administration (TGA) approving Z-71 Microbe Shield as an effective disinfectant for hard surfaces against COVID-19.

Both laboratory studies by Wageningen University & Research at Lelystad in The Netherlands and field trials in China have demonstrated high effectiveness of Z-71 Microbe Shield against African Swine Fever virus.

Recent trials by Apiam in the USA under commercial conditions has demonstrated effectiveness in preventing porcine epidemic diarrhea (PED) outbreaks caused by the PED virus, a coronavirus, that causes high mortality in young pigs. These trials have been undertaken on several farms, where PED is endemic, and to date have not had any PED outbreaks across more than 10 nursery sites.

Interest in Z-71 Microbe Shield from the Philippines and Vietnam is strong given the large pig and poultry industries and current African Swine Fever (ASF) and highly pathogenic avian influenza (HPAI) outbreaks.

Apiam stocks a range of Zoono disinfectant products including the Z-71 Microbe Shield Sanitiser and Protectant (which is applied to



Strong demand for Apiam's Zoono disinfectant products (continued)

surfaces through fogging or spraying), and the Zoono body hand sanitiser which provides up to 24 hours protection against germs when applied to skin. In addition to the rapid uptake in the livestock and veterinary markets, in the current market environment both these products have experienced strong surges in customer enquiries for COVID-19 protection with orders taken for stock that will be delivered into April.

Apiam is also using its Zoono products as an important defense in its own business operations - whether it be out on customer farms in animal enclosures and office amenities, or in clinics to protect its customers, staff and the broader community.

Demand for Zoono products across Apiam's customer base has increased significantly during Q3 FY2020 and management expect strong sales of Zoono products to continue into Q4 FY2020 and beyond.

Beyond the COVID-19 threat, Zoono products will continue to be an important defense against disease threats in agricultural industries, as part of biosecurity programs, in the prevention of diseases caused by endemic bacteria and viruses and in assisting in the prevention of infection by PEDv, African Swine Fever virus and other devastating pathogens in international markets.

Refer to the "In the Media" section for An article in the Weekly Times about Apiam's Zoono disinfectant products.

Business continuity in the face of COVID-19

Apiam have implemented comprehensive company and clinic guidelines to manage COVID-19 in the workplace and ensure business continuity of our products and services for our customers.

Strict clinic guidelines provide detailed protocol steps around the following consultation types:

- Modified clinic services
- Kerbside service
- Telemedicine service
- Home service (in emergency settings only)

Apiam have also implemented a detailed policy and action plan with respect to protecting the health and safety of all employees from possible risk of exposure to COVID-19. This policy details procedures around travel, vet visits to farms, the use of Personal Protective Equipment as well as an action plan should an employee develop symptoms of COVID-19 or where there are confirmed cases in regions where veterinarians and staff have been working.

With respect to veterinarians predominantly servicing agricultural livestock on rural properties, Apiam are in the processing of deploying a new remote consulting technology, using high resolution low bandwidth live streaming technology which can be controlled remotely by the veterinarian. Apiam vets can closely monitor the health of the herds as well as visually inspect any sick animals, usually performed in conjunction with farm personnel. Through voice activated software systems, daily workflows and health and welfare compliance obligations can be undertaken. This software also assists in monitoring of both individual and groups of animals - and we believe that this technology will change the way in which veterinary services are applied to the production animal sector, particularly in large production systems. This new technology has recently been successfully trialed in beef feedlots that Apiam provide veterinary services and is now being adapted for use in the pig, poultry and dairy industries.



ProDairy campaign launched

Apiam recently stepped up its advertising campaign for its ProDairy consultancy and product supply service offering for the Australian dairy industry. With the launch of a new television commercial, supported by radio and social media platforms to Victorian dairy regions, Apiam has grown its footprint with farmers milking over 10% of Victoria's dairy cows having already subscribed to this innovative program.

ProDairy takes a proactive approach to dairy systems with a focus on preventative health which enables monitoring of disease status within a herd. Early identification of animal health issues provides the best opportunity for treatment of an animal or herd to minimise the potential impact on profitability. ProDairy treatment protocols guide the usage of all prescription medicines under the supervision of the herd veterinarian, while Apiam's online order platform and logistics services deliver direct from our clinics to the farm, providing zero contact delivery.

For further information about Apiam's innovative ProDairy program as well as detailed client case studies visit <https://prodairy.com.au/>

Watch a [marketing campaign for ProDairy](#)



Apiam's TeleHealth platform launched

Apiam will this week launch its telemedicine platform that will enable its companion and mixed animal vets to undertake a primary consultation, undertake triage and make initial assessments of animals, and then if needed refer them to the veterinary clinic for further diagnostics or treatment. Animal owners are also able to book consultations for telemedicine, clinic-based consultations and farm services using this new online platform which is fully integrated into our RxWorks practice management system.



The launch of Apiam's telemedicine platform coincides with the laws recently introduced as part of the Federal and State government's COVID-19 response and enforcement of practices such as social distancing and self-isolation. Some veterinary boards have also revised the guidelines around requirements for primary consultations, when a client is in self isolation or is concerned about either their personal safety or that of the vet if having a direct consult. For further information or to book a consult visit www.furlifevet.com.au

Apiam in the media



The WEEKLY TIMES



AGRIBUSINESS

Apiam Animal Health's Zoono disinfectant effective against coronavirus

Apiam Animal Health's Zoono disinfectant effective against coronavirus
25 March 2020

The Weekly Times recently covered Apiam's announcement that its Zoono disinfectant technology is an effective first line of defence against COVID-19.

Zoono livestock products were initially developed to protect piggeries, poultry sheds and livestock systems against several harmful viral and bacterial diseases, including H1N1 influenza. Apiam has the distribution rights to Zoono in Australia and other international markets.

Dr Chris Richards is quoted extensively in the article, speaking about the commercial opportunity for Zoono as well as Apiam's new telemedicine platforms that recently launched. You can [read the article here](#).

Please note a subscription to the Weekly Times is required.



The WEEKLY TIMES

Solid return for Apiam

By PETER HEMPHILL

VETERINARY company Apiam Animal Health has reported a solid first half to the 2019-20 financial year, despite drought in some regions and a fall in sheep and pig numbers.

Apiam posted half-year revenue of \$56.2 million, just marginally higher than the \$56 million from the previous corresponding period, excluding one-off costs associated with business acquisitions and restructuring.

Diverse business helps Apiam record good financial results
24 February 2020

Apiam's H1 FY2020 financial results were covered in the Weekly Times by reporter Peter Hemphill. The article noted Apiam's resilient revenue of \$56.2 million, achieved despite drought conditions in northern Victoria and challenges in pig and dairy industries. The Company delivered a net profit after tax of \$2 million, a 3.6% increase on H1 FY2019.

The article says Apiam is expected to post good results in the second half, with sheep and cattle numbers expected to rise. You can [read the article here](#).

Please note a subscription to the Weekly Times is required.