Apiam Animal Health Limited

ASX: AHX

APPENDIX 4E

PRELIMINARY FINAL REPORT

COMPANY DETAILS

Name of entity:	Apiam Animal Health Limited
ACN:	604 961 024
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory Results Summary

	CHANGES FROM PERIOD ENDED 30 JUNE					
				2022		2021
		%		$m		$m
Revenue from ordinary activities	up	25	To	157.2	from	126.2
Net profit attributable to members	down	8	To	4.6	from	5.0
Profit from ordinary activities after tax attributable to members	down	8	To	4.6	From	5.0
Underlying EBIT (Incl. non-controlling interests)	up	13	to	10.1	From	8.9

Underlying EBIT (Earnings Before Interest and Tax) is considered by Management to be a useful indicator of business profitability and excludes one-off corporate costs as well as integration and acquisition expenses. Further commentary on the annual results can be found in the 'Operating and Financial Review' section within the Directors' report of the attached Annual Financial Report.

Dividends

	Amount per security cents	Franked amount per security Cents
2022 Interim Dividend	1.2 cents	1.2 cents
2022 Final Dividend (declared after balance date but not yet paid)	0.4 cents	0.4 cents
Record date for determining entitlements to the dividend:	23 September 2022	
Date dividend payable:	21 October 2022	

Dividend reinvestment plans

The Company initiated a Dividend Reinvest Plan (**DRP**) on the 25 August 2017 which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. Shareholders electing to participate must nominate by 30 September 2022.

Shareholders who elect to participate in the DRP for the 2022 final dividend will be issued shares at a DRP issue price which will be the average of the daily market price of Apiam's shares over the period of five trading days between 3 October 2022 and 7 October 2022 ('**Pricing Period**'). The timetable in respect of the 2022 final dividend and DRP is as follows:

Event / Action	**Date***
Record Date	23 September 2022
Election Date: Last date for shareholders to make an election to participate in the DRP	5.00 pm (Melbourne time) on 30 September 2022
Pricing Period Commencement Date	3 October 2022
Last Day of Pricing Period	7 October 2022
Announcement of DRP issue price	10 October 2022
Dividend Payment Date / Issue of DRP shares	21 October 2022

**All dates are subject to change*

Details of the DRP can be downloaded from www.apiam.com.au. In order to participate in the DRP for the 2022 final dividend, shareholders should ensure that their DRP Election Form is received, or an online election is made, by no later than 5.00 pm (Melbourne time) on 30 September 2022. An online election can be made by visiting www.boardroomlimited.com.au.

Net Tangible Asset per Security

	2022	2021
Net Tangible assets per share	-$0.11	-$0.11

Return to shareholders

Dividends of $3,275,143 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 audited by Grant Thornton Audit Pty Ltd. The audit report is included within the Company's Annual Report which accompanies this Appendix 4E.

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

Refer to Note 32 and 33 of the attached Financial Statements for details of entities over which control has been gained. There were no entities over which control was lost.

Associates and Joint Venture Entities

The Company has no associate companies and 3 joint venture entities.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2022 Annual Report (which includes the Directors' Report) which accompanies this Appendix 4E.

Accounting Standards

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

2022

Apiam Animal Health

ANNUAL REPORT

Contents

Chairman's Message

Dear Shareholder,

On behalf of the Board of Directors I am pleased to present the Annual Report for the year ended 30 June 2022 (FY22). This financial year was a milestone year for Apiam as we implemented our Accelerated Growth strategy targeting pro-forma revenue of more than $300 million by FY24.

The Accelerated Growth strategy we have mapped out takes Apiam on a transformational path, not only in terms of growing our revenue base but also in building a business of significant scale and financial resilience; a business capable of generating strong, reliable free cash flows that will deliver intrinsic value to all Apiam shareholders.

A key plank of this strategy is to transition Apiam's business mix to deriving a very large share of its revenues from the dairy & mixed animal (companion and equine) segment. Driving growth in our dairy & mixed animal segment has many benefits for the Company. This segment provides a highly resilient revenue and income stream and reduces our exposure to the cyclicity of the intensive animal agricultural industries.

Further, the dairy & mixed animal segments are experiencing the most significant growth opportunities we have seen within the veterinary industry in many decades, driven by changing demographics and spending habits in the regional and peri-urban areas in which we operate. Even in this first year of our journey, this change is already very evident, with our dairy & mixed animal segment now contributing approximately 74% of our pro-forma revenues[1] compared to about 60% this time a year ago.

Strong progress in FY22

In line with our Accelerated Growth plan, Apiam executed eleven targeted acquisitions during the financial year. These acquisitions were of high-quality businesses with strong track records of financial performance, all within the dairy & mixed animal segment. They have increased the breadth of our business adding 14 new clinic locations in attractive regional areas as well as deepened our expertise in a number of mixed animal segments, particularly equine.

[1] Includes contribution from The Victorian Equine Group and The Vet Practice which were announced during FY22 but settled 1 July 2022

In May, Apiam successfully undertook an equity raising of $20.25 million via an Accelerated Non-Renounceable Entitlement Offer to drive the next phase of our growth. This equity raise was well supported by many new and existing shareholders. In conjunction, we also negotiated a $20 million extension to our acquisition debt facility. The support that we received to deliver these capital initiatives, during a period of market and macro-economic volatility, demonstrates the quality and resilience of Apiam's business model and the repositioning of Apiam as a company on an accelerated growth path.

Pleasingly, the dairy & mixed animal segment delivered strong FY22 results – across revenue, earnings and cash flow metrics.

The beef feedlot and pig segments which are more cyclical segments, continued to be affected by industry challenges. Over FY22, management responded flexibly and innovatively, implementing a greater focus on the provision of services such as higher value consultancy offerings. While this has slightly reduced revenues from these business segments in FY22 it has resulted in positive like-for-like gross profit growth over the period.

Our staff are truly our most important asset, and the key driver of the results we deliver. They also play a key role in our future growth. As such, we continue to maintain a strong focus on retaining and attracting talent. Apiam has made great strides in the past few years, implementing market-leading People and Culture practices and ensuring we are amongst the best veterinary employers in the country.

We have also made strong progress in all Environmental, Social and Governance areas in FY22, completing our corporate sustainability plan. Our initiatives in this area are centred around three key pillars, that align with our purpose - To Enrich the lives of Animals, People and Communities.

The Board of Apiam have declared a 0.4 cents final dividend, which, together with the interim dividend, represents a payout ratio of reported NPAT of 50% for the year.

As a Board we continually assess the best use of capital in the context of our growth ambitions. As the Company trends towards its target to deliver pro-forma revenue of $300m by FY24, earnings margins and free cash flow are also expected to increase very considerably. This compelling opportunity is expected to deliver substantial intrinsic value to shareholders. The Board therefore intend to invest all capital during this rapid growth period towards funding the accelerated acquisition strategy rather than returning funds to shareholders via dividends.

Outlook for FY23

Looking to the year ahead. Apiam will continue to execute its Accelerated Growth strategy with our acquisition pipeline being a key driver of this strategy in FY23, supported by a strong organic growth contribution.

Generating further earnings leverage, including from the recent acquisitions we have made, is a top priority for the Company. We are closely monitoring the efficiency of operating investment and believe that in the year ahead new acquisitions can be more quickly integrated into the broader Apiam business and achieve improved earnings at a faster rate.

Overall, we remain confident that our Accelerated Growth strategy, and the transformational impact this will have on our business mix will deliver intrinsic value, strong earnings growth and cash generation for shareholders in FY23 and beyond.

On behalf of the Board of Directors, I would like to thank the entire Apiam team of more than 950 staff for their hard work and dedication in achieving the results of FY22. We also thank our shareholders for their support to deliver on our Accelerated Growth strategy.

Yours sincerely,

Professor Andrew Vizard

Managing Director's Message

Dear Shareholder,

Early in FY22, Apiam implemented an Accelerated Growth strategy with a target to increase pro-forma revenue to more than $300 million by the end of FY24, while also delivering greater earnings growth and resilient cashflows. This was a key driver of our strategic decisions, and we made significant progress towards our goals.

Over the year we announced eleven acquisitions and implemented organic growth initiatives, such as product innovation opportunities as well as early stage ramp up of three new greenfield sites in fast growth regional hubs.

Our acquisition program has also significantly increased our clinic presence in areas such as South East Queensland and within the equine market, providing further avenues for strategic growth in future periods.

Reported revenue for FY22 increased 24.6% to $157.2 million, driven by excellent growth in our dairy & mixed animal segment. Like-for-like revenue (excluding the impact of acquisitions) increased 2.2%, with the dairy & mixed animal performance offset by challenging industry conditions in the pigs and beef feedlot sectors. Further detail regarding segment performance is provided in the section below.

As in prior periods, our gross profit continued to increase at a faster rate than revenues, with gross margins of 62.0% in FY22 (FY21: 56.3%). Importantly improved gross profit was delivered across all of our business segments.

Underlying EBITDA[2] in FY22 grew 20.3% to $18.3 million (FY21: $15.2 million) a strong result despite the increased operating expenses we incurred during the year in areas such as business support, recruitment and new greenfield clinics. Apiam now has the operating infrastructure in place to integrate and more efficiently support the pace of our acquisition program as we move into FY23.

[2] Before one-off acquisition, integration and corporate costs

Net Profit After Tax (underlying) increased 15.0% to $6.7 million while reported NPAT fell 7.9% due largely to the impact of a one-off $1.4 million stamp duty charge payable on acquisitions in Queensland in the first half of FY22.

Accelerated growth strategy on-track

I am pleased to confirm that our Accelerated Growth strategy plans to increase pro-forma revenues to more than $300 million by the end of FY24 is on-track. We ended the year with pro-forma revenue, that is revenue adjusted for the full contribution from the acquisitions announced during the year, of $178.3 million[3] , a significant uplift on FY21 revenue levels. This sets us up well as we commence this new financial year.

We see the key driver of our Accelerated Growth strategy being our high-quality acquisition pipeline over the next two years, supported by organic business growth and the opening of new greenfield clinics. Together the acquisitions announced in FY22 have added $39.8 million of pro-forma annual revenue to Apiam.

One new greenfield clinic was opened in early FY22, and two new greenfield clinics in the last quarter of FY21. While greenfield clinics generally have a negative earnings impact in the first 1-2 years of opening, Apiam has refined its new greenfield clinic model in the second half of FY22 to better align the cost base of new clinics to the scale up of customer demand. We expect to see the two clinics opened in late FY21 reach break-even during the first half of FY23.

In order to support our Accelerated Growth strategy, we also undertook a successful equity raising in May 2022, raising $20.25 million (before costs) from new and existing shareholders. In addition, we increased our acquisition finance facility by $20 million, made possible by our strong balance sheet and resilient cash flow position.

Dairy & mixed animal segment delivering excellent growth

Apiam's acquisition program is focussed on expansion within the fast-growing dairy & mixed animal segment. Following the significant acquisition activity over FY22, this segment now accounts for approximately 74% of Apiam's revenue (on a pro-forma basis[2]). It is a segment that is characterised by low cyclicality and resilient revenues with strong margins.

In FY22, Apiam's dairy & mixed animal revenue grew by 45.1% on a reported basis and 9.0%[4] on a like-for-like basis (removing the impact of acquisitions). Key drivers of this growth included the success of Apiam's Best Mates and ProDairy subscription programs, the capture of additional market share in various regional locations as well as strong underlying industry conditions with animal numbers continuing to grow in rural and regional Australia.

[3] Includes contribution from The Victorian Equine Group and The Vet Practice which were announced during FY22 but settled 1 July 2022
[4] Excludes contribution from acquisitions , Ear Tag business (divested during FY22) and one clinic consolidated during period

Gross margins improved strongly and underlying EBITDA generated from the dairy & mixed animal segment increased 44.5% (before corporate cost allocation and one-off expenses).

Apiam's intensive animal segments – beef feedlot and pigs – continued to be impacted by challenging industry conditions with revenue falling 6.5% in FY22. Despite this revenue impact, Management made targeted changes in the business mix such as a greater focus on higher value consultancy services. These initiatives delivered gross profit improvement in the segment of 1.5%.

Sustainability & culture

Apiam completed its first corporate sustainability report during FY22. This focussed on defining our Company purpose around three central pillars – To Enrich the lives of Animals, People and Communities and setting out our ESG goals around these pillars.

A key aspect of the Animal pillar has been the launch our Antimicrobial Stewardship Strategy which is on track to occur during FY23. We have already introduced three new vaccines, helping to promote sustainable disease prevention programs. We have invested in research into enhanced biosecurity programs and have trialled and adopted technologies to enhance early disease surveillance.

A diverse, safe and well workforce underpins the People pillar of the plan and we have achieved major milestones including the introduction of our work, health and safety program called Bee Well, Bee Safe. Milestones met in FY22 included the program launch which aims to drive a culture of safety and wellness. We also added 61 mental health first aid officers, an additional paid leave day to support personal wellbeing and the development of a Diversity and Inclusion Hub.

Operating an environmentally sustainable business is also important to Apiam and the Communities within which we live and work. Our Sustainability initiatives in this area have seen us complete installation of a solar-based Virtual Energy Network pilot across key sites, introduce a waste management program for office waste as well as a recycling program for redundant clothing.

Other developments

In March 2022, Apiam was awarded a grant of $700,000 through the Victorian State Government Regional Jobs Fund to build a new viral vaccine laboratory in Bendigo. This laboratory has been designed to target emerging viral pathogens and will address demand from the domestic agricultural industry for locally produced animal vaccines. New pathogens continue to emerge, and as we have witnessed with Japanese Encephalitis virus, this can have consequences for agricultural industries.

Completion of the overall laboratory project is expected by 2025, with construction being undertaken in a phased approach.

We also continue to work with our US–based distribution partner, Aurora Pharmaceutical Inc. on the early-stage market launch of Xtend21® (based on Zoono Microbe Shield technology) in the US market. We expect further progress and early sales momentum in the coming year.

Looking ahead

In the year ahead, Apiam's Accelerated Growth strategy will see the Company continue to focus on executing high value, strategic acquisitions as well as driving organic growth within the business whilst working towards Apiam's FY24 pro-forma revenue target of $300 million.

We expect to open several new greenfield clinics under a refined cost model, where the negative earnings impact in the first year is reduced. The areas that have been identified as suitable for new greenfield clinics have unique growth characteristics and strong revenue and earnings projections within a three-year period.

Full utilisation of the business infrastructure now in place to support the greater scale of the business is expected to deliver increasing efficiencies from newly acquired businesses. Our focus now, in conjunction with delivering transformative business growth, is to also deliver greater earnings and free cash flow for shareholders as we head into FY23.

Yours sincerely,

Dr Chris Richards

Managing Director

Directors' Report

The Directors present their report on the consolidated entity consisting of Apiam Animal Health Limited (Apiam) and the entities it controlled at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Professor Andrew Vizard	Non-Executive Chairman
Dr Christopher Richards	Managing Director
Mr Michael van Blommestein	Non-Executive Director
Mr Richard John Dennis	Non-Executive Director
Dr Jan Tennent	Non-Executive Director

INFORMATION ON DIRECTORS

Professor Andrew Vizard

Independent Non-Executive Chairman

BVSc(Hons), MVPM, FAICD

Professor Vizard is a Principal Fellow at the Faculty of Veterinary and Agricultural Sciences, University of Melbourne and previously Associate Professor of Veterinary Epidemiology and Director of The Mackinnon Project, a recognised leader in sheep and beef veterinary consultancy.

An experienced company director, he has previously held directorships in ASX companies, statutory bodies and research organisations including Animal Health Australia, the body responsible for coordinating Australia's animal health system; Primesafe, the statutory authority responsible for regulating the production of safe meat in Victoria; and the Australian Wool Corporation.

He is currently Chair of the Vizard Foundation and Executive Secretary for the Hermon Slade Foundation and the Australia & Pacific Science Foundation.

Interests in Shares and Options

284,591 shares

Dr Christopher Richards

Managing Director

BSc, BVSc, MAICD

Dr Chris Richards is the Managing Director of ASX listed Apiam Animal Health Ltd, as well as the Australian subsidiary entities and joint venture companies, which provide veterinary services to Australian regional and rural communities.

Chris is responsible for the strategic direction of Apiam, which has seen the develop, grow, acquire and integrate production and companion animal veterinary clinics, veterinary wholesale, logistics, laboratory and genetics services businesses since 1998 into the Apiam of today

Chris is also a Director of registered charity, Fur Life Foundation Ltd, which raises funds to support people in rural, regional, and remote communities

Interests in Shares and Options

38,850,000 shares

358,251 performance rights

Mr Michael van Blommestein

Independent Non-Executive Director

GAICD

Michael was a Vice President and Country Manager of Australia and New Zealand for Zoetis and managed the spin-off of Zoetis from Pfizer Australia.

Michael is an experienced director in the animal health sector. He presided over Animal Medicines Australia, the peak industry body for five years and was a member of the board for nearly a decade. Michael played an integral role in leading and overseeing the transition of Animal Health Alliance into Animal Medicines Australia and has also served on the board of Animal Health Association Japan.

Interests in Shares and Options

111,268 shares

Mr Richard John Dennis

Independent Non-Executive Director

BComm, LLB

Rick held a number of senior roles for over 35 years with Ernst & Young (EY) and was the Managing Partner of EYs Queensland practice on two occasions from 2001-2007 and from 2014-15. Rick also held several executive management roles at EY, including Deputy COO and CFO for the Asia-Pacific practice where he was responsible for overseeing the financial and operational integration of EYs Australian and Asian member firms.

Rick is a member of Australian Super’s Queensland Advisory Board, a member of the Advisory Boards of EWM Group and HLB Chessboard, and an external member of the Audit & Risk Committee of Racing Queensland. Rick is non-executive Chair ASX-listed AF Legal Group Limited and a non-executive director of ASX-listed Motorcycle Holdings Limited, Cettire Limited and Step One Clothing Limited.

Interests in Shares and Options

12,000 shares

Dr Jan Tennent

Independent Non-Executive Director

PhD, BSc (Hons), GCertMgt, GAICD, FTSE

FASM,

Jan is a Fellow of the Australian Academy of Technology and Engineering and the Australian Society for Microbiology and, a Principal Fellow at The University of Melbourne.

She is an internationally recognised researcher with specialist knowledge of antimicrobial resistance mechanisms and the discovery and commercialisation of vaccines. Jan has held senior roles at CSIRO, the CRC for Vaccine Technology, CSL, and Pfizer Animal Health (now Zoetis) where she was the Director of Business Development and Global Alliances in the APAC region.

Her most recent executive role was as CEO of Biomedical Research Victoria (2012-2019). Jan is also a non-executive director of Agriculture Victoria Services Pty Ltd, Phytogene Pty Ltd, AusBiotech Limited and eviDent Foundation Limited.

Interests in Shares and Options

71,691 shares

Company Secretary

Eryl Baron
Company Secretary
AGIA

Eryl has 20 years' experience working in the corporate sector as a Company Secretary in a number of industries. She is the appointed Company Secretary to a portfolio of ASX-listed companies across a range of industries.

Eryl is an Associate member of the Governance Institute of Australia. She is experienced in company secretarial and governance management of listed and unlisted companies.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year and the number of meetings attended by each Director or their alternate were as follows:

Directors	Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**
Andrew Vizard	14	14	5	5	3	3
Chris Richards	14	14	-	-	-	-
Michael van Blommestein	14	14	-	-	3	3
Richard Dennis	14	14	5	5	-	-
Jan Tennent	14	14	5	5	3	3

Column A denotes the number of meetings the Director was entitled to attend and column B denotes the number of meetings the Director attended.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit & Risk Management Committee and a Remuneration & Nomination Committee of the Board of Directors

Members of the Audit & Risk Management Committee during the period were:

Richard Dennis (Chair)

Andrew Vizard

Jan Tennent

Members of the Remuneration & Nomination Committee during the period were:

Michael van Blommestein (Chair)

Andrew Vizard

Jan Tennent

PRINCIPAL ACTIVITIES

The Group operates in the segment of provision of veterinary products and services to production, companion and equine animals. Apiam services animals throughout their life cycle, including the provision of:

- systems to assist in herd health programs;
- production advice;
- consulting services and products to assist in the prevention of animal diseases;
- technologies to manage compliance with legislative requirements on pharmaceutical use;
- advice and services in respect of animal welfare compliance;
- retail animal health product sales;
- on-farm delivery of products via its own logistics capability;
- third party auditing services of industry quality assurance programs;
- technology development for animal health management;
- ancillary services such as sales and/or delivery of genetics and associated products;
- on-farm and on-line training programs for clients; and
- veterinary services for companion animals

REVIEW OF OPERATIONS

FY22 results

Apiam embarked on its Accelerated Growth strategy in early FY22, with a target to grow the Company's pro-forma revenues to more than $300 million by the end of FY24 and deliver greater earnings leverage across the business.

In FY22, Apiam progressed this strategy executing 11 acquisitions[5], pursuing organic growth initiatives and ramping up operations of three early-stage greenfield clinics.

Revenue in FY22 increased 24.6% to $157.2 million driven by excellent growth in Apiam's dairy and mixed animal segment (+45.1% vs FY21 on a reported basis and +9.0% on a like-for-like basis). This segment was the focus of Apiam's acquisition program over the year, and on a pro-forma[6] basis delivered 74% of the Group's revenues in FY22 (vs 60% in FY21).

This strategic change in Apiam's business mix over the past twelve months is driving important business transformation benefits and has resulted in more resilient and less cyclical revenue streams as well as attractive earnings margins. Gross profit margins continued to increase in

[5] Including The Vet Practice and Victorian Equine Group (announced during FY22 but settled on 1 July 2022).
[6] Including a full 12-month contribution from all eleven acquisitions executed in FY22 (including The Vet Practice and Victorian Equine Group).

FY22, increasing to 62.0% up from 56.3% in the prior comparable period (PCP). Overall gross profit growth was 37.0% in FY22.

The beef feedlot and pig segments continued to be impacted by industry challenges with revenue in FY22 declining 6.5%. This was, however, an improvement from FY21 where revenues fell in these segments by 11.4%, following the low-point in the beef feedlot industry cycle. The outbreak of Japanese Encephalitis has been a further challenge within the pig segment in FY22.

Importantly despite revenue challenges, gross profit for the pig and beef feedlot segments improved 1.5% vs PCP as Apiam management continued to focus on the provision of higher value consultancy services across this customer base.

Underlying EBITDA in FY22 increased 20.3%, a strong result despite the increased operating expense investment required to execute Apiam's Accelerated Growth strategy. Increased operating investment over FY22 was required to support the integration of the eleven acquisitions executed and this saw the addition of personnel in the Company's business support network (people & culture, IT and WHS). Following this investment, Apiam now has the infrastructure in place to efficiently integrate the planned acquisitions that will take place over FY23-FY24 as well as integrate them into the Company at a faster rate.

The opening of three new greenfield clinics over the past 18 months as well as Apiam's veterinary recruitment strategy (focussed on experienced vets) also added to operating expense growth. Additional COVID-19 lockdown costs were also incurred in the first half of FY22 given additional staff were required to assist vets given animal owners were not permitted in-clinic.

Underlying NPAT increased 15.0% in FY22 to $6.7 million, while reported NPAT of $4.6 million was impacted by a significant uplift in one-off expenses during the period (mostly the result of a $1.4 million stamp duty charges payable on Apiam's Queensland acquisitions in the first half of the financial year).

Apiam FY22 Financial Results Summary – Underlying Basis

P&L underlying	FY22	FY21	Variance	%
Total Revenue	157.2	126.2	31.0	24.6%
Gross Profit	**97.4**	**71.1**	**26.3**	**37.0%**
Operating expenses	(79.2)	(55.9)	(23.2)	41.6%
Underlying EBITDA	**18.3**	**15.2**	**3.1**	**20.3%**
Underlying NPAT	**6.7**	**5.8**	**0.9**	**15.0%**
Amortisation (customer relationships) post tax	(0.6)	(0.3)	(0.5)	142.5%
One-off expenses post tax	(1.4)	(0.5)	(0.9)	178.6%
Reported NPAT	**4.6**	**5.0**	**(0.4)**	**(7.9)%**
Gross Margin (%)	62.0%	56.3%		
Underlying EBITDA margin (%)	11.6%	12.0%		
Underlying EBITDA margin (pre greenfield impact)	12.3%	12.5%		

Apiam FY22 Financial Results Summary – Reported Basis

P&L stat	FY22	FY21	Variance	%
Total revenue	157.2	126.2	31.0	24.6%
Gross profit	**97.4**	**71.1**	**26.3**	**37.0%**
Operating expenses	(79.2)	(55.9)	(23.2)	41.6%
One-off expenses	(2.0)	(0.7)	(1.3)	178.6%
EBITDA	**16.3**	**14.5**	**1.8**	**12.5%**
Amortisation ROU assets	(3.3)	(2.5)	(0.8)	31.5%
Depreciation & amortisation	(5.0)	(3.9)	(1.1)	29.2%
EBIT	**7.9**	**8.1**	**(0.1)**	**(1.5)%**
Interest	(1.6)	(1.2)	(0.4)	33.6%
Tax	(1.9)	(2.0)	0.1	(4.5)%
Other (including minorities)	0.2	0.2	0.0	15.8%
NPAT attributable to members	**4.6**	**5.0**	**(0.4)**	**(7.9)%**

One-off expenses breakdown

One-off expenses	FY22	FY21	Variance	%
Stamp duty QLD acquisitions	(1.4)	0.0	(1.4)	-
Advisory & acquisition costs	(0.3)	(0.2)	(0.1)	78.3%
Other	(0.3)	(0.5)	0.3	(51.2)%
TOTAL	**(2.0)**	**(0.7)**	**(1.3)**	**178.6%**

Accelerated Growth strategy

Apiam embarked on an Accelerated Growth strategy in early FY22. Changes in demographics and lifestyles post initial COVID lockdowns are continuing to drive strong growth in animal numbers in regional and peri-urban locations, and this presents a significant opportunity for Apiam.

The three main drivers of Apiam's Accelerated Growth strategy over FY22 were the execution of Apiam's extensive acquisition pipeline, organic growth initiatives across all business segments as well as the opening of new greenfield clinics.

In FY22, Apiam completed the acquisition of nine businesses and executed acquisition agreements to complete a further two acquisitions on 1 July 2022. This acquisition program increased Apiam's presence in important fast-growth regions of Queensland as well as across the equine veterinary services market, and is detailed in the table below:

Business acquired	State	Veterinary speciality	Acquisition date
Scenic Rim Veterinary Service (2 clinics)	QLD	Equine & companion animal	30 July 2021
Golden Plains Group Bannockburn	VIC	Companion animal & livestock	1 Aug 2021
Harbour City Vet Surgery	QLD	Companion animal	2 Sep 2021
Smythesdale Animal Hospital	VIC	Companion animal & livestock	1 Oct 2021
Horsham Veterinary Hospital	VIC	Companion animal	1 Dec 2021
Agnes Banks Equine Clinic	NSW	Equine	1 Dec 2021
Fraser Coast Veterinary Services	QLD	Companion animal, equine & cattle	1 Dec 2021
North Hill Veterinary Clinic (Armidale)	NSW	Companion animal & livestock	1 Dec 2021
Romsey Veterinary Surgery	VIC	Companion, equine	1 June 2022
Victorian Equine Group	VIC	Equine	1 July 2022
The Vet Practice	VIC	Companion	1 July 2022

Together the acquisitions listed above added $39.8 million to FY22 pro-forma revenue ($178.3 million[7]).

Organic growth initiatives in FY22 were centred around capturing additional market share in existing clinic locations as well as the rollout of the Company's specialised programs (such as Best Mates and ProDairy) over its growing animal footprint.

Three greenfield clinics were also in the early stages of ramp-up during FY22 which had a negative earnings impact on Apiam's performance (approximately $981K at the EBITDA level). Apiam refined its greenfield clinic strategies in the second half of FY22 and moving forward expect to reduce the first year earnings impacts of new clinics.

Balance sheet & capital position

Apiam's net debt as at 30 June 2022 was $41.0 million, compared to $37.2 million as at the end of FY21. Cash consideration for the nine acquisitions settled during FY22 was $28.2 million (noting Victorian Equine Group and The Vet Practice were settled 1 July 2022).

In order to fund this acquisition consideration as well as the broader Accelerated Growth strategy, Apiam conducted a successful $20.25 million (before costs) equity capital raising in May 2022. The Company has also extended its acquisition finance facility by $20 million and now has current headroom of $44.4 million (after completion of the Victorian Equine Group and The Vet Practice acquisitions on 1 July 2022). Apiam's balance sheet positions the Company to pursue the additional growth opportunities it has identified in the year ahead.

Apiam's operating leverage ratio at the end of FY22 was 1.9x, well within the Company's covenant requirement of 3.5x.

Cash flow

Apiam's operating cash flow increased 9.9% in FY22 vs PCP, with operating cash conversion to underlying EBITDA (before AASB 16 adjustments) of 117%, tracking above Management's long term target of 100%.

Investing and financing cash flows in FY22 are reflective of the Accelerated Growth strategy – namely the extensive acquisition program as well as the $20.25 million equity capital raising undertaken during the period.

[7] Including a full 12-month contribution from all eleven acquisitions executed in FY22 (including The Vet Practice and Victorian Equine Group).

Statutory cashflows $m	FY22	FY21
Net cash provided by operating activities	**15.0**	**13.7**
Acquisition of subsidiary, net of cash	(28.2)	(11.7)
Net Purchases of property, plant and equipment	(4.2)	(4.6)
Net Purchases of Intangible assets	(0.1)	(0.2)
Other	0.0	0.0
Net cash used in investing activities	**(32.5)**	**(16.6)**
Net changes in financing	4.8	1.6
Dividends paid to shareholders	(2.4)	(1.9)
Repayment of lease liabilities	(3.5)	(2.9)
Proceeds from share issue	19.2	5.7
Other	0.0	0.1
Net cash inflow from financing activities	**18.1**	**2.6**
Net change in cash and cash equivalents	**0.7**	**(0.4)**

Dividend

The Board of Apiam have declared a 0.4 cents per share final dividend, which, together with the interim dividend, represents a payout ratio of reported NPAT of 50% for FY22.

Apiam's Board continually assess the best use of capital in the context of the Company's growth plans. As the Company trends towards its target to deliver pro-forma revenue of $300 million by FY24, earnings margins and free cash flow are expected to increase considerably. This compelling opportunity is expected to deliver substantial intrinsic value to shareholders. The Board therefore intends to invest all capital, during this rapid growth period, towards funding the Accelerated Growth strategy.

Outlook

Significant growth in the year ahead is expected to occur via acquisition opportunities, supported by organic growth in the underlying business. Additional greenfield sites are also expected to be opened during FY23.

The business infrastructure and operating expense investment that occurred in FY22 leaves Apiam well positioned to efficiently integrate new acquisitions as well as drive additional earnings leverage from the many business acquisitions that occurred during the year.

Delivering greater improvements in operating earnings margins and driving greater uplift in free cash flow remains a key Company goal for the year ahead.

DIVIDENDS

An interim dividend of $1,659,507 at 1.2c per share and was paid in April 2022. The Apiam Board of Directors have declared the Company's final dividend of 0.4c per share fully franked on the 29 August 2022. The final dividend of $660,320 will be paid on the 21 October 2022.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity during the financial period, except as otherwise noted in this Report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Apiam Board of Directors declared the Company's final dividend of 0.4c per share fully franked on 29 August 2022. The final dividend of $660,320 will be paid on the 21 October 2022.

The Group acquired nine veterinary businesses during FY22 and entered into agreements for the acquisition of two further veterinary businesses post reporting date. Further details of these acquisitions are disclosed in Note 38 of the Financial Statements.

Apart from these events, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

The Company's strategy is to build on the solid foundation it has established as an integrated animal health business servicing the rural production and companion animal sectors, and ensure we can meet the needs of a market which is experiencing strong growth.

The Company expects to continue to invest through acquisition, new greenfield sites, partnerships and further recruitment of leading expertise to ensure we have the capacity and capability required to prosper in the expanding global animal health industry.

KEY RISKS AND BUSINESS CHALLENGES

Apiam Animal Health operates, in part, in the Production Animal industry and in particular the pig, feedlot cattle and dairy cattle sectors. Any downturn or disruption in these sectors, particularly if it results in substantial reductions in livestock numbers or production volume, will adversely impact the Company.

Any recurring or prolonged disruption to the supply of the key products that Apiam Animal Health sells, particularly vaccines, may have an adverse effect on the financial performance of the Company.

No single client or buying group accounts for more than 10% of Apiam Animal Health's FY22 revenue. However, if there is consolidation within Apiam Animal Health's client base, this may lead to a concentration of the Company's client exposure risk and may adversely affect the margins that the Company is able to generate on the sale of its products and services to these client groups.

Apiam Animal Health's business model depends substantially on its senior management team and key personnel to oversee the day-to-day operations and strategic management of the Company. There is a risk that operating and financial performance of the Company would be adversely affected by the loss of one or more key persons.

ENVIRONMENTAL REGULATION

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory. The Managing Director reports to the Board on any environmental and regulatory issues at each Directors meeting, if required. There are no matters that the Board considers need to be reported in this report.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

UNISSUED SHARES UNDER OPTION

There were no unissued ordinary shares of Apiam under option at the date of this report.

SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE OF OPTIONS

During the financial year, the Company did not issue ordinary shares as a result of the exercise of options.

DEEDS OF ACCESS, INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

Access

The Company has entered into deeds of access, indemnity and insurance with each Director which contain rights of access to certain books and records of the Company.

Indemnification

Under the constitution of the Company, the Company is required to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, indemnity and insurance, the Company indemnifies parties against all liabilities to another person that may arise from their position as an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

The company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Insurance

Under the constitution of the Company, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law and under the deed of access, indemnity and insurance, the Company must maintain insurance cover for each Director for the duration of the access period.

Remuneration Report

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term “executive” encompasses the senior executives and general managers of the Group.

Details of Key Management Personnel

(I) DIRECTORS

Andrew Vizard

Chairman (Independent Non-executive)

Chris Richards

Managing Director (Executive)

Michael van Blommestein

Director (Independent Non-executive)

Richard Dennis

Director (Independent Non-executive)

Jan Tennent

Director (Independent Non-executive)

(II) EXECUTIVES

Matthew White

Chief Financial Officer

Brian Scutt

Chief Operating Officer

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based remuneration;
- Bonuses included in remuneration;
- Non-executive director remuneration; and
- Other information.

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

The Group has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Remuneration and Nomination Committee (the Committee) operates in accordance with its charter as approved by the Board and is responsible for reviewing and recommending compensation arrangements for the Directors and the Executive Team. The Committee has met three times in the FY22 reporting period.

The Committee engaged the services of Korn Ferry Hay Group to undertake bench-marking for the executive team remuneration in FY17. The Committee has also engaged Grant Thornton Australia Limited and HRAscent to formulate an equity management plan for key talent and senior vets which was approved in FY17 and implemented in FY18.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary;
- long term incentives; and
- short term incentives, being bonuses.

The Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team. The company's key financial metrics are as follows:

Item	*2022*	*2021*	*2020*	*2019*	***2018***
EPS (cents)	3.42c	4.18c	3.63c	3.01c	3.21c
Dividends (cents per share)	2.4c	2.4c	1.6c	1.6c	1.6c
Net profit before tax ($'000)	$6,470	$6,971	$5,956	$4,569	$4,831
Share price ($)	$0.685	$0.96	$0.46	$0.52	$0.75

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of Apiam are shown in the table below:

			Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based Payment		
	Year	Salary and fees (i)	Cash Bonus	Accrued annual leave	Non-monetary benefits	Superannuation	(Accrued long service leave)	Performance Rights (ii)	Total	Performance based percentage of remuneration
Directors		$	$	$	$	$	$	$	$	%
Andrew Vizard Chairman Independent	2022	120,000	-	-	-	-	-	-	120,000	0%
	2021	120,000	-	-	-	-	-	-	120,000	0%
Richard Dennis Independent	2022	70,000	-	-	-	-	-	-	70,000	0%
	2021	70,000	-	-	-	-	-	-	70,000	0%
Chris Richards Managing Director	2022	367,929	63,332	3,757	19,783	23,568	10,469	16,093	504,931	16%
	2021	360,860	-	26,860	11,394	21,694	8,902	25,533	455,243	6%
Michael van Blommestein Independent	2022	54,545	-	-	-	5,455	-	-	60,000	0%
	2021	54,795	-	-	-	5,205	-	-	60,000	0%
Jan Tennent Independent	2022	60,000	-	-	-	-	-	-	60,000	0%
	2021	60,000	-	-	-	-	-	-	60,000	0%
Employees										
Matthew White Chief Financial Officer	2022	276,267	33,250	18,129	-	23,568	13,984	24,769	389,967	15%
	2021	231,934	-	3,652	-	21,694	4,608	19,655	281,543	7%
Brian Scutt Chief Operating Officer	2022	237,626	27,849	6,711	-	22,801	661	14,775	310,423	14%
	2021	233,096	-	23,460	-	21,108	290	15,738	293,692	5%
2022 Total	**2022**	**1,186,367**	**124,431**	**28,597**	**19,783**	**75,392**	**25,114**	**55,637**	**1,515,321**	**12%**
2021 Total	**2021**	**1,130,685**	**-**	**53,972**	**11,394**	**69,701**	**13,800**	**60,926**	**1,340,478**	**5%**

(i) Salary and fees include salaries and allowances.
(ii) Share based payment performance rights are long term incentive performance plans which will lapse if they are not vested within three years of grant date. For rights issued in FY21 the performance rights will vest annually over three years upon the Company achieving a minimum of 12% share price growth per year. For rights issued in FY22 the rights will vest at the end of the three year performance period upon the Company achieving a minimum Total Shareholder Return of 45%. The amount recognised for the Managing Director, Chief Financial Officer and Chief Operating Officer is the proportion expensed in that year based on the Monte Carlo valuation model.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk – STI	At risk – LTI
Executive Directors			
Chris Richards	84%	13%	3%
Other Key Management Personnel			
Matthew White	85%	9%	6%
Brian Scutt	86%	9%	5%

c Service agreements

Remuneration and other terms of employment for the Executive Director and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Chris Richards	$369,135	Twelve month fixed term	Twelve (12) months
Matthew White	$285,000	No fixed term	Six (6) months
Brian Scutt	$238,706	No fixed term	Three (3) months

Bonus provisions

Chris Richards: Nil

Matthew White: Nil

Brian Scutt: Nil

d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid and payable in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Executive Directors			
Chris Richards	$63,332	35%	65%
Other Key Management Personnel			
Matthew White	$33,250	35%	65%
Brian Scutt	$27,849	35%	65%

e Long Term Incentive Plan

Remuneration of key management personnel includes performance rights which are offered as part of long term incentive plans. The long term incentive plans run for periods of three years. For the rights issued in FY20 and FY21 the performance measures are assessed annually and are based on the share price growth of the company and subject to continued employment.

The annual share price growth requirement is set out below for each financial year during the performance period.

Share Price Growth	% of Performance Rights that may vest
Less than 12%	Nil – Tranche lapses and Performance Rights cancelled
Above 12% but less than 31%	Between 50% and 100%, as determined on a pro-rata, straight line basis
At or above 31%	100% allocation of Tranche

Share Price Growth shall be measured by comparing the Baseline Share Price against the Closing Share Price in each year of the Performance Period. The baseline share price will be calculated by assessing the volume weighted average price (VWAP) of shares for the 30 calendar days following the lodgement of the annual report in the prior financial year. The closing share price shall be calculated by assessing the VWAP of shares for the 30 calendar days following the lodgement of the annual report for the current financial year of the performance period.

For the rights issued in FY22 the performance measures are assessed at the end of the three year period and are based on the Total Shareholder Return (TSR) of the company and subject to continued employment.

The TSR requirement is set out below for the three year performance period.

TSR shall be measured by comparing the Baseline Share Price against the Closing Share Price during the Performance Period. The calculation used will be the Closing Share Price, minus the Baseline Share Price, plus Dividends received, divided by the Baseline Share Price.

The Baseline Share Price is $0.9572 (calculated by assessing the volume weighted average price (**VWAP**) of Apiam shares for the 20 trading days following the lodgement of the FY2021 annual report).

The Closing Share Price shall be calculated by assessing the VWAP of Apiam shares for the 20 trading days following the lodgement of the annual report at the end of the Performance Period, FY2024.

Performance will be assessed as follows:

Absolute TSR	Percentage of Performance Rights to vest
Below 45%	Nil
45-95%	Straight line between 50% and 100%
95%	100%

Performance Rights Granted:

The following performance rights are allocated equally over a three-year period. The performance rights for each financial year during the performance period will vest subject to meeting the share price growth rate and the employee remaining in continuous employment through to the annual vesting date of 31 October. Each tranche of performance rights which have not vested will expire if the applicable performance measures are not met during the performance period.

Name	Grant Date	Performance Rights granted	FY2020 Tranche	Fair Value	Fair Value per Right	FY2021 Tranche	Fair Value	Fair Value per Right	FY2022 Tranche	Fair Value	Fair Value per Right	FY2023 Tranche	Fair Value	Fair Value per right	Expiry date to exercise vested shares
Chris Richards	28/11/19	248,144	82,714	$16,411	$0.1984	82,715	$22,338	$0.2701	82,715	$23,873	$0.2886	-	-	-	31 Oct 23
Matthew White	19/03/20	106,326	35,442	$ 4,021	$0.1135	35,442	$ 8,831	$0.2492	35,442	$ 9,099	$0.2567	-	-	-	31 Oct 23
Matthew White	06/04/21	67,303	-	-	-	22,434	$14,700	$0.6553	22,434	$ 8,410	$0.3749	22,435	$ 8,305	$0.3702	31 Oct 24
Brian Scutt	23/10/20	97,510	-	-	-	32,503	$15,193	$0.4674	32,503	$10,359	$0.3187	32,504	$10,612	$0.3265	31 Oct 24

The following performance rights were issued in FY22 and the performance measures are assessed at the end of the three-year period and are based on the Total Shareholder Return (TSR) of the company and subject to continued employment. The Performance Rights which have not vested will expire if the applicable Performance Measures are not met during the Performance Period.

Name	Grant Date	Performance Rights granted	FY2024 Tranche	Fair Value	Fair Value per Right	Expiry date to exercise vested shares
Chris Richards	25/11/21	192,821	192,821	$23,106	$0.1198	31 Oct 25
Matthew White	09/12/21	99,248	99,248	$11,110	$0.1119	31 Oct 25
Brian Scutt	09/12/21	83,126	83,126	$ 9,304	$0.1119	31 Oct 25

The company has chosen share price growth as the performance measure as it believes the fundamental driver for executive remuneration should be long term financial performance that generates value for Apiam shareholders.

f Non-Executive Director remuneration

Clause 13.1(a) of the Company's Constitution (Constitution) provides the limit for the aggregated remuneration of non-executive directors which is currently set at $750,000. The Directors of the Company are entitled to apportion and distribute this aggregate Non-Executive Directors' remuneration as they determine.

The Non-Executive Directors of the Company received the following fees (which total $310,000):

- Chairman (One): $120,000 per annum;
- Directors (Three): $60,000 per annum, each; and
- Chair of the Audit and Risk Management Committee $10,000 (in addition to the directors fees), such amounts being inclusive of any superannuation payments.

The ASX Listing Rules and Constitution allows the Company to increase the aggregate amount of remuneration payable to Non-Executive Directors of the Company pursuant to Shareholder approval at a general meeting.

g Other information

Options held by key management personnel

There were no options to acquire shares in the Company held during the 2022 reporting period by key management personnel of the Group, including their related parties.

Shares held by key management personnel:

The number of ordinary shares held in the Company at 30 June 2022 held by each of the Groups key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2021	Granted as remuneration	Received on exercise	Other changes	Held as at 30/06/2022
Chris Richards	31,400,000	-	-	7,450,000	38,850,000
Andrew Vizard	229,366	-	-	55,225	284,591
Richard Dennis	22,395	-	-	(10,395)	12,000
Michael van Blommestein	108,360	-	-	2,908	111,268
Jan Tennent	57,780	-	-	13,911	71,691
Matthew White	123,745	-	-	21,676	145,421
Brian Scutt	613,224	-	32,503	857,866	1,503,593
Total	32,554,870	-	32,503	8,391,191	40,978,564

None of the shares included in the table above are held nominally by key management personnel

Performance rights held by key management personnel:

The number of performance rights held at 30 June 2022 by each of the Group's key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2021	Granted as remuneration	Vested & Exercised	Forfeited/ lapsed during year	Held as at 30/06/2022	Vested & not exercised
Chris Richards	165,430	192,821	-	-	358,251	82,715
Matthew White	138,187	99,248	-	-	237,435	57,876
Brian Scutt	97,510	83,126	(32,503)	-	148,133	-
Total	401,127	375,195	(32,503)	-	743,819	140,591

Loans to key management personnel

The Group did not enter into any loans with key management personnel during the 2022 year. The number of key management personnel included in the Group aggregate at year end is Nil. The Group does not have an allowance account for receivables relating to outstanding loans and has not recognised any expense for impaired receivables during reporting period.

Other transactions with key management personnel

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. Rental payments in FY22 amounted to $360,193 (2021: $364,514).

The Group rents premises at Rubicon Street, Smithton, Tasmania. The premises are owned by an entity associated with Chris Richards. Rent payments made amounted to $133,752 (2021: $139,725).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $113,481 (2021: $116,462).

All related party rentals are based on commercial rates and the terms of the lease are standard commercial terms.

End of audited Remuneration Report.

Environmental legislation

Apiam operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given to, and insurance premiums paid for, auditors and officers.

Insurance of officers

During the year, Apiam paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Non-audit services

During the year, the Company's auditors performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company and its related practices for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 33 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the

Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Apiam 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 Instrument.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
29 August 2022

Grant Thornton

Grant Thornton Audit Pty Ltd
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Melbourne VIC 3001

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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 audit of Apiam Animal Health Limited for the year ended 30 June 2022, 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 29 August 2022

Apiam Animal Health Limited Financial Statements

For the year ended 30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Revenue	7	157,057	126,181
Other income		167	23
Expenses			
Changes in inventory		1,740	(1,624)
Cost of materials and consumables used		(62,501)	(54,296)
Employee benefit expenses	28	(61,960)	(43,262)
Acquisition expenses		(1,802)	(167)
Property expenses		(2,371)	(1,684)
Freight, vehicle and transport expenses		(2,843)	(2,135)
Depreciation and amortisation expense	14,15	(8,359)	(6,426)
Other operating expenses		(11,179)	(8,542)
Share of profit from equity accounted investments		91	79
Finance costs	8	(1,570)	(1,176)
Profit/(loss) before income tax		**6,470**	**6,971**
Income tax (expense)/benefit	9	(1,931)	(2,021)
Profit from continuing operations		**4,539**	**4,950**
Profit for the year		**4,539**	**4,950**
Profit attributable to:			
Owners of Apiam Animal Health Limited		4,639	5,036
Non-controlling interests	25	(100)	(86)
Total comprehensive income/ (loss) for the period		**4,539**	**4,950**
Earnings per share for profit attributable to the ordinary equity holders of the company:	**Note**	**Cents**	**Cents**
Basic earnings per share	26	3.42	4.18
Diluted earnings per share	26	3.36	4.13

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	10	2,845	2,150
Trade and other receivables	11	13,623	13,525
Inventories	12	17,781	16,041
Other current assets	13	1,628	1,577
Total current assets		**35,877**	**33,293**
Non-current assets			
Intangible assets	15	126,831	95,299
Property, plant and equipment	14	31,640	24,979
Investments		271	220
Deferred tax assets	17	4,426	3,487
Total non-current assets		**163,168**	**123,985**
Total assets		**199,045**	**157,278**
Current liabilities			
Trade and other payables	18	10,968	9,748
Lease liabilities	16	3,558	2,911
Other current liabilities	22	500	192
Current tax liabilities	19	1,859	1,494
Borrowings	20	2,914	2,818
Employee benefit obligations	21	8,972	7,211
Total current liabilities		**28,771**	**24,374**
Non-current liabilities			
Borrowings	20	39,165	34,887
Lease liabilities	16	17,753	14,426
Employee benefit obligations	21	657	338
Deferred tax liabilities	17	3,510	2,020
Other liabilities		505	416
Total non-current liabilities		**61,590**	**52,087**
Total liabilities		**90,361**	**76,461**
Net assets		**108,684**	**80,817**
Equity			
Equity attributable to owners of the parent			
Share capital	23	127,249	101,010
Corporate re-organisation reserve	24	(26,692)	(26,692)
Non-controlling interest acquisition reserve	24	(6,615)	(6,615)
Share based payment reserve	24	871	595
Foreign currency translation reserve	24	(19)	(79)
Retained earnings		13,756	11,596
		108,550	**79,815**
Non-controlling interest	25	134	1,002
Total equity		**108,684**	**80,817**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Share capital	Corporate re-organisation 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 2020		91,107	(26,692)	(6,615)	223	(20)	9,410	67,413	1,024	68,437
Issue of new share capital	23	853	-	-	-	-	-	853	64	917
Share placement	23	6,000	-	-	-	-	-	6,000	-	6,000
Transaction costs on issue of new share capital	23	(300)	-	-	-	-	-	(300)	-	(300)
Issue of shares to vendors of business acquired	23	2,535	-	-	-	-	-	2,535	-	2,535
Issue of shares on achievement of earnout for prior year acquisition	23	815	-	-	-	-	-	815	-	815
Employee share plan		-	-	-	372	-	-	372	-	372
Foreign currency translation adjustment		-	-	-	-	(59)	-	(59)	-	(59)
Dividends paid		-	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Transactions with owners		**9,903**	**-**	**-**	**372**	**(59)**	**(2,850)**	**7,366**	**64**	**7,430**
Profit / (Loss) for the period		-	-	-	-	-	5,036	5,036	(86)	4,950
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**5,036**	**5,036**	**(86)**	**4,950**
Balance at 30 June 2021		**101,010**	**(26,692)**	**(6,615)**	**595**	**(79)**	**11,596**	**79,815**	**1,002**	**80,817**
Issue of new share capital	23	919	-	-	-	-	-	919	27	946
Share placement	23	20,247	-	-	-	-	-	20,247	-	20,247
Transaction costs on issue of new share capital, net of tax	23	(748)	-	-	-	-	-	(748)	-	(748)
Issue of shares to vendors of business acquired	23	5,333	-	-	-	-	-	5,333	-	5,333
Employee share plan, transfer on exercise of rights	23	488	-	-	(488)	-	-	-	-	-
Employee share plan, share based payments	23	-	-	-	764	-	-	764	-	764
Foreign currency translation adjustment		-	-	-	-	60	-	60	-	60
Purchase of non-controlling interest		-	-	-	-	-	795	795	(795)	-
Dividends paid		-	-	-	-	-	(3,274)	(3,274)	-	(3,274)
Transactions with owners		**26,239**	**-**	**-**	**276**	**60**	**(2,479)**	**24,096**	**(768)**	**23,328**
Profit / (Loss) for the period		-	-	-	-	-	4,639	4,639	(100)	4,539
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**4,639**	**4,639**	**(100)**	**4,539**
Balance at 30 June 2022		**127,249**	**(26,692)**	**(6,615)**	**871**	**(19)**	**13,756**	**108,550**	**134**	**108,684**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		174,352	137,284
Payments to suppliers and employees (inclusive of GST)		(153,820)	(120,431)
		20,532	**16,853**
Interest paid		(1,570)	(1,153)
Transaction costs relating to acquisition of subsidiary		(1,802)	(167)
Income taxes paid		(2,122)	(1,844)
Net cash (outflow)/inflow from operating activities	27	**15,038**	**13,689**
Cash flows from investing activities			
Payments for property, plant and equipment	14	(4,322)	(4,737)
Purchase of intangible assets	15	(542)	(244)
Proceeds from disposals of property, plant & equipment		167	99
Proceeds from disposals of intangible assets	15	422	-
Dividends received		40	-
Acquisition of subsidiaries, net of cash acquired	32	(28,248)	(8,629)
Payment of earnout for prior year acquisitions		-	(3,110)
Net cash (outflow)/inflow from investing activities		**(32,483)**	**(16,621)**
Cash flows from financing activities			
Proceeds from borrowings		31,497	10,657
Repayment of borrowings		(26,696)	(9,011)
Lease payments		(3,511)	(2,894)
Proceeds from issue of share capital		20,247	6,000
Capital contribution of non-controlling interest		28	65
Transaction costs on issue of share capital		(1,069)	(300)
Dividends paid to company shareholders		(2,356)	(1,944)
Net cash (outflow)/inflow from financing activities		**18,140**	**2,573**
Net (decrease)/increase in cash and cash equivalents		**695**	**(359)**
Cash and cash equivalents at the beginning of the year		2,150	2,509
Cash and cash equivalents at end of the year	10	**2,845**	**2,150**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the 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 year.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Apiam Animal Health Limited is a for-profit entity for the purpose of preparing the financial statements.

Apiam Animal Health Limited is the Group's Ultimate Parent Company. Apiam Animal Health Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and principal place of business is 27-33 Piper Lane, East Bendigo, Victoria 3550.

The consolidated financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board of Directors on 29 August 2022.

3 Changes in accounting policies

3.1 New Accounting Standards and Interpretations adopted during the year

The amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations materially affected any of the amounts recognised or disclosures in the current or prior year.

3.2 Accounting Standards issued but not yet effective and not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not effective Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

4 Restatement of prior period intangibles provisionally accounted

A restatement of prior period intangibles was made during the year ended 30 June 2022 after further information was received to determine the fair value of assets acquired in business combinations from the prior financial year. The entities acquired where a restatement was required were Crosvet Pty Ltd, Knox Veterinary Clinic, Clermont Veterinary Surgery and Samford Valley Veterinary Hospital.

Statement of financial position (extract)	Previous amount $'000	Adjustment $'000	Restated amount $'000
			30 June 2021
Trade and other receivables	13,543	(18)	13,525
Goodwill	88,624	(2,086)	86,538
Trademarks and trade names	1,773	304	2,077
Customer relationships	3,995	2,069	6,064
Property, plant and equipment	24,536	443	24,979
Accumulated amortisation of customer relationships	(1,296)	(66)	(1,362)
Deferred tax liabilities	(1,328)	(692)	(2,020)
Total equity	80,863	(46)	80,817

Statement of profit or loss and other comprehensive income (extract)	Previous amount $'000	Adjustment $'000	Restated amount $'000
			30 June 2021
Depreciation and amortisation of non-financial assets	(6,337)	(65)	(6,402)
Profit before income tax	**7,036**	**(65)**	**6,971**
Income tax expense	(2,040)	19	(2,021)
Total comprehensive income	**4,996**	**(46)**	**4,950**

5 Summary of accounting policies

5.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

5.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

5.3 Business combination

The Group applies the acquisition method in accounting for business combinations. 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. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Business combinations under common control are accounted for in the accounts prospectively from the date the group obtains the ownership interest.

Assets and liabilities are recognised upon consolidation at their existing carrying amount in the financial statements of the Acquiree. Any difference between the fair value of the consideration paid and the book value / carrying amount at which the assets and liabilities are recorded is recognised directly in the Corporate re-organisation reserve in equity.

5.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.5 Segment reporting

Apiam 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) operating segments are:

• Dairy and Mixed;
• Feedlots;
• Pigs;

The segments are aggregated for reporting purposes on the basis that each 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.

5.6 Revenue

Revenue arises mainly from the sale of veterinary products and services.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

When the Group enters into transactions involving its products and services, the total transaction price for a contract is allocated amongst the various performance obligations. Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of veterinary products and services

Revenue from the sale of veterinary products is recognised when the Group transfers control of the goods to the customer and/or as contractual performance obligations are satisfied. Revenue from the sale of veterinary services is recognised as the services are provided.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs Note 8.

5.9 Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 5.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 5.12 for a description of impairment testing procedures.

Customer Relationships

Customer Relationships represents the future economic benefits arising from existing customers within a business combination that have been individually identified and separately recognised. Customer relationships are amortised over the anticipated life of the relationship and have been determined to range between five and ten years.

Trademarks & Trade Names

Trademarks & Trade Names represents the future economic benefits arising from within a business combination that have been identified and separately recognised. Trademarks & Trade Names are carried at cost less accumulated impairment losses. The useful life is reviewed at each reporting date and each has been determined to have an indefinite useful life.

Capitalised development costs

Capitalised development costs represent costs that are directly attributable to the development of the Group's IT infrastructure and intellectual property. Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its expected useful life of between two and five years.

5.10 Property, plant and equipment

Leasehold improvements, plant and equipment, motor vehicles and assets under construction

Leasehold improvements, plant and equipment, motor vehicles and assets under construction are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment and motor vehicles also include property held under finance lease (see Note 5.11). Leasehold improvements, plant and equipment and motor vehicles are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- Leasehold improvements: 10 - 33%
- Plant & equipment: 10 – 33%
- Motor vehicles: 20 - 25%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Assets under construction commence depreciation once the asset is put into service.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

5.11 Leased assets

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been recognised as current and non-current.

5.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units (CGUs) or a group of CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU or a group of CGUs level. Goodwill is allocated to those CGUs or a group of CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

CGUs or a Group of CGUs to which goodwill or indefinite life intangible assets has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. All other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets, CGUs or a group of CGUs carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU or group of CGUs and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each CGU or group of CGUs and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for CGUs or group of CGUs reduce first the carrying amount of any goodwill allocated to that CGU or group of CGUs. Any remaining impairment loss is charged pro rata to the other assets in the CGU or group of CGUs. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the CGUs or group of CGUs recoverable amount exceeds its carrying amount.

5.13 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets other than those designated and effective as hedging instruments are classified into the following categories:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 34.3 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

5.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Group is not tax consolidated.

5.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.17 Equity, reserves and dividend payments

Share capital

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Corporate re-organisation reserve

The Corporate re-organisation reserve represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired in a business combination whereby the business acquired was under common control at the date of acquisition.

Non-controlling interest acquisition reserve

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners.

Non-controlling interest

Represents the portion of the net assets of subsidiary’s that are not 100% owned by the Group.

Retained earnings

Retained earnings include all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date. All transactions with owners of the parent are recorded separately within equity.

Share based payments reserve

Recognises share-based payments accrued in employee incentive share plan.

Foreign currency translation reserve

Exchange differences relating to the translation of the Group’s controlled entities from their functional currencies into Australian dollars are brought to account directly to the foreign currency translation reserve.

5.18 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution plans.

5.19 Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). The share-based payment expense is recorded proportionately from grant date over the vesting period.

5.20 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote in which case no liability is recognised.

5.21 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

5.22 Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

5.23 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

Identification of CGUs and allocation of goodwill to CGUs or Groups of CGUs

CGUs are identified by determining the smallest identifiable group of assets that generate largely independent cash inflows from other assets or groups of assets. Identifying those largely independent cash inflows requires significant judgement in assessing the Group's sources of revenue and how assets are utilised in generating those revenues. Goodwill is required to be allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination acquired where goodwill cannot be allocated to individual CGUs on a reasonable and consistent basis. Significant judgement is required to assess which CGUs or groups of CGUs benefit from the synergies and thus determine how the goodwill is allocated.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management makes determination with regard to the allocation of groups of cash generating units for the purpose of impairment testing. Management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 5.12).

Useful lives of property, plant and equipment and definite life intangible assets

Management reviews its estimate of the useful lives of property, plant and equipment and definite life intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates may relate to technical obsolescence or some other event.

Customer relationships

Management estimates core customer revenue, customer attrition rates and revenue growth rates when valuing customer relationship intangible assets.

Identification of the core customer share of revenue requires management to estimate the percentage of recurring revenue that can be attributed to the customer relationship as opposed to other factors such as convenience of the location of the clinic. Estimation uncertainty exists in regard to the core revenue resulting from the calculated percentage of recurring customers.

Management estimates the attrition rate for customers through assessment of the historical attrition rates of the acquired customers. The estimates of attrition rates are uncertain to the extent that they may not reflect the historical attrition rates.

Management estimates the forecast revenue growth rate for acquired businesses by assessing historical performance of the acquired business and there is uncertainty that the future growth rates of the customer base do not reflect the estimate.

Management reviews the carrying value of customer relationships at reporting date, considering the revenue growth and customer turnover/attrition and recognises an allowance for impairment if required.

Business combinations
Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 5.3). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Leases – determination of the appropriate discount rate to measure lease liabilities
The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

Leases - Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group’s operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

6 Segment reporting

Identification of reportable operating segments

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

- Dairy and Mixed;
- Feedlots;
- Pigs;

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

The segments are aggregated for reporting purposes on the basis that each segment has sales consisting predominantly of S4 products (prescription based pharmaceuticals), over the counter products and veterinary service revenue and that these products and services exhibit similar economic characteristics across each segment. 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 summarised as follows:

	2022 $'000	2021 $'000
Segment information		
Revenue from external customers	157,057	126,181
Segment operating costs	(145,527)	(116,080)
Segment adjusted operating profit before tax	**11,530**	**10,101**
Total reporting segment operating profit	11,530	10,101
Other income	167	23
Corporate overheads	(1,807)	(1,770)
Acquisition and integration costs	(1,802)	(167)
Restructure costs	(139)	(119)
Finance costs	(1,570)	(1,176)
Share of profit from equity accounted investments	91	79
Net profit before tax	**6,470**	**6,971**
Income tax	(1,931)	(2,021)
Net profit after tax	**4,539**	**4,950**

7 Revenue

	2022 $'000	2021 $'000
Sales revenue		
Goods transferred at a point in time	90,411	84,859
Services transferred over time	66,646	41,322
Total revenue	**157,057**	**126,181**

8 Expenses

Profit before income tax includes the following specific expenses:

	2022 $'000	2021 $'000
Depreciation		
Leased buildings[(i)]	3,323	2,528
Leasehold improvements	446	258
Plant and equipment	2,133	1,946
Motor vehicles	882	825
Biological assets	-	24
Amortisation of intangibles	1,575	845
Total depreciation and amortisation	**8,359**	**6,426**

(i) Right of use assets

	2022 $'000	2021 $'000
Finance costs		
Interest expense on borrowings	1,168	813
Interest expense on lease liabilities	402	363
	1,570	**1,176**
Share-based payments expense	765	335
Rental expense	130	97

9 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group at 30% (2021: 30%) and the reported tax expense in profit or loss are as follows:

	2022 $'000	2021 $'000
Profit from continuing operations before income tax expense	6,470	6,971
Tax at the Australian tax rate of 30% (2021 - 30%)	1,941	2,091
Adjustments for non-deductible expenses:		
Sundry items	(7)	(119)
Income tax expense	**1,934**	**1,972**
Income tax expense	1,934	1,972
Adjustment for current tax in prior periods	(3)	49
Total current tax expense	**1,931**	**2,021**
Tax expense comprises		
Current tax expense/(benefit)	2,717	2,439
Deferred tax expense/(benefit)	(786)	(418)
Tax expense/(benefit)	**1,931**	**2,021**

Note 17 provides information on deferred tax assets and liabilities.

10 Cash and cash equivalents

	2022	2021
	$'000	$'000
Cash at bank and in hand	2,845	2,150
Cash and cash equivalents	**2,845**	**2,150**

11 Trade and other receivables

	2022	2021
	$'000	$'000
Trade receivables, gross	12,951	12,678
Less: allowance for expected credit losses	(503)	(327)
Other receivables	58	206
Rebates receivable	1,117	968
	13,623	**13,525**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. An allowance for expected credit losses has been recognised using a provision matrix based on historical credit loss rates. Refer to Note 34.3 Credit risk analysis.

	2022	2021
	$'000	$'000
Balance at 1 July	327	334
Acquired through business combinations	169	-
Impairment loss	7	(7)
Balance 30 June	**503**	**327**

12 Inventories

	2022	2021
	$'000	$'000
Stock on hand, at cost	17,691	15,664
Less provision for obsolescence	(142)	(43)
Stock in transit, at cost	232	420
	17,781	**16,041**

13 Other current assets

	2022	2021
	$'000	$'000
Prepayments	1,313	1,411
Security deposits	315	166
	1,628	**1,577**

14 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Leased Buildings (i)	Leasehold improve-ments	Plant and equipment	Motor vehicles (ii)	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2021						
At cost	20,139	2,498	12,753	6,494	36	41,920
Accumulated depreciation	(4,707)	(542)	(7,281)	(4,411)	-	(16,941)
Net book value	**15,432**	**1,956**	**5,472**	**2,083**	**36**	**24,979**
Year ended 30 June 2022						
Opening net book value	15,432	1,956	5,472	2,083	36	24,979
Additions	1,995	1,000	2,392	687	243	6,317
Additions through business combinations	5,024	29	1,594	481	-	7,128
Depreciation charge	(3,323)	(446)	(2,133)	(882)	-	(6,784)
Closing net book value	**19,128**	**2,539**	**7,325**	**2,369**	**279**	**31,640**
At 30 June 2022						
Cost	26,773	3,527	16,665	7,510	279	54,754
Accumulated depreciation	(7,645)	(988)	(9,340)	(5,141)	-	(23,114)
Net book amount	**19,128**	**2,539**	**7,325**	**2,369**	**279**	**31,640**

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

15 Intangible assets

	Goodwill (i)	Customer Relation-ships (i)	Trademarks & Trade Names (i)	Capitalised develop-ment costs	Total
	$'000	$'000	$'000	$'000	$'000
At 30 June 2021					
Cost					
Accumulated amortization and impairment	86,538	6,064	2,077	2,942	97,621
Carrying amount at 30 June 2021	-	(1,362)	-	(960)	(2,322)
	86,538	**4,702**	**2,077**	**1,982**	**95,299**
At July 1 2021					
Opening net book value	86,538	4,702	2,077	1,982	95,299
Additions	-	-	-	541	541
Additions through business combinations	27,042	5,532	414	-	32,988
Disposals				(422)	(422)
Amortisation	-	(991)	-	(584)	(1,575)
Closing net book value	**113,580**	**9,243**	**2,491**	**1,517**	**126,831**
At 30 June 2022					
Cost	113,580	11,596	2,491	2,993	130,660
Accumulated amortization and impairment	-	(2,353)	-	(1,476)	(3,829)
Net book value	**113,580**	**9,243**	**2,491**	**1,517**	**126,831**

i) Opening balances have changed due to a restatement of a prior period. Refer to Note 4.

15.1 Impairment testing

The Group recognises three operating segments consisting of Dairy & mixed, Feedlot and Pig segments for which goodwill is applied. Goodwill is allocated to the group of cash generating units (CGU) in the Dairy and mixed operating segment, and to the individual CGUs in the Feedlot and Pig operating segments for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGU's or groups of CGU's are identified at the lowest level at which goodwill is monitored for internal management purposes, which is also the operating segment level. Goodwill impairment testing has been completed for each CGU or groups of CGU's. Refer to 15.4 for the goodwill allocated to each CGU or groups of CGU's.

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed one year forecast with annual growth rates applied over a five year term, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each CGU or group of CGUs is determined by applying the following key assumptions:

	2022	2021
Annual sales growth Pig segment %	3.00%	3.00%
Annual Sales growth Feedlot Segment %	5.00% to 7.50%	5.00% to 7.50%
Annual Sales growth Dairy & mixed %	5.00%	5.00%
Annual operating expenses growth rate %	2.00%	2.00%
Long-term growth rate %	2.50%	2.50%
Post-tax discount rate %	10.00%	9.33%

	2022 $'000	2021 $'000
Goodwill allocation across CGUs or groups of CGUs	113,580	86,538

The Directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount for any of the segments to exceed its recoverable amount.

15.2 Growth rates

The annual sales growth rate as per the table in 15.1, annual operating expense growth rate of 2% and the long-term growth rate of 2.50% reflect the average growth rates for the industry.

15.3 Discount rates

The post-tax discount rate of 10.00% reflects appropriate adjustments relating to market risk and other risk factors. The discount rate is applied to each CGU or Group of CGU's because they share common risks.

15.4 Cash flow assumptions

Management's key assumptions include stable profit margins, based on experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. Efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Apart from the considerations described in determining the value-in-use of the groups of cash generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Goodwill is managed at the CGUs or Groups of CGUs which is also reflective of the level of operating segment being Pig, Feedlot, Dairy and mixed.

The following is a summary of the CGUs or Groups of CGUs to which goodwill is allocated.

	Feedlot	Dairy and mixed	Pig	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance 1 July 2021	13,330	64,531	8,677	86,538
Acquisitions	-	27,042	-	27,042
30 June 2022	**13,330**	**91,573**	**8,677**	**113,580**

16 Leasing

Lease liabilities are presented in the statement of financial position as follows:

	2022	2021
	$'000	$'000
Lease liabilities (current)	3,558	2,911
Lease liabilities (non-current)	17,753	14,426
	21,311	**17,337**

The Group has leases for its warehouses, clinics, offices, motor vehicles and equipment. With the exception of short-term leases and leases of low-value assets, each lease is reflected in the balance sheet as a right-of-use asset and a lease liability.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

Minimum lease payments due	Within one year $'000	One to two years $'000	Two to three years $'000	Three to four years $'000	Four to five years $'000	After five years $'000	Total $'000
30 June 2022							
Lease payments	3,993	3,805	3,775	3,270	2,576	5,459	22,878
Finance charges	(435)	(353)	(274)	(196)	(135)	(174)	(1,567)
Net present values	**3,558**	**3,452**	**3,501**	**3,074**	**2,441**	**5,285**	**21,311**

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022	2021
	$'000	$'000
Short term leases	64	42
Leases of low value assets	65	55
	129	**97**

17 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	2022 $'000	2021 $'000
The balance of deferred tax assets comprises temporary differences attributable to:		
Current assets		
Trade and other receivables	151	110
Inventories	237	109
Current liabilities		
Provisions	2,977	2,267
Other		
Unused tax losses	2,393	1,440
Right of use assets	110	123
Depreciation	(2,326)	(745)
Listing and acquisition costs	572	111
Equity raising costs	312	72
	4,426	**3,487**

The balance of deferred tax liabilities comprises temporary differences attributable to:

	2022 $'000	2021 $'000
Intangible assets		
Customer relationships	2,763	1,397
Trademarks and trade names	747	623
	3,510	**2,020**

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

	Tax losses $'000	Provis-ions $'000	Trade receiv-ables $'000	Listing & acquis-ition costs $'000	Equity raising costs $'000	Invento ry $'000	Right of use assets $'000	Deprec-iation $'000	Total $'000
At 1 July 2020	1,022	1,896	164	-	-	237	-	-	3,319
(Charged)/credited: to P&L	418	371	(54)	111	72	(128)	123	(745)	168
at 30 June 2021	**1,440**	**2,267**	**110**	**111**	**72**	**109**	**123**	**(745)**	**3,487**
(Charged)/credited: to P&L	953	710	41	461	240	128	(13)	(1,581)	939
At 30 June 2022	**2,393**	**2,977**	**151**	**572**	**312**	**237**	**110**	**(2,326)**	**4,426**

All deferred tax liabilities have been recognised in the statement of financial position.

	Customer relationships $'000	Trademarks & Trade Names $'000	Total $'000
At 1 July 2020	904	532	1,436
(Charged)/credited to P&L	493	91	584
at 30 June 2021	**1,397**	**623**	**2,020**
(Charged)/credited to P&L	1,366	124	1,490
At 30 June 2022	**2,763**	**747**	**3,510**

18 Trade and other payables

	2022	2021
	$'000	$'000
Trade payables	5,737	6,246
Sundry payables and accrued expenses	5,231	3,502
	10,968	**9,748**

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

19 Current tax liabilities

	2022	2021
	$'000	$'000
Current tax payable	**1,859**	**1,494**

20 Borrowings

	2022	2021
	$'000	$'000
Current:		
Bank loans (a)	2,932	2,838
less capitalized costs	(18)	(20)
Total current borrowings	**2,914**	**2,818**
Non-current		
bank loans (a)	39,165	34,887
Total non-current borrowings	**39,165**	**34,887**

Refer to Note 35 for information on financial instruments.

Secured liabilities and assets pledged as security
The total secured liabilities (current and non-current) are as follows:

	2022	2021
	$'000	$'000
Bank loans	42,097	37,725
Less capitalised borrowing costs	(18)	(20)
	42,079	**37,705**

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.

(b) The lease liabilities are effectively secured over the assets to which the lease relates.

Banking covenants

The key financial covenants applicable to bank facilities are:

- Maximum gearing ratio of a ratio of 45% (ratio of net debt to net debt & equity): and
- Maximum operating leverage ratio of 3.0 times (ratio of net debt to EBITDA) or a ratio 3.5 times for any twelve month period following an acquisition, or series of acquisitions, for which aggregate consideration exceeds AUD $10,000,000:

The Group complied with all bank covenants during the period.

Financing arrangements

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

	2022 $'000	2021 $'000
Total facilities		
Bank - term loan facilities	83,700	63,700
Bank - master asset finance agreement for equipment finance	4,500	3,500
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	89,500	**68,500**
Used at reporting date		
Bank - term loan facilities	42,097	37,725
Bank - master asset finance agreement for equipment finance	1,803	1,631
	43,900	**39,356**
Unused at reporting date		
Bank - term loan facilities	41,603	25,975
Bank - master asset finance agreement for equipment finance	2,697	1,869
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	45,600	**29,144**

21 Employee benefit obligations

	2022 $'000	2021 $'000
Leave obligations current	8,972	7,211
Leave obligations non-current	657	338
	9,629	**7,549**

Employee benefits

The provision for employee benefits relates to the group's liability for long service leave and annual leave.

Amounts not expected to be settled within the next 12 months

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $8,972 (2021: $7,211) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based upon experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

22 Other current liabilities

	2022 $'000	2021 $'000
Contingent consideration for acquisitions	190	-
Net payable to vendors on acquisition	144	13
Contract liability	19	16
Make good provision	147	163
	500	**192**

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23 Equity

23.1 Share capital

The share capital of Apiam consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Apiam.

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Shares issued and fully paid				
· beginning of the period	129,896,893	116,597,135	101,010	91,107
· shares issued as consideration for business acquisitions	5,976,370	3,383,552	5,333	2,535
· shares issued on achievement of earnout for prior year acquisition	-	1,249,470	0	815
· issued under dividend reinvestment plan	1,021,307	1,295,340	919	906
· share placement	28,924,553	7,500,000	20,247	6,000
· transaction costs on issue of new share capital	-	-	(748)	(300)
· employee shares issued	569,700	179,933	488	102
· shares held in employee share trust[a]	-	(308,537)	-	(155)
Shares issued and fully paid	**166,388,823**	**129,896,893**	**127,249**	**101,010**
Total shares authorised at the end of the period	**166,388,823**	**129,896,893**	**127,249**	**101,010**

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

a) Shares held in the employee share trust at 30 June 2021. The number of shares held in the employee share trust at 30 June 2022 was 2,538,904.

24 Reserves

Details of reserves are as follows:

	Corporate reorganisation reserve	Non-controlling interest acquisition reserve	Share based payment reserve	Foreign Currency Translation reserve	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2020	(26,692)	(6,615)	223	(21)	(33,105)
Employee share plan incentive	-	-	372	-	372
Foreign currency translation	-	-	-	(58)	(58)
Balance at 30 June 2021	**(26,692)**	**(6,615)**	**595**	**(79)**	**(32,791)**
Employee share plan incentive	-	-	276	-	276
Foreign currency translation	-	-	-	60	60
Balance at 30 June 2022	**(26,692)**	**(6,615)**	**871**	**(19)**	**(32,455)**

25 Non-controlling interests

	2022	2021
	$'000	**$'000**
Issued capital	141	909
Current year earnings	(100)	(86)
Retained profits carried forward	93	179
Total non-controlling interests	**134**	**1,002**

26 Earnings per share and dividends

26.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator.

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

	2022	2021
	Number	Number
weighted average number of shares used in basic earnings per share	135,811,154	120,501,108
weighted average number of performance rights	2,330,783	1,570,642
weighted average number of shares used in diluted earnings per share	**138,141,937**	**122,071,750**

26.2 Dividends

During the year, the following dividends were declared and paid.

	2022	2021
	$'000	$'000
fully franked final dividend (1.2 cents a share)	1,616	1,399
fully franked interim dividend (1.2 cents a share)	1,658	1,451
	3,274	**2,850**

In addition and since the end of the financial year, Directors have declared a fully franked final dividend of 0.4c per ordinary share to be paid on 21 October 2022 (2021: 1.2c)

26.3 Franking credits

	2022 $'000	2021 $'000
The amount of the franking credits available for subsequent:		
Balance at the end of the reporting period	11,179	9,500
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(856)	(679)
franking credits that will arise from the payment of the amount of provision for income tax	1,859	1,494
	12,182	**10,315**

27 Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities	**2022**	**2021**
Cash flows from operating activities	**$'000**	**$'000**
Profit / (Loss) for the period	4,539	4,950
Adjustments for:		
· depreciation and amortisation expense	8,359	6,426
· doubtful debt expense	97	125
· obsolete stock provision	100	277
· amortisation of borrowing costs	22	22
· profit on sale of fixed assets	(167)	(23)
· share benefits expense	764	319
· share of profit in equity accounted investments	(91)	(79)
·		
Net changes in working capital:		
· decrease/(increase) in trade and other receivables	1,347	(1,519)
· decrease/(increase) in tax receivable	-	225
· decrease/(increase) in inventories	(668)	1,894
· decrease/(increase) in other assets	(16)	(469)
· decrease/(increase) in deferred tax asset	(171)	(3)
· increase/(decrease) in trade and other payables	295	741
· increase/(decrease) in income tax payable	273	81
· increase/(decrease) in deferred tax liability	(293)	(108)
· increase/(decrease) in employee benefit obligations	562	988
· increase/(decrease) in other liabilities	89	115
· increase/(decrease) in other current liabilities	(64)	(212)
· increase/(decrease) in foreign currency translation reserve	61	(61)
Net cash received in operating activities	**15,038**	**13,689**

28 Employee remuneration

28.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee benefits – expense	**2022**	**2021**
	$'000	**$'000**
Wages and salaries expense	56,325	39,746
Bonus expense	196	43
Share-based payment expense	765	335
Superannuation expense	4,674	3,138
Employee benefits expense	**61,960**	**43,262**

28.2 Share-based employee remuneration

As at 30 June 2022, the Group maintained two share-based payment schemes for employee remuneration, the Future Leaders Long Term Incentive Plan and the Senior Executive Long Term Incentive Plan. Performance rights under these Plans will vest if certain conditions are met. Participants have to achieve performance targets and have to be employed until the end of the agreed vesting period. Upon vesting, each participant will be issued with ordinary shares as defined in the Incentive Plan. The fair value of rights offered for the Future Leaders Long Term Incentive Plan is based on the share price at grant date. The fair value of rights offered for the Senior Executive Long Term Incentive Plan is determined using the Monte Carlo valuation model that takes into account factors specific to the performance conditions, such as the grant date, share price at grant date, vesting period, risk free rate, volatility and dividend yield. The performance rights will be issued at nil exercise price upon vesting.

The number of performance rights held by employees of the Group at 30 June 2022 is set out below:

Type	Balance at 1/07/2021	Granted	Vested and Exercised	Forfeited	Held as at 30/06/2022
Performance rights	2,060,665	1,095,005	(540,819)	(85,550)	2,529,301

29 Auditor remuneration

	2022 $	2021 $
Audit services – Grant Thornton Audit Pty Ltd		
Remuneration for audit or review of financial statements	235,394	190,294
Other services – Grant Thornton		
• taxation services	13,400	3,148
• due diligence services	118,900	56,000
Total other services remuneration	**132,300**	**59,148**
Total auditor's remuneration	**367,694**	**249,442**

30 Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Group provided short term finance to its joint venture entity, South West Equine in the 2021 financial year. The amount owing is $Nil (2021: $79,285) this year.

30.1 Transactions with key management personnel

Key management of the Group are the executive members of Apiam's Board of Directors and members of the Executive Team. Key management personnel remuneration includes the following expenses:

	2022 $	2021 $
Short-term employee benefits:		
salaries including bonuses and non-monetary benefits	1,310,798	1,130,685
accrued annual leave entitlements	28,597	53,972
non-monetary benefits	19,783	11,394
Total short-term employee benefits	**1,359,178**	**1,196,051**
Long- term employee benefits:		
Accrued long service leave entitlements	25,114	13,800
Share based payments expense	55,637	60,926
Total long-term employee benefits	**80,751**	**74,726**
Post-employment benefits:		
superannuation	75,392	69,701
Total post-employment benefits	**75,392**	**69,701**
Total remuneration	**1,515,321**	**1,340,478**

Other transactions with key management personnel

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. Rental payments made amounted to $360,193 (2021: $364,514).

The Group rents premises at Rubicon Street, Smithton, Tasmania. The premises are owned by an entity associated with Chris Richards. Rent payments made amounted to $133,752 (2021: $139,725).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $113,481 (2021: $116,462).

All related party rentals are based on commercial rates and the terms of the lease are standard commercial terms.

31 Contingent liabilities

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

32 Business combination

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

During the reporting period the Group acquired 100% of the business assets of the veterinary clinics listed below. The number of fully paid shares issued and fair value per share is included.

Veterinary Business	Acquisition Date	No. of Shares issued	Fair value per share
Scenic Rim Veterinary Service (SRVS)	30 July 2021	1,678,495	$0.935
Golden Plains Animal Hospital (GPAH)	1 August 2021	-	n/a
Harbour City Veterinary Surgery (HCVS)	2 September 2021	883,653	$0.98
Smythesdale Animal Hospital (SAH)	1 October 2021	-	n/a
Horsham Veterinary Hospital (HVH)	1 December 2021	422,030	$0.90
Fraser Coast Veterinary Services (FCVS)	1 December 2021	892,193	$0.90
Romsey Veterinary Surgery (RVS)	1 June 2022	1,165,320	$0.75

During the reporting period the Group acquired 100% of the issued share capital and voting rights of the entities listed below. The number of fully paid shares issued and fair value per share is included.

Entity	Acquisition Date	No. of Shares issued	Fair value per share
Agnes Banks Equine Clinic Pty Limited (ABEC)	1 December 2021	764,737	$0.90
North Hill Veterinary Clinic (NHVC)	1 December 2021	169,942	$0.90

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

	SRVS	GPAH	HCVS	SAH	HVH	FCVS	ABEC	NHVC	RVS	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fair value of consideration transferred										
Amounts settled in cash	13,794	1,143	1,799	928	1,635	1,952	3,864	537	2,647	28,299
Amount settled by issue of shares at fair value	1,569	-	866	-	380	803	688	153	874	5,333
Contingent consideration	-	-	-	-	-	-	190	-	-	-
Payable to vendors	-	-	-	-	-	-	-	(2)	146	334
Total fair value of consideration transferred	**15,363**	**1,143**	**2,665**	**928**	**2,015**	**2,755**	**4,742**	**688**	**3,667**	**33,966**
Recognised amounts of identifiable net assets										
Cash and equivalents	-	-	-	-	-	-	17	34	-	51
Trade and other receivables	635	4	19	10	30	31	686	35	92	1,542
Inventories	330	113	51	70	104	162	165	61	116	1,172
Other assets	7	-	-	-	-	6	16	1	5	35
Total current assets	**972**	**117**	**70**	**80**	**134**	**199**	**884**	**131**	**213**	**2,800**
Trademarks and trade names	226	-	-	-	-	-	187	-	-	413
Customer relationships	3,015	209	404	220	359	314	363	146	501	5,531
Property, plant & equipment	1,487	819	141	309	203	1,201	2,143	169	657	7,129
Deferred tax assets	62	29	62	4	44	50	125	30	41	447
Total non-current assets	**4,790**	**1,057**	**607**	**533**	**606**	**1,565**	**2,818**	**345**	**1,199**	**13,520**
Trade and other payables	217	43	58	3	2	87	356	137	-	903
Other current liabilities	11	-	27	-	-	-	-	-	-	38
Current tax liabilities	-	-	-	-	-	-	49	43	-	92
Employee benefit obligations	174	96	204	14	117	123	415	94	123	1,360
Lease liabilities	167	70	36	43	101	110	192	59	55	833
Total current liabilities	**569**	**209**	**325**	**60**	**220**	**320**	**1,012**	**333**	**178**	**3,226**
Lease liabilities	679	654	-	177	-	963	1,203	26	528	4,230
Employee benefit obligations	32	-	4	-	28	45	40	5	4	158
Deferred tax liabilities	973	62	121	66	108	94	165	44	150	1,783
Total non-current liabilities	**1,684**	**716**	**125**	**243**	**136**	**1,102**	**1,408**	**75**	**682**	**6,171**
Identifiable net assets	**3,509**	**249**	**227**	**310**	**384**	**342**	**1,282**	**68**	**552**	**6,923**
Goodwill on acquisition	**11,854**	**894**	**2,438**	**618**	**1,631**	**2,413**	**3,460**	**620**	**3,115**	**27,043**
Net cash outflow on acquisition	**13,794**	**1,143**	**1,799**	**928**	**1,635**	**1,952**	**3,847**	**503**	**2,647**	**28,248**

32.1 Consideration transferred

Acquisition related costs amounting to $1,802,165 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit of loss, as acquisition expenses. Acquisition related costs were made up of state government transfer duties, due diligence audit fees, legal, accounting and other miscellaneous expenses.

32.2 Identifiable net assets

Each of these business combinations have initially been accounted for on a provisional basis as at 30 June 2022, except for SRVS and GPAH acquisitions which have been finalised. The measurement period for provisional accounting ends on either the earlier of 12 months from the date of acquisition or when the acquirer receives all the information possible to determine the fair value.

The fair value of the trade and other receivables acquired as part of the business combinations amounted to $1,542,000 with a gross contractual amount of $1,711,000. As at the acquisition date, the Group's best estimate of the contractual cash flows not expected to be collected amounted to $169,000.

The contingent consideration is a future potential payment to be made if certain profit targets are achieved by the business in the twelve month period following the date of acquisition. The likelihood of targets being achieved has been assessed at 95% as at the reporting date.

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

32.3 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 provisionally allocated to CGUs at 30 June 2022 and is attributable to the Dairy & mixed segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

32.4 Contribution to the Group results

For each acquisition, the period between the beginning of the reporting period and the date of acquisition was not business as usual due to the acquisition, making it impractical to determine revenue and profit or loss generated in the period. The period from acquisition to the end of the reporting period remains impractical to report business as usual for each acquisition due to various integration activities impacting results within the first year of operations and the introduction of ongoing charges for shared services within the group.

33 Interests in subsidiaries

33.1 Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests 2022	2021
Chris Richards & Associates Pty Ltd	Australia	Veterinary services	**100%**	100%
Country Vet Wholesaling Pty Ltd	Australia	Wholesale supply	**100%**	100%
Apiam Logistics Services Pty Ltd	Australia	Transport	**100%**	100%
Apiam Management Pty Ltd	Australia	Payroll	**100%**	100%
Southern Cross Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Westvet Wholesale Pty Ltd	Australia	Wholesale supply	**100%**	100%
Portec Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	49%
Pork Storks Australia Pty Ltd	Australia	Genetics	**100%**	100%
McAuliffe Moore & Perry Pty Ltd	Australia	Veterinary services	**100%**	100%

Warrnambool Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Scottsdale Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Smithton Veterinary Service Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Clinics NSW & QLD Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH - Bell Vet Services Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH Gippsland Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH Southern Riverina Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH iVet Pty Ltd	Australia	Dormant	**100%**	100%
Tasvet Wholesale Pty Ltd	Australia	Dormant	**100%**	100%
Quirindi Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Quirindi Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Quipolly Equine Centre Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Veterinary Clinics Pty Ltd	Australia	Veterinary Services	**80%**	80%
Gympie & District Veterinary Services Pty Ltd	Australia	Veterinary Services	**100%**	100%
Apiam Solutions LLC	USA	Distribution	**51%**	51%
Fur Life Foundation Ltd	Australia	Charity	**100%**	100%
South Yarra Pharma Pty Ltd	Australia	Veterinary Services	**100%**	100%
Animal Consulting Enterprises Pty Ltd	Australia	Manufacturing	**100%**	100%
The Trustee for Grampians Animal Health Unit Trust	Australia	Veterinary Services	**100%**	100%
CrosVet Pty Ltd	Australia	Veterinary Services	**100%**	100%
Agnes Banks Equine Clinic Pty Limited	Australia	Veterinary Services	**100%**	0%
North Hill Veterinary Clinic Pty Ltd	Australia	Veterinary Services	**100%**	0%

33.2 Losing control over a subsidiary during the reporting period

There was no loss of control over a subsidiary during the reporting period.

33.3 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

34 Financial instrument risk

34.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

34.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which result from both its operating and investing activities.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 30 June 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	$'000 +1%	$'000 -1%	$'000 +1%	$'000 -1%
30-Jun-22	**399**	**(399)**	**399**	**(399)**
30-Jun-21	373	(373)	373	373

34.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2022 $'000	2021 $'000
Classes of financial assets:		
Cash and cash equivalents	2,845	2,150
Trade and other receivables	13,623	13,525
	16,468	**15,675**

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via only banking with major reputable financial institutions.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Trade receivables are written off (ie. derecognised) when there is no reasonable expectation of recovery.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has made an allowance for expected credit losses (see Note 11) based on past due amounts and prior trading history. The amounts at 30 June analysed by the length of time past due, are:

	2022 $'000	2021 $'000
Past due under 30 days	2,035	1,365
Past due 30 days to under 60 days	646	475
Past due 60 days and over	1,070	997
Total	**3,751**	**2,837**

34.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within one (1) month.

As at 30 June 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		
	Within 6 months $'000	**6 - 12 months $'000**	**1 - 4 years $'000**
30 June 2022			
Bank borrowings	2,914	-	39,165
Trade and other payables	10,968	-	-
Total	**13,882**	**-**	**39,165**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		
	Within 6 months $'000	**6 - 12 months $'000**	**1 - 4 years $'000**
30 June 2021			
Bank borrowings	2,818	-	34,887
Trade and other payables	9,748	-	-
Total	**12,566**	**-**	**34,887**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

35 Fair value measurement

35.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2022 and 30 June 2021:

30 June 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Contingent consideration	-	-	**190**	**190**
Total liabilities	**-**	**-**	**190**	**190**
Net fair value	**-**	**-**	**190**	**190**

30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Contingent consideration	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Net fair value	**-**	**-**	**-**	**-**

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer (CFO) and to the Audit and Risk Management Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 are described below:

Contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of business combinations is considered to be face value as the payments become due within the next six (6) months.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
Probability of meeting target	95%	-

Level 3 Fair value measurements
The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	
	2022 $'000	**2021 $'000**
Balance at 1 July	-	3,925
Contingent consideration / (contingent consideration paid) for acquisitions	190	(3,925)
Balance at 30 June	**190**	**-**

36 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, and
- to provide an adequate return to shareholders;

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Group's goal in capital management is to maintain a gearing ratio below 45% (ratio of net debt to net debt and equity). This is in line with the Group's covenants resulting from the banking facilities it has taken out from December 2015.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2022 $'000	**2021 $'000**
Total equity	108,684	80,817
Cash and cash equivalents	2,845	2,150
Capital	**111,529**	**82,967**
Total equity	108,684	80,817
Borrowings	42,079	37,705
Overall financing	**150,763**	**118,522**
Capital-to-overall financing ratio	**74%**	**70%**

The Group has honoured its covenant obligations, including maintaining capital ratios, since the banking loans were taken out in December 2015.

37 Parent entity information

Information relating to Apiam Animal Health Limited ('the Parent Entity'):

	2022 $'000	2021 $'000
Statement of financial position		
Current assets	2,287	1,234
Total assets	153,941	120,612
Current liabilities	5,097	4,025
Total liabilities	45,257	39,795
Net assets	108,684	80,817
Issued capital	126,928	100,553
Share based payment reserve	871	595
Retained earnings / (Accumulated losses)	(19,115)	(20,331)
Total equity	108,684	80,817
Statement of profit or loss and other comprehensive income		
Profit for the year	4,348	4,287
Other comprehensive income	91	79
Total comprehensive income	4,439	4,366

The Parent Entity has entered into a deed of cross guarantee. Refer Note 39 for details.

The Parent Entity had no contingent liabilities at 30 June 2022 (2021: $nil).

38 Post-reporting date events

The Apiam Board of Directors have declared the Company's final dividend of 0.4c per share fully franked on the 29 August 2022. The final dividend of $660,320 will be paid on the 21 October 2022.

On 1 July 2022 the Group acquired the business assets of Victorian Equine Group, a major provider of equine services including surgical, diagnostics, reproduction and hospitalisation located in Bendigo, Victoria. The consideration consisted of an initial cash payment of $6,687,202 and 3,827,019 fully paid shares issued at a fair value of $0.65 per share. Contingent consideration up to a maximum amount of $1,200,000 made up of 70% cash and 30% fully paid shares is payable if certain profit targets are achieved by the business in FY2022. The prima facie value of net assets acquired is $502,169 and the prima facie goodwill is $9,812,595. The prima facie balance sheet is not yet fair valued and is subject to change. The goodwill that arose on the combination 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. Separately identifiable intangible assets (customer relationships / trade names) are expected and have not yet been fair valued.

On 1 July 2022, the Group acquired 100% of the issued share capital and voting rights of The Vet Practice Pty Ltd, a full service companion animal clinic located in Whittlesea, Victoria. The consideration consisted of a cash payment of $6,718,819 and 1,697,573 fully paid shares issued at a fair value of $0.65 per share. The prima facie value of net assets acquired is $551,034 and the prima facie goodwill is $7,271,207. The prima facie balance sheet is not yet fair valued and is subject to change. The goodwill that arose on the combination 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. Separately identifiable intangible assets (customer relationships / trade names) are expected and have not yet been fair valued.

The acquisitions of these veterinary businesses expands Apiam's presence in regional Victoria. At this time the acquisitions have not been finalised and the goodwill cannot be quantified.

39 Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Chris Richards & Associates Pty Ltd
Country Vet Wholesaling Pty Ltd
Apiam Logistics Services Pty Ltd
Apiam Management Pty Ltd
Southern Cross Feedlot Services Pty Ltd
Westvet Wholesale Pty Ltd
Pork Storks Australia Pty Ltd
McAuliffe Moore & Perry Pty Ltd
Warrnambool Veterinary Clinic Pty Ltd
Scottsdale Veterinary Services Pty Ltd
Smithton Veterinary Service Pty Ltd
AAH Clinics NSW & QLD Pty Ltd
AAH - Bell Vet Services Pty Ltd
CVH Gippsland Pty Ltd
CVH Southern Riverina Pty Ltd
CVH Border Pty Ltd
Tasvet Wholesale Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved of the requirement to prepare financial statements and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. No entities were added or removed during the financial year.

Set out below is a consolidated statement of profit or loss and other comprehensive income of the parties to the Deed.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	2022 $'000	2021 $'000
Continuing operations		
Revenue	112,416	89,636
Other income	139	23
Expenses		
Changes in inventory	1,594	(1,751)
Cost of materials	(42,635)	(34,528)
Employee benefit expenses	(48,018)	(32,303)
Listing and acquisition expenses	(1,802)	(167)
Property expenses	(1,753)	(1,239)
Freight, vehicle and transport expenses	(2,424)	(2,474)
Depreciation of property, plant and equipment	(6,256)	(4,661)
Other operating expenses	(5,919)	(6,709)
Finance costs	(1,476)	(1,064)
Share of profit from equity accounted investments	91	79
Profit/(loss) before income tax	**3,957**	**4,842**
Income tax (expense)/benefit	(1,180)	(1,360)
Profit from continuing operations	**2,777**	**3,482**
Profit for the year	**2,777**	**3,482**

Set out below is a consolidated statement of financial position of the parties to the Deed.

Statement of Financial Position as at 30 June 2022	2022 $'000	2021 $'000
Assets		
Current assets		
Cash and cash equivalents	2,328	1,317
Trade and other receivables	11,351	11,229
Inventories	13,415	11,822
Other current assets	1,629	1,228
Total current assets	**28,723**	**25,596**
Non-current assets		
Intangible assets	123,731	91,144
Property, plant and equipment	24,674	18,877
Investments	268	216
Deferred tax assets	3,261	2,491
Total non-current assets	**151,934**	**112,728**
Total assets	**180,657**	**138,324**
Current liabilities		
Trade and other payables	9,262	8,390
Amounts payable to vendors for business acquisitions	485	13
Current tax liabilities	1,675	959
Borrowings	2,914	2,838
Lease liabilities	3,530	1,050
Provisions	6,800	5,760
Total current liabilities	**24,666**	**19,010**
Non-current liabilities		
Borrowings	39,165	34,887
Lease liabilities	14,041	12,908
Provisions	390	106
Deferred tax liabilities	1,832	-
Total non-current liabilities	**55,428**	**47,901**
Total liabilities	**80,094**	**66,911**
Net assets	**100,563**	**71,413**
Equity		
Equity attributable to owners of the parent		
- share capital	125,584	99,401
- corporate reorganization reserve	(26,692)	(26,692)
- share based payment reserve	871	595
- non-controlling interest acquisition reserve	(6,481)	(5,615)
- retained earnings	7,281	3,724
Total Equity	**100,563**	**71,413**

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 30 June 2022 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b There are reasonable grounds to believe that Apiam Animal Health Limited will be able to pay its debts as and when they become due and payable.

c There are reasonable grounds to believe that the members of the extended closed group identified in Note 39 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 39.

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2022.

3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
29 August 2022

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor’s Report

To the Members of Apiam Animal Health Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Apiam Animal Health Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group’s financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 15	
At 30 June 2022, the carrying value of goodwill, customer relationships, and trademarks & trade names is $113.6 million, $9.2 million and $2.5 million, respectively and is allocated to three cash-generating units (CGUs) or group of CGUs (CGU group). In accordance with AASB 136 *Impairment of Assets*, the Group is required to assess if there are any impairment indicators. And in respect to goodwill, assess if the carrying value of each CGU and CGU group is in excess of the recoverable value. This area is a key audit matter due to the high management judgement and estimation required to determine the recoverable value of the CGUs and CGU Group.	Our procedures included, amongst others: • Assessing management's determination of the CGUs based on the nature of the business and the economic environment in which the unit operates; • Assessing management's allocation of goodwill resulting from acquisitions amongst the CGUs/CGU group; • Assessing whether management has the requisite expertise to prepare the impairment model; • Reviewing impairment models for compliance with AASB 136 *Impairment of Assets*; • Verifying the mathematical accuracy and methodology appropriateness of the underlying value in use calculations; • Evaluating the cash flow projections and assessing management's ability to forecast by comparing actual results to historical forecasts; • Assessing key judgements and assumptions and performing sensitivity analysis of the inputs in the value-in-use model; • Assessing customer relationships for indicators of impairment; • Utilising an auditor's expert to assess the reasonableness of the certain key inputs and assumptions used in the model; • Reviewing management's assessment of the estimated useful life of intangible assets; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

Business Combinations – Note 32	
During the year ending 30 June 2022, the Group acquired 100% of the business assets of seven entities and the Group acquired 100% of issued share capital and voting rights of two entities. In addition, there were acquisitions completed in the year ending 30 June 2021, which were provisionally accounted for and finalised in the year ending 30 June 2022. Acquisitions are to be recognised under AASB 3 *Business combinations,* and separately identifiable intangible assets are to be separated from the value of goodwill and recognised as intangible assets. This area is a key audit matter due to the high level of management judgement and estimation required to determine the fair value of net assets acquired and if there are separately identifiable intangible assets, the value of the identified intangible assets to be separated from goodwill and recognised.	Our procedures included, amongst others: Acquisitions provisional accounting and finalised at 30 June 2022: • Reviewing management's calculation for finalising the provisional accounting and determining whether any adjustments made during the measurement period have been appropriately accounted for; and • Obtaining the valuation of separately identifiable intangible assets completed by management's expert and verifying the adjustments are appropriately reflected in the financial statements. New acquisitions for the year ending 30 June 2022: • Assessing whether the transaction has been appropriately accounted for under AASB 3 *Business Combinations*; • Obtaining and reviewing management's calculation for the acquisition, tracing inputs to supporting documentation and assessing whether any goodwill arising as a result of the acquisition has been appropriately recognised in the financial statements; • Considering if there are any identifiable intangible assets such as customer relationships that are to be separated from goodwill and recognised as an intangible asset; • Obtaining the valuations completed by management's expert and verifying the intangible assets are appropriately separated from goodwill; • Obtaining management's memorandum for identifying cash-generating units, impairment testing and allocation of acquired entities, and applying professional scepticism and assessing for reasonableness; • Reviewing material balances from the completion accounts for each acquisition and testing samples to source documentation to verify accuracy of amounts recorded at acquisition date; and • Assessing the adequacy of disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 23 to 30 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Apiam Animal Health Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 29 August 2022

ASX Additional Information

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 5 August 2022 (**Reporting Date**).

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3, the Corporate Governance Statement will be available for review on Apiam's website (http://www.apiam.com.au/corporate-governance/) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by Apiam and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Apiam's website (http://www.apiam.com.au/corporate-governance/).

Substantial holders

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total issued securities
CJOEA FAMILY COMPANY PTY LTD <RICHARDS FAMILY A/C>	Ordinary Shares	38,850,000	22.27%
PETSTOCK INVESTMENTS PTY LTD	Ordinary Shares	20,000,000	16.5%
REGAL FUNDS MANAGEMENT PTY LIMITED AND ITS ASSOCIATES	Ordinary Shares	15,803,149	9.35%

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	162,098,829
Fully paid ordinary shares restricted until 2 September 2022 and quoted on ASX	441,828
Fully paid ordinary shares restricted until 30 November 2022 and quoted on ASX	1,103,753
Fully paid ordinary shares restricted until 2 December 2022 and quoted on ASX	1,124,453
Fully paid ordinary shares restricted until 7 April 2023 and quoted on ASX	161,043
Fully paid ordinary shares restricted until 27 May 2023 and quoted on ASX	252,348
Fully paid ordinary shares restricted until 1 June 2023 and quoted on ASX	757,292
Fully paid ordinary shares restricted until 1 July 2023 and quoted on ASX	2,762,298
Fully paid ordinary shares restricted until 30 July 2023 and quoted on ASX	839,247
Fully paid ordinary shares restricted until 2 September 2023 and quoted on ASX	441,825
Fully paid ordinary shares restricted until 2 December 2023 and quoted on ASX	1,124,449
Fully paid ordinary shares restricted until 1 June 2024 and quoted on ASX	582,660
Fully paid ordinary shares restricted until 1 July 2024 and quoted on ASX	2,762,294
Total Ordinary Shares on issue	174,452,319
Performance Rights	2,462,022

Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 1,839 holders of a total of 174,452,319 ordinary shares of the Company.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	344	206,550	0.12
1,001 – 5,000	549	1,368,458	0.78
5,001 – 10,000	270	2,039,228	1.17
10,001 – 100,000	541	16,390,947	9.40
100,001 – 999,999,999	135	154,447,136	88.53
Totals	**1,839**	**174,452,319**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	4	28,163	1.14
10,001 – 100,000	22	1,122,470	45.59
100,001 – 999,999,999	7	1,311,389	53.26
Totals	**33**	**2,462,022**	**100.00**

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date ($0.695) is as follows:

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
174,352,319	85,741	213	4.91%

Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	%
CJOEA FAMILY COMPANY PTY LTD <RICHARDS FAMILY A/C>	37,459,465	21.47%
PETSTOCK INVESTMENTS PTY LTD	21,240,500	12.18%
CITICORP NOMINEES PTY LIMITED	9,073,381	5.20%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	7,329,687	4.20%
UBS NOMINEES PTY LTD	6,276,846	3.60%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,518,117	2.02%
SCOLEXIA COMMODITY PTY LTD	2,755,777	1.58%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,527,083	1.45%
CERTANE CT PTY LTD <APIAM ANIMAL EST UNALLO AC>	2,520,238	1.44%
COBASH PTY LIMITED <J & S WRIGHT FAMILY A/C>	1,872,006	1.07%
MR ROGER CHARLES CARMODY & MRS MARIS MOORE CARMODY <SANDRIDGE S/F A/C>	1,771,791	1.02%
HAMILTON ANIMAL HEALTH PTY LTD	1,564,270	0.90%
MR BRIAN SCUTT	1,464,319	0.84%
FOUR POST INVESTMENTS PTY LTD <JOHNSTONE INVESTMENT A/C>	1,386,700	0.79%
MRS RACHEL LOUISE O'MEARA	1,377,888	0.79%
SIMON JAMES ROBINSON	1,275,673	0.73%
MICHAEL JAMES WHITEFORD	1,275,673	0.73%
SARAH LEONNIE JALIM	1,275,673	0.73%
MRS KATE JUDITH MALIN <HOWISON FAMILY A/C>	1,229,161	0.70%
SONJASWRIGHT PTY LIMITED	1,211,846	0.69%
Total number of shares of Top 20 Holders	**108,406,094**	**62.14%**
Total Remaining Holders Balance	**174,452,319**	**100.00%**

Company Secretary

The Company's secretary is Eryl Baron.

Registered Office

The address and telephone number of the Company's registered office is:

27- 33 Piper Lane
East Bendigo VIC 3550

Telephone: +61 (0)3 5445 5999

Share Registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Street Address:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000
Telephone: (02) 9290 9600

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: AHX).

Escrow

2,353,490 Ordinary Shares ae subject to Voluntary Escrow. The number of securities and end dates of escrow period are shown above.

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of restricted securities	Number of unquoted Equity Securities	Number of holders
Performance Rights	2,462,022	33

Other Information

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

CORPORATE DIRECTORY

DIRECTORS

Professor Andrew Vizard	Chairman
Dr Christopher Richards	Managing Director
Mr Michael van Blommestein	Non-Executive Director
Mr Richard Dennis	Non-Executive Director
Professor Jan Tennent	Non-Executive Director

COMPANY SECRETARY

Eryl Baron

REGISTERED OFFICE

27-33 Piper Lane
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F 03 5445 5914
E investorrelations@apiam.com.au

AUDITORS

Grant Thornton Australia
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727 Collins Street
Melbourne VIC 3008

BANKERS

National Australia Bank
395 Bourke Street
Melbourne VIC 3000

SHARE REGISTRY

Boardroom Registry Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
T 1300 737 760
E enquiries@boardroomlimited.com.au

STOCK EXCHANGE LISTING

Australian Securities Exchange
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX CODE

AHX

WEBSITE

apiam.com.au

Apiam
animal health
Vet
Apiam
animal health