Annual Report 2022

Together, making a positive impact

APM Human Services International Limited
ABN 38 639 621 766

enabling better lives

Acknowledgement of Country and Traditional Owners

APM acknowledges the Traditional Custodians of the lands on which we live. We pay our respects to Elders, past and present, of all Aboriginal and Torres Strait Islander nations.

Globally, APM recognises the significance of indigenous peoples' communities and the important role they play within our own workforce and the world, underpinning our efforts to build a culture that embraces diversity, equality and inclusion.

Our Purpose

Enabling Better Lives

Our Vision

To be the most trusted, highest performing, and successful health and human services company in our chosen markets with performance centred on delivering exceptional outcomes for our clients

Our Values

I Integrity
C Customer Focus
R Respect
E Empathy
A Achievement
T Teamwork
E Enthusiasm

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About APM

We enable better lives by helping people to pursue their unique goals in work, health and life

Founded in 1994 in Perth, Western Australia (where we remain headquartered) as a vocational rehabilitation provider, today APM is an international health and human services provider driven by its purpose of "Enabling Better Lives."

Each financial year, we support more than 1.1 million people of all ages and stages through our service offerings which include assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

Simply put, we help people to find employment, recover from injury and illness, improve their health, and enjoy social and economic participation in their community, no matter where they are in life's journey so that they can achieve optimal independence and wellbeing.

Our person-centric focus aims to deliver high quality, evidence-based services which are tailored to the individual needs and circumstances of every APM client. Our services help people with injury, illness or disability, children through to older adults, unemployed people, and those facing hardship or harm with the objective of positively impacting the life of the individual client and the communities within which they live.

Every day around the world, our team develops and nurtures trusted partnerships with individuals, families, communities, local and national governments, and businesses at every level, by delivering quality evidence-based services and supports across the early childhood, youth, employment, insurance, justice, veterans, disability, and aged care sectors.

Australia

Europe and the UK

North America

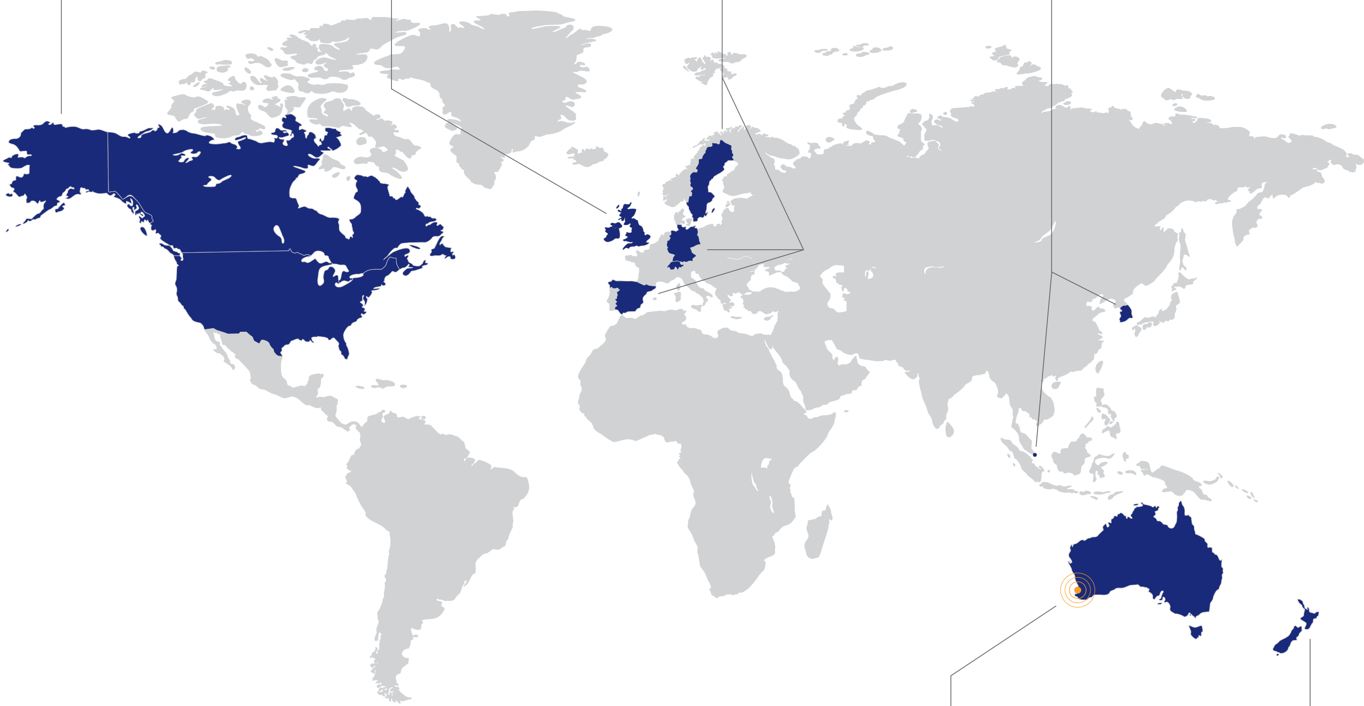
Asia and NZ

North America
USA, Canada
223 locations
1,461 team members

UK
National presence
95 locations
2,612 team members

Europe
Germany, Spain, Switzerland, Sweden
71 locations
392 team members

Asia
South Korea, Singapore
31 locations
534 team members



Our Sectors
- Employment Services
- Health and Wellbeing
- Communities and Assessments
- Aged Care and Disability

Australia
National presence
751 locations
5,009 team members

New Zealand
National presence
24 locations
309 team members

2022 AT A GLANCE

APM delivered strong FY22 revenue and earnings growth

REVENUE

$1,330.7m

31% on FY21

In-line with Prospectus Forecast

PRO FORMA EBITDA

$308.0m

31% on FY21

5% above Prospectus Forecast

PRO FORMA NPATA[1]

$166.3m

29% on FY21

7% above Prospectus Forecast

STATUTORY NPATA

$92.4m

89% on FY21

36% above Prospectus Forecast

PRO FORMA OPERATING CASH[2]

$281.9m

23% on FY21

11% above Prospectus Forecast

DIVIDEND

$0.05 per share

Top-end of Prospectus Guidance

1. Pro forma excludes one off non-recurring expenses associated with the IPO, advisory fees, debt and capital structure costs.
2. Pro forma operating cash (statutory operating cash adding back cash income tax paid, net finance costs and one-off IPO and advisory fees).

Making a positive and lasting social impact

1,144,989
people supported

639,466
job seekers assisted

185,802
people with a disability supported

111,493
people with mental health needs supported

25,807
Defence personnel and veterans supported

62%
of our senior leaders are female

18.7%
of our people have a lived experience with disability

Cyber security
framework compliance to ISO27001 Information Security Management Standards

Published
The Australian Disability, Diversity & Inclusivity Index and the Canadian National Employment Index

Chair's Letter

Dear Shareholders

Our singular focus on "enabling better lives" has delivered strong financial results and operational performance.

As Executive Chair & Founder of APM, it is with great pride that I address this letter to you in our very first Annual Report as an ASX-listed company.

Throughout FY22, the COVID-19 pandemic and its human, economic and societal consequences continued to present challenges to us all, compounded by the conflict in Ukraine.

At APM, our passionate people demonstrated resilience and adaptability to ensure they continued to deliver high quality health and human services to support our clients, communities and government stakeholders achieve their goals and overcome these challenges.

I am delighted to report that under the committed leadership of Group CEO, Michael Anghie, we have had another exceptional year – a result achieved while navigating these many challenges. And importantly, as is the APM way, we have met the commitments we made prior to listing on the ASX in 2021 and exceeded FY22 Prospectus earnings forecasts.

In 1994, APM started life as team of four people delivering vocational rehabilitation services in Perth, Western Australia. Early on, we set the goal that every person, no matter their means or circumstances, or where they lived whether it be metropolitan, regional, rural or remote Australia, would have access to our services.

Today we are a global team of 10,300 people operating in 11 countries. This year we supported more than 1.1 million people of all ages and stages of life through our health and human service offerings.

Our mission is to empower people to realise their aspirations through improved independence, health and wellbeing, and increased social and economic participation in their community.

For people with injury, illness or disability, children and the elderly, the unemployed, and those facing hardship or harm, APM is making a positive and lasting social impact through the services we provide every day.

Our people, communities, and clients

On behalf of the Board, I would like to thank and acknowledge every member of our global team for their unparalleled dedication to APM and most importantly, to our clients, who are at the core of all we do.

Driven by passion and purpose, there are countless ways our people go above and beyond to make a difference in both individual lives and the communities in which we operate, and for your hard work and commitment we are truly grateful.

An illustration of the dedication and empathy of our people was evident as we watched the war in Ukraine unfold. In considering what APM could do to help the Ukrainian people, our German team came up with the idea of extending the services we offer in Germany, given its proximity to Ukraine, to assist displaced people and families. The outcome was a 12-month program offering free resettlement and local integration support services to refugee families arriving in Berlin, from across the Polish border. To date, we have assisted over 1,600 people (primarily women and children) to help them settle as easily as possible into Germany by facilitating access to housing, language, childcare, education, employment and health services.

It is the stories of our incredible clients that inspire us, and we hope by sharing just some of them in our Annual Report, you will get a glimpse of what motivates us to go above and beyond every day.

Thank you also to our customers for trusting APM to deliver these essential health and human services across our communities.

> Driven by passion and purpose, there are countless ways our people go above and beyond to make a difference in both individual lives and the communities in which we operate, and for your hard work and commitment we are truly grateful.

Making a positive and lasting social impact

We at APM have always been clear in our ambition to make a positive and lasting social impact for the people, communities, and governments with whom we partner to deliver pioneering, evidence-based and person-centric health and human services programs.

At APM we enable better lives by helping people to overcome life's inevitable challenges and optimise their health, independence, and social and economic participation.

Looking ahead

At APM we are ordinary people, together doing extraordinary things.

As I look forward and reflect on how far we have come over the past twenty eight years, I have unwavering confidence that we will execute on our strategy to become the market leading global health and human services company by investing in our business and supporting more people each year across our suite of operations.

As the world faces the most challenging social and economic outlook in fifty years, those experiencing hardship and/or harm require our support more than ever. Rising inflation, slower economic growth and the increased price of energy and food disproportionately impact low income people, many of whom are our clients.

The human and societal cost of the pandemic and conflict will need to be addressed to cushion the impact on low income households and displaced persons. APM is well placed to respond to these challenges and is ready to play our role.

We remain focused on increasing access for our current and future clients, by expanding the breadth and reach of service offerings, and the number of countries, locations, and channels in which we operate.

We will continue to build stronger partnerships with governments and our stakeholders – underpinned by delivering on our promises, doing the right thing, and supporting our clients to deliver outcomes that provide meaningful social benefit.

I would like to thank my fellow Board members. APM has benefited greatly from their deep experience and commitment to our success this year.

On behalf of the Board, I extend our deepest gratitude to our APM team, clients, customers, stakeholders and of course, our shareholders for their continued support, as we look to the next year and continue to "Enable Better Lives" for more people in more places around the world.

Megan Wynne
Founder and Executive Chair
APM Group

CEO's Letter

Dear Shareholders

It is my pleasure to present to you APM's first Annual Report as an ASX-listed company and my first CEO Report. The 2022 financial year demonstrated the strength and resilience of the APM business and its people.

While we had to navigate the challenges caused by the COVID-19 pandemic across our operations globally, APM was still able to outperform its Prospectus earnings forecasts for FY22.

Making a lasting sustainable positive impact for the people we support and the communities they live in

APM's purpose of "Enabling Better Lives" is at the core of everything we do. The services we provide make a positive and lasting social impact – services such as finding sustainable employment, supporting recovery from injury or illness, or assisting people to live the best possible life from childhood to older age.

The number of people who need the support of organisations like APM is higher now than pre-pandemic. Despite low unemployment rates, more people are out of work due to health issues than we have ever seen over our 28 years of operation.

APM's more than 10,300 team members globally across 1,195 locations in 11 countries are supporting people when they most need it, regardless of market conditions.

Our people

We have great people within our business who positively and sustainably work to support our clients to improve their lives. I am proud of the highly dedicated and committed team within the business.

I would like to thank my colleagues on the Board, senior executive team, and all our team members for the tremendous work they have done to support APM and build a market leading health and human services business that is a trusted partner of governments globally and each year supports more people to improve their lives.

Thank you also to our stakeholders and clients. You entrust us to deliver essential services on your behalf and we never take that for granted.

Delivering on our commitments

When APM listed on the ASX last year, the Prospectus outlined several operational initiatives for FY22, and I am delighted to say that we delivered on every one of those initiatives. Across our business we have continued to pursue new opportunities and win market share, including:

- Mobilisation of the Restart Scheme in the United Kingdom where we commenced operations across Central and West London and Greater Manchester from a standing start;
- Being awarded 13% of contracts across 34 employment regions in the new Workforce Australia tender, which increased our market share to make APM the largest provider of employment services in Australia;
- Expanding our presence in the Ontario market in Canada, being awarded the York region;
- Numerous contract renewals, awards and extensions across Australia, New Zealand, North America, Singapore, South Korea, Germany and the United Kingdom; and
- Completing nine strategic investments that provide critical entry points into the NDIS market and allied health sector and other key growth markets.

> Reflecting the strength and resilience of APM's global business, with the Company's Revenue of $1.33 billion being in line with Prospectus and earnings exceeding Prospectus forecasts with Pro forma EBITDA of $308.0 million up 4% and Pro forma NPATA of $166.3 million up 7%.

Outperformed FY22 Prospectus forecasts

The business has delivered exceptional financial performance in FY22 despite the operating challenges faced through COVID-19 which resulted in increased staff and client absenteeism across all segments of the business.

This reflected the strength and resilience of APM's global business, with the Company's Revenue of $1.33 billion being in line with Prospectus and pro forma EBITDA of $308.0 million and pro forma NPATA of $166.3 million exceeding Prospectus forecasts by 4% and 7% respectively.

APM experienced considerable growth on FY21 with revenue increasing by $314.3 million and pro forma NPATA by $37.7 million, up 30.9% and 29.3% respectively.

APM performed strongly in Australia and continued investing in key growth sectors

Revenue of $644.9 million was up 22% on FY21, with pro forma NPATA of $97.5 million up 11%. These results reflected the strong performance across employment services, which operated through the shutdowns on the east coast, the transition of the jobactive contract in the second half of the year and establishment of the Workforce Australia program, the integration of acquisitions and investment in talent and the continuing impacts of COVID-19 on operations.

The Health and Wellbeing and Communities and Assessments businesses were impacted by COVID-19 due to higher levels of absenteeism from both a therapist and client perspective impacting the ability to deliver sessions, and access restrictions to conduct assessments and deliver services.

APM Europe achieved strong organic growth

Revenue of $389.8 million was up 43%, with pro forma NPATA of $50.7 million, up 128%. The Company performed strongly in Europe, managing the variability across the market that negatively impacted the ability to engage with participants across all programs. The result highlighted the agility of the business to simultaneously implement new contracts across the employment and justice sectors, recommence contracts disrupted during COVID-19 and replace revenue from the parole contract which ended in FY21.

APM Asia Pacific most impacted by COVID-19

The Asia Pacific businesses were the most heavily impacted by COVID-19 due to disruption of service delivery across New Zealand, South Korea and Singapore. Revenue of $78.6 million was down 9% on FY21, with NPATA of $6.5m being down 48% down.

APM North America continued its expansion

Revenue of $217.4 million was up 71%, with NPATA of $11.6 million being up 90%. During the year we have continued to grow our North American presence. In Canada, we have been building capability to deliver on the growth in employment services including full year operation of the prototype contract in Peel Region and executing on the new Ontario Employment Services contract in York region which is in transition phase. The US business now has scale across 24 States with entry into California and the Job Corps market during FY22 providing an attractive platform for future growth. During the year we continue to prepare to start the Rehabilitation Services and Vocational Assistance Services Program across Canada which commences 1 January 2023.

Positive outlook for continued growth

We have a strong platform for growth and our positive outlook through FY23 and beyond is underpinned by the Company's proven growth strategy to:

- execute on our existing programs supporting underlying market growth;
- access new market opportunities in terms of contracts, services and locations; and
- execute on strategic mergers and acquisitions to build scale, enter new markets and new service areas.

Whilst we anticipate that COVID-19 will continue to impact our team members and the people we support across our operations globally, we are focused on developing and improving our channels of service delivery.

In **Australia** we are excited about the positive start to the Workforce Australia contract that provides a long-term opportunity for growth, and our Disability Employment Services contract where there is increasing awareness of the incredible value people with disability bring to the workforce.

Across our Health and Wellbeing portfolio we continue to build a national business with scale. We aim to provide our clients with services across the lifespan in the key sectors of disability, ageing, injury and illness and will continue to scale these businesses organically and through strategic acquisitions. Looking forward we will benefit from the integration of recent acquisitions and the optimisation of operating performance with increased productivity and utilisation as markets improve and we build scale.

Today, the market opportunity in Australia for APM is the largest it has ever been. For example, the disability support and aged care market has evolved to become a national consumer-controlled marketplace with significant growth potential. The transition to consumer choice in disability and ageing and payments moving to the delivery of service rather than block funding, plays to APM's strengths. As a focused organisation that invests in, and delivers, high quality, consistent, customer focused services at scale, APM is well suited to this new market-based system. It is our ambition for APM to achieve market leadership in terms of quality of service and scale in these sectors.

In **Europe**, we enter the second year of the Restart Scheme in the UK, with client volumes stabilising and executing on the new Justice contracts and emerging market opportunities. We continue to build our presence in Sweden where the employment services market is expected to grow from $500 million to $800 million per annum in the near term.

The **Asia Pacific** market is recovering from the impacts of COVID-19 and we are well positioned for the longer term with the Singapore re-tender award, South Korean opportunities across employment and outplacement, and New Zealand emerging from a very difficult year.

The **North American** business continues to grow following contract wins in Canada and US and the acquisition of Dynamic Workforce Solutions. In Canada, we will soon commence the Rehabilitation Services and Vocational Assistance Services Program contract in January 2023 and the second Ontario employment contract in the York region.

Globally, APM continues to see a strong pipeline of contract opportunities in Employment Services and Communities and Assessments.

In Employment Services, the focus on performance-based value for money led by outcomes, together with the proven program of early intervention and services tailored to individual need, is aligned to APM's successful operating model. In addition to the organic pipeline, we will continue to assess consolidation and new market opportunities.

In July 2022, we completed a refinancing of our existing term loan B debt replacing it with an increased $840 million syndicated multi-currency revolving corporate facility, which was the first Social Loan linked corporate debt facility in Australia. This new facility reduces annual interest costs and provides additional capacity with flexible terms so we can move quickly on future strategic acquisitions.

In closing, APM has a long history of consistently growing year on year via a combination of organic growth, and accretive and strategic acquisitions. We are an ambitious, focused and committed team, which is well placed to deliver sustainable and growing value to our shareholders, the governments and customers we partner with, and the people for whom we enable better lives.

Michael Anghie
Group Chief Executive Officer
APM Group

Proven Track Record

Since being founded in 1994 as a vocational rehabilitation provider, over the last 28 years APM has expanded its service offerings and operations across Australia and internationally to deliver a broad range of high quality essential health and human services.

In FY22 we delivered on every initiative we outlined in our Prospectus including mobilisation of the Restart Scheme in the UK and being awarded 13% of Workforce Australia contracts across 34 employment regions, increasing our market share to make APM the largest provider of Employment Services in Australia.

We expanded our presence in the Ontario market in Canada and were awarded numerous contract renewal, awards and extensions across Australia, NZ, North America, Singapore, South Korea, Germany and the UK.

APM also completed nine strategic investments that provide critical entry points into the NDIS market, allied health sector and other key growth markets.

2002	2007	2011	2012	2015
Awarded first Australian Government contract to deliver Work Capacity Assessments nationally	Awarded Australian Government funded Vocational Rehabilitation Services contract	Commenced operations in the UK	Commenced operations in New Zealand	Awarded jobactive and Regional Assessment Services contracts in Australia

2018

Acquired Ingeus, WCG, Ross Innovative Employment Solutions, and Assure Programs allowing APM to consolidate our footprint in the UK and further expand into Europe, North America, and South-East Asia

Awarded national Disability Employment Services contract in Australia and awarded Local Area Coordination contract with the National Disability Insurance Agency

2019

Acquired Konekt and MCI (Australia)

Awarded WorkBC contracts in five regions in British Columbia, Canada

2020

Awarded Work and Health Programme contract in the UK

Acquired CiC (UK), FBG Group (Australia) and Grant Associates (USA)

2021

Awarded Rehabilitation Services and Vocational Assistance contract in Canada and two prime Restart Scheme contracts in the UK

Acquired Generation Health (Australia) and Dynamic Workforce Solutions (USA)

Acquired Early Start Australia, MyIntegra and Mobility (Australia) to support expansion into providing services for the NDIS and aged care

Listed on the Australian Securities Exchange

2022

Awarded 72 Workforce Australia contracts across 34 Employment Regions

Acquired Clustera allowing market entry into Swedish Employment Services

Acquired Lifecare (Australia) and Biosymm to deliver physiotherapy and mobile health services and provide in-home physiotherapy, occupational therapy, podiatry and lymphoedema services

Awarded Employment Services Ontario Phase 1 contract in Canada (following the prototype award in 2020)

Acquired Dynamic Education Systems Inc (USA) allowing market entry into Job Corps

Our Industry and Global Markets

The health and human services industry delivers a broad range of services focused on enhancing a person's employability, health, wellbeing, and independence.

Commonly, health and human services around the world include employment services, vocational rehabilitation, counselling, social care and support services, child protection services, youth and family services, independent living services, justice services, refugee services, accommodation support, and services that help meet basic needs such as food and shelter.

Over the course of an individual's life, multiple factors (that may vary in severity, duration, and impact) can affect an individual's ability to be independent and participate in society. These factors can create needs that benefit from support services that help to correct negative impacts or mitigate any further decline in an individual's circumstances.

The health and human services industry provides a wide range of support services that can address the needs of people who are vulnerable, disadvantaged, or are at risk of becoming vulnerable.

APM operates in the health and human services industry and provides essential services on behalf of governments and the private sector across Employment; Health and Wellbeing; Communities and Assessments services; and Disability and Aged Care.

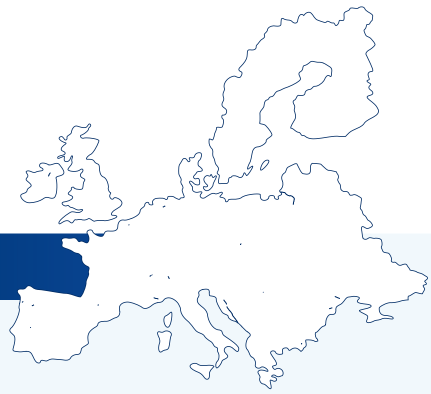
Government policy increasingly recognises the growing need to support vulnerable and/or disadvantaged populations, including people with disability and the aged. In the 11 countries in which we operate, social expenditure has been driven by societal trends including the need to address underemployment and unemployment, ageing populations, and a growing focus on health and wellbeing.

As a global market leading health and human services provider, APM enables access to services, supports and opportunities so people can realise their potential and gain social and/or financial independence.

Services we deliver

Australia

- Assist job seekers to gain employment
- Assessment services
- Community care
- Allied health, psychology and vocational rehabilitation
- Case management and advisory
- Training
- Health and Wellbeing



Europe

- Assist program participants to gain employment
- Training and vocational support
- Psychology and counselling
- Health programs
- Youth programs
- Community support services

11 Countries
10,300* Employees
1,195+ Locations

*excluding contractors

North America

- Assist job seekers to gain employment
- Training and vocational assistance
- Allied health and vocational rehabilitation

Asia Pacific

- Assist job seekers to gain employment
- Outplacement services
- Allied health and vocational rehabilitation

Our Businesses

APM's global footprint includes 11 countries: Australia, the UK, the USA, Canada, New Zealand, South Korea, Germany, Sweden, Singapore, Spain and Switzerland.

We operate with local team members to develop deep relationships with customers, employers, and other community stakeholders to deliver a tailored service to our clients.

We provide health and human services on behalf of individuals, governments and the private sector.

Our four key business pillars are Employment Services, Health and Wellbeing, Communities and Assessments and Disability and Aged Care.

These services play an important role in addressing these United Nation's Sustainable Development Goals.

With 1,195 locations across four core regions APM's largest presence is in Australia, where we have 751 locations and over 5,000 team members.

Delivery of services to individuals who require support to find work, including those with injury, illness or disability, sole parents, youth, older workers, ex-offenders, and people from culturally or linguistically diverse backgrounds.

AUS, UK, North America, Europe, Asia Pacific

Delivery of multi-disciplinary Allied Health and psychology services focused on prevention, treatment and rehabilitation (medical, psycho-social and vocational) on behalf of individual, government, insurance and corporate clients.

AUS, NZ, UK, Canada

APM works with individuals to develop support plans for funded and non-funded support. We also operate community-based programs including youth, justice, and veterans' services.

AUS, NZ, UK

Delivery of support services catering to the Disability and Aged Care sectors with services including plan management, support coordination and an in-home care support services marketplace.

AUS

Our Businesses

Employment Services

APM Employment Services supports job seekers to find decent, sustainable employment and employers to find unique talent to meet their business needs.

Our key government funded programs provide individualised support to job seekers in:

- **Australia** through Workforce Australia (formerly jobactive) and Disability Employment Services (DES) programs delivered by APM;
- The **UK** through the Restart Scheme, Work and Health Programme (WHP) and WHP-Job Entry Targeted Support (JETS) delivered by Ingeus UK;
- **Canada** through WorkBC, Calgary Career Hub, Ontario Employment Services Transformation delivered by WCG and in the **USA** programs via Temporary Assistance for Needy Families (TANF) and the Workforce Innovation and Opportunity Act (WIOA) delivered by Ross Innovative Employment Solutions, Grant Associates and Dynamic Workforce Solutions;
- **Germany, Spain, Switzerland, South Korea** and **Singapore** through a range of employment services programs delivered by Ingeus;
- **Sweden** through tailored job matching services delivered by Clustera; and
- **New Zealand**, through disability and mental health employment services delivered by APM.

> He comes in and we automatically have a smile on our faces when we see him. Nicholas brings a lot of joy, he's humorous – he's a bright spark.
>
> **Wendy**
> Nicholas' employer

Disability Employment Services (DES) – Australia

Nicholas lives with autism and was determined to find a starting point for his career. However, he experienced difficulties looking for work by himself in the hospitality industry, which proved particularly challenging following COVID-19 lockdowns. He also found that some employers were not open to hiring people with disability.

Uncertain about his career goals and how he could achieve them, he sought help from APM. It was clear to his Employment Consultant, Mark, that Nicholas has a strong ability to engage with people in social work environments. "When I first met Nicholas, he didn't know what would suit him" Mark said. "I got to know who he was, what he loves and what motivates him."

Nicholas' work involves cleaning, detailing, and sanitising the gym equipment and facilities, often chatting with patrons. "I think they're very accepting of my disability," says Nicholas.

His employer, Wendy, says hiring Nicholas has had a positive impact on the Healthy Life team's perspectives on people with disability.

From a shy and uncertain beginning, he's become an enthusiastic and confident young man who is a valued employee.

We provide an ecosystem of connectivity, mentoring, training and support for job seekers and employers. We work in local markets and collaboratively create sustainable pathways to employment that find the right fit between the individual and the job, building more inclusive and productive economies in the process.

APM operates in more locations than any other provider and connects thousands of employers with job seekers in their local markets every year. Employers trust our understanding of their business and our ability to match them with the right employees to ensure quality outcomes.

Our dedicated and highly skilled Employment Consultants are embedded in the local labour market, working in partnership with employers and industry to identify opportunities, address skills and training needs as well as workforce diversity goals. We help address barriers to recruitment, create opportunities where they may not have existed, and provide ongoing support where needed.

For job seekers, our employment services programs create a personalised plan to improve employability. We explore aptitude, interests and capacity and tailor services to develop capability to address barriers to work.

> There must be a lot of people trying to find a job, and I know that it's never easy, especially these days. I hope many people join Ingeus for help.
>
> **Hyunsoo Kim**

Ingeus Korea

27 year old Hyunsoo Kim thought it would be easy to get a job after graduation. However, with no work experience, he couldn't break through.

His Ingeus Employment Consultant saw his potential despite his lack of confidence and experience by guiding him through an intensive resume clinic and connected him with a work experience program to make him more attractive to potential employers.

Kim's employer, Powerflux said that he showed confidence and potential in his cover letter alone.

Today he continues to go from strength to strength in his marketing role.

We provide assistance with job search, preparation for interviews and post-placement support. We connect job seekers with training for new qualifications, and with specialist services to assist with workplace modifications, mental health and other support and counselling.

Our clients include people with injury, illness or disability, sole parents, youth, aged workers, ex-offenders, and people from culturally or linguistically diverse backgrounds.

APM understands the power of employment in enabling better lives. By supporting our clients to pursue and engage in decent work, we make a real and lasting impact on their lives, the communities in which they live, and for the stakeholders who engage us to deliver these critical services.

In FY22

- 639,466 job seekers supported globally
- 135,537 job seekers with disability supported
- 31,152 ex-offenders and offenders supported in seeking employment
- 6,306 Defence personnel and veterans assisted to return to health and work
- 49,096 young job seekers supported
- Awarded Transition to Work contracts as a new market entrant
- Awarded 72 Workforce Australia contracts in 34 Employment Regions (13% of contracts) and appointed to sub-panel in all 51 Employment Regions
- 15 years delivering Employment Services
- Entered Swedish Employment Services market through acquisition of Clustera
- Expanded Employment Services in Ontario, Canada with York award

Employable Me

Employable Me builds on our established relationships with employers and the participants we support.

A free recruitment marketplace for employers, who can submit vacancies at any time, **Employable Me** leverages our understanding of employers' needs, allowing us to respond with job ready and well matched candidates quickly.

Employable Me also supports employers with a commitment to diversity, inclusion and overcoming disadvantage by providing suitable candidates with a breadth of lived experience to achieve their inclusion and diversity goals.

Since launching 12 months ago, **Employable Me** now has:

28,082 active job seekers
1,435 active employers
2,538 listed roles

Our Businesses

Health and Wellbeing

APM Health and Wellbeing is fast-growing and dynamic. We provide a wide range of health services to thousands of people every year.

Our multi-disciplinary Allied Health services offer support across the prevention, early intervention, rehabilitation, maintenance and treatment dimensions of health and wellbeing to government agencies, employers, insurers and directly to the public.

We support people's diverse health needs across the lifespan from infancy to the senior years through a range of brands and services:

- **Early Start Australia** works with families to optimise the development of children, adolescents and adults helping them to achieve their maximum potential by supporting the development of physical, language, cognitive, sensory, social, and emotional skills;
- Our Employee Assistance Program (EAP) and mental health consulting businesses in Australia (**Assure, Communicorp,** and **FBG**) help build psychologically healthy workplaces and provide wellbeing support;
- Our vocational training and education business, **MCI** has been recognised with multiple excellence awards from the Australian Education and Training Awards and the LearnX Awards for our digital programs and curriculum design;

- **Konekt** and **APM WorkCare** provide injury prevention and injury management services across Australia with teams focused on partnering with customers and stakeholders to develop tailored and innovative service models;
- **Generation Health** delivers occupational rehabilitation services, including to the Australian Defence Force and veteran community;
- **Lifecare** provides Physiotherapy, Sports Medicine, Hydrotherapy and Podiatry in clinics across Australia and via mobile services in the home;
- **Biosymm** provides onsite or clinic-based physiotherapy treatment and exercise and works with employers to understand their business injury and health risks and develop targeted prevention strategies;
- In **NZ,** our teams provide a wide range of vocational rehabilitation, pain management, community rehabilitation and concussion services;

Now settled into his first year of school, Oliver's Mum was in touch with the team to give them an update and express their gratitude for the supports they received and the impact it has had on their lives.

Early Start Australia (ESA) – Australia

When Oliver turned three, he was diagnosed with level 3 Autism Spectrum Disorder (ASD). After researching the Early Start Denver Model (ESDM) his parents enrolled him in Early Start's Little Oaks intensive ESDM program. Oliver did not like interacting with other children or people, including his family, and didn't participate in groups or play with other children.

Day-to-day activities were a challenge – Oliver would not eat outside the home, would become physically unwell seeing others eat, and had very high visual and sensory sensitivities, meaning he could never have his hair cut.

When Oliver joined the program, his developmental assessments showed he was significantly delayed across all areas. Within Oliver's ESDM program, his therapy team worked closely to support his individual needs and interests and weekly parent coaching with his mum, Kathy.

They assisted with all areas of his development and explored his unique feeding needs. Through innovation and community partnership, the local hairdresser became a key player in Oliver's therapy team.

After completing two years of early intensive intervention, Oliver's developmental assessment showed he had gained three to four years across all areas of development and was at peer equivalent or above in language and motor skills.

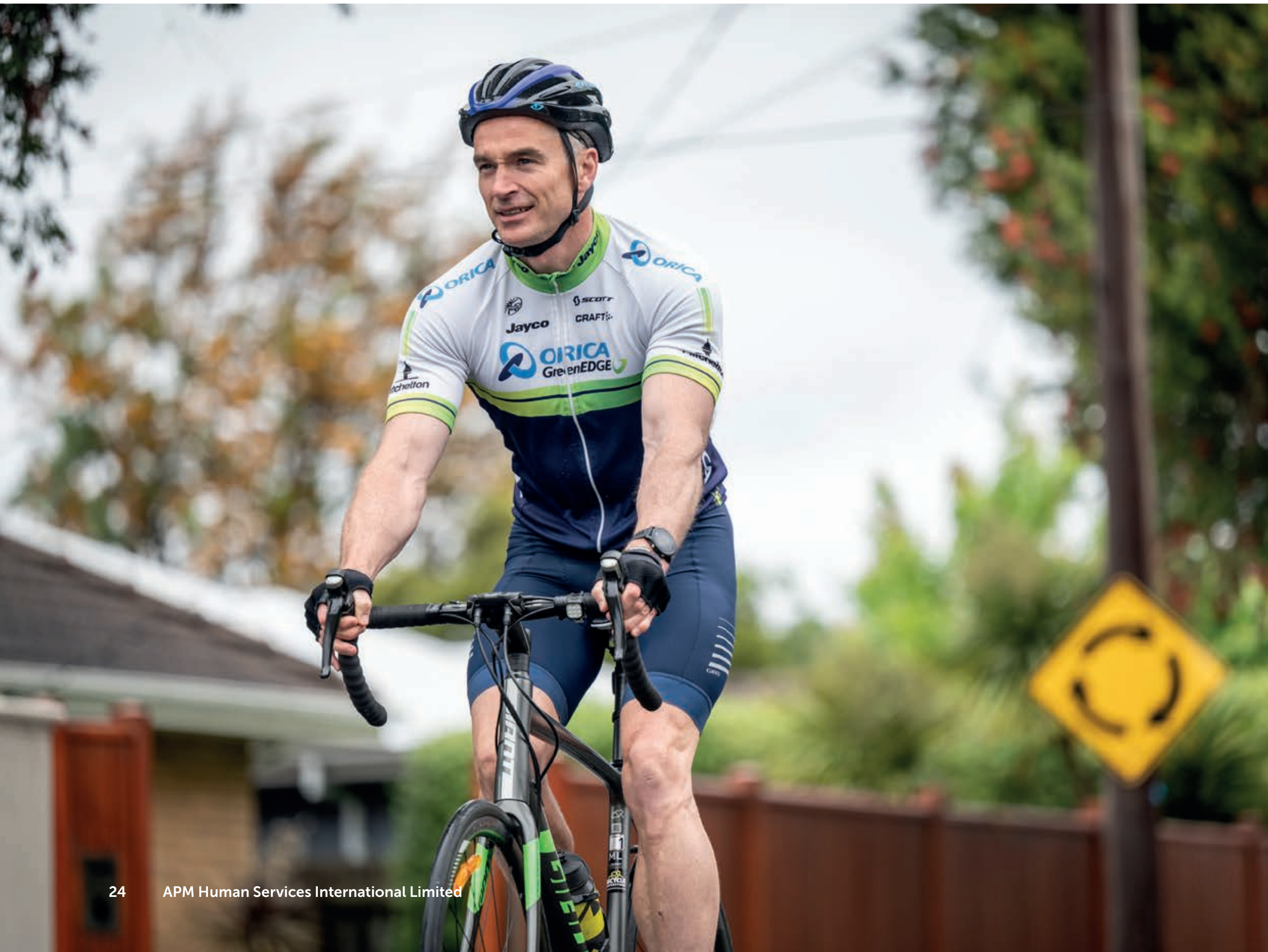
Oliver now speaks in full sentences and is attending the local mainstream primary school independently without additional support. He has a great group of friends, eats meals at school and participates in all activities.

A trip to the hairdresser is now a happy outing.

- In the **UK**, **CiC** delivers mental health and wellbeing services, while **Ingeus** delivers the NHS Diabetes Prevention Programme (NDPP) helping participants make simple changes to their diet, physical activity levels and weight management, with the aim of reducing or removing their risk of developing type 2 diabetes; and
- In **Canada,** we deliver vocational rehabilitation and assistance services to veterans and their families as they transition to rewarding careers in the civilian workforce.

We work in a fast-changing industry, with varied client and customer expectations and evolving policy and regulatory environments. We respond creatively and flexibly with one thing in mind – providing high quality services to our clients, no matter where they are, what their concern, or when they need us.

APM Health and Wellbeing is well positioned to respond to the transformation that is taking place in the health industry – from illness to health and wellbeing, from provider-centric to person-centric, from generic to more personalised care. Driven by our purpose of enabling better – and healthier – lives, we continue to build a health care organisation that understands how client and customer needs are changing and develop service delivery models that can be scaled across international markets.



In FY22

- **Our multi-disciplinary team of over 2,000 health professionals deliver high-quality, evidence-based services in Australia, NZ and the UK**
- **Our more than 3,000 mental health programs assisted over 1,000 workplaces and provided more than 120,000 individual hours of support to those in need**
- **Our team of 270 Allied Health employees at Konekt assisted 31,750 people to either secure work, stay at work or return to work after a workplace injury**
- **Our NZ team responded to 17,040 health and rehabilitation referrals from employers, treatment providers and the Accident Compensation Corporation**
- **ESA provided support to 8,812 children and their families**
- **Biosymm's 120 team members assisted 25,941 individuals to recover from injury and stay at work, and implemented more than 200 changes to businesses in the form of equipment or engineering controls to reduce the risk of injury**
- **MCI supported over 9,000 people to progress their skills and qualifications with 1.4 million study hours supported by our team**
- **In the UK, CiC provided 50,000 hours of support across 288 organisations**
- **More than 20,000 people accessed our digital health and wellbeing platform, Wellbeing Gateway after its launch**

> "We now have this knowledge to use in our future to eat healthy, keep exercising, keep our weight down and know how much to eat. We feel more confident and positive."
>
> **Harsimer**

National Diabetes Prevention Programme (NDPP) – Ingeus UK

Having an increased risk of type 2 diabetes and suffering from high cholesterol and high blood pressure, Harsimer (a 66 year old recently retired shop owner and mother of three) was eager to start on the National Diabetes Prevention Programme when it was offered to her by her GP.

The program aims to support people at risk of type 2 diabetes to lead a healthier lifestyle to prevent a more serious condition. Through the program, Harsimer learnt about portion control, how to cook healthy meals and how diet can affect diabetes.

Her husband is now involved and they often take healthy walks together.

Our Businesses

Communities and Assessments

Making sure people get access to the right funding, supports and services at the right time is a critical part of our mission to enable better lives.

APM's Communities and Assessments business delivers a broad range of assessment services and community-based programs from early childhood and adolescence, through the working years to older age, supporting people throughout their life to get the help they need.

Our key programs include:

- In **Australia**, APM delivers Local Area Coordination (LAC) services as part of the NDIS, aged care assessments through the Residential Assessments Services (RAS) and Residential Aged Care Services (RACA) programs and disability assessments through the National Panel of Assessors (NPA) programs;
- In the **UK,** Ingeus delivers the National Citizen Service (NCS), a national youth program designed for 16–17 year-olds to help young people achieve their potential and build bridges between communities; and
- Also in the **UK**, Ingeus provides rehabilitation support to ex-offenders as they look to transform their lives through the Commissioned Rehabilitative Services (CRS) program; Ingeus also delivers several justice programs to help our clients secure employment, mitigate re-offending and increase social inclusion.

The Communities and Assessments team provides information and eligibility assessment services for individuals or families to facilitate and determine their access to, and eligibility for, government support schemes, with a clear focus on a client's individual circumstances and life goals.

Our community-centred practice means our skilled consultants work directly with our clients and other stakeholders such as families, schools, employers, agencies, service providers and others to help influence client success and to help with the achievement of their unique participation goals.

We conduct assessments across the lifespan and consider a person's early childhood development, injury, illness, impairment or disability, functional and work capacity, workplace modifications, wage subsidy and ongoing support requirements.

Our programs are strengths-based with the goal of increasing a person's independence and resilience and optimising community participation and quality of life, relative to their age and stage of life.

Our services are tailored to a person's capabilities and needs and are focused on assisting many of the most vulnerable members of our communities including those living with disability or disadvantage and people in the justice, aged care and youth sectors.

Our Assessments are the gateway to optimal independence for those we support.

Regional Assessment Services (RAS) – Australia

Gloria, who is 73 and lives with her partner in government housing in the indigenous community of Woorabinda, Queensland worked with an APM RAS Assessor and an Aboriginal Liaison Officer to receive an assessment in her community.

Her Assessor developed client-centred goals with Gloria, who experienced regular falls, causing injury and pain which impacted her ability to do housework and prepare meals.

Gloria wanted to ensure she was okay after a fall, ate something healthy every day, had a clean home and help with shopping and transport to appointments.

As a result, recommendations were made regarding meals, nursing, domestic assistance, transport, and social support to help Gloria lead a more independent life.

APM also arranged for Gloria to see an Occupational Therapist to obtain a "wheelie walker".

Aboriginal Liaison Workers are often well known and trusted by indigenous Australians, and APM regularly collaborates with them to achieve the best outcomes.

In FY22

- **19,239 people with disability assisted in the Local Area Coordination and National Panel of Assessors programs**
- **5,623 children with disability under 14 supported through the Local Area Coordination program**
- **72,947 older people supported by our Communities and Assessments teams in Australia**
- **29,916 people received assessments in the Regional Assessments Services program**
- **3,799 young people assisted in the Local Area Coordination and National Panel of Assessors programs**
- **Each year APM's Regional Assessment Services team helps nearly 30,000 older Australians access a range of services to enable them to live independently at home and in the community for longer**

> When I came to this event it was like another part of me came alive. Like the cricket side of me came back.
>
> **Raz**

Local Area Coordination – Australia

Raz is 21 and lives in Busselton, Western Australia.

Like many young men his age, he loves cricket.

Thanks to a collaboration between APM Communities and the Western Australian Cricket Association (WACA), Raz now plays cricket with Busselton club, St Marys.

"I felt like I belonged somewhere, and cricket was the goal for me," he said.

The first step for Raz was joining the WACA's indoor inclusion league "Come and Try" series, an initiative that gave people with disability the chance to try their hand at the game.

The integrated short cricket series was the first stage of a longer-term project aimed at gauging interest to develop and promote inclusive opportunities for people with local cricket clubs.

Raz now plays with St Marys.

As part of the NDIS Partners in the Community program, APM Communities help people with disability in several regions in Western Australia, Queensland and the Northern Territory to access support.

Our Businesses

Disability and Aged Care

At APM, we believe in the power of inclusivity and participation regardless of a person's age and stage in life.

The Disability and Aged Care business is our newest at APM. Operating in Australia, it aims to provide a range of in-home and community-based support services for people with disability and older people that empower them to meaningfully participate in daily life and help build more inclusive communities.

The clients we support in this business are typically participants in the NDIS or recipients of the Australian Government's Home Care Package.

While this is an emerging business for APM, we have a strong history of high quality, evidence-based and successful service provision in the disability and aged care sectors.

We provide a range of key services to people with disability through our Health and Wellbeing, Employment Services, and Communities and Assessments businesses. We also provide aged care assessments and a range of allied health services to assist older Australians to live as independently as possible, either in their homes or in residential aged care.

We operate across metropolitan, regional and rural Australia where these services need to be delivered in local communities.

> I'm grateful to have found such a fantastic support worker and that I had complete choice and control throughout my whole experience with Mobility.
>
> **Grace**

Mobility – Australia

Grace is an NDIS participant living in St Kilda. She had heard about Mobility and contacted our Customer Support Team for assistance.

Grace was looking for someone to help her with her health and fitness goals. She wanted to find a support worker who could motivate and challenge her.

Mobility assisted by helping her access the Mobility online app, setting up her profile and loading her plan details and goals. Mobility staff then showed Grace how to search for a support worker through the Mobility app.

After viewing the profiles of support workers available in her area, Grace came across Gilmar whose profile showed he enjoyed keeping fit. She booked a trial shift with him to see how they would work together.

On their first shift, Grace and Gilmar attended the local gym to enquire about membership and afterwards decided they would meet five times a week to support Grace with her fitness goals.

Almost 18 months later, Grace and Gilmar are still working together weekly. Grace continues to book in her shifts with Gilmar through the Mobility app and knows she can call the Mobility Team when needed.

Mobility's focus is to provide an 'out of the box' experience, with excellent customer services so individual's aspirations can be realised – just like Grace's goals.

Our knowledge of the clients, the services and local markets positions us as a leading provider of community-based Disability and Aged Care support services across Australia, enabling better lives through the delivery of exceptional service and high-quality care.

The Disability and Aged Care sectors in Australia are expected to grow significantly with funding for the NDIS to increase to $31.9 billion per annum by FY25 and Aged Care Home Support and Home Care funding expected to rise to ~$11 billion per annum by FY23.

MyIntegra and **Mobility** are the first two acquisitions for APM's Disability and Aged Care business.

MyIntegra provides plan management and support coordination for NDIS participants ensuring they are well supported to understand and manage their NDIS funding and access the right services to meet their needs.

Mobility is a marketplace for on-demand home care services connecting service providers with participants in both the NDIS and Aged Care sectors.

In Australia, APM is currently considering the acquisition of a range of in-home support services, community-based support services and supported independent living services to broaden our footprint in these markets.

In FY22

- **MyIntegra supported over 12,000 people**
- **Mobility provided services to 1,192 people**

Strategic Outlook

APM's financial performance in FY22 and historically through economic cycles, demonstrates the resilience of the business and the essential nature of our services.

We have a strong platform for growth and our positive outlook through FY23 and beyond is underpinned by the Company's proven growth strategy to:

- Deliver on our existing programs and convert pipeline opportunities
- Assess and complete accretive strategic acquisitions
- Enter new markets and expand the depth and breadth of service offering

Deliver on our existing programs and convert pipeline opportunities

In the last 12 months, APM has secured several long-tenured contracts (not including renewals of existing contracts), including the Restart Scheme in the UK, Rehabilitation Services and Vocational Assistance Program for Veterans and Ontario Employment in Canada, and Residential Aged Care Assessments in Australia. These contracts will continue to support growth.

APM is well placed to benefit from underlying growth in the health and human services market with key contracts being tied to fiscal spending on social services. This growth reflects the increasing focus of governments in developed economies on reducing socioeconomic inequality, managing structural labour changes and an increased focus on prevention and early intervention in Health.

APM's programs are typically resilient throughout economic cycles. This was demonstrated by the performance throughout the COVID-19 crisis where the business has continued operating without structural changes to its workforce and invested in people and opportunities supporting the growth of the business. Winning and retaining large scale, complex government tenders is a critical and fundamental part of APM's business and DNA.

Across geographies and service lines, the common focus of customers is on capability, capacity, performance, price and proven ability to deliver positive outcomes. APM has a strong track record of delivering capability, performance, and outcomes for stakeholders which it believes provides it with a competitive advantage in winning new business.

APM leverages its global capability and experience to target key market opportunities and support stakeholders in developing future programs. APM benefits from its scale and is able to apply learnings from particular regions across its global operations and bring the benefits of this to local markets.

There is a strong pipeline of upcoming opportunities for APM which we will continue to invest time and resource in across the Health, Employment, Assessments, Disability and Aged Care sectors.

Assess and complete accretive strategic acquisitions

APM has a track record of expansion via acquisition to build scale in existing businesses and successfully integrating its acquired businesses, enabling it to enter new markets and adjacent service areas and expand connectivity with the clients who APM understand well.

During the year, APM made a number of strategic investments in businesses including the acquisition of Early Start Australia to take APM into early childhood, early intervention therapy services; MyIntegra to deliver plan management and support to people in the NDIS and Aged care sectors; Mobility to provide flexible care and support for our clients; Lifecare Group in Australia expanding our therapy presence across Australia in-clinic and in-home; Clustera taking us into the growing Swedish market; DWFS and DESI in the US Workforce Services market taking us into the Job Corps sector and expanding our presence to 24 States; and Biosymm in Australia expanding APM into the on-site therapy market.

APM considers acquisition opportunities consistent with its overall growth strategy on an ongoing basis. APM will only pursue potential acquisitions if the target business is aligned with APM's growth ambitions, provides further scale or a market entry point and if APM considers that the acquisition is culturally and values aligned.

APM also employs a principles-based approach to integrating new acquisitions that guides decision-making to ensure success. APM approaches each acquisition with the following key principles:

Client First: The delivery of evidence-based, best-in-class support to clients is paramount and must be maintained and enhanced

Service Expansion: APM seeks opportunities where it can strengthen its existing service offering, and add talent and scale to its existing core business offerings

Geographic or sector expansion: APM continuously looks for acquisitions that provide it with geographic or sector expansion

Capability expansion: APM also targets opportunities that provide expansion of its service offering

Performance improvement: APM ensures all acquisitions are supported by an integration plan which assesses areas of synergy and investment to deliver enhanced performance and results

APM continues to assess a large pipeline of opportunities across the globe and believes that the uncertainty and disruption caused by COVID-19 provides an environment for accretive acquisitions. The recent refinance completed by APM in July 2022 provides strong balance sheet capacity to support growth.

Enter new markets and expand depth and breadth of service offering

APM enters new markets where there is a stakeholder who is committed to positive sustainable change for its people. Given the continued focus on health and human services globally, APM continues to assess new markets and strategic opportunities with Sweden being the most recent example of market entry.

The Swedish Government is considering reforms as it moves away from a provider of service to a role of market stewardship. APM's acquisition of Clustera provides an initial entry point and we will continue to invest and assess strategic options.

APM applies the following criteria to assess and prioritise opportunities: whether the program is designed to improve client outcomes; funding model and unit price; market dynamics; competitive landscape; regulatory policy and economic trends; cultural differences; country risk assessment (compliance, fraud, corruption, bribery, tax, data privacy, cybercrime); and APM's ability to contribute a best-in-class competitive evidence-based offering.

Australia's National Disability Insurance Scheme (NDIS) represents the largest human services related social reform in Australia since the introduction of Australia's Medicare system in 1984 and APM is well positioned to leverage its allied health experience to expand into service provision as a registered provider of services. The ambition for APM is to be a market-leading provider at scale servicing all Australians across rural, regional and metropolitan areas.

The Royal Commission into Aged Care Quality and Safety in Australia has also increased the focus on the delivery of high quality aged care services in Australia and APM will continue to assess opportunities in this important sector.

We believe that APM has the right strengths, capability, capacity and track record to be the leading provider at scale across these large markets.

With its international footprint and diverse range of services, APM has opportunities to replicate existing service offerings in the international market, particularly around disability, allied health, veterans, youth and mental health.

APM believes leveraging its people, systems, physical locations, relationships, and local knowledge will assist in the expansion of its service offerings across geographies.

Sustainability

Making a positive and lasting social impact in FY22

More than 1,140,000 people supported

185,802 people with disability supported

111,493 people with mental health needs supported

25,807 defence and ex-defence personnel supported

Making a positive and lasting social impact

APM's vision is to make a positive and lasting social impact for the people, communities, customers and governments we support around the world. We aim to be the most trusted, highest performing, and successful health and human services company in our chosen markets with performance centred on delivering exceptional outcomes for our clients.

We contribute to strong and sustainable communities and a society that advocates for inclusion, diversity and equality, and we seek this aspiration equally for our clients, customers, team members and the environment.

Our Environmental, Social and Governance management aligns Board strategy and oversight with executive and operational performance, focused on delivering sustainable outcomes for our clients and stakeholders across our services. The governance framework includes a suite of policies and procedures to ensure our people are well-equipped to manage risk appropriately and to deliver to the highest standards. Our Corporate Governance Policies are available at www.apminvestors.net.au

As a company, we are committed to helping make the United Nations Sustainable Development Goals (SDGs) a reality through our day-to-day work enabling better lives.

UN SDG	Our Businesses
5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	**Employment Services**
3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES	**Health and Wellbeing** **Disability and Aged Care**
3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	**Communities and Assessments**

Our Clients	Social impact
• Unemployed people • Excluded and/or marginalised populations • People with disability • Migrants and/or displaced persons	• 639,466 job seekers supported to improve their employability • 6,306 defence and ex-defence personnel assisted
• People with disability • Ageing populations • Vulnerable youth	• 237,242 mature aged people supported • 77,180 youth supported • 19,484 children supported • 111,493 people with mental health needs supported
• Vulnerable youth • Excluded and/or marginalised populations and/or communities • Ageing populations • People with disability	• 44,604 offenders and ex-offenders supported to reintegrate into the community • 19,239 people with disability assisted • 29.916 people received assessments • 5,623 children with disability supported • 72,947 older people supported

Diversity and inclusion

In our eyes, everyone is equal and deserves the same, best-in-class service, no matter who they are and where they live. At APM diversity, equity and inclusion are embedded across our businesses, as well as being a key tenet of our Code of Conduct.

In the work we do every day to enable better lives, we are trusted with supporting some of the most vulnerable and disadvantaged members of society.

We are committed to treating our clients, customers and each other, with respect and dignity and to ensuring our workforce is reflective of and engaged with the communities in which we operate.

- **Our fourth Reconciliation Action Plan (RAP) has been endorsed by Reconciliation Australia. Now in the Stretch RAP Phase, our key initiatives include the recruitment, development and retention of indigenous team members through culturally appropriate programs, cultural awareness training, and participation in NAIDOC Week and National Reconciliation Week**
- **APM is a member of the Diversity Council of Australia**
- **Employee Resource Groups for Disability, Injury & Illness, CALD, First Nations and Pride (LGBTQIA+) are active in Australia and NZ, and in Ingeus UK, the Diversity & Inclusion Group has multiple groups (Disability/Ability; Race & Ethnicity; LGBTQIA; Gender; Armed Forces)**

We work with vulnerable groups including youth, people with disability and ageing populations to ensure they can fully participate in their communities and economies. We purposefully empower the individuals we work with and the communities we operate within to make sure no one is left behind.

Our Health and Wellbeing and Disability and Aged Care businesses assist access to high-quality and essential health and community care services across the life course to support living well.

We promote and actively contribute to inclusive and sustainable economic growth, full and productive employment and decent work for all through our employment services. Our programs are designed to reduce unemployment and support those most marginalised from the labour market to connect with real opportunities for work.

We seek to reduce inequality by providing equitable access to opportunities and support for socioeconomic advancement to our clients including First Nations peoples, people from culturally and linguistically diverse backgrounds, refugees, sole parent families, people within the justice system and those facing entrenched disadvantage.

Employee engagement and culture

We believe our success can be attributed to our dedicated people. APM's team members are recruited using a values-based assessment to ensure candidates are motivated by a genuine passion, and strong commitment to supporting people in the community, and are aligned to our values and culture.

We measure cultural engagement through an independent survey of all staff members across the Group. In our last survey, which was conducted across 10 countries with over 4,000 team members, we had a participation rate of 80% and our overall engagement score was 70% of our team members who have a favourable experience with APM. Our highest engagement scores at over 80% related to alignment & involvement, teamwork and management.

Importantly, APM's listing on the ASX gave eligible employees (based on domicile and tenure) the opportunity to invest as shareholders of the company and share in the value they have created through their hard work and commitment to our clients and to APM. We are pleased that 3,199 of the APM team are now shareholders.

- **18.7% of team members in Australia and New Zealand have a lived experience with a disability**
- **5.4% of APM team members surveyed in Australia, Canada, South Korea, New Zealand and the UK disclose they have a disability**
- **4.8% of our people in Australia, New Zealand and the UK self-identify within the LGBTQIA+ framework**
- **17.4% of our team in Australia, NZ, Canada, the UK, South Korea, Singapore and Sweden identify as culturally and/or linguistically diverse (CALD). Over 100 nationalities are represented**
- **73.4% of APM's team self-identify as female**
- **Three of eight Board Directors self-identify as female (37.5%)**
- **62% of the senior leadership team self-identify as female**

> “I really love working for a company where we all share the same goal: to help people. It’s rewarding to be part of an organisation that exists to assist others.”

APM People

Mallory started her APM career even before she knew it – as a short-term contractor with Konekt Workcare advising on their software testing strategy, then leading the rebuild of their case management system and their product strategy. After APM acquired Konekt, Mallory moved into an IT Business Partner role, working with four health businesses. Approached by another business, Mallory took the opportunity, only to find herself returning as an APMer after six months: “The lure of APM was too great and I am back as GM Product for the Health division.”

APM has a dedicated alumni program and we embrace the return of high calibre team members who recommence with us after undertaking experiences elsewhere.

Leadership development and Training

Our people are our greatest asset, and we continue to invest in their development and cultivate a high-performance culture. In FY22, APM formed a new partnership with Harvard Business School (HBS) with 135 senior global business leaders having participated in the APM Global Leadership Program, which included a series of three-hour immersive leadership sessions with HBS professors.

In Australia and New Zealand, APM launched a number of new compulsory learning modules for all employees, including those covering Cybersecurity, Child Safety Responsibilities, Aboriginal and Torres Strait Islander Peoples Cultural Awareness, and Cultural Sensitivity awareness more broadly. Participation in these modules, as well as the 14 others that comprise the Compulsory Learning Suite, totalled 24,063 hours of learning, while participation in other online modules equated to 26,227 hours, in addition to a further 44,281 webinar hours.

We also have a suite of online learning programs and modules for all team members to augment their on-the-job training, and through our MCI training business we offer and provide nationally recognised Certificate and Diploma qualifications to all new starters in Australia. To date, 1,260 of our people have taken up this eighteen-month learning opportunity, including 1,001 new and existing employees in the Certificate IV in Employment Services.

In the USA, annual leadership conferences are held for senior leaders, along with annual manager summits and coaching. Thirty hours of professional development training is required for all team members, including Code of Conduct, Cybersecurity and Harassment Prevention. Career development opportunities are provided for all team members through a broad curriculum, which includes Financial Empowerment, Extreme Customer Service, Business Development and Motivational Interviewing.

Additionally, through leveraging our expertise across the Group, this year 257 current and future leaders at Ingeus UK attended the MCI Leadership Academy, and 708 employees enrolled in a Level 2 Employability qualification. Also in the UK, 1,166 employees in our Employment Services division have attended induction in the last year, equating to 1,782.5 hours of virtual delivery.

Health and Wellbeing

As part of our dedication to the health and wellbeing of our 10,300 team members, we have geographic and site-specific policies and programs to enable our people to stay well – physically, emotionally and financially. In Australia, our My Wellbeing program delivers resources and tools on a variety of topics to keep our team members and their families safe and healthy, while in the UK 250 team members obtained the accredited Mental Health First Aid qualification, in addition to several other health and wellbeing events held throughout the year.

Being committed to working ethically and responsibly with our clients, communities and with each other, we have launched Whispli, an independent platform where our people can raise concerns (including anonymously) without fear of retaliation about any activity they believe does not match the values we strive for at APM every day and, as set out within our Code of Conduct.

Sustainable and inclusive community partnerships

APM is proud of its efforts to help create sustainable and inclusive communities in the countries in which we operate. We participate in and contribute to a broad range of community partnerships, sponsorships and engagements that make a positive difference to our communities, with a strong focus on assisting organisations to increase access and inclusion for everyone, particularly for people living with disability.

Our Ingeus Germany team has designed and is now delivering a free resettlement and local integration support service for Ukrainian refugee families arriving in Berlin.

Supporting Ukrainian Refugees

As APM watched the international tragedy unfolding in Ukraine, we acted by extending the services we offer in Germany to assist Ukrainian refugees. As a result of an initiative designed by our Ingeus Germany team, for 12 months from May 2022, we have been offering free resettlement and local integration support services to Ukrainian refugee families arriving in Berlin from across the Polish border. To date over 1,600 individuals have received vital support including housing, language, childcare, education, employment and health services.

Psychologist Olena Shtabovenko fled Ukraine with two small children of her own, as well as one small child of her neighbour. Olena's mother, who is suffering from cancer, also fled Ukraine.

Now safely in Germany, Olena received support from Ingeus, including assistance with her application for social welfare and suitable treatments for her mother, and finding an appropriate apartment for them all in Berlin.

Our strategic community partnerships include:

- **Hockey Australia** to help the Hockeyroos and Kookaburras to compete on the world stage, as well as in creating all-inclusive grassroots programs
- The South Australian National Football League's **APM Inclusive League** to give more people with disability a chance to get involved in sport
- A variety of **sports partnerships** that increase not only fitness but social confidence and participation, including with the Reds Volleyball Association and Binar Basketball in Australia
- All-inclusive **events, conferences, awards and festivals** to encourage audience and participant diversity and inclusion, including the Attitude Awards in New Zealand, Celebrate WA, International Day of People with Disability and the Australian Indigenous Leadership Summit
- A range of **charitable organisations** to further their work and promote their causes, including Telethon and Anglicare WA, and in the UK, Ingeus partners with organisations local to our contracts, such as in Greater Manchester, where considerable fundraising is achieved through staff volunteering and donations

Thought leadership and research

A key component of our ESG vision is creating evidence-based and impactful thought leadership. As part of APM's commitment to corporate social responsibility and data philanthropy, we share research with our customers and communities to inform and develop programs and enhance service delivery.

In FY22, we published:

- The 2022 APM Disability Diversity and Inclusivity Index of Australian Workplaces, which evaluates, and aims to inform and increase, disability diversity and inclusion; and
- The 2021 WCG Canadian National Employment Index, which examines the experiences of broad cohorts of job seekers furthest from the workforce, including First Nations peoples, single parents, migrants, ex-offenders and the long-term unemployed.

Operating responsibly

APM is dedicated to operating responsibly for and on behalf of governments, customers, clients and stakeholders, acknowledging our role as a trusted community partner across multiple regions. Our Code of Conduct, supported by a suite of policies, sets out our focus on operating responsibly, ethically and honestly.

Modern Slavery

APM takes its responsibilities and obligations under the Modern Slavery Act seriously. We acknowledge the far-reaching complexities related to Modern Slavery and we have robust systems in place to ensure sound governance, as well as high-quality practices and frameworks to carefully plan for and prioritise risk. This includes due diligence of suppliers where we have identified potential modern slavery risks and adding Modern Slavery provisions into our contract terms and conditions.

Data privacy and security

Acknowledging and respecting data privacy and security, APM leverages technology to maintain heightened levels of security across our client, customer, and other key stakeholder data through our commitment to cybersecurity frameworks aligned to ISO 27001, and rigorous internal and external security testing that focuses on data privacy. We continue to invest in best-in-class technologies to provide our staff with the safest systems to engage, communicate with and support our clients, employers and stakeholders and that enable future growth and collaboration.

Environmental Impact

APM is committed to continuing to minimise our impact on the environment.

We have a formal Environmental Management System and Environmental Plan and maintain compliance with ISO 14001:2015 by adopting best practice environmental management throughout our organisation, minimising material and energy waste and purchasing sustainable, recycled and energy-efficient products. Our Ingeus UK business is guided by our Sustainable Development Policy and Plans tailored for local context and specific contract service delivery requirements.

We continuously assess our organisational activities to identify areas where we can further reduce the environmental impact of our operations. For example, we minimise travel where possible by recruiting local staff and reducing non-essential work-related travel, promoting the use of public transport where available and increasingly use technology such as MS Teams and video conferencing capability. We also focus on reducing our plastic and waste, encouraging staff to recycle office waste and use electronic documents where possible to minimise the need for printing, and procuring sustainable products, such as recycled paper. Further, we take an advocacy and adoption posture by conducting sustainable marketing where possible and by sharing 'reduce, reuse, recycle' messaging in our centres.

In the UK, we are implementing a fully electronic recruitment process, resulting in no document printing or postage requirements, and all payroll documents are now electronic.

At APM we also recognise and reduce health or safety risks arising from the environmental impacts associated with our operations.

Our ESG journey

Creating sustainable, positive social impact is at the core of who we are at APM. In FY23 we will focus on conducting a comprehensive materiality assessment, developing additional initiatives to drive greater impact, and measuring and reporting transparently on our performance now and for the future across all our identified key areas in environmental, social and governance.

We will also conduct a review of applicable sustainability reporting guidelines, with a goal to align our disclosures with the most appropriate generally accepted framework in the coming years and to delivering our inaugural Sustainability Report.

> "Our focus on doing the right thing and supporting our clients to develop greater independence and social and economic participation is part of our DNA."
>
> **Megan Wynne,**
> Founder and
> Executive Chair

APM Human Services International Limited
ABN 38 639 621 766

Financial Report

For the year ended 30 June 2022

Contents

These consolidated financial statements are the consolidated financial statements of the consolidated entity APM Human Services International Limited and its subsidiaries. The consolidated financial statements are presented in the Australian currency.

The consolidated financial statements were authorised for issue by the directors on 31 August 2022.

Review of Operations and Activities

For the year ended 30 June 2022

Operating and Financial Review

In our first year as listed company, it is pleasing to see the operational performance of our global business has delivered maiden financial results that exceed our Prospectus forecasts.

Overview of APM

APM is an international human services provider with the purpose of "Enabling Better Lives".

Each financial year, APM supports more than one million people of all ages and stages of life through assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

With 1,195 sites spanning 11 countries (Australia, United Kingdom ("UK"), Canada, United States of America ("USA"), New Zealand, Germany, Switzerland, Spain, Singapore, South Korea, Sweden), APM's team of more than 10,300 team members work to enhance community health and wellbeing, delivering services to clients across the early childhood, youth, employment, insurance, justice, veterans, disability, and aged care sectors.

By delivering on its purpose of enabling better lives, APM is making a positive and lasting social impact for the people, communities, and governments it supports through the services it provides every day.

APM's business is strongly aligned with the United Nations' ("UN") Sustainable Development Goals ("SDG's") and in particular:

- *Goal #3: Good health and wellbeing through promotion of mental health and rehabilitation services;*
- *Goal #5: Achieve gender equality and empower all women and girls;*
- *Goal #8: Decent work and economic growth through promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;*
- *Goal #10: Reduce inequalities within and amongst countries through APM's extensive work with people living with disability, illness and injury, and improving access to labour markets for people from vulnerable and disadvantaged populations; and*
- *Goal #17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.*

Financial Highlights

Profit & loss summary

$Am	FY22	FY21
Total income for the year/period	1,330.7	1,016.4
Total profit/(loss) for the year/period	40.7	(1.9)
Add back: amortisation of service agreement contracts	51.7	50.8
NPATA*	92.4	48.9
Incremental costs of IPO, debt refinancing (net of tax) and tax adjustments	73.9	79.7
Pro forma NPATA**	166.3	128.6
Pro forma NPATA margin***	12.5%	12.7%

* NPATA is the net profit or loss after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles.

** Pro forma NPATA is the net profit or loss after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, incremental costs and tax effect associated with the November 2021 IPO, transaction costs and tax effect associated with debt refinance in July 2021 and one-off tax benefits recognised in the UK and Australia, refer to note 6.

*** Pro forma NPATA margin is pro forma NPATA divided by the total income for APM and expressed as a percentage.

NPATA is considered by Management as the primary reporting measure in understanding the profitability of the business and the financial performance of each of its segments without the impact of non-cash amortisation charges. NPATA is used by the Executive Office when assessing strategic options such as the ability to pay dividends.

During FY22, APM's consolidated income increased by $314.3 million (30.9%) to $1,330.7 million. This revenue growth was attributable to:

- Continued good performance across Employment Services in Australia;
- Increased activity in the Australian health business where we completed the platform acquisitions during the year of Early Start Australia, Lifecare Group and Biosymm;
- The mobilisation of the Restart Scheme in the United Kingdom which saw considerable growth in the overall Europe/UK business; and
- The growth in the North American operations through employment contract wins in Ontario, Canada and the acquisition of Dynamic Workforce Solutions ("DWFS") in the USA.

The revenue growth was partially offset by the Asia Pacific ("APAC") segment being negatively impacted by interruptions caused by COVID-19.

The FY22 total comprehensive income for the year includes IPO and transaction costs including capital restructuring costs, net of tax, totalling $73.9 million and amortisation expenses associated with acquired service agreement contracts totalling $51.7 million. Adjusting for these factors, the Pro forma NPATA increased 29.3% to $166.3 million, reflecting the growth in the Australian and European segments as well as the continued benefits of operating scale.

Cash flow summary

$Am	FY22	FY21
Operating cash flow	217.1	219.0
Investing cash flow	(252.2)	(1,251.1)
Financing cash flow	100.9	1,137.9
Net increase in cash	**65.8**	**105.8**

Operating cash flows in FY22 included payments associated with the IPO totalling $36.3 million and net income tax payments of $28.3 million. Net income tax payments in FY22 were $20.3 million higher than FY21 due to Australia fully utilising accumulated tax losses in FY20. Adjusting for these items, the Pro forma EBITDA cash conversion for FY22 was 92%, and Pro forma operating cash flow grew by 25% to $281.9 million. Pro Forma EBITDA is the earnings before interest, tax, depreciation and amortisation, after adding back incremental costs associated with the IPO and foreign exchange gains/losses.

During FY22, APM's investing activities included $39.6 million on capital expenditure. This expenditure was largely attributable to the assets required for the commencement of the Restart Scheme and ramp up of the RSVAP contract in Canada, the refresh of the IT asset fleet for the businesses APM acquired, and an ongoing investment in cyber and data security.

APM's investing activities in FY22 also included the acquisitions of Generation Health, DWFS, Early Start Australia, MyIntegra, Mobility, Lifecare, Clustera, DESI and Biosymm businesses. The cash component for these acquisitions was $186.9 million.

The completion of the IPO in FY22 raised $343.5 million for APM. This amount included the proceeds from the partial settlement of the management equity plan. In November 2021, APM applied $160.0 million of IPO proceeds to repay part of its USD denominated debt. The capital restructure as part of the IPO also reduced the interest paid in the year by $23.5 million.

Statement of Financial Position Summary

$Am	30 June 2022	30 June 2021
Current assets	532.5	314.8
Non-current assets	2,145.9	1,857.8
Total Assets	**2,678.4**	**2,172.6**
Current liabilities	363.9	282.3
Non-current liabilities	834.8	1,846.7
Total Liabilities	**1,198.7**	**2,129.0**
Net Assets	**1,479.7**	**43.6**
Total Equity	**1,479.7**	**43.6**

The significant movements on the Consolidated Statement of Financial Position are predominantly attributable to the transactions associated with the IPO and business acquisitions that occurred in FY22.

The increase in APM's total assets during FY22 was primarily a result of the $65.8 million increase in cash as outlined above, and the acquisitions of Generation Health, DWFS, Early Start Australia, MyIntegra, Mobility, Lifecare, Clustera, Biosymm and DESI businesses increasing intangibles by $265.9 million which was offset by amortisation for the Group of $51.7 million.

Total liabilities decreased across the year by $930.3 million due largely to the conversion of shareholder loans with a value of $965.5 million to equity as part of the IPO capital restructure. Additionally, following the receipt of the IPO proceeds, APM repaid $160.0 million of its USD denominated debt. As a result of the capital restructure and debt repayment, APM's leverage ratio is 1.7x pro forma EBITDA (including leases). Pro forma EBITDA is the earnings before interest, tax, depreciation and amortisation, after adding back incremental costs associated with the IPO and foreign exchange gains/losses.

The movement in total equity across FY22 is due largely to the transactions associated with the IPO.

Segment Overview

Australia

			Movement	
$Am	**FY22**	**FY21**	**$**	**%**
Revenue	644.9	530.8	114.1	21.5%
NPATA	12.0	8.2	3.8	46.3%
Pro forma NPATA*	97.5	88.0	9.5	10.8%

* Pro forma NPATA in Australia includes adjustments for the IPO and transaction costs, to extinguish the pre-IPO management equity plan, foreign exchange impact, employee IPO gift, shareholder interest expense, costs to refinance external debt, reflect bank interest under the post-IPO capital structure, ACA tax refund adjustment, and tax effect of pro forma adjustments.

The Australian segment performed strongly with Revenue of $644.9 million being up 21% on FY21 and 2% on Prospectus, with pro forma NPATA of $97.5 million up 11% on FY21 and 10% on Prospectus.

The Australian result reflected the strong performance across employment services, which operated throughout the shutdowns on the east coast during the first half of the financial year, the continued growth in the overall Health and Wellbeing business through acquisition, and continued momentum across mental health and training sectors.

In the second half of the year, we commenced the transition of the jobactive contract and began preparation for the new Workforce Australia contract.

Despite the low rate of unemployment and observed labour shortages, employment services caseloads remain above pre-pandemic levels. In the second half of the year as a result of the Workforce Australia contract award where APM was awarded 13% of contracts (44 contracts in 34 regions), APM has opened 32 new sites in preparation for the contract start in July 2022.

The Health and Wellbeing and Communities and Assessments businesses were impacted by COVID-19 due to higher levels of absenteeism from both a therapist and client perspective impacting the ability to deliver sessions, and access restrictions to conduct assessments and deliver services.

We continued to invest in talent across the business and in particular in Disability and Aged Care, as we focus on the opportunities that these sectors present, and the clinical governance structure required to operate at scale.

The Group completed the acquisitions of Early Start Australia, MyIntegra, and Mobility at the half-year. Following these acquisitions, APM acquired Lifecare in January 2022 and Biosymm in April 2022. These businesses are being integrated into APM. The Group will continue to invest in these platform businesses to expand their operations nationally leveraging the Group's physical presence and strong community connections.

Europe/UK

			Movement	
$Am	**FY22**	**FY21**	**$**	**%**
Revenue	389.8	272.3	117.5	43.2%
NPATA	62.7	22.2	40.5	182.4%
Pro forma NPATA	50.7	22.2	28.5	128.4%

In the Europe/UK segment, revenue was $389.8 million, up 43% on FY21 and down 6% on Prospectus with pro forma NPATA of $50.7 million up 128% on FY21 and 13% on Prospectus. The FY22 NPATA includes the recognition of historical tax losses not previously recognised. This provided a $14.4 million tax benefit in FY22.

The revenue growth was largely attributable to the Restart Scheme award where we now operate key contracts in Central and West London and the Greater Manchester region. This contract award more than offset the contribution of the UK probation contract that ended at the start of the year and provides a longer-term potential for growth. The revenue shortfall versus Prospectus was driven by variability across the European market impacting the ability to engage with participants across all programs and currency impacts with the strengthening AUD.

The NPATA growth and outperformance was supported by the agility of the business to adapt and manage the timing of recruitment, as the Restart Scheme gained momentum. As the UK economy re-opened, strong contract performance, the recommencement of the Youth National Citizens Service contract and the rebuild of the Justice business through contract awards contributed to the FY22 performance.

Included in the FY21 result was the final year of delivery of the Reducing Reoffending Partnership ("RRP") contract. This RRP contract contributed revenue of $87.2 million and is the primary reason for the reduction in FY22 revenue for Community and Assessment Services as set out in Note 4(a).

In January 2022, we entered the Swedish employment services market through the acquisition of Clustera which provides an exciting opportunity to grow our business across that market through investment in people and sites as this market continues to evolve and expand.

North America

$Am	FY22	FY21	Movement $	Movement %
Revenue	217.4	127.0	90.4	71.2%
NPATA	11.3	6.1	5.2	85.2%
Pro forma NPATA	11.6	6.1	5.5	90.2%

In North America, revenue was $217.4 million, up 71% on FY21 and 9% on Prospectus, with pro forma NPATA of $11.6 million being up 90% on FY21 and 18% on Prospectus.

In Canada, we are progressing as planned to start the Rehabilitation Services and Vocational Assistance Services Program in January 2023 and have been building capability to deliver on the growth in employment services given the full-year operation of the Ontario Prototype contract and the award of the York region in the Phase 1 Ontario tender.

In the USA, APM has grown through of the acquisition and integration of The Kaiser Group (DWFS), inclusion of the full year operation of DB Grant and new contract wins expanding our business in the USA to 24 States.

We have now also entered the Job Corp market in the USA and look forward to the future opportunities to expand and invest in the large North American market.

APAC

$Am	FY22	FY21	Movement $	Movement %
Revenue	78.6	86.3	(7.7)	(8.9%)
NPATA	6.6	12.4	(5.8)	(46.8%)
Pro forma NPATA	6.6	12.4	(5.8)	(46.8%)

The Asia Pacific businesses were the most heavily impacted by COVID-19 due to disruption of service delivery across New Zealand, South Korea, and Singapore. Revenue of $78.6 million was down 9% on FY21 and 12% on Prospectus, with NPATA of $6.6 million being down 47% down on FY21 and 44% on Prospectus.

During the year we retained our contracts through re-tender in Singapore and South Korea providing a platform for growth as these markets continue to recover from COVID-19.

Corporate Governance Statement

For the year ended 30 June 2022

APM Human Services International Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. APM Human Services International Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 Corporate Governance Statement is dated as at 31 August 2022 and reflects the corporate governance practices in place from the date of listing on the ASX on 12 November 2021 to the end of the financial year. The 2022 Corporate Governance Statement was approved by the Board on 31 August 2022. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can also be viewed at www.apm.net.au.

Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

The Company complies with this recommendation.

The Board Charter sets out the principles for the operation of the Board and describes the functions of the Board and the functions delegated to management of the Company.

Clause 2 of the Board Charter sets out the role, responsibilities and functions of the Board. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.

Clauses 3 and 9 of the Board Charter set out the responsibilities delegated to the Chief Executive Officer, management and the company secretary.

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company complies with this recommendation.

Under the Board Charter, it is intended that the Board should comprise of a mix of directors with a broad range of skills, expertise and experience from a diverse range of backgrounds selected on the basis of relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Company.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of each gender within a specified period.

Clause 4(a) of the Remuneration and Nomination Committee ("RNC") Charter notes that in considering any appointment to the Board or any appointment of directors or executives, the Board will undertake appropriate checks (including as to the person's character, experience, education, criminal record and bankruptcy history).

Clause 6(a)(v) of the Board Charter also notes that the Board will ensure that the Company provides shareholders all information to enable shareholders to make an informed decision on the election or re-election of a director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation.

Clause 6(e) of the Board Charter notes that new directors are to be provided with a formal letter of appointment to the Board setting out key terms and conditions of the appointment. The Company currently does have with respect of the existing directors and in respect of all future directors will have a written agreement with each director and senior executive setting out the terms of their appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

Clause 9 of the Board Charter provides that the company secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board.

Recommendation 1.5

A listed entity should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

(i) the measurable objectives set for that period to achieve gender diversity;

(ii) the entity's progress towards achieving those objectives; and

(iii) either:

(A) the respective proportions of men and women on the board in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company partially complies with this recommendation.

The Company has a Diversity Policy which applies to the employees and officers of the Company and subsidiaries. Clause 3 of the Diversity Policy provides that the Board is responsible for setting measurable objectives to promote gender diversity and the Company's progress in achieving them. The Diversity Policy's effectiveness is measured at least annually.

The Diversity Policy is disclosed on the Company's website: https://www.apminvestors.net.au/.

Clause 3 of the Diversity Policy provides that the objectives set for a reporting period and the progress towards achievement of those objectives will be disclosed annually in the Company's Annual Report. This includes disclosure of the respective proportions of men and women on the board, in senior executive positions and across the whole workforce of the Company (including how the entity has defined "senior executive" for these purposes) or the Company's Gender Equality Indicators, as defined in the Workplace Gender Equality Act.

The Company is finalising its measurable objectives for achieving gender diversity, composition of the Board, senior executives and workforce generally. The Company recognises that the measurable objectives for achieving gender diversity in the composition of the Board should not be less than 30% of its directors of each gender within a specified period, consistent with Recommendation 1.5.

The following table reports the Group's gender diversity performance at various levels within the organisation as at 30 June 2022:

Diversity % of women	FY22
On the Board	37.5%
Group executives	62.4%
Across the entire workforce	73.4%

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company complies with this recommendation.

Clause 7(a) of the Board Charter provides that the Board will regularly carry out a formal review of its performance, its committees and each director and that the Board will disclose in relation to each reporting period whether a performance evaluation was undertaken.

To ensure management, as well as Board, effectiveness, the Board, through the Remuneration and Nomination Committee has direct responsibility for evaluating the performance of the Executive Chair and CEO. Evaluations of the Executive Chair and CEO were undertaken in respect to the 2022 financial year to consider their performance against set measurable objectives. The review was undertaken by the Chair of the Remuneration and Nomination Committee and involved the review of the Executive's performance against set criteria. The results of the review were then tabled at a meeting of the Remuneration and Nomination Committee and a summary provided to the Board of the Company.

An initial evaluation procedure in relation to the Board, individual directors, Board Committees and Company executives has been adopted by the Board. An evaluation procedure took place immediately following the year-end. Given it's the first part financial year subsequent to the Company's Initial Public Offering, the evaluation of the Board as a whole was facilitated through the use of a questionnaire required to be completed by each Board Member, the results of which are summarised and discussed with the Chair of the Board and tabled for discussion at a Board Meeting. Similarly, each individual director is required to self-assess his/her performance and to discuss the results with the Chair. The same procedure is undertaken for each of the respective board committees.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and

(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company complies with this recommendation.

Clause 7(b) of the Board Charter provides that the Board will regularly carry out a formal review of the performance of the Executive Chair, Chief Executive Officer and any Senior Management against guidelines approved by the Board.

Clause 7(b) of the Board Charter further notes that the Company will disclose its annual report whether such a performance evaluation has been undertaken during or in respect of that period. To ensure management, as well as Board, effectiveness, the Board, through the Remuneration and Nomination Committee has direct responsibility for evaluating the performance of the Executive Chair and CEO. An evaluation of the Executive Chair and CEO was undertaken in respect to the 2022 financial year to consider their performance against set measurable objectives. The review was undertaken by the Chair of the Remuneration and Nomination Committee and involved the review of the Executive's performance against set criteria. The results of the review were then tabled at a meeting of the Remuneration and Nomination Committee and a summary provided to the Board of the Company.

Principle 2: Structure the board to add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1

The board of a listed entity should:

(a) have a nomination committee which:

(i) has at least three members, a majority of whom are independent directors; and

(ii) is chaired by an independent director, and disclose:

(iii) the charter of the committee;

(iv)the members of the committee; and

(v) the members of the committee; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company partially complies with this recommendation.

The Company has adopted a RNC Charter. Clause 2 of the RNC Charter notes that, to the extent practicable given the size and composition of the Board from time to time, the RNC will comprise at least three members, a majority of whom are independent directors. In addition, the chair of the RNC is to be an independent director.

As at the date of this Corporate Governance Statement, the RNC is comprised of one independent non-executive director, being Neville Power, and two non-executive directors, being Timothy P. Sullivan and Elizabeth Q. Bitten. The chair of the RNC is Timothy P. Sullivan, a non-executive director. The Board considers that having less than a majority of the members which are considered independent and not having an independent director as the chair of the RNC will not impede the ability of the RNC to undertake its role effectively.

The RNC Charter and the members of the RNC are disclosed on the Company's website: https://www.apminvestors.net.au/.

The Company will, at the end of each reporting period, disclose in its annual report the number of times the committee met throughout the period and the individual attendances of the members at those meetings is to be disclosed. This disclosure is contained within the Directors' Report.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership

The Company complies with this recommendation.

Clause 5 of the Board Charter sets out the aim of the Board to have an appropriate mix of skills, experience, expertise and diversity relevant to the Company's businesses and the Board's duties and responsibilities.

The Company's Board skills matrix is set out at the end of the Corporate Governance Statement.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Company complies with this recommendation.

Clauses 7(c) and 13(a)-(b) of the Board Charter notes that the Company will disclose in its annual report:

(a) the names of the directors considered by the Board to be independent directors (as at the date of this Corporate Governance Statement, being Robert Melia, Neville Power and Simone Blank);

(b) if a director has an interest, position or relationship which may be perceived to compromise a director's independence but the Board is of the opinion that the interest, position or relationship does not compromise that director's independence, an explanation of why the Board is of that opinion. Each of the Independent Directors held or acquired Series A and B shares prior to the Company's IPO. As a result of holding those, they were issued Series C shares in the same proportion as other Series A and B shareholders. The value of the Series C Shares issue is included in the Independent Directors Remuneration, with such values dependent on the timing between the date of issue of the Series C shares and the conversion to ordinary shares upon the Company's IPO. The Board is of the view that such issues and valuations do not compromise the independence of the relevant directors given the materiality of the value to both the relevant directors and the Company at the date of grant; and

(c) the length of service of each director which is set out in the directors' report.

These details are set out in the Director's Report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company was not, and as at the date of this Corporate Governance Statement, continues not to be in compliance with this recommendation.

Clause 5 of the Board Charter provides that the majority of the Board should, to the extent practicable given the size and composition of the Board from time to time, be comprised of independent directors.

As at the date of this Corporate Governance Statement the Board is comprised of eight directors, three of which are independent non-executive directors and five of whom are not considered independent.

The Board considers that the mix of skills on the Board and the nature of the operations of the Company that having less than a majority of the directors who are considered independent does not impede the ability of the Board to ensure that the decisions are made in the best interests of the Company.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company was not and as at the date of this Corporate Governance Statement continues not to be in compliance with this recommendation

The current structure and composition of the Board has been determined having regard to the nature and size of its operations, the skill set of the Company's directors both individually and collectively, and the best interests of Shareholders.

The Board acknowledges the recommendation, however, continues not to be in compliance with this recommendation, as the chair of the Board, Megan Wynne, is currently considered by the Board not to be independent, having regard to her executive position and her substantial shareholding in the Company. Nevertheless, the Board is satisfied that deviation from Recommendation 2.5 will not be detrimental to the Company when considering Megan's considerable skills, experience and understanding of the Company's business. The Board considers that Megan adds significant value to its deliberations and expects that she will continue to bring sound judgement to the deliberations of the Boards.

Recommendation 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The Company complies with this recommendation.

Clause 2(b)(vii) of the Board Charter provides that the Board is responsible for the Company's induction program for new directors and periodic review and facilitation of ongoing professional development for directors.

Clause 10 of the Board Charter provides that new directors will be briefed on their roles and responsibilities and the minutes and papers of Board and committee meetings will be made available to them. It also provides that time will be allocated at Board and committee meetings for the continuing education of directors on significant issues facing the Company and changes to the regulatory environment.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1

A listed entity should articulate and disclose its values.

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

The Company complies with this recommendation.

APM's core purpose is: Enabling Better Lives. APM's other core values are disclosed in section 3.4 of its Prospectus dated 4 November 2021. APM's values underpin everything it does:

- Integrity: APM aims to uphold the highest standard of integrity in everything APM does.
- Customer focus: APM aims to deliver the highest quality of service for clients and customers and always look for ways to improve.
- Respect: APM recognises people are its business and maintains a culture of trust and respect in every aspect of what APM does.
- Empathy: APM approaches the challenges in people's lives with great empathy and strives to help them overcome them.
- Achievement: APM moves forward by adopting new technologies, the best evidence-based practices, and rewarding innovation and achievement.
- Teamwork: APM believes employment and being part of a team can greatly improve a person's health and wellbeing.
- Enthusiasm: APM embraces positive outcomes of change with enthusiasm to support clients, customers and teams in their day to day lives.

Recommendation 3.2

A listed entity should:

(a) have and disclose a code of conduct for its directors, senior executives and employees; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company complies with this recommendation.

The Company has a Code of Conduct which applies to employees, contractors, consultants, manager and directors of the Company.

The Company's Code of Conduct is disclosed on its website: https://www.apminvestors.net.au/.

Clause 5 of the Code of Conduct provides that workplace participants are required to promptly report any real or suspected violations to the CEO of their business unit or if necessary, directly to the Group CEO/Managing Director.

Recommendation 3.3

A listed entity should:

(a) have and disclose a whistle-blower policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company complies with this recommendation.

The Company has a Whistle-blower Protection Policy, a copy of which is available on the Company's website: https://www.apminvestors.net.au/.

Although, the Whistle-blower Protection Policy does not provide that the Board or its delegated committee will also be informed of any material incidents reported under the Whistle-blower Protection Policy. Clause 5 of the Code of Conduct provides that workplace participants are required to promptly report any real or suspected violations to the CEO of their business unit or if necessary, directly to the Group CEO/Managing Director.

Recommendation 3.4

A listed entity should

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the board or committee of the board is informed of any material breaches of that policy.

The Company complies with this recommendation.

The Company has an Anti-bribery and Corruption Policy which is available on the Company's website: https://www.apminvestors.net.au/.

Clause 4 of the Anti-bribery and Corruption Policy provides that in order to protect the Company's business from harm, individuals will need to report known or suspected wrongdoing to either their manager or by using its whistle-blower system but does not state that the Company must ensure that the Board or committee of the Board is informed of any material breaches of the policy. However, clause 5 of the Code of Conduct provides that workplace participants are required to promptly report any real or suspected violations to the CEO of their business unit or if necessary, directly to the Group CEO/Managing Director.

Principle 4: Safeguard integrity in financial reporting

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1

The board of a listed entity should:

(a) have an audit committee which:

- **(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
- **(ii) is chaired by an independent director, who is not the chair of the board, and disclose:**
- **(iii) the charter of the committee;**
- **(iv) the relevant qualifications and experience of the members of the committee; and**
- **(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Listing Rule 12.7 provides that a listed entity that is included in the S&P/ASX 300 index must comply with the Recommendation above in relation to the composition of the operation of the audit committee.

The Company complies with this recommendation.

The Company has established an Audit and Risk Management Committee (ARMC) which is governed by the ARMC Charter which sets out its roles and responsibilities.

Clause 2(a) of the ARMC Charter provides that the ARMC should to the extent practicable, given the size and composition of the Board from time to time, comprise:

- at least three members;
- non-executive directors; and
- a majority of directors who are independent.

Clause 2(c) of the ARMC Charter provides that the chair of the ARMC should be an independent non-executive director who does not chair the Board. As at the date of this Corporate Governance Statement continues to be Simone Blank, an independent non-executive director.

At the time of this Corporate Governance Statement, the ARMC is comprised of Simone Blank, Elizabeth Q. Betten and Robert Melia.

The ARMC Charter is disclosed on the Company's website (https://www.apminvestors.net.au), and the Company's website includes an overview of the relevant qualifications and experience of the members of the committee.

Clause 3(a) of the ARMC Charter provides that the ARMC must meet at least two times annually or as frequently as is required to undertake its role effectively.

The Company will, at the end of each reporting period, disclose in its annual report the number of times the ARMC met throughout the period and the individual attendances of the members at those meetings. This information is disclosed in the Directors' Report.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation.

Clause 6 of the ARMC Charter provides that the ARMC will review the Company's financial statements with management and its external auditor before recommending that the Board approve the statements. The ARMC is also responsible for ensuring that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer provide the recommended declarations in relation to the Company's financial statements.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company complies with this recommendation.

Clause 4(a)(viii) of the ARMC Charter provides that the ARMC must ensure that any periodic corporate report the Company released to the market that has not been subject to audit or review by an external auditor, discloses the process taken to verify the integrity of its content.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1

The Company complies with this recommendation.

The Company has in place a Disclosure Policy, a copy of which is disclosed on the Company's website: https://www.apminvestors.net.au.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company complies with this recommendation.

The Board will receive copies of all material market announcements for approval before being made, or if a disclosure committee is established, clause 4(b)(v) of the Disclosure Policy provides that the disclosure committee's responsibilities include providing the Board with copies of all material market announcements promptly after they have been made.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company complies with this recommendation.

Clause 9(b) of the Disclosure Policy provides that ahead of any new and substantive investor or analyst presentation, a copy of the presentation materials must be released to ASX (even if the information in the presentation would not otherwise require market disclosure).

Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation.

The Company provides information about itself and its governance on its website (https://www.apminvestors.net.au) pursuant to its Shareholder Communication Policy.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Company complies with this recommendation.

Clause 2(a)(xvii) of the Board Charter states that a function of the Board is to develop an investor relations program to facilitate effective two-way communication with investors.

The Company's Shareholder Communication Policy provides for an investor relations program which actively encourages two-way communication:

- through the Company's AGM, where Shareholder participation is actively encouraged and facilitated; and
- by providing Shareholders with information via the corporate and investor sections of the Company's website and the option to receive email communications and send email communications directly to the Company and to the Company's share registry.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company complies with this recommendation.

Clause 1(b) of the Shareholder Communication Policy states that the purpose of the Shareholder Communication Policy is to encourage and facilitate participation at the Company's general meetings and dealing promptly with the enquiries of shareholders and other stakeholders.

The Company has disclosed a copy of its Shareholder Communication Policy on its website: https://www.apminvestors.net.au.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company complies with this recommendation.

Clause 6(g) of the Shareholder Communication Policy states the Company will ensure that all substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company complies with this recommendation.

Clause 2 of the Shareholder Communication Policy provides Shareholders the option to receive email communications and send email communications directly to the Company and to the Company's share registry.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- **(i) has at least three members, a majority of whom are independent directors; and**
- **(ii) is chaired by an independent director, and disclose:**
- **(iii) the charter of the committee;**
- **(iv) the members of the committee; and**
- **(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company complies with this recommendation.

Clause 2(a) of the ARMC Charter provides that the ARMC should to the extent practicable, given the size and composition of the Board from time to time, comprise:

- at least three members;
- non-executive directors; and
- a majority of directors who are independent.

At the date of this Corporate Governance Statement, the ARMC is comprised of Simone Blank, Elizabeth Q. Betten and Robert Melia.

Clause 2(c) of the ARMC Charter provides that the chair of the ARMC should be an independent director. As at the date of this Corporate Governance Statement the Chair of the ARMC is Simone Blank (an independent non-executive director).

The ARMC Charter is disclosed on the Company's website: https://www.apminvestors.net.au/.

Clause 3(a) of the ARMC Charter provides that the ARMC must meet at least two times annually or as frequently as is required to undertake its role effectively.

The Company will, at the end of each reporting period, disclose in its annual report the number of times the ARMC met throughout the period and the individual attendances of the members at those meetings is to be disclosed. This information is disclosed in the Directors' Report.

Clause 15(e) of the Board Charter provides that the Company will disclose in its annual report the professional qualifications and experience of each ARMC member, the number of times the Board met to perform its role as ARMC throughout the period and the individual attendances of the members at those meetings.

Clause 7(d)(i) of the ARMC Charter provides that the Company will disclose any material exposure that the Company has to environmental or social risks and how the Company intends to manage those risks.

Recommendation 7.2

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company complies with this recommendation.

Clause 7(d) of the ARMC Charter provides that the ARMC is responsible for reviewing at least annually and monitoring the effectiveness of the Company's risk management framework to satisfy itself that it continues to be sound and the Company is operating with due regard to the risk appetite set by the Board.

Clause 7(d) of the ARMC Charter further provides that the ARMC must ensure that the Board discloses whether such a review has taken place in the Company's annual report. The Company confirms that such a review occurred in August 2022.

Recommendation 7.3

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

The Company partially complies with this recommendation. Whilst APM has not formed an Internal Audit department, APM utilises internal and external experts to perform internal audit reviews of various functions. During the coming year, APM will consolidate the Internal Audit work performed into a single function.

Clause 4(a)(vii) of the ARMC Charter provides that the ARMC is responsible for considering whether an internal audit function is required, and if not, ensuring that the Company discloses the processes it employs to evaluate and improve its risk management and internal control processes.

Clause 4(a)(viii) of the ARMC Charter provides that where any report is not subject to audit or review by an external auditor, the ARMC must ensure that the Company discloses the process taken to verify the integrity of its content.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Company complies with this recommendation.

All material risks were disclosed in detail in the Company's Replacement Prospectus dated 4 November 2021 and lodged with the ASX on 12 November 2021. Additional disclosures on risk are contained within the Directors' Report.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

- **(i) has at least three members, a majority of whom are independent directors; and**
- **(ii) is chaired by an independent director, and disclose:**
- **(iii) the charter of the committee;**
- **(iv) the members of the committee; and**
- **(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Listing Rule 12.8 provides that a listed entity included in the S&P/ASX 300 index must have a remuneration committee comprised solely of non-executive directors.

The Company partially complies with this recommendation.

The RNC is governed by the RNC Charter which sets out the RNC's roles and responsibilities.

Clause 2 of the RNC Charter provides that the RNC should, to the extent practicable given the size and composition of the Board from time to time, comprise:

- at least three members;
- non-executive directors; and
- a majority of directors who are independent.

As at the date of this Corporate Governance Statement the RNC is comprised of one independent non-executive director, being Neville Power, and two non-executive directors, being Timothy P. Sullivan and Elizabeth Q. Betten.

As at the date of this Corporate Governance Statement, the Chair of the RNC is Timothy P. Sullivan, a non-executive director. The Board considered that having less than a majority of the members who are considered independent and not having an independent director as the chair of the RNC will not impede the ability of the RNC to undertake its role effectively.

The RNC Charter is disclosed on the Company's website: https://www.apminvestors.net.au/.

Clause 3(a) of the RNC Charter provides that the RNC will meet at least twice annually or as frequently as is required to undertake its role effectively.

The Company will, at the end of each reporting period, disclose in its annual report the number of times the RNC met throughout the period and the individual attendances of the members at those meetings is to be disclosed. This information is disclosed in the Directors' Report.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation.

Details of the Company's remuneration policies and practices for non-executive directors, executive directors and senior management was disclosed in the Company's replacement Prospectus lodged with the Australian Securities and Investments Commission on 4 November 2021 and in the Company's future annual reports.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Company complies with this recommendation.

Clause 5.2 of the Securities Trading Policy prohibits the entry into "protection arrangements" for any Company securities (of Company products in the derivatives markets), including those which operate to limit the economic risk of security holdings (e.g. hedging arrangements).

The policy is disclosed on the Company's website: https://www.apminvestors.net.au/.

Additional recommendations that apply only in certain cases

Recommendation 9.1, 9.2 and 9.3 do not apply to the Company.

Board skills matrix

APM is committed to ensuring that directors have a suitable blend and balance of skill, experience, diversity and independence.

The current Directors possess an appropriate mix of skills, commitment, experience, expertise and diversity to enable the Board to acquit its responsibilities effectively and deliver the strategic priorities as a diversified health and human services company with current businesses operating in employment services, disability support, allied health services and education.

The directors contribute sector knowledge, perspectives from international experience and specific subject matter expertise in strategic, operational and financial areas that are important to the company's strategy and long-term growth. In particular:

- The Board demonstrates an in-depth knowledge of business operations and processes, and brings, augmented by relevant global industry expertise;
- The Board has demonstrated leadership and management skill, with directors having experience in human services management, growth and compliance;
- The directors have skills and experience in developing corporate strategy and overseeing high performance delivery to meet goals; and,
- The directors are proactive in their approach to corporate business development, service innovation and cultural alignment.

The following outlines the composition of skills and experience of the Board.

Leadership

- Demonstrated successful senior executive leadership in high performance businesses
- Publicly listed company experience
- Driving cultural alignment to vision, goals and performance
- Experience in managing Group CEO performance, succession planning and talent management, including incentive programs

Governance

- Governance experience in multi-jurisdictional compliance environments and markets
- Understanding of effective governance structures
- Experience in developing and maintaining effective risk management and controls

Strategy

- Commercial experience in developing and implementing successful strategy
- Financial management of short and long-term strategic initiatives
- Experience in management oversight for delivery of strategic objectives, including broad scan of opportunities and threats

Workforce health and safety

- Experience in complex workplace and workforce health and safety
- Ability to provide sound oversight on workforce safety within a health and human services context

Environmental and social

- Understanding of and experience in social issues and policy frameworks
- Experience in overseeing environmental frameworks in global organisations
- Commitment to organisational diversity and inclusion at all levels
- Experience in integrating ESG principles throughout operational businesses

Human services and allied health

- Strategic and operational experience in leading, developing and growing sophisticated human services in an international context
- Technical and advisory knowledge in developing and implementing service delivery programs
- Clinical governance experience in allied health services

International experience and corporate development

- Proven experience in developing sustainable human services operations in new geographies
- Considerable mergers and acquisitions experience delivering long-term business growth
- Exposure to and experience in diverse political, cultural, regulatory and business environments

Stakeholder management

- Experience in partnering with governments to develop and deliver programs that deliver positive social and health impacts
- Experience in regulatory policy and government affairs across jurisdictions

Information technology and innovation

- Knowledge of the use and governance of key information technologies
- Oversight of potential cyber security risk management
- Understanding of relevant privacy and data regulation and obligations
- Committed to leveraging digital technologies to enhance service delivery, drive competitive advantage and support cost-effective growth

Sales and marketing

- Executive-level experience in sales and marketing
- Ability to build long-term customer relations across a geographically diverse customer base
- Experience in negotiating complex human services contracts

Financial acumen

- Experience in financial accounting and reporting, and in corporate finance
- Experience in business modelling and financial forecasting

Capital management

- Debt and equity funding strategy knowledge and experience
- Understanding of key international capital and debt markets
- Experience in developing and having oversight of long-term investment cases

Tax risk management and compliance

- Experience with corporate tax policies and frameworks
- Understanding of corporate tax requirements
- Experience in tax risk management

Public policy and regulation

- Experience in leading change and adaptation in line with changing public policy settings
- Oversight of regulatory frameworks
- Experience in understanding and communicating key policy positions

Directors' Report

For the year ended 30 June 2022

Your Directors present their report on the consolidated entity consisting of APM Human Services International Limited ("APM" or "the Company") and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2022.

Directors and Company Secretary

The following persons were directors of APM Human Services International Limited during the whole of the financial year and up to the date of this report:

Megan Wynne
Michael Anghie
Timothy P Sullivan
Elizabeth Q Betten
William E Ritchie
Robert Melia
Simone Blank
Neville Power (appointed on 20 October 2021)

The Company Secretary position is jointly held by Peter Torre and Stephen Farrell.

Principal activities

The Group's principal activities by segment are:

- Australia – Employment Services, Health & Wellbeing, Communities and Assessments, Disability and Aged Care
- APAC (including New Zealand, Korea and Singapore) – Employment Services, Health & Wellbeing, Communities and Assessments
- Europe/UK (including Germany, Switzerland, Sweden, Spain and the UK) – Employment Services, Health & Wellbeing, Communities and Assessments
- North America (including Canada and the USA) – Employment Services and Health & Wellbeing

Dividends

No dividends were paid to members during the financial year. Since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of 5.0 cents per fully paid share to be paid on 29 September 2022 out of retained earnings.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 47–51 of this Annual Report.

Significant changes in the state of affairs

During the year ended 30 June 2022, APM converted from a private company to a publicly listed company. As part of this process, APM completed an initial public offering ("IPO") that raised $343.5 million. The proceeds of the IPO were used to pay for the costs of the IPO and the repayment of $160.0 million on the US Dollar denominated debt with the balance retained to fund future growth opportunities.

Included in the IPO process was a capital restructure that resulted in shareholder loans being converted into equity and the acceleration of vesting conditions of the Management Equity Plan.

Also, during the financial year ended 30 June 2022, APM successfully mobilised the Restart Scheme. The Group acquired nine new businesses across Australia, the USA and Sweden. In addition to refinancing of debt facilities and repayment of debt as part of the IPO, APM successfully announced on 22 July 2022, that it completed the refinance of its Term Loan B facilities. The new facility is an A$840 million syndicated multi-currency revolving corporate facility. This facility is the first Social Loan linked corporate debt facility in Australia.

The COVID-19 pandemic affected the productivity of the Health & Wellness, Communities & Assessments and Aged Care and Disability businesses. This impact was most evident in the financial performance of the Asia Pacific segment compared to the Prospectus; however, this was materially offset by financial performance of the Australian, European and North American segments. There has been no impact to asset values and revenue was materially in line with the Group's budget. However, the continued impact of the COVID-19 pandemic, including the continued imposition of government restrictions and the broader impacts on the Australian and global economies, may impact Group performance in FY23.

Events subsequent to financial year end

On 22 July 2022, the Group established a A$840 million syndicated multi-currency revolving corporate facility. A$600 million of this facility was used to extinguish the Term Loan B notes that were on issue. The new facility funding costs are at an average of 210 basis points above BBSY, which represents a saving of 240 basis points compared to the Term Loan B facility. The new facility is fully revolving, which will enable APM to further reduce its interest costs through cash offsets. The A$840 million facility is available in two tranches, a three-year A$523 million tranche and five-year A$317 million tranche. The loss on extinguishment of the Term Loan B notes is $0.1 million, and $0.4 million of costs have been capitalised that relate to establishing the new facility.

Upon release of the audited accounts 275,930,211 ordinary shares will be released from voluntary escrow in line with the Replacement Prospectus lodged with the ASX on 12 November 2022.

The shares are held by Madison Dearborn Capital Partners (and their associates as set out in their Notice of Initial Substantial Holdings lodged with the ASX on 16 November 2021), and Non-Executive Directors of the Company.

No other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Likely developments and expected results of operations

The Group is focused on growing its core service areas in Australia and internationally.

The continued impact of the COVID-19 pandemic, in particular the continued imposition of government restrictions and the broader impacts on the economy, may impact the Group's performance in FY23. That impact (if any) cannot currently be determined.

The Board and Executive Office continue to monitor the situation closely and to take action in response as appropriate and as recommended by governments and health authorities.

Business Risks

Risk	Potential impact	How APM is responding
Government policy and legislative spending may change, or reduce use of third party providers		
The majority of APM's business is funded through government programs. The Government may alter its initiatives, resulting in changes to existing contract scopes, fees, or participant eligibility. Governments in the jurisdictions in which APM operates may decide to deliver services themselves, rather than using external providers to deliver programs or to limit our ability to undertake such programs.	Changes in the level of government spending due to budgetary or deficit considerations or changes to initiatives or delivery models may have a significant impact on APM's future financial performance, cash flows, and financial condition.	Each country closely monitors current and proposed government policy and regulation to understand the potential impact through: • Maintaining and developing collaborative relationships with stakeholders in all regions in which APM operates; and • Membership and engagement with various industry representative bodies to ensure input into policy. The APM business is diversified across 11 countries, with over 100 key contracts with different stakeholders, reducing APM's exposure to policy and legislative changes as spending is not limited to one Government department or contract.

Directors' Report continued

Risk	Potential impact	How APM is responding
Failure to comply with laws or maintain relevant licences or accreditations		
APM operates in a highly regulated industry and is subject to laws, government policies, and regulations in all jurisdictions in which it operates. The nature, timing, and impact of future changes to laws, government policies and regulations are not predictable and are generally dependent on factors beyond APM's control.	Failure by APM to comply with applicable laws or regulations may lead to the loss of government contracts, damages, fines or penalties which may disrupt and adversely affect APM's operations and financial results. Changes to or the introduction of new laws, federal and state government policies and regulations, may have a materially adverse impact on the financial and operational performance of APM including increasing costs, or reducing fees or demand for its services.	Each country closely monitors current and proposed government policy and regulation to understand potential impact on the business through: • Maintaining and developing collaborative relationships with stakeholders in all regions where we operate • Membership and engagement with various industry representative bodies to ensure input into policy APM's processes include internal controls to provide monitoring and oversight of key operational functions.
Tenure, renewal and a potential reduction in services		
APM relies on key government programs for a significant portion of its revenue, with a large number of the individual contracts operating under (and dependent upon) more than 100 government programs that APM operates.	A loss of, or substantial reduction in those programs would have a materially adverse impact upon APM's profitability, cash flows, and financial condition.	APM continues to diversify its business and today operates across 11 countries and with over 100 key government programs. This diversity means that APM's contract exposure to policy and legislative change and spending is not limited to one Government department or contract.
Revenue models of contracts		
The revenue models of APM's contracts vary depending on the type of service it is providing. APM's aggregate revenue is weighted towards outcome fee contracts whereby APM receives a fee upon meeting certain milestones. To earn profit from these contracts, APM must accurately estimate the volume of work available in the market, associated costs, and resource requirements against the prospect of a participant sustaining employment for the relevant period, or meeting an equivalent milestone. Sources of information to base these estimates on may not be accurate given the effluxion of time, changes in market conditions, or changes to the recipients of services, or the mode or time permitted for service delivery.	Failure to appropriately anticipate the level of referrals or expected outcomes can lead to increased staffing and office costs which may be contractually committed but are not sustainable given the lower number of referrals, and consequent reduction in outcomes. Where contractual commitments are in place, relief can be sought from the funder but this may not always be forthcoming. If APM's estimates are inaccurate or affected by changes in applicable employment or other societal conditions, it may not achieve the level of profit expected or may incur a net loss on a contract.	APM business is diversified across 11 countries and with over 100 key contracts with different stakeholders. This diversity means that APM's contract exposure to contracts is spread. APM constantly reviews its assumptions over time to recognise current market conditions and APM's performance to provide support for any estimates and judgement made in decisions that may impact financial reporting.

Risk	Potential impact	How APM is responding
Contract tendering		
APM obtains a significant portion of its business from federal and state government entities, which generally entails responding to government "requests for proposal" (RFPs). APM must accurately estimate its cost structures for servicing a proposed contract, the time required to establish operations and submit the most attractive proposal with respect to both technical and price specifications. APM must also assemble and submit a large volume of information within rigid and often short timetables.	APM's ability to respond timely and successfully to an RFP is critical to the procurement of or retaining business. Therefore, there is a risk that APM may not continue to win contracts in response to RFPs. Further, if APM were to misinterpret bid requirements as to performance criteria or not accurately estimate performance costs in a binding bid for an RFP, there is a risk that APM will not be able to modify the proposed contract and may be required to perform under a contract that is not profitable.	APM has an experienced and diverse business development team that supports each operation in its RFP requirements, providing increased capacity and capability, independent oversight and support. APM has an RFP governance structure requiring approval for RFP's submitted including review of any financial responses.
Variability in cash flows		
A number of factors may cause APM's cash flows and results of operations to vary between financial periods, including: • the terms and progress of contracts; • caseloads and other factors where revenue is derived from transactional volume on contracts; • the levels of revenue earned on, and profitability of fixed-price and performance-based contracts; • expenses related to certain contracts which may be incurred in periods prior to revenue being recognised; • the commencement, completion or termination of contracts during any particular reporting period; • the schedules of government agencies for awarding contracts; • government budgetary delays or shortfalls; • shutdown of service capabilities due to restrictions relating to COVID-19 or other pandemics and corresponding health orders; and • potential acquisitions.	Changes in the volume of activity and the number of contracts commenced, completed or terminated during any reporting period may cause variations in APM's cash flows and results of operations because a large amount of APM's expenses are fixed.	Each country closely monitors current and proposed government policy and regulation to understand potential impact on the business through: • Maintaining and developing collaborative relationships with stakeholders in all regions where we operate • Membership and engagement with various industry representative bodies to ensure input into policy APM is a business is diversified across 11 countries and with over 100 key contracts with different stakeholders. This diversity means that APM's contract exposure to policy and legislative change and spending is not limited to one Government department or contract.

Risk	Potential impact	How APM is responding
Impact of COVID-19		
The extent and duration of the current COVID-19 crisis remains uncertain, as does the potential impact of COVID-19 on APM's business.	The adverse impacts of COVID-19 on our business have included contract delays as governments shift short-term focus to addressing resulting unemployment due to COVID-19. Additionally, some contracts have also been temporarily converted to cost-plus models as governments look to reduce expenditure due to elevated caseloads.	APM collaborates closely with relevant government agencies and its representatives in the regions in which it operates. This allows APM to ensure its ability to deliver services, whilst ensuring the safety of employees and participants through adherence to relevant protocols for PPE, cleaning and vaccination requirements. APM provides support to employees including training, Employment Assistance Programs and other health and wellness initiatives.
Information Security, Data Protection and Privacy Laws		
APM provides its services to individuals, government agencies and corporations. These services require APM to collect, process and maintain sensitive and personal client data. This data generally relates to health information, identification numbers and other personal data. As a result, APM is subject to the various privacy laws and regulations, including the use and handling of personal data of the jurisdictions in which it operates. Additionally, APM's services and systems are subject to attacks by hackers, error or malicious action by employees or breach due to error, malfeasance, or other disruptions, including theft, cyber attacks, viruses and malicious or faulty third-party software.	Many of the relevant privacy laws and regulations are subject to interpretation and enforcement standards that could result in changes to APM's business practices, data processing and security systems, penalties and increased operating costs. The loss, theft or improper disclosure of this information could subject APM to sanctions or fines under the relevant laws of the jurisdictions in which it operates, breach of contract claims, contract termination, class action or individual lawsuits from affected parties and could adversely affect APM's existing business, future opportunities, and financial performance.	APM has a global Cybersecurity and data protection framework which includes controls associated with the prevention, detection and recovery. In addition the framework is externally assessed and tested and subject to ongoing review and continuous improvement. APM adheres to strict requirements of Government data sovereignty and housing.
Requirement to Attract and Retain Qualified Employees		
Some of the companies with which APM competes for experienced personnel, may have greater financial, technical, political, and marketing resources, name recognition and a larger number of clients than APM, which may prove more attractive to employment candidates. A portion of APM's staff is made up of professionals with requisite educational backgrounds and professional certifications. These employees are in great demand and are likely to remain a limited resource for the foreseeable future.	APM's success, to a significant degree, is dependent on its ability to identify, attract, develop, motivate and retain highly qualified and experienced professionals who possess the skills and experience necessary to deliver high-quality services to clients. The inability to attract and retain experienced personnel could have an adverse effect on APM's business.	APM strives to be an employer of choice by: • Ensuring an attractive employee value proposition including remuneration, flexible working, career progression, succession planning, training and development; • Maintaining an effective workplace health and safety framework; • Investment in technology; and • Focus on values and community including pro-bono support for refugees from Ukraine.

Risk	Potential impact	How APM is responding
Competition, Innovation, Development and Acquisitions		
APM may not be able to achieve its long term business strategies.	APM's growth strategy may be impacted by industry disruption, innovation, the actions of competitors, the ability to identify future acquisitions or generate adequate returns.	Innovation is a key component of APM's strategy including investment in technology and new ways of servicing participants. Prior to any acquisition, APM undertakes detailed due diligence and integration planning to identify risks, opportunities, and alignment of culture and values.
Capital Structure		
APM may not be able to achieve its long term business strategies.	The inability for APM to access capital markets in terms of cost availability and costs of funding.	APM's capital management plan includes a strong balance sheet to support its strategy, evidenced by the recent debt refinance completed in July 2022.
Brand and Reputation		
APM's reputation could be jeopardised if it fails to maintain high standards for service quality or if it does not comply with regulations or accepted practices. APM's reputation could also be damaged by the conduct of third parties, including its joint venture partners or subcontractors.	Any consequential negative publicity may reduce demand for APM's services. Failure to comply with laws and regulations, managing internal controls effectively or providing accurate and timely financial information when required could also expose APM to prosecution, which could further impact APM's reputation.	APM's strategy includes a combination of group and local risk management practices to assess counter-party risk across all operational aspects. This is further supported by internal controls, audits and continuous training to reduce the risk of brand and reputational damage through individual decision making and practices.

Environmental regulation

The Group's operations are not subject to any significant environmental regulations or laws in Australia.

Insurance of officers and indemnities

A premium was paid by APM Human Services International Limited, to insure the directors, secretary and senior managers of APM Human Services International Limited and its subsidiaries. The premium paid covers legal costs that may be incurred defending civil or criminal proceedings that may be brought against these officers in their capacity as officers of Group companies. The premium paid does not cover wilful breaches of duty, improper use of information causing damage to the Group.

Indemnifying of auditor

To the extent permitted by law, the company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PricewaterhouseCoopers during or since the financial year end.

Information on directors

The following information is current as at the date of this report.

Megan Wynne

Appointment: APM Founder and Executive Chair since June 2020.

Skills and experience:

Megan established APM in January 1994 and has since been responsible for driving APM’s strategy and growth over the past 28 years. Megan is an Occupational Therapist and has a background in vocational rehabilitation. While working in the Department of Rehabilitation Medicine at Royal Perth Rehabilitation Hospital, she established a private Occupational Therapy practice at St John of God Hospital in 1990, and subsequently went on to manage the Vocational Rehabilitation and Occupational Therapy Services of Perth Pain Management Centre. Megan holds a Master of Science (Rehabilitation), a Post Graduate Diploma (Health Sciences), and a Bachelor of Applied Science (Occupational Therapy), Curtin University of Technology.

Other current directorships:

Nil

Former directorships in the last 3 years:

Nil

Michael Anghie

Appointment: Group Chief Executive Officer & Executive Director since March 2018.

Skills and experience:

Michael joined APM in March 2018 as Group Chief Executive Officer and was appointed to the Board. Prior to joining APM, Michael held a number of senior leadership roles across Oceania and Asia at global professional services firm, Ernst & Young. His most recent positions were Managing Partner, Western Region; Managing Partner, Oceania Strategic Growth; and Managing Partner, Growth Markets, Asia Pacific. Michael has strong relationships across Government, Corporate and Community groups. He has a mergers and acquisitions background. Michael holds a Bachelor of Business from Curtin University.

Other current directorships:

Nil

Former directorships in the last 3 years:

Nil

Timothy (“Tim”) P. Sullivan

Appointment: Non-Executive Director since June 2020.

Skills and experience:

Tim is a Managing Director and a co-founder at Madison Dearborn Partners (“MDP”), a leading private equity firm based in Chicago Illinois. Since MDP’s formation in 1992, the firm has raised eight funds with aggregate capital of over $22 billion and has completed investments in 140 companies across a broad spectrum of industries. Tim has over 30 years of private equity experience and manages the Healthcare Practice at MDP. Prior to co-founding MDP in 1992, Tim was with First Chicago Venture Capital after serving as an Officer in the US Navy for over 7 years of active duty. Tim holds a Bachelor of Science from the United States Naval Academy, a Master of Science from the University of Southern California, and a Master of Business Administration from Stanford University Graduate School of Business.

Other current directorships:

Optical Care Health Inc

Former directorships in the last 3 years:

Nil

Special responsibilities:

Chair Remuneration and Nomination Committee

Member Finance and Investment Committee

Elizabeth Q. Betten

Appointment: Non-Executive Director since June 2020.

Skills and experience:

Elizabeth is a Managing Director at MDP, commencing in 2004 as an associate and continuing after business school in 2008. Prior to MDP, she worked in investment banking in the Healthcare Group at J.P. Morgan. Elizabeth holds a Bachelor of Arts from Brown University and Master of Business Administration from Stanford University Graduate School of Business.

Other current directorships:

Optical Care Health Inc

Former directorships in the last 3 years:

Nil

Special responsibilities:

Member Audit and Risk Committee

Member Remuneration and Nomination Committee

Member Finance and Investment Committee

William ("Will") E Ritchie

Appointment: Non-Executive Director since March 2020

Skills and experience:

Will is a Director at MDP with the Health Care team. Prior to MDP, he was an Investment Banking Analyst in the Consumer, Retail and Healthcare Group at J.P. Morgan. Will holds a Bachelor of Arts from Yale University and a Master of Business Administration from Stanford University Graduate School of Business.

Other current directorships:

Nil

Former directorships in the last 3 years:

Nil

Special responsibilities:

Chair Finance and Investment Committee

Robert ("Bob") Melia

Appointment: Independent Non-Executive Director since June 2020.

Skills and experience:

Bob has more than 30 years' experience in managing and growing human services businesses. He is experienced in helping governments design and deliver programs for the long-term unemployed, adults with intellectual disabilities and at-risk youth. Bob began his career in Massachusetts State Government where he worked in budget planning, tax policy analysis and child support enforcement. His private sector experience spans over 20 years, primarily with MAXIMUS where he served as President of the Workforce Services Division and The Mentor Network, where he served as an operating group president and as Chief Development Officer. Bob's experience includes work in the US, UK and Australia and covers acquisitions and divestments, business development, operations management, and contract negotiation. Bob holds a Master of Human Services Management from Brandeis University and a Bachelor of Arts from Massachusetts Amherst.

Other current directorships:

Nil

Former directorships in the last 3 years:

Nil

Special responsibilities:

Member Audit and Risk Committee

Member Finance and Investment Committee

Simone Blank

Appointment: Independent Non-Executive Director since July 2020

Skills and experience:

From May 2006 to October 2013, Simone served as a member of the Board of Sirona Dental Systems Inc., or Sirona, a dental technology manufacturer previously listed on Nasdaq. From July 1999 to October 2013, she served as Executive Vice President and Chief Financial Officer of Sirona. Prior to July 1999, Simone was an engagement manager in the merger and acquisition transaction group of PricewaterhouseCoopers after having gained global financial experience as a certified public accountant and tax advisor. Simone is also the co-owner of a private investment company and has served on the boards of several private healthcare companies. Simone holds a Master of Economics from the University of Duisburg.

Other current directorships:

Evolus Inc (EOLS) listed on NASDAQ

Former directorships in the last 3 years:

Nil

Special responsibilities:

Chair Audit and Risk Committee

Neville ("Nev") Power

Appointment: Independent Non-Executive Director since October 2021

Skills and experience:

Nev has more than 30 years' experience in the mining, steel and construction industries and has a proven track record in the delivery of major infrastructure projects, mining, minerals processing and steel manufacturing and distribution. Nev served as the Chief Executive Officer and Managing Director of Fortescue Metals Group Limited from 2011 until 2018. At Fortescue, Nev was a prominent advocate for development in regional Australia and increased indigenous employment and business development opportunities. Prior to Fortescue, Nev held Chief Executive positions at Thiess and the Smorgon Steel Group adding to his extensive background in the mining, steel, and construction industries. He is a Fellow of both Engineers Australia and the AusIMM and is a member of the Australian Institute of Company Directors. Neville holds a Bachelor of Engineering and a Master of Business Administration.

In March 2020, Nev was appointed by the Prime Minister, Hon Scott Morrison, to lead an expert advisory board, the National COVID-19 Coordination Commission ("NCCC"). The Commission assisted the Government in its strategic advisory role in providing a business perspective to Government on Australia's economic recovery. The NCCC concluded in May 2021. Nev has an extensive background in agribusiness and aviation, holding both fixed wing and helicopter commercial pilot licenses.

Other current directorships:

1. Strike Energy Limited (ASX:STX)
2. Genesis Minerals Limited (ASX:GMD)
3. Metals Acquisition Corp (NYSE:MTAL.U)

Former directorships in the last 3 years:

Nil

Special responsibilities:

Member Remuneration and Nomination Committee

Meetings of directors

The numbers of meetings of the Company's Board of Directors and each board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were:

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee		Finance and Investment Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Megan Wynne[1]	10	10	–	–	–	–	–	–
Michael Anghie[1]	10	10	–	–	–	–	–	–
Timothy P. Sullivan	10	10	–	–	4	4	7	7
Elizabeth Q. Betten	10	10	5	5	4	4	7	7
William E. Ritchie	10	10	3	3	–	–	7	7
Robert Melia	10	10	2	2	–	–	7	7
Simone Blank	10	10	5	5	–	–	–	–
Neville Power[2]	9	5	–	–	4	1	–	–

1. Executive Directors are not technically eligible to attend committee meetings but attend by invitation.
2. Mr Neville Power was granted a leave of absence from 23 February 2022 until 27 April 2022.

Remuneration Report

The directors are pleased to present the inaugural Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* ("the Act") for the consolidated entity for the year ended 30 June 2022.

This Remuneration Report outlines the remuneration framework, practices and strategy adopted by APM in accordance with the requirements of the Act and its regulations. The information provided in this Remuneration Report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*. This report details remuneration information pertaining to Directors and Executives who are the "Key Management Personnel" ("KMP").

Dear Shareholder,

On behalf of the Board, I am pleased to present our inaugural Directors' Remuneration Report for the financial year ended 30 June 2022. This report summarises our Remuneration Framework, policy and practices, how it has been operated during the year under review and how it will be implemented in 2023.

APM Group in FY22 – Executing on the growth strategy during uncertain times

Whilst the global market has been disrupted with shutdowns and restrictions in the movement of talent as a result of COVID-19, FY22 has been an exceptional year for APM reflecting the quality of leadership across the organisation and their ability to navigate the challenging operating conditions and ensure continuity of services for the clients we support throughout the financial year.

This was a milestone year for APM, with our initial public offering ("IPO") on the Australian Securities Exchange on 12 November 2021, and APM delivering on its Prospectus forecasts. This was delivered through strong contract performance, completing 9 acquisitions together with associated integration, entering a new market in Sweden, completing a debt refinance and being awarded new tenders, re-tenders and extensions which provide the foundation for the sustainable growth by strong growth in both revenue and earnings.

This together with APM's proven ability to successfully manage operations and continue to deliver best in class services for clients and customers throughout the pandemic, contributed to the favourable results.

APM reported total income growth of $314.3 million (30.9%) to $1,330.7 million. This revenue growth is attributable to a combination of commencing new contracts and the acquisition of new businesses. The Pro Forma NPATA has increased by $37.7 million (29.3%) to $166.3 million which reflects the continued benefits of scale delivered through APM's organic growth as well as the contribution from the acquired businesses.

Remuneration Decisions FY22

While APM has performed strongly, the Board needs to ensure the structure of the Executive Remuneration is designed to retain the successful executive team and create an environment where we can continue to attract the appropriate talent to support the company's growth objectives and deliver shareholder returns.

Whilst there was no change to remuneration in the financial year 2022, given the IPO forecast and exceptional delivery of the strategy for the financial year 2022, our commitment to align Short Term Incentives to performance objectives will be realised with Key Management Personnel being rewarded appropriately for this outperformance.

For financial year 2023, the existing Executive Remuneration structure which drives both short term and long-term results through annual incentive plans will be retained. However, there will be consideration for additional measures in future Long Term Incentive Plans considering market expectations and continued alignment to long term objectives.

Remuneration Framework Review FY23

Overall, the remuneration framework for APM will continue to be reviewed annually and adjusted where necessary.

Directors' Report continued

Directors Fees FY23

At the time of IPO in 2021 we undertook a review of directors' fees through independent advice from external consultants, which highlighted that our directors' fees are on market. There will be no change to Main Board Packages, however we intend in the year to introduce Minimum Shareholding Requirements for Non-Executive Directors, further details will be disclosed in the FY23 remuneration report.

I invite you to review the Remuneration Report that we believe will continue to support APM's business objectives and trust you will find it informative. On behalf of the Board I would invite you to provide any feedback and thank you for your support.

Yours sincerely,

Timothy Sullivan
Chair of the Remuneration and Nomination Committee

Table of contents

The remuneration report comprises of the following sections:

1. Persons to whom this report applies

The remuneration disclosures in this report apply to Non-executive Directors ("NEDs") and Executive Office ("Executives") of APM who have been classified as key management personnel ("KMPs") during the financial year ended 30 June 2022[1] and are set out as follows:

Name	Role	Appointment
Non-Executive Directors		
Elizabeth Q. Betten	Non-executive director	9 March 2020
William E. Ritchie	Non-executive director	9 March 2020
Timothy P. Sullivan	Non-executive director	30 June 2020
Robert Melia	Independent, Non-executive director	30 June 2020
Simone Blank	Independent, Non-executive director	23 July 2020
Neville Power	Independent, Non-executive director	20 October 2021
Executive Office		
Megan Wynne	Executive Chair	30 June 2020
Michael Anghie	Group Chief Executive Officer ("CEO") and Executive Director	30 June 2020
Steve Fewster	Group Chief Financial Officer ("CFO")	31 May 2021

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including all directors (Non-Executive and Executive) of the consolidated entity.

Megan Wynne, Michael Anghie and Steve Fewster as Executive Chair, CEO and Executive Director, and CFO respectively, under the supervision of the Board of Directors, have overall authority and responsibility for all operating activities as well as decisions related to the strategic direction of APM and future acquisitions. The KMP are supported by the Executive team who have responsibility for executing decisions taken by the KMP.

2. Remuneration Framework

APM has a comprehensive business strategy, underpinned by our vision and values, and which informs our remuneration strategy and objectives.

Our Vision and Values

APM's vision is to be the most trusted, highest performing, and successful human services company in its chosen markets.

Integrity	Customer Focus	Respect	Empathy	Achievement	Teamwork	Enthusiasm
APM aims to uphold the highest standard of integrity in everything APM does	APM aims to deliver the highest quality of service for clients and customers and always look for ways to improve	APM recognises people are its business and maintains a culture of trust and respect in every aspect of what APM does	APM approaches the challenges in people's lives with great empathy and strives to help them overcome them	APM moves forward by adopting new technologies, the best evidence-based practices, and rewarding innovation and achievement	APM believes employment and being part of a team can greatly improve a person's health and wellbeing	APM embraces positive outcomes of change with enthusiasm to support clients, customers, and teams in their day to day lives

1. We note that the statutory obligation for remuneration disclosures for KMP of APM commenced on 12 November 2021 as APM became publicly listed on the ASX. Remuneration disclosures however reflect the full financial year in respect of those officers who were KMP from 1 July 2021. As APM was not a disclosing entity in the previous financial year, comparative information has not been included for the year ended 30 June 2021.

2. Remuneration Framework (continued)

Enabling Better Lives			
APM's strong culture underpins its purpose and vision and APM has a common team purpose of "Enabling Better Lives". Success for APM is about delivering better outcomes for the clients it serves each day.			
Best people and aligned values	Best in class outcomes for our clients and customers	Trusted relationships with key partners	Market Leadership and Sustainable growth
Continued investment in our people, our services and our products			

Remuneration Objectives

Based on our vision and values, APM's Board has established a remuneration strategy with key objectives to drive and support the achievement of business strategy. The objectives being:

- Continue to ensure alignment of interests of our people and shareholders to the delivery sustained results for our customers, clients and community;
- Attract, motivate and retain exceptional people;
- Recognise and reward individual and organisational performance;
- Linking pay to performance, rewarding executive performance for generating high growth returns above threshold levels;
- Reward leadership behaviours that reflect APM's culture, values and code of conduct; and
- Apply robust policies to ensure compliance with our legal obligations.

Based on these objectives, APM has adopted an executive remuneration framework which is comprised of three components being Fixed Pay, Short Term Variable Remuneration ("STVR") and Long Term Incentive Plan ("LTIP"). The mix of STVR and LTIP reflects the necessity to focus on both Short Term delivery of business plans and longer term, sustainable growth in Shareholder value.

Remuneration Governance

The Remuneration and Nomination Committee ("RNC") is responsible for reviewing and making recommendations to the Board on the remuneration arrangements for non-executive Directors, the Executive Chair ("EC"), Group Chief Executive Officer ("CEO"), the Group Chief Financial Officer ("CFO") and other executives. Further information on the RNC Committee's role and responsibilities is contained in its Charter, which is available on the Group's website at www.apminvestors.net.au

To assist in performing its duties, and making recommendations to the Board, the RNC Committee may seek independent advice and data from external consultants on various remuneration related matters. The RNC Committee follows protocols around the engagement and use of external remuneration consultants to ensure compliance with the relevant executive remuneration legislation.

2. Remuneration Framework (continued)

Our Framework

	Fixed Pay	Variable Remuneration	
		Short Term Variable Remuneration	Long Term Incentive Plan
Purpose	To pay executives competitively and fairly, relative to the market and consider other factors, including individual experience, caliber and performance levels.	To reward participants for performance against annual objectives that focus on the delivery of business plans and contribute to APM's long term strategy.	To align the interests of participants and shareholders and to reward participants for delivering on APM's long term strategy and long term value creation for shareholders.
Delivery	Base Salary and Superannuation.	100% delivered in cash.	Performance Rights to receive APM shares subject to performance and service conditions over a 3-year measurement period.
APM Approach for FY22	The APM Board considers relevant remuneration market data for each role, and exercises discretion in positioning each role against the market based on local geographic practice, capability, individual performance and the duties and responsibilities of the role.	Variable remuneration is set as a % of base % of Base Salary for KMP: Target: 50% Stretch: 75% Performance conditions: • Pro forma NPATA • >$155.1 million Execution of Growth Strategy	% of Base Salary for KMP: Target: 50% Stretch: 100% Vesting is subject to an Indexed TSR ("iTSR") hurdle, which requires outperformance of the ASX 300 Industrial Total Return Index

Remuneration mix

Remuneration mix refers to the proportion of Total Remuneration that is made up of each remuneration component.

The Board actively reviews our remuneration framework and mix. The current mix is viewed as appropriate for the size and scale of APM.

The Board retains discretion to make necessary adjustments to ensure remuneration mix and incentive outcomes are appropriate and aligned to the shareholder experience.

	Base Salary	Target STVR	LTIP
Target Remuneration Mix			
Megan Wynne	50%	25%	25%
Michael Anghie	50%	25%	25%
Steve Fewster	50%	25%	25%
	Base Salary	**Maximum STVR**	**LTIP**
Maximum Remuneration Mix			
Megan Wynne	37%	27%	36%
Michael Anghie	37%	27%	36%
Steve Fewster	37%	27%	36%

3. Executive remuneration

3.1 Fixed pay

APM's remuneration philosophy is to set market competitive fixed remuneration to attract, retain and motivate people of the highest quality and with the best skills from the industries in which the Company operates. When setting fixed remuneration the Board is mindful of relevant market data, but also considers other important factors which influence the setting of individual remuneration such as local geographic practice, capability, individual performance and the duties and responsibilities of the role.

Additionally, APM leverages its incentives framework to link pay to performance and drive sustainable outcomes.

3.2 Short term variable remuneration plan

The table below outlines key features of the FY22 STVR for Executives:

Term	Description
What is the purpose of the plan?	The STVR aims to reward eligible participants for their contribution towards the achievement of APM's strategy, whilst at the same time links rewards to the short term performance that creates the long-term, sustained growth and profitability for the Company's shareholders.
What is the measurement period of this plan?	Annual Plan – financial year. Incentive payments are determined in line with the approval of the Financial Statements at the end of each financial year in the measurement period
How is the award delivered?	The STVR is paid 100% in cash.
What is the STI potential opportunity?	Potential Target Earnings: Executives have a recommended variable percentage of their Base Pay as a potential payout based on their position level. For key management personnel the target is 50% of Base Salary and up to a maximum 75% of Base Salary (150% of STI target opportunity for outperformance).
Who are the participants?	The Board has the discretion to determine which employees are eligible to participate in the STVR Plan. At the end of the year considering results against performance measures, but also any other results through the year (that were not reflected in the objectives), and how the performance was delivered (through demonstrating strong leadership aligned with APMs values). The participants in the plan in FY22 were the key management personnel.
What are the performance metrics?	The STVR comprised of Performance Measures set Group financial metrics and individual performance. These measures are selected and reviewed annually by the Board as most relevant to APM to enable the Board to assess the short-term (annual) financial performance of 'APM Strategic and operational objectives' are assigned to each individual to drive specific outcomes considered to be of strategic importance to APM within that individual's level of responsibility.
What discretion does the Board have?	The Board has final discretion over annual incentive payments and awards to ensure outcomes appropriately reflect performance and achieve objectives of the annual incentive scheme.

3. Executive remuneration (continued)

3.3 Long term variable remuneration plan

The table below outlines key features of the FY22 LTIP for Executives:

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>What is the purpose of the plan?</td><td>The LTIP aims to reward eligible participants for their contribution towards the achievement of APM's strategy, whilst at the same time links reward to the creation of long-term, sustained growth and profitability for the Company's shareholders.</td></tr>
<tr><td>What is the time period of this plan?</td><td>1 July 2021 to 30 June 2024 (3-year measurement period). However, for the first grant (FY22), Indexed Total Shareholder Return ("iTSR") can only be measured from the date of listing which was 12 November 2021.</td></tr>
<tr><td>When are performance conditions tested?</td><td>Incentive payments are determined in line with the approval of the Financial Statements at the end of each measurement period.</td></tr>
<tr><td>What is the opportunity for KMP?</td><td>For Key Management Personnel it is a target 50% of Base Salary and up to a maximum 100% of Base Salary.</td></tr>
<tr><td>Who are the participants?</td><td>The Board has the discretion to determine which employees are eligible to participate in the LTIP, and the number of Rights they will be offered.

Non-Executive Directors are excluded from eligibility.</td></tr>
<tr><td>Vesting Period and Conditions</td><td>The Performance Rights are subject to the following iTSR performance vesting scale (which requires outperformance of the ASX 300 Industrial Total Return Index for target and stretch vesting) and an ongoing service requirement for the duration of the financial Vesting Period:
<table>
<tr><th>Performance Level</th><th>APM TSR per annum compared to TSR of the ASX 300 Industrial TR Index</th><th>% of Stretch Grant Vesting</th></tr>
<tr><td>Stretch</td><td>≥Index TSR + 8% TSR</td><td>100%</td></tr>
<tr><td>Target</td><td>Index TSR + 4% TSR</td><td>50%</td></tr>
<tr><td>Threshold</td><td>= Index TSR</td><td>25%</td></tr>
<tr><td>Below Threshold</td><td>< Index TSR</td><td>0%</td></tr>
</table>
Between Threshold and Target and Stretch there will be straight line pro rata vesting applied.</td></tr>
<tr><td>What is the performance metric?</td><td>The performance condition, target and vesting schedule are reviewed each year, to ensure they align with the APM strategy and the interests of Shareholders.

The Indexed TSR measure has been chosen as it's a direct link between the reward earned and the Shareholder return achieved relative to APM's ASX peers.</td></tr>
<tr><td>What is the award type?</td><td>Total Shareholder Return ASX 300 Industrial Index

Indexed TSR compared to the ASX 300 Industrial Index measured from 12 November 2021 to 30 June 2024.

Rights that may be offered under the LTIP are Performance Rights with a nil exercise price.

Rights which have not been exercised fifteen years from the date of grant, or such other date determined by the Board and specified in the invitation, will lapse unless the Board determines otherwise.</td></tr>
</table>

3 Executive remuneration (continued)

3.3 Long term variable remuneration plan (continued)

Term	Description
What happens if an Executive ceases employment?	In the event of a cessation of employment due to resignation or termination for cause during a measurement period, any unvested Rights will be forfeited in full unless otherwise determined by the Board. In other cases, such as death or disablement, Board discretion will apply. Vested Rights held following termination of employment must be exercised within a period to be determined by the Board. In the event of a cessation of employment due to resignation or termination for cause during a measurement period, any unvested Rights will be forfeited in full unless otherwise determined by the Board. In other cases, such as death or disablement, Board discretion will apply. Vested Rights held following termination of employment must be exercised within a period to be determined by the Board.
What occurs if there is a change of control?	In the event of a change of control the Board, in its discretion, can alter the terms of the unvested Rights for the purposes of ensuring vesting opportunities are not adversely impacted by the change in control, subject to the ASX Listing Rules.
What are the dividend and voting entitlements?	Rights do not carry dividend or voting entitlements. Shares and restricted shares received following exercise of a Right will be Shares that carry dividend and voting entitlements.
What discretion does the Board have?	The Board may, at its discretion, vary, reduce or waive any vesting conditions and/or exercise conditions attached to Rights at any time, subject to applicable law.
How are the grant's calculated?	The Board has final discretion over annual incentive payments and awards to ensure outcomes appropriately reflect performance and achieve objectives of the annual incentive scheme. The number of Rights granted was determined by the formula: No. Rights = Maximum LTIP ÷ Value of the Right The Share Price used to calculate the value of the rights for FY22 is using a monte-carlo model using the Company share price at the grant date.

3.4 Management Equity Plan

On 30 June 2020, APM Human Services International Limited established a Management Equity Plan ("MEP") which was approved by shareholders.

The MEP is designed to provide long-term incentives for senior management to deliver long-term shareholder returns. Under the plan, participants are granted shares which only vest if certain performance period conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The incentive shares, referred to as Series C shares, are 50%-time shares and 50% performance shares. Holders of the Series C shares will need to be continuously employed to ensure vesting occurs. The time shares vest in such a way that 40% will vest on the second anniversary of the grant date, with 20% vesting on each anniversary of the grant date thereafter up until the fifth anniversary of the grant date. The vesting of the time shares is accelerated by one year (each time band) on the occurrence of an Initial Public Offering ("IPO") and if the Investor Cash Inflows equal or exceed 2.0 times the Investor Cash Outflows ("2x Hurdle"). The performance shares shall only become vested once the 2x Hurdle is met. 50% of the performance shares could also vest upon the consummation of an Initial Public Offering and the implied share price is 2.0 times the Investor Cash Outflows.

At the time of IPO, the 2x hurdle was not met. The MEP was modified by the Board with the 2x Hurdle and the related service requirements being removed for the time and performance shares resulting in immediate vesting of the awards. As part of the IPO, the vesting of the Series C shares was accelerated, and they were converted into ordinary shares on a ratio of 10 ordinary shares in APM for each Series C share held.

4. Non-executive director remuneration

The Board sets NED remuneration at a level which enables the attraction and retention of directors of with diverse background and experience, at an acceptable cost to shareholders. NED Main Board Packages ("MBPs") which consist of Main Board Fees and Committee Fees are intended to fall around P50 of market benchmarks with variations in MBPs between each NED reflecting different Committee memberships.

Non-Executive Directors receive a fee which includes any statutory superannuation contributions.

4.1 Fee pool

The maximum aggregate amount of annual fees payable to NEDs is approved by shareholders in accordance with the requirements of the *Corporations Act 2001*. The current fee pool is $1,500,000 as approved in the Constitution at the time of APM's IPO.

The following annual base fees and annual committee fees are payable to the Chair and Members of the Audit and Risk Committee, Remuneration and Nomination Committee and Finance and Investment Committee:

Non Executive Director	Annual Fee Base ($)	Audit & Risk ($)	Remuneration & Nomination ($)	Finance & Investment ($)	Main Board Package Total ($)
Elizabeth Q. Betten	150,000	10,000	10,000	10,000	180,000
William E. Ritchie	150,000			20,000[2]	170,000
Timothy P. Sullivan	150,000		20,000[2]	10,000	180,000
Robert Melia	150,000	10,000		10,000	170,000
Simone Blank	150,000	20,000[2]			170,000
Neville Power	150,000		10,000		160,000
Total	**900,000**	**40,000**	**40,000**	**50,000**	**1,030,000**

All Directors' fees include superannuation payments to the extent required by law. Megan Wynne is paid a salary as an Executive and does not receive fees for her role as Chair. Michael Anghie is paid a salary as an Executive and does not receive fees for his role as a Director.

5. Link between Group performance and executive remuneration outcomes

The table and chart below show APM's financial performance over the past two financial years. Understanding APMs' performance over the financial year, and the longer-term, will provide shareholders with important context when reviewing our remuneration framework in the following pages.

APM reported total income growth of $314.3 million (30.9%) to $1,330.7 million. This revenue growth is attributable to a combination of commencing new contracts and the acquisition of new businesses. The Pro Forma NPATA increased by $37.7 million (29.3%) to $166.3 million which reflects the continued benefits of scale delivered through APM's organic growth as well as the contribution from the acquired businesses.

2. Chair of Committee.

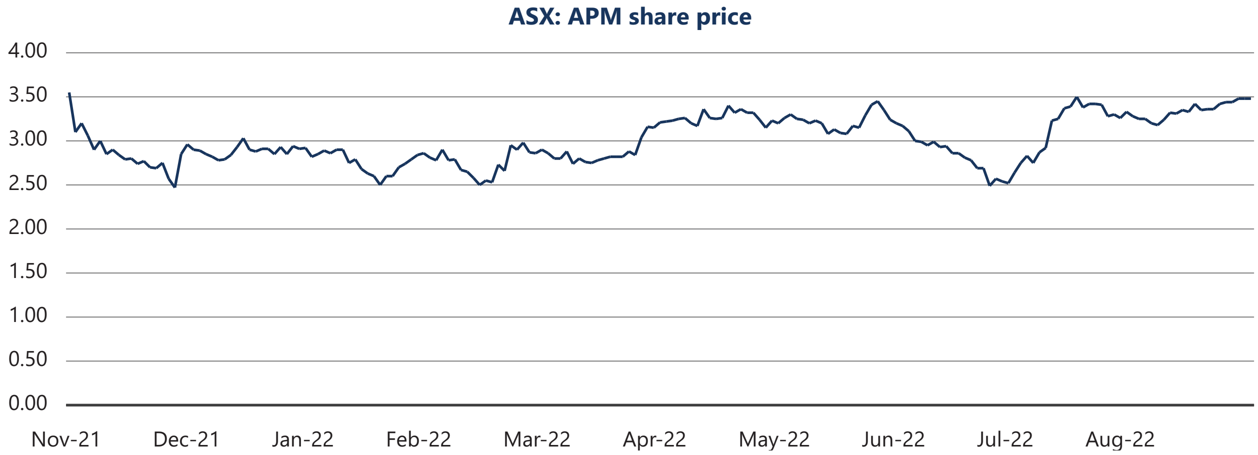
5. Link between Group performance and executive remuneration outcomes (continued)

5.1 APM Performance

The following table summarises key indicators of APM's performance by year and the effect on shareholder value since IPO:

Key financials ($) '000	FY22	FY21
Total income	1,330.7	1,016.4[3]
Profit/(loss) before tax	28.9	8.7[3]
Net profit/(loss) after tax ("NPAT")	40.7	(1.9)
Dividends	–	–
NPAT before amortisation ("NPATA")	92.4	48.9
Pro forma NPATA	166.3	128.6
Pro forma NPATA margin	12.5%	12.7%

The offer price for APM shares under the IPO, was $3.55; the closing price on 30 June 2022 was $2.87.



5.2 Executive performance and STVR outcomes

The following table provides a summary of Executive objectives and STVR performance measure outcomes for FY22.

Executive Remuneration KPI Outcome

Category	Objective/Target	KPI weighting	Outcome
Financial	NPATA	50%	Exceeded. Target NPATA per Prospectus of $155.1 million, actual FY22 NPATA $166.3 million.
Execution of Growth Strategy	Grow existing business Integrate and scale M&A Pursue new markets	50%	APM reported income growth of $314.3 million (30.9%) to $1,330.7 million. This revenue growth is attributable to a combination of commencing new contracts and the acquisition of new businesses.

3. The Statutory Historical Financial Information for FY21 has been extracted from the consolidated financial statements of APM for the period from incorporation of APM Human Services, on 9 March 2020, until 30 June 2021.

5. Link between group performance and executive remuneration outcomes (continued)

5.2 Executive performance and STVR outcomes (continued)

The following table sets out the actual annual incentive outcomes for the Executive Office for FY22 based on achievement of financial objectives from the STVR.

Given the aggressive growth targets and exceptional delivery of the IPO forecasts for FY22, during a year impacted by COVID-19 uncertainties, the Board has determined the following payouts.

Executives	% of Base STVR Target	% of Base STVR Stretch	% of STVR paid	STVR Actual Payment	% of STVR target paid	% of STVR stretch forfeited
Megan Wynne	50	75	65	$487,500	130	13
Michael Anghie	50	75	65	$1,365,000	130	13
Steve Fewster	50	75	65	$390,000	130	13

5.3 Executive remuneration

The table below has been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant Australian Accounting Standards. The figures provided under the equity component are based on accounting values and do not reflect actual cash amounts received by executives in FY22.

	Short-term benefits			Long-term benefits[4]	Post-employment benefits	LTIP				
Executive	**Base Salary ($)**	**Short-term incentive entitlement[5] ($)**	**Annual Leave ($)**	**Long service leave ($)**	**Superannuation benefits[6] ($)**	**Management Equity Plan[7] ($)**	**Performance rights[8] ($)**	**Total remuneration ($)**	**Proportion of remuneration that is performance based %**	**Proportion of remuneration that consists of rights %**
Megan Wynne	754,121	487,500	58,778	16,606	26,593	–	55,872	1,399,470	39%	4%
Michael Anghie	2,111,538	1,365,000	192,814	39,802	23,568	644,809	156,441	4,533,972	48%	18%
Steve Fewster	603,297	390,000	49,377	10,351	23,568	691,359	44,697	1,812,650	62%	41%
Total	**3,468,956**	**2,242,500**	**300,969**	**66,759**	**73,729**	**1,336,168**	**257,010**	**7,746,092**		

5.4 FY22 LTIP outcomes

The Company granted Rights to the Executive Chair, CEO and CFO of the Company under the LTIP which will vest in upon the testing of performance conditions subsequent to the end of the performance period, estimated to be 31 August 2024.

As the first grant under the LTIP was made during FY22 and is on-foot for testing in future years, no vesting of the LTIP has occurred in respect of FY22.

4. In accordance with AASB 119 *Employee benefits*, long service leave and annual leave is classified as other long term employee benefit.
5. The short-term incentive entitlement represents a payment in respect of the current year. The amount was finally determined on 27 July 2022 after performance reviews were completed and approved by the Remuneration and nominations Committee.
6. Superannuation benefits represents amounts paid or payable related to services received during the year.
7. MEP performance rights relates to the incentive shares held in a legacy plan prior to the IPO.
8. Performance rights represents the accrued expenses amortised over the vesting period and these related to the LTIPs issued at IPO as described in section 5.4 below.

6. Statutory disclosures

6.1 Statutory non-executive directors' remuneration

The table below has been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant Australian Accounting Standards. The figures provided under the equity component are based on accounting values and do not reflect actual cash amounts received by non-executive directors in FY22.

NEDs	Fees paid[9] ($)	Other fees paid ($)	Non-monetary benefits ($)	Super-annuation ($)	Total remuneration ($)
Elizabeth Q. Betten	114,457	–	–	–	114,457
William E. Ritchie	108,098	–	–	–	108,098
Timothy P. Sullivan	114,457	–	–	–	114,457
Robert Melia[10]	233,897	–	–	–	233,897
Simone Blank	187,770	–	–	–	187,770
Neville Power[11]	80,000	–	–	–	80,000
Total	**838,679**	**–**	**–**	**–**	**838,679**

Director Equity Component

Prior to listing, APM's Independent Directors, being Robert Melia, Simone Blank and Neville Power all subscribed to Pre-IPO Series A, Series B and Series C shares. In FY22, the share-based expense recorded for the Series B shares for Robert Melia, Simone Blank and Neville Power was $0, $0 and $435,296 respectively. On joining the Board of APM, each Independent Director received 52,190 Series C shares. The Series C shares were valued using a Monte Carlo option pricing model. Whilst each of the Independent Directors received the same number of Series C shares, due to the timing of each Independent Director joining the Board, Monte Carlo calculates a different value for each Independent Director. The statutory remuneration expense for the period of the Series C shares for Robert Melia, Simone Blank and Neville Power is $14,523, $79,873 and $726,655 respectively.

6.2 Other information about Directors' interests and benefits

Directors may also be reimbursed for travel and other expenses incurred in attending to company affairs, including attending, and returning from general meetings or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board).

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3 Shares held by KMP

Capital Restructure

During the year ended 30 June 2022, APM converted from being a private company to a public company and on 12 November 2021 APM listed on the ASX. Prior to becoming a public company and then subsequently listing on the ASX, APM had three classes of shares on issue being Series A, Series B and Series C.

The Series A shares were non-redeemable cumulative preference shares which accrued a discretionary 8% yield per annum compounded semi-annually. The Series A were not required to be repurchased or redeemed and they were convertible into ordinary shares based on the IPO offer price of $3.55 based on the outstanding Shareholder loan amount inclusive of cumulative unpaid interest. These shares were treated as a liability on the Consolidated Statement of Financial Position.

The Series B were converted into ordinary shares on a ratio 10 ordinary shares in APM for each Series B share.

The Series C shares were incentive shares issued under a Management Equity Plan which had vesting conditions and were subject to a non-recourse loan. These shares were treated as options for accounting purposes and a corresponding share-based payment expense was recognised for these shares. As part of the IPO, the vesting of the Series C was accelerated, and they were converted into ordinary shares on a ratio of 10 ordinary shares in APM for each Series C share.

9. Excludes GST.
10. Fees paid in cash includes fee paid for board and committee services and consulting services from 1 July through to 11 November 2021, in accordance with the 30 June 2020 consultancy agreement.
11. On 23 February 2022, upon request by Neville Power, the Board granted a leave of absence from his NED role. On 27 April 2022, Neville Power's leave of absence concluded and he resumed his position as an NED. No director fees were paid during the leave of absence.

6. Statutory disclosures (continued)

6.3 Shares held by KMP (continued)

Capital Restructure

The following table sets out the conversions Series A, B and C shares held by the NEDs and Executives or their related parties directly or indirectly held shares in APM:

Ordinary shares – numbers	Private company capital structure at 1 July 2021	Capital issued between 1 July 2021 and 11 Nov 2021	Pre-capital restructure holding	Ordinary shares held post capital restructure
NEDs				
Elizabeth Q. Betten				
Series A	–	–	–	–
Series B	–	–	–	–
Series C	–	–	–	–
Total ordinary shares	**–**	**–**	**–**	**–**
William E. Ritchie				
Series A	–	–	–	–
Series B	–	–	–	–
Series C	–	–	–	–
Total ordinary shares	**–**	**–**	**–**	**–**
Timothy P. Sullivan				
Series A	–	–	–	–
Series B	–	–	–	–
Series C	–	–	–	–
Total ordinary shares	**–**	**–**	**–**	**–**
Robert Melia				
Series A	2,076,351	–	2,076,351	651,126
Series B	109,282	–	109,282	1,092,820
Series C	52,191	–	52,191	521,910
Total ordinary shares	**2,237,824**	**–**	**2,237,824**	**2,265,856**
Simone Blank				
Series A	237,500	–	237,500	73,461
Series B	12,500	–	12,500	125,000
Series C	52,191	–	52,191	521,910
Total ordinary shares	**302,191**	**–**	**302,191**	**720,371**
Neville Power				
Series A	–	654,319	654,319	205,220
Series B	–	34,438	34,438	344,380
Series C	–	52,191	52,191	521,910
Total ordinary shares	**–**	**740,948**	**740,948**	**1,071,510**
KMP				
Megan Wynne				
Series A	366,700,000	–	366,700,000	114,993,858
Series B	19,300,000	–	19,300,000	193,000,000
Series C	–	–	–	–
Total ordinary shares	**386,000,000**	**–**	**386,000,000**	**307,993,858**
Michael Anghie				
Series A	11,685,000	–	11,685,000	3,664,314
Series B	615,000	–	615,000	6,150,000
Series C	2,317,272	–	2,317,272	23,172,720
Total ordinary shares	**14,617,272**	**–**	**14,617,272**	**32,987,034**
Steve Fewster				
Series A	1,235,000	–	1,235,000	372,312
Series B	65,000	–	65,000	650,000
Series C	217,335	–	217,335	2,173,350
Total ordinary shares	**1,517,335**	**–**	**1,517,335**	**3,195,662**

6. Statutory disclosures (continued)

6.3 Shares held by KMP (continued)

Capital Restructure (continued)

The following table sets out the movement in shares held by the NEDs and KMPs or their related parties directly or indirectly following the conversion of APMHSI from a public company to a company listed on the ASX:

Ordinary shares – numbers	Balance pre-IPO offer	Shares purchased/ (sold) under the IPO offer	Balance on completion of Initial Public Offering 12 November	Purchased/ (disposed)	Transfers/ others	Balance at the end of the financial year 30 June 2022
NEDs						
Elizabeth Q. Betten	–	–	–	–	–	**–**
William E. Ritchie	–	–	–	–	–	**–**
Timothy P. Sullivan	–	–	–	–	–	**–**
Robert Melia[12]	2,265,856	(700,000)	1,565,856	–	–	**1,565,856**
Simone Blank	720,371	(252,130)	468,241	–	–	**468,241**
Neville Power[13]	1,071,510	–	1,071,510	–	–	**1,071,510**
Executives						
Megan Wynne[14]	307,993,858	(13,029,116)	294,964,742	–	18,521,126[15]	**313,485,868**
Michael Anghie[16]	32,987,034	(11,531,377)	21,455,657	–	–	**21,455,657**
Steve Fewster	3,195,662	140,845	3,336,507	–	–	**3,336,507**

There were no shares granted during the post IPO period as compensation.

As part of the IPO, the following voluntary escrow arrangements have been entered into:

Shareholder	Escrow Period
Directors	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2022 to ASX.
Megan Wynne	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX.
Michael Anghie	70% of Escrowed Shares: Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX. 30% of Escrowed Shares: Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2024 to ASX.
Steve Fewster	70% of Escrowed Shares: Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX. 30% of Escrowed Shares: Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2024 to ASX.

12. Balance of shares at the end of financial year 30 June 2022, held indirectly by Robert Melia through Melia Holdings LLC was 592,820. 500,000 shares were disposed of by Melia Holdings LLC during the period.
13. Balance of shares at the end of financial year 30 June 2022, held indirectly by Neville Power through Power Invest Pty Ltd was 549,600.
14. The interests of Megan Wynne include shares held by her related party Dr Bruce Bellinge, through Bellinge Holdings Pty Ltd which totalled 102.7 million ordinary shares at 30 June 2022.
15. 18,521,126 shares were issued on completion of the acquisition of Early Start Australia, MyIntegra and Mobility businesses by APM.
16. Balance of shares at the end of financial year 30 June 2022, held indirectly by Michael Anghie through Wattle (WA) Pty Ltd was 1,240,874, which included 14,085 of dependent shares held on trustee by Michael Anghie. 3,666,283 shares were disposed of by Wattle (WA) Pty Ltd during the period.

6. Statutory disclosures (continued)

6.4 Rights held by KMP

The following table details the number, value and vesting periods of the LTIP performance rights held by KMPs:

					Vested		
Executives	**Grant date**	**Number of rights granted**	**Fair value at grant date**	**Final date of measurement period**	**Number of rights**	**% of total grant**	**Value of rights vesting**
Megan Wynne	26-Nov-21	225,568	1.10	30-Jun-24	–	–	–
Michael Anghie	26-Nov-21	631,591	1.10	30-Jun-24	–	–	–
Steve Fewster	26-Nov-21	180,454	1.10	30-Jun-24	–	–	–

The following table details the number, value and vesting periods of the MEP performance rights held by KMPs:

						Vested	
Executives	**Grant date**	**Number of rights granted**	**Final date of measurement period**	**Series C after capital restructure[17]**	**Fair value at grant date**	**% of total grant**	**Incremental fair value on acceleration of MEP**
Michael Anghie	30-Jun-20	2,317,272	12-Nov-21	23,172,720	\$0.03–\$0.04	100%	–
Steve Fewster[18]	31-Dec-20	217,335	12-Nov-21	2,173,350	\$0.36–\$0.37	100%	–
Robert Melia	30-Jun-20	52,191	12-Nov-21	521,910	\$0.03–\$0.04	100%	–
Simone Blank	30-Sep-20	52,191	12-Nov-21	521,910	\$0.18–\$0.20	100%	–
Neville Power[19]	31-Jul-21	52,191	12-Nov-21	521,910	\$1.39–\$1.39	100%	–

17. The intrinsic value of these shares is calculated as the exercise price less strike price, being \$3.45 per share.
18. The intrinsic value of these shares is calculated as the exercise price less strike price, being \$2.72 – \$3.456 per share. The incremental fair value on the acceleration of the MEP is nil.
19. Following vesting of Series C shares on IPO, the exercise price of \$435,795 is due for payment within 6 months after the end of the first escrow period (for the number of escrow shares as detailed in Section 6.3), where the amount to be paid shall be the lower of the outstanding balance and the market value of shares at the end of the escrow period.

6 Statutory disclosures (continued)

6.4 Rights held by KMP (continued)

The following table details the movement throughout FY22 of the MEP performance rights held by KMPs:

			Vested			Forfeited			Closing balance	
Executive & grant date	**Opening balance 1 July 2021**	**Granted**	**Number**	**%**	**Exer-cised**	**Number**	**%**	**Other Changes[20]**	**Vested**	**Unvested**
Mike Anghie Jun-20	2,317,272	–	2,317,272	100%	–	–	–	2,317,272	–	–
Steve Fewster Dec-20	217,335	–	217,335	100%	–	–	–	217,335	–	–
Robert Melia Jun-20	52,191	–	52,191	100%	–	–	–	52,191	–	–
Simone Blank Sep-20	52,191	–	52,191	100%	–	–	–	52,191	–	–
Neville Power Jul-21	–	52,191	52,191	100%	–	–	–	52,191	–	–

The following table details the movement throughout FY22 of the LTIP performance rights held by KMPs:

			Vested			Forfeited			Closing balance		
Executive & grant date	**Opening balance 1 July 2021**	**Granted[21]**	**Number**	**%**	**Exer-cised**	**Number**	**%**	**Other Changes**	**Vested**	**Unvested**	**Maximum value yet to vest**
Megan Wynne Nov-21	–	225,568	–	–	–	–	–	–	–	225,568	191,802
Mike Anghie Nov-21	–	631,591	–	–	–	–	–	–	–	631,591	537,046
Steve Fewster Nov-21	–	180,454	–	–	–	–	–	–	–	180,454	153,441

20. As part of the IPO, the vesting of the Series C was accelerated, and they were converted into ordinary shares on a ratio of 10 ordinary shares in APM for each Series C share.
21. Rights may be exercised at any time after the vesting date and before expiry (which is 15 years from the date of grant). Expected exercise date is 31 August 2024, following the release of the Company's results.

6 Statutory disclosures (continued)

6.5 KMP service agreements

The following table summarises contractual arrangements of the Executive:

Contract details[22]

	Megan Wynne	Michael Anghie	Steve Fewster
Base pay per contract; excluding superannuation	$750,000	$2,100,000	$600,000
Other benefits	-	-	-
Notice and severance	Megan Wynne or Serendipity may terminate the agreement on 12 months' notice or, in Serendipity's case, payment in lieu of notice.	Michael Anghie or Serendipity may terminate the agreement on 12 months' notice or, in Serendipity's case, payment in lieu of notice.	Steve Fewster or Serendipity may terminate the agreement on 6 months' notice or, in Serendipity's case, payment in lieu of notice.
	Serendipity may also terminate the agreement with notice or payment in lieu of notice if the Executive engages in serious misconduct.		
Restraints	Megan Wynne, Michael Anghie and Steve Fewster's employment contracts also include a restraint of trade period of 36 months following termination. Enforceability of such restraint of trade is subject to all usual legal requirements.		

6.6 Loans to KMP and their related parties

Please refer to 6.4 in relation to the unpaid exercise price for Series C shares. There are no other loans made to/with KMPs or their related parties for FY22.

6.7 Other transactions with KMP

The Group operates part of its business from premises leased from entities controlled by Megan Wynne or her related party. The rental payments on the three property leases were $938,866 for the year ended 30 June 2022. There is no balance outstanding to be paid at 30 June 2022.

The Group acquired 100% of Early Start Australia Pty Ltd on 29 December 2021 from the related parties listed:

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for The Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under Listing Rules 10.1.1, 10.1.3 and10.1.4)

Consideration paid is valued at $83.3 million comprising $36.6 million in Shares, $18.9 million in cash repayment of loans, $5.9 million settlement of non-cash loans and $21.9 million deferred consideration. See note 3(d) to the accounts.

The Group acquired 100% of Integrated Care Pty Ltd on 29 December 2021 from the related parties listed:

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for The Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under Listing Rules 10.1.1, 10.1.3 and 10.1.4)

22. Under the *Corporations Act 2001*, broadly the Termination Benefit Limit is 12 months average Salary (over prior 3 years) unless shareholder approval is obtained.

Consideration paid is valued at $30.9 million comprising $17.4 million in Shares, $8.1 million in cash repayment of loans and $5.4 million deferred consideration. See note 3(e) to the accounts.

The Group acquired 50% of Mobility Australia Pty Ltd and 50% of Mobility Holdings Pty Ltd (together "Mobility") on 29 December 2021 from the related parties listed:

- 50% Mobility Holdings Pty Ltd – Cara Nominees Pty Ltd ATF Cara Investment Trust (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 50% Mobility Australia Pty Ltd – Encore Nominees Pty Ltd ATF Encore Unit Trust (controlled by Megan Wynne and Michael Anghie and a related party of APM under Listing Rule 10.1.1)

Consideration paid is valued at $7.5 million for the 50% interest held by related parties paid $4.0 million in cash and the balance for repayment in loans. Refer to note 3(c).

6.8 External Remuneration Consultants (ERC)

Godfrey Remuneration Group ("GRG") is appointed as the independent adviser to the Committee and provide services to APM on a 'called on' rather than a retained basis. GRG provided remuneration recommendations for NEDs and Executives. Details of the terms of engagement for GRG are available on request from the Company Secretary. The Committee regularly reviews the external adviser relationship as part of its remuneration governance protocols, and is therefore satisfied that the remuneration recommendations made in 2022 were made without undue influence from members of Non-Executive Directors and Key Management Personnel to whom the recommendations relate. For the year FY22 GRG's fee charges were $18,000 for NED benchmarking, $19,000 for Executive benchmarking and $84,500 for other service (all amounts are GST exclusive).

End of Remuneration Report

Performance rights

The Company agreed to award incentive shares to key management personnel and selected employees subject to the satisfaction of specified vesting and other conditions. A full description of the terms of those incentive shares, including the number of Rights issued, is contained in note 22. Unissued ordinary shares of the company under Rights at the date of this report are shown below:

Date Rights Granted	Number of Rights Granted	Issue Price for the Rights
12 November 2021	1,037,613	$2.80
20 June 2022	2,188,421	$2.49
Total Rights issued	**3,226,034**	

Included in these rights were rights granted as remuneration to the five most highly remunerated officers during the year. Details of rights granted to key management personnel are disclosed in note 21(d). In addition, the following rights were granted to officers who are among the five highest remunerated officers of the Group, but are not key management personnel and hence not disclosed in the Remuneration Report:

Name of Officer	Date Rights Granted	Number of Rights Granted	Issue Price for the Rights
Karen Rainbow	20 June 2022	180,454	$2.49
Fiona Monahan	20 June 2022	150,379	$2.49
Total Rights issued		**330,833**	

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 98.

Audit and non-audit services

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in note 31 Auditor's remuneration.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

The Board of Directors, in accordance with advice provided by the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Directors' Report is signed in accordance with a resolution of the Directors.

Michael Anghie
Group Chief Executive Officer & Executive Director

Perth
31 August 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of APM Human Services International 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.

This declaration is in respect of APM Human Services International Limited and the entities it controlled during the period.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
31 August 2022

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T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	30 June 2022 $'000	For the period from incorporation on 9 March 2020 to 30 June 2021* $'000
Revenue from contracts with customers	4	1,328,128	999,113
Other income	5	2,594	17,314
Total income		**1,330,722**	**1,016,427**
People costs	5	(801,279)	(609,890)
Client support costs		(105,556)	(78,554)
Administration	5	(55,739)	(44,042)
Marketing		(10,019)	(7,256)
Travel expenses		(7,813)	(3,954)
Occupancy expenses	5	(44,616)	(23,918)
Other operating costs	5	(49,566)	(16,850)
Other (losses)/gains	5	(9,741)	12,801
Depreciation and amortisation	5	(122,364)	(103,180)
Net finance costs	7	(95,149)	(132,905)
Profit before income tax		**28,880**	**8,679**
Income tax benefit/(expense)	6	11,855	(10,598)
Profit/(loss) for the year/period		**40,735**	**(1,919)**
Profit/(loss) is attributable to:			
Owners of APM Human Services International Limited		41,126	(1,919)
Non-controlling interests		(391)	–
		40,735	**(1,919)**
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations	19(b)	1,577	(2,600)
Other comprehensive income		(114)	–
Other comprehensive income/(loss) for the year/period		**1,463**	**(2,600)**
Total comprehensive income/(loss) for the year/period		**42,198**	**(4,519)**
Total comprehensive income/(loss) for the year/period attributable to:			
Owners of APM Human Services International Limited		42,589	(4,519)
Non-controlling interests		(391)	–
		42,198	**(4,519)**

	Note	30 June 2022 Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		
Basic earnings per share	8	7.08
Diluted earnings per share	8	7.08

* Comparative information from the first set of financial statements prepared since date of incorporation on 9 March 2020.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	9	171,392	106,781
Trade and other receivables	10	114,918	87,477
Accrued revenue	4	190,298	100,691
Derivative financial instruments	25	17,463	–
Prepayments	11	38,475	19,834
Total current assets		**532,546**	**314,783**
Non-current assets			
Deferred tax assets	6	20,455	14,575
Property, plant and equipment	13	55,629	30,345
Right-of-use assets	12	80,494	75,680
Intangible assets	14	1,968,406	1,729,611
Prepayments	11	9,413	1,402
Other non-current assets		11,584	6,208
Total non-current assets		**2,145,981**	**1,857,821**
Total assets		**2,678,527**	**2,172,604**
Current liabilities			
Trade and other payables	15	70,880	52,548
Accrued expenses	15	87,925	61,956
Interest-bearing liabilities	16	45,723	31,536
Current tax liabilities		20,795	29,470
Deferred revenue	4	87,493	78,202
Provisions	18	41,587	28,615
Other current liabilities	26	9,567	–
Total current liabilities		**363,970**	**282,327**
Non-current liabilities			
Deferred tax liabilities	6	65,936	98,951
Interest-bearing liabilities	16	644,841	757,795
Shareholder loans	17	–	965,538
Provisions	18	34,802	20,275
Other non-current liabilities	26	37,145	4,145
Deferred revenue	4	52,071	–
Total non-current liabilities		**834,795**	**1,846,704**
Total liabilities		**1,198,765**	**2,129,031**
Net assets		**1,479,762**	**43,573**
EQUITY			
Contributed equity	19	1,449,630	47,345
Other reserves	19	(12,489)	(1,853)
Accumulated profits/(losses)		39,093	(1,919)
Equity attributable to the owners of APM		**1,476,234**	**43,573**
Non-controlling interests		3,528	–
Total Equity		**1,479,762**	**43,573**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Share capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 9 March 2020		**–**	**–**	**–**	**–**	**–**
Loss for the period		–	–	(1,919)	–	(1,919)
Exchange differences on translation of foreign operation	19(b)	–	(2,600)	–	–	(2,600)
Total comprehensive loss for the period		–	(2,600)	(1,919)	–	(4,519)
Movement in shares on issue		47,345	–	–	–	47,345
Employee share schemes	19(b)	–	747	–	–	747
Balance at 30 June 2021		**47,345**	**(1,853)**	**(1,919)**	**–**	**43,573**

	Note	Share capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021		**47,345**	**(1,853)**	**(1,919)**	**–**	**43,573**
Profit for the year		–	–	41,126	(391)	40,735
Other comprehensive income		–	1,577	(114)	–	1,463
Total comprehensive profit/loss for the year		**–**	**1,577**	**41,012**	**(391)**	**42,198**
Contributions of equity, net of transaction costs		1,337,035	–	–	–	1,337,035
Issue of ordinary shares as consideration for a business combination		54,011	–	–	–	54,011
Transfer of reserves		11,239	(11,239)	–	–	–
Employee share schemes		–	10,766	–	–	10,766
Put option interests in Lifecare shares		–	(14,429)	–	–	(14,429)
Adjustment to ownership interests		–	2,689	–	668	3,357
Non-controlling interests on acquisition of subsidiary		–	–	–	3,251	3,251
Balance at 30 June 2022		**1,449,630**	**(12,489)**	**39,093**	**3,528**	**1,479,762**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	For the year ended 30 June 2022 $'000	For the period ended 30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		1,427,664	995,636
Payments to suppliers and employees (inclusive of GST and VAT)		(1,146,140)	(768,825)
Share issue costs (uncapitalised)		(36,326)	–
Interest received		210	200
Income tax paid		(28,272)	(8,012)
Net cash flows from operating activities	23	**217,136**	**218,999**
Cash flows used in investing activities			
Payment for property, plant and equipment		(39,645)	(13,767)
Payment for intangibles		(31,219)	(2,408)
Payment for security deposits		(5,375)	–
Payment for acquisition of subsidiaries, net of cash acquired	3	(176,060)	(1,234,887)
Proceeds from sale of property, plant and equipment		78	–
Net cash used in investing activities		**(252,221)**	**(1,251,062)**
Cash flows from financing activities			
Proceeds from issues of shares		343,522	523,414
Share issue costs (capitalised)		(11,758)	–
Proceeds from borrowings		14,855	712,845
Repayment of borrowings		(167,835)	–
Principal elements of lease payments		(44,907)	(41,900)
Interest paid		(33,002)	(56,486)
Net cash from financing activities		**100,875**	**1,137,873**
Net increase in cash and cash equivalents held		65,790	105,810
Cash and cash equivalents at beginning of year/period		106,781	–
Net foreign exchange differences		(1,179)	971
Cash and cash equivalents at end of the year/period		**171,392**	**106,781**
Non-cash financing and investment activities	23(b)		

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

1. About this report

APM Human Services International Limited (referred to as "APM") is a for-profit company limited by shares incorporated and domiciled in Australia. The nature of the operations and principal activities of APM and its subsidiaries (referred to as "the Group") are described in the segment information.

The consolidated financial report of the Group for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 31 August 2022.

The financial report is a general-purpose financial report which:

- has 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") and *International Financial Reporting Standards* ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- has been prepared on a historical cost basis other than certain financial assets and liabilities (including derivative financial instruments) measured at fair value;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- except as outlined in note 32(i), has not early adopted Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

(a) Significant changes in the current year

The financial position and performance of the Group includes the impact of the following events and transactions during the year to 30 June 2022:

- On 1 July 2021, Ingeus UK commenced the delivery of services under the Restart Scheme contracts in the UK. The commencement of this contract delivered an increase in revenue in APM's European segment as well as an increase in working capital and capital expenditure.
- The Group was also awarded the new Federal Rehabilitation Services and Vocational Assistance Program ("RSVAP") in Canada in July 2021 by Veteran Affairs Canada ("VAC"). Service delivery will commence in January 2023 after an 18 month implementation and transition period.
- On 2 July 2021, the Group refinanced its first and second lien term loan facility to an all first lien multi-currency facility comprising a $380.0 million AUD Term Loan and a $368.3 million (US$275 million) USD Term Loan. The refinancing process resulted in a non-cash loss on debt extinguishment of $24.7 million (see notes 16 and 23(c)).
- On 31 July 2021, Advanced Personnel Management Global Pty Ltd, a wholly-owned subsidiary of Advanced Personnel Management International Pty Ltd, acquired 100% of the issued share capital of Generation Health Pty Ltd and The Interact Group Pty Ltd ("Generation Health"), a provider of workplace injury prevention and injury management services across Australia (see note 3(a)).
- On 31 August 2021, Ross Innovative Employment Solutions Corp, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the shares of The Kaiser Group (DE) LLC, a provider of workforce development and training services in the USA (see note 3(b)).
- On 12 November 2021, the Company listed on the Australian Securities Exchange (ASX). The Group raised approximately $343.5 million via the issue of 95.5 million shares at an Offer price of $3.55 per share under the Prospectus lodged in early November (see note 19).
- On 29 December 2021, the Group, through its wholly-owned subsidiary APM Mobility Holdings Pty Ltd, acquired 60% of the shares in Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd ("Mobility") (see note 3(c)).
- On 29 December 2021, the Group, through its wholly-owned subsidiary APM ESA Holdings Pty Ltd, acquired 100% of the shares in Early Start Australia Pty Ltd ("ESA") (see note 3(d)).
- On 29 December 2021, the Group, through its wholly-owned subsidiary APM MyIntegra Holdings Pty Ltd, acquired 100% of the shares in Integrated Care Pty Ltd ("MyIntegra") (see note 3(e)).
- The Company has established a Long Term Incentive Plan ("LTIP") to assist in the motivation, retention and reward of certain employees and Executive Directors. Refer to note 22 for the details of the LTIP.

1. About this report (continued)

- On 4 January 2022, APM Allied Health Pty Ltd (formally Konekt Workplace Health Solutions Pty Ltd), a wholly-owned subsidiary of APM Human Services International Limited, acquired a majority interest in the Lifecare Physiotherapy businesses across Australia (see note 3(f)).
- On 19 January 2022, the Group, through its wholly-owned subsidiary the Kaiser Group (DE) LLC, acquired 100% of the shares in Dynamic Education System (see note 3(i)).
- On 31 January 2022, the Group, through its wholly-owned subsidiary Ingeus Europe Limited, acquired 100% of the shares in Clustera Sverige AB (see note 3(g)).
- On 14 April 2022, the Group, through its wholly-owned subsidiary APM Work Health Pty Ltd, acquired 100% of the shares in BioSymm Pty Limited and 80% of the shares in Finafrere Pty Limited (see note 3(h)).

The COVID-19 pandemic affected the productivity of the Health and Wellbeing, Communities and Assessments, and Aged Care and Disability businesses. This impact was most evident in the financial performance of the Asia Pacific segment compared to the Prospectus, however, this was materially offset by financial performance of the Australian, European, and North American segments. There has been no impact to asset values and revenue was materially in line with the Group's budget. However, the continued impact of the COVID-19 pandemic, including the continued imposition of government restrictions and the broader impacts on the Australian and global economies, may impact Group performance in FY23.

(b) Critical estimates, judgements and errors

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. The ongoing impact of COVID-19 has been considered in the preparation of these consolidated financial statements and in applying the Group's key judgements and estimates. The Directors have reviewed liquidity and cash flow forecasts, as well as critical accounting estimates and judgements for the Group. As these are subject to increased uncertainty, actual outcomes may differ from the applied estimates.

Judgements and estimates which are material to the financial report are found in the following notes:

- Deferred consideration – note 3(d), 3(e) and 3(g)
- Revenue from contracts with customers – note 4
- Income tax expense – note 6
- Leases – note 12
- Intangible assets – note 14
- Provisions – note 18
- Financial instruments and risk management – note 20
- Share-based payments – note 22
- Other liabilities – note 26

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note 30.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intragroup transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1. About this report (continued)

(d) Foreign currency

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance date and the income statements are translated at the average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance date. Exchange differences arising from the application of these procedures are taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment and are then recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements.

2. Segment information

(a) Description of segments

The Group operates in the health and human services industry across eleven countries, and it considers its operating segments to be the geographical regions it operates in.

The Group's Board and Executive Office consisting of the Executive Chair, Group Chief Executive Officer and Group Chief Financial Officer (the chief operating decision makers or "CODM's") examine the Group's performance from a geographic perspective and have identified four reportable segments of its business.

The operating segments are as follows:

- Australia – Employment Services, Health and Wellbeing, Communities and Assessments and Disability and Aged Care
- APAC (including New Zealand, Korea and Singapore) – Employment Services, Health & Wellbeing and Communities and Assessments
- Europe/UK (including Germany, Switzerland, Spain, Sweden and the UK) – Employment Services, Health & Wellbeing, and Communities and Assessments
- North America (including Canada and the USA) – Employment Services, and Health & Wellbeing

The Board and Executive Office primarily use net profit after tax before amortisation to assess the performance of the operating segments ("NPATA"). NPATA is also used by the Executive Office to assess strategic decisions such as the ability to pay dividends.

2. Segment information (continued)

(b) NPATA

NPATA is calculated as the net profit after tax and after adding back the amortisation expense relating to acquired service agreement contract intangibles. The CODM's use this measure as it best positions the decision makers to make strategic decisions, including but not limited to the company's ability to pay dividends.

The Annual Report for the period ended 30 June 2021 included Gross Contribution and NPATA as a way of measuring segment profit or loss. For the year ended 30 June 2022, the CODM's considered NPATA only.

(c) Reconciliation of NPATA to profit before tax

A reconciliation of NPATA to profit before income tax is provided as follows:

	2022 $'000	For the period ended 30 June 2021 $'000
NPATA	92,424	48,866
Income tax (benefit)/expense	(11,855)	10,598
Amortisation expense (relating to acquired service agreements)	(51,689)	(50,785)
Profit before income tax	**28,880**	**8,679**

(d) Segment results

For the year ended 30 June 2022	Australia $'000	APAC $'000	Europe/UK $'000	North America $'000	Consolidated $'000
Segment revenue					
Revenue from contracts with customers	643,862	78,202	388,987	217,077	1,328,128
Other income	1,035	433	808	318	2,594
Total segment revenue	**644,897**	**78,635**	**389,795**	**217,395**	**1,330,722**
Segment net profit after tax before amortisation ("NPATA")	**11,967**	**6,581**	**62,615**	**11,260**	**92,424**
Net profit after tax before amortisation as a percentage of Revenue	**1.9%**	**8.4%**	**16.1%**	**5.2%**	**6.9%**
Significant elements of NPATA:					
Other operating costs	(38,178)[1]	(1,643)	(8,536)	(1,209)	(49,566)
Other gains/(losses)	(9,170)	73	(662)	18	(9,741)
Net finance costs	(88,600)	(173)	(5,880)	(496)	(95,149)
Income tax (expense)/benefit	10,460[2]	(1,335)	6,606[3]	(3,876)	11,855

1. Includes ASX listing costs of $36.3 million in Australia, refer to note 5.
2. Includes income tax benefit of $12.5 million relating to IFRS15 accrued revenue meeting the definition of a WIP amount asset, identified as part of the completion of the allocable cost amount calculations following the restructure of the Australian Tax Consolidated Group in June 2020, refer to note 6.
3. Includes a tax benefit for utilisation of unrecognised carried forward tax losses in the UK, refer to note 6.

2. Segment information (continued)

(d) Segment results (continued)

For the period ended 30 June 2021	Australia $'000	APAC $'000	Europe/UK $'000	North America $'000	Consolidated $'000
Segment revenue					
Revenue from contracts with customers	528,738	85,126	258,301	126,948	999,113
Other income	2,014	1,205	14,001	94	17,314
Total segment revenue	**530,752**	**86,331**	**272,302**	**127,042**	**1,016,427**
Segment net profit after tax before amortisation ("NPATA")	**8,188**	**12,374**	**22,193**	**6,111**	**48,866**
Net profit after tax before amortisation as a percentage of Revenue	**1.5%**	**14.3%**	**8.1%**	**4.8%**	**4.7%**
Significant elements of NPATA:					
Other operating costs	(3,316)	(1,436)	(10,321)	(1,777)	(16,850)
Other gains/(losses)	9,311	149	3,244	97	12,801
Net finance costs	(131,240)	(143)	(1,048)	(474)	(132,905)
Income tax (expense)/benefit	(14,753)	(2,795)	9,167	(2,217)	(10,598)

(e) Revenue by country

	2022 $'000	For the period ended 30 June 2021 $'000
Australia*	643,862	528,738
APAC		
New Zealand	35,463	43,532
Korea	31,739	32,492
Singapore	11,000	9,102
Europe/UK		
United Kingdom**	361,359	236,448
Sweden	4,661	–
Germany	17,411	15,617
Switzerland	5,556	6,236
North America		
USA***	134,120	68,714
Canada	82,957	58,234
Total revenue from contracts with customers	**1,328,128**	**999,113**

* Revenues of approximately $469.5 million are derived from a single external government customer comprising a number of separate individual programs.

** Revenues of approximately $187.5 million are derived from a single external government customer comprising a number of separate individual programs.

*** Revenues of approximately $120.4 million are derived from a single external government customer comprising a number of separate individual programs.

2. Segment information (continued)

(f) Segment assets

The below disclosure sets out the Group's non-current assets other than financial instruments and deferred tax assets. These assets are measured in the same way as in the consolidated financial statements. Segment assets include intersegment elimination entries.

Non-current assets	2022 $'000	2021 $'000
Australia	1,729,659	1,530,279
APAC		
New Zealand	27,792	27,988
Korea	50,269	50,964
Singapore	23,229	23,755
Europe/UK (i)		
United Kingdom	132,077	111,248
Sweden	12,103	–
Germany	10,623	10,172
Switzerland	3,203	4,130
North America		
USA (ii)	61,882	24,267
Canada	63,105	54,235
Total segment non-current assets	**2,113,942**	**1,837,038**
Deferred tax assets	20,455	14,575
Other assets	11,584	6,208
Total non-current assets per the Consolidated Statement of Financial Position	**2,145,981**	**1,857,821**

(i) Increase is due to capitalised mobilisation costs for the Restart Scheme in the UK, refer to note 4(b).

(ii) Increase is due to the acquisition of The Kaiser Group (DE), LLC and Dynamic Education Systems, Inc during FY22, refer to note 3.

3. Business combination

(a) Summary of acquisition – Generation Health Pty Ltd (100%)

On 31 July 2021, the Group, through its wholly-owned subsidiary Advanced Personnel Management Global Pty Ltd, acquired 100% of Generation Health Pty Ltd and The Interact Group Pty Ltd ("Generation Health") for $20.5 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workcare business in Australia.

	Provisional Fair value $'000
Cash and cash equivalents	2,677
Trade and other receivables	2,919
Prepayments	340
Property, plant and equipment	927
Right of use assets	1,148
Intangible assets	7,240
Deferred tax assets	634
Other non-current assets	65
Trade and other payables	(1,319)
Accrued expenses	(927)
Deferred tax liability	(2,371)
Interest-bearing liabilities	(1,150)
Provisions	(1,828)
Deferred revenue	(312)
Net identifiable assets acquired	**8,043**
Goodwill	12,468
Net assets acquired	**20,511**

Acquired receivables

The fair value of acquired trade receivables is $2.9 million. The gross contractual amount for trade receivables due is $3.0 million, with a loss allowance of $0.1 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $33.6 million revenue and $0.8 million net loss after tax to the Group for the period from acquisition on 31 July 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration was paid in cash and there is no deferred consideration.

3. Business combination (continued)

(a) Summary of acquisition – Generation Health Pty Ltd (100%) (continued)

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It is the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

(b) Summary of acquisition – The Kaiser Group (DE), LLC (100%)

On 31 August 2021, the Group, through its wholly-owned subsidiary Ross Innovative Employment Solutions Corporation, acquired 100% of The Kaiser Group (DE), LLC for $25.3 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

	Provisional Fair value $'000
Cash and cash equivalents	5
Trade and other receivables	7,264
Accrued revenue	1,613
Prepayments	534
Property, plant and equipment – non-current	60
Right of use assets	75
Intangible assets	3,591
Deferred tax asset	305
Trade and other payables	(1,597)
Accrued expenses	(2,170)
Current tax liabilities	(8)
Deferred tax liability	(317)
Current provision	(27)
Interest-bearing liabilities	(75)
Deferred revenue	(468)
Net identifiable assets acquired	**8,785**
Goodwill	16,520
Net assets acquired	**25,305**

Acquired receivables

The fair value of acquired trade receivables is $7.3 million. The gross contractual amount for trade receivables due is $8.3 million, with a loss allowance of $1.0 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $32.3 million revenue and $0.9 million net profit after tax to the Group for the period from acquisition on 31 August 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

3. Business combination (continued)

(b) Summary of acquisition – The Kaiser Group (DE), LLC (100%) (continued)

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration was paid in cash and there is no deferred consideration.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It is the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

(c) Summary of acquisition – Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd (60%)

On 29 December 2021, the Group, through its wholly-owned subsidiary APM Mobility Holdings Pty Ltd, acquired 60% of the shares in Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd ("Mobility") for $10.7 million. Consideration paid is valued at $7.5 million for the 50% interest held by related parties paid $4.0 million in cash and the balance for repayment in loans, equating to the remaining 10% interest acquired. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's NDIS and aged care sector.

	Provisional Fair value $'000
Cash and cash equivalents	295
Trade and other receivables	245
Prepayments	55
Intangible assets	5,689
Current tax receivables	547
Property, plant and equipment	72
Other non-current assets	15
Deferred tax assets	1,810
Trade and other payables	(613)
Current provisions	(114)
Deferred tax liabilities	(946)
Non-current provisions	(2,468)
Net identifiable assets acquired	**4,587**
Less: non-controlling interest (40%)	(1,835)
Net identifiable assets acquired (less non-controlling interests)	**2,752**
Goodwill	7,973
Net assets acquired	**10,725**

3. Business combination (continued)

(c) Summary of acquisition – Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd (60%) (continued)

Acquired receivables

The fair value of acquired trade receivables is $0.2 million. The gross contractual amount for trade receivables due is $0.2 million, with no loss allowance recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $0.3 million revenue and $1.8 million net loss after tax to the Group for the period from acquisition on 29 December 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration was paid in cash and there is no deferred consideration.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It is the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Mobility, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 3(j) for the Group's accounting policies for business combinations.

Related party transactions

The acquisition of Mobility was also a related party transaction. As part of the acquisition of 60% shareholding in Mobility, the Group acquired 50% issued share capital held by Cara Nominees Pty Ltd and Encore Nominees Pty Ltd, where the related party details were as follows:

- Cara Nominees Pty Ltd ATF Cara Investment Trust (controlled by Megan Wynne and a related party of APM under ASX Listing Rule 10.1.1)
- Encore Nominees Pty Ltd ATF Encore Unit Trust (controlled by Megan Wynne and Michael Anghie and a related party of APM under ASX Listing Rule 10.1.1)

3. Business combination (continued)

(d) Summary of acquisition – Early Start Australia Pty Ltd (100%)

On 29 December 2021, the Group, through its wholly-owned subsidiary APM ESA Holdings Pty Ltd, acquired 100% of the shares in Early Start Australia Pty Ltd ("ESA") for consideration of $83.3 million. The consideration paid comprises $36.6 million in ordinary shares, $18.9 million in cash repayment of loans, $5.9 million settlement of non-cash loans and $21.9 million deferred consideration. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's NDIS and aged care sectors.

	Provisional Fair value $'000
Cash and cash equivalents	2,413
Trade and other receivables	2,346
Prepayments	414
Property, plant and equipment	1,877
Right-of-use assets	7,859
Other non-current assets	158
Deferred tax assets	1,168
Intangible assets	6,162
Trade and other payables	(3,456)
Accrued expenses	(691)
Deferred revenue	(219)
Current provisions	(2,424)
Non-current provisions	(562)
Interest-bearing liabilities	(7,895)
Deferred tax liability	(176)
Net identifiable assets acquired	**6,974**
Goodwill	76,358
Net assets acquired	**83,332**

Acquired receivables

The fair value of acquired trade receivables is $2.3 million. The gross contractual amount for trade receivables due is $2.5 million, with a loss allowance of $0.2 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $21.9 million revenue and $6.3 million net loss after tax to the Group for the period from acquisition on 29 December 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3. Business combination (continued)

(d) Summary of acquisition – Early Start Australia Pty Ltd (100%) (continued)

Purchase consideration

Details of the purchase consideration are as follows:

Purchase consideration	Provisional Fair value $'000
Cash paid	24,813
Shares issued (i)	36,592
Deferred consideration (ii)	21,927
Total purchase consideration	**83,332**

(i) Shares issued

The share price used to fair value the shares issued is the share price on the acquisition date, being $2.91.

Significant estimates

(ii) Deferred consideration (significant estimate)

The deferred consideration is an earn-out payment payable by the issue of up to a maximum number of 20,000,000 ordinary shares in APM, contingent upon MyIntegra (see note 3(e)) and ESA meeting underlying EBITDA hurdles over a subsequent 3-year period. These hurdles include underlying EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025. None of the underlying EBITDA milestones were met during the full-year ended 30 June 2022 as they relate to future financial years. Accordingly, no shares have been issued pursuant to those earn-out arrangements.

The fair value of the deferred consideration arrangement was estimated using the Black-Scholes model, based on a share price of $2.91, nil exercise price, volatility of 28.0%, risk free interest rate of 0.8%, and a dividend yield of 2.4%. The fair value of the deferred consideration arrangement is classified as other liabilities on the Consolidated Statement of Financial Position, and the allocation of the liability between MyIntegra (20.0%) and ESA (80.0%) has been calculated on a reasonable basis using forecasted underlying EBITDA as the allocation method.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It's the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

Related party transactions

The acquisition of ESA was also a related party transaction. As part of the acquisition of 100% shareholding in ESA, the Group acquired the following interests where the related party details are:

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for The Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under Listing Rules 10.1.1, 10.1.3 and 10.1.4)

3. Business combination (continued)

(e) Summary of acquisition – Integrated Care Pty Ltd (100%)

On 29 December 2021, the Group, through its wholly-owned subsidiary APM MyIntegra Holdings Pty Ltd, acquired 100% of the shares in Integrated Care Pty Ltd ("MyIntegra") for consideration of $30.9 million. The consideration paid of $30.9 million comprises $17.4 million in ordinary shares, $8.1 million in cash repayment of loans and $5.4 million deferred consideration. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's NDIS and aged care sector.

	Provisional Fair value $'000
Cash and cash equivalents	1,279
Trade and other receivables	1,224
Prepayments	325
Property, plant and equipment	25
Right-of-use assets	180
Intangible assets	2,677
Deferred tax assets	468
Other non-current assets	328
Trade and other payables	(908)
Accrued expenses	(754)
Current provisions	(538)
Interest-bearing liabilities	(180)
Non-current provisions	(790)
Net identifiable assets acquired	**3,336**
Goodwill	27,534
Net assets acquired	**30,870**

Acquired receivables

The fair value of acquired trade receivables is $1.2 million. The gross contractual amount for trade receivables due is $1.2 million, with no loss allowance recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $9.1 million revenue and $1.4 million net profit after tax to the Group for the period from acquisition on 29 December 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Customer relationships

The intangible assets which are relating to customer relationships have been identified and have an estimated fair value of $2.7 million.

3. Business combination (continued)

(e) Summary of acquisition – Integrated Care Pty Ltd (100%) (continued)

Purchase consideration

Details of the purchase consideration are as follows:

Purchase consideration	Provisional Fair value $'000
Cash paid	8,053
Shares issued (i)	17,419
Deferred consideration (ii)	5,398
Total purchase consideration	**30,870**

(i) Shares issued

The share price used to fair value the shares issued is the share price on the acquisition date, being $2.91.

Significant estimates

(ii) Deferred consideration (significant estimate)

The deferred consideration is an earn-out payment payable by the issue of up to a maximum number of 20,000,000 ordinary shares in APM, contingent upon MyIntegra and ESA (see note 3(d)(ii)) meeting underlying EBITDA hurdles over a subsequent 3-year period. These hurdles include underlying EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025. None of the underlying EBITDA milestones were met during the full-year ended 30 June 2022 as they relate to future financial years. Accordingly, no shares have been issued pursuant to those earn-out arrangements.

The fair value of the deferred consideration arrangement was estimated using the Black-Scholes model, based on a share price of $2.91, nil exercise price, volatility of 28.0%, risk free interest rate of 0.8%, and a dividend yield of 2.4%. The fair value of the deferred consideration arrangement is classified as other liabilities on the Consolidated Statement of Financial Position, and the allocation of the liability between MyIntegra (20.0%) and ESA (80.0%) has been calculated on a reasonable basis using forecasted underlying EBITDA as the allocation method.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It's the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

Related party transactions

The acquisition of MyIntegra was also a related party transaction. As part of the acquisition of 100% shareholding in MyIntegra, the Group acquired the following interests where the related party details were:

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for the Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under listing rules 10.1.1, 10.1.3, and 10.1.4)

3. Business combination (continued)

(f) Summary of acquisition – Lifecare Physiotherapy (81%)

On 4 January 2022, APM Allied Health Pty Ltd (formally Konekt Workplace Health Solutions Pty Ltd), a wholly-owned subsidiary of the Group, acquired 81% of the units in the Lifecare Physiotherapy businesses across Australia for cash consideration of $70.5 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's health and wellbeing.

	Provisional Fair value $'000
Cash and cash equivalents	22
Trade and other receivables	995
Prepayments	245
Property, plant and equipment	3,317
Intangible assets	7,224
Right of use assets	9,607
Other current assets	186
Deferred tax assets	1,121
Trade and other payables	(80)
Accrued expenses	(1,352)
Current provisions	(1,665)
Deferred revenue	(373)
Current interest-bearing liabilities	(6,336)
Non-current provisions	(2,275)
Non-current interest-bearing liabilities	(3,271)
Deferred tax liabilities	(172)
Net identifiable assets acquired	**7,193**
Less: non-controlling interest (19%)	(1,368)
Net identifiable assets acquired (less non-controlling interest)	**5,825**
Goodwill	64,715
Net assets acquired	**70,540**

Acquired receivables

The fair value of acquired trade receivables is $1.0 million. The gross contractual amount for trade receivables due is $1.4 million, with a loss allowance of $0.4 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $17.7 million revenue and $1.0 million net profit after tax to the Group for the period from acquisition on 4 January 2022 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

3 Business combination (continued)

(f) Summary of acquisition – Lifecare Physiotherapy (81%) (continued)

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration was paid in cash and there is no deferred consideration.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It is the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

Put option liability

The Group acquired an 81% controlling interest in Lifecare Physiotherapy with the remaining 19% of units held by non-controlling unitholders.

Under the Allied Health Unit Trust Deeds, the Group is obliged to acquire any units that the non-controlling unitholders wish to sell and are not otherwise able to dispose of. These units are required to be acquired by the Group, via its wholly owned subsidiary, APM Lifecare Pty Ltd, within 12 months after a notice to sell the units has been received from the unitholders ("put option").

APM has determined that the risks and rewards relating to the units held by non-controlling unitholders in the Lifecare Group remain with the non-controlling unitholders. As a result, a non-controlling interest has been recognised on acquisition of the Lifecare Group. The put option with non-controlling unitholders results in a financial liability for the Group. The put option liability has been recognised at fair value at the date of acquisition of the Lifecare Group and has been recognised in the put option reserve. Interest expense and subsequent changes in the put option liability are recognised in the put option reserve. The fair value of the put option recognised at 4 January 2022 was $14.4 million.

Measurement

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition. The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Lifecare, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 3(j) for the Group's accounting policies for business combinations.

3. Business combination (continued)

(g) Summary of acquisition – Clustera Sverige AB (100%)

On 31 January 2022, the Group, through its wholly-owned subsidiary Ingeus Europe Limited, acquired 100% of the shares in Clustera Sverige AB for $9.4 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to employability sectors in Sweden.

	Provisional Fair value $'000
Cash and cash equivalents	3,890
Trade and other receivables	67
Accrued revenue	887
Prepayments	69
Current tax receivables	267
Right-of-use assets	228
Other non-current assets	6
Deferred tax asset	100
Trade and other payables	(1,008)
Accrued expenses	(763)
Current provisions	(257)
Interest-bearing liabilities (current)	(132)
Interest-bearing liabilities (non-current)	(96)
Deferred tax liability	(47)
Net identifiable assets acquired	**3,211**
Goodwill	6,160
Net assets acquired	**9,371**

Acquired receivables

The provisional fair value of acquired trade receivables is $0.1 million. The gross contractual amount for trade receivables due is $0.1 million, with no loss allowance recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $4.7 million revenue and $0.2 million net profit after tax to the Group for the period from acquisition on 31 January 2022 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3. Business combination (continued)

(g) Summary of acquisition – Clustera Sverige AB (100%) (continued)

Purchase consideration

Details of the purchase consideration are as follows:

Purchase consideration	Provisional Fair value $'000
Cash paid	8,463
Deferred consideration (i)	908
Total purchase consideration	**9,371**

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It's the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

Significant estimates

(i) Deferred consideration

The deferred consideration is an earn-out payable in cash, contingent upon Clustera meeting the total revenue hurdle by the end of 31 December 2022 of SEK 77 million (AUD11.5 million equivalent). It is assumed that the hurdle will be met based on the forecasted total revenue up to 31 December 2022. The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position.

(h) Summary of acquisition – BioSymm Pty Limited (100%) and Finafrere Pty Ltd (80%)

On 14 April 2022, the Group, through its wholly-owned subsidiary APM Work Health Pty Ltd, acquired 100% of the shares in BioSymm Pty Limited ("BioSymm") and 80% of the shares in Finafrere Pty Ltd ("Construct Health") for $17.7 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's health and wellbeing services.

	Provisional Fair value $'000
Cash and cash equivalents	794
Trade and other receivables	2,878
Property, plant and equipment	992
Right-of-use assets	1,400
Deferred tax assets	407
Trade and other payables	(252)
Accrued expenses	(1,874)
Current provisions	(965)
Deferred tax liability	(2)
Interest-bearing liabilities	(1,412)
Non-current provisions	(72)
Net identifiable assets acquired	**1,894**
Less: non-controlling interest (20%)	(43)
Net identifiable assets acquired (less NCI)	**1,851**
Goodwill	15,873
Net assets acquired	**17,724**

3. Business combination (continued)

(h) Summary of acquisition – BioSymm Pty Limited (100%) and Finafrere Pty Ltd (80%) (continued)

Acquired receivables

The provisional fair value of acquired trade receivables is $2.9 million. The gross contractual amount for trade receivables due is $2.9 million.

Revenue and profit contribution

The acquired business contributed $5.0 million revenue and $0.6 million net profit after tax to the Group for the period from acquisition on 14 April 2022 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

- Costs associated with integrating the business into the Group; and
- Additional charges for the amortisation of acquired service contracts intangibles that arise from the business combination

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration was paid in cash and there is no deferred consideration.

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It's the people and processes that enable the business to successfully bid for new work, exceed the performance obligations in its contracts and expand into new industry sectors and markets. It will not be deductible for tax purposes.

(i) Summary of other acquisitions – Dynamic Education System, Inc

On 19 January 2022, the Group, through its wholly-owned subsidiary the Kaiser Group (DE) LLC, acquired 100% of the shares in Dynamic Education System, Inc ("DESI") for $0.8 million. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

(j) Recognition and measurement – business combinations

The acquisition method of accounting is used to account for all business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired, is recorded as goodwill.

3. Business combination (continued)

(j) Recognition and measurement – business combinations (continued)

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time through its principal activities in the following major service lines:

	Year ended 30 June 2022 $'000	For the period ended 30 June 2021 $'000
Employment Services	940,270	711,136
Health and Wellbeing	277,376	134,228
Communities and Assessments	90,384	138,092
Disability and Aged Care	20,098	15,657
	1,328,128	**999,113**

(b) Assets and liabilities related to contracts with customers

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	Note	2022 $'000	2021 $'000
Trade receivables from customers	10	105,560	79,818
Contract assets (accrued revenue)		190,298	100,691
Contract liabilities (deferred revenue) – current		(87,493)	(78,202)
Contract liabilities (deferred revenue) – non-current		(52,071)	–

Contract assets represent revenue recognised due to the contractual performance obligations having been met but not yet invoiced. All contract assets as of 30 June 2022 are expected to be invoiced during the year ended 30 June 2023.

Contract liabilities represent the Group's obligation to transfer goods or services to customers, for which the Group has already received consideration from the customer. All the contract liability balance as of 30 June 2022 is expected to be recognised as revenue during the year ended 30 June 2023. Contract liabilities have increased during the year largely as a result of the Restart Scheme.

4. Revenue from contracts with customers (continued)

(b) Assets and liabilities related to contracts with customers (continued)

(i) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil short-term Communities & Assessment and Employment Services contracts. This is presented within prepayments in the Consolidated Statement of Financial Position.

	2022 $'000	2021 $'000
Asset recognised from costs incurred to fulfil a contract at 30 June	27,593	12,233
Amortisation recognised during the period	2,249	912

The asset is amortised on a systematic basis over the term of the specific contracts it relates to, consistent with the pattern of recognition of the associated revenue.

(c) Recognition and measurement – revenue from contracts with customers

While the specific terms vary by contract, the Group often receives five types of fees under its various contracts with government and corporate entities: service fees, outcome fee/payment by results or milestone, cost reimbursement and cost plus, fixed fee and fee for service. Such contracts consist of termination for convenience provisions, where the customer can terminate the contract for convenience without substantive compensation.

The unsatisfied performance obligations where the transaction price has been allocated at the year end is $130.2 million (2021: $272.0 million) and is expected to be recognised over the next three years.

Revenue is recognised as the Group satisfies each performance obligation by transferring the promised services to a customer, based on the amount of consideration it expects to be entitled in exchange for transferring the services.

Most of the Group's contracts include performance obligations to help participants achieve sustained employment outcomes. A substantial portion of the Group's contracts include variable consideration, whereby it earns revenues if certain contractually defined outcomes occur in the future. The Group recognises outcome-based revenue on the placement date, adjusted for any material future services it may be required to deliver post placement if the contract is not terminated. The amount of the variable consideration recognised as revenue is based upon the Group's estimate of the final amount of outcome fees to be earned using the expected value method for a portfolio of individuals. These estimates consider i) contractual fees, ii) assumed success rates and iii) assumed participant life in the program. The Group bases its estimates on historical results as well as forward-looking information, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. For new contracts, other factors may also be considered. At each reporting period, the Group updates its estimate of variable consideration based on actual results or other relevant information and records an adjustment to revenue.

The Group constrains its estimates of variable consideration by reducing those estimates to amounts it considers highly probable it will not later result in a significant reversal of revenue. When determining if variable consideration should be constrained, management considers whether there are factors outside the Group's control that could result in a significant reversal of revenue. In making these assessments, the Group considers the likelihood and magnitude of a potential reversal of revenue.

For some non-cancellable contracts, the Group recognises revenue as progress is made towards satisfaction of the related performance obligations using an input method based on efforts made to date relative to the total expected efforts. For some of the Group's contracts, it recognises revenue as it invoices customers regularly, because the amount to which it is entitled to invoice approximates the fair value of the services transferred.

Contract modifications may occur, where a change in the scope or price (or both) of a contract is approved by the parties to the contract. Where a contract is modified and the additional services added are not distinct from those provided prior to the modification, the modification is treated as if it were a part of the existing contract forming part of the performance obligations that are partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment at the date of the contract modification.

4. Revenue from contracts with customers (continued)

(c) Recognition and measurement – revenue from contracts with customers (continued)

Where a contract is modified and the additional services are distinct from those provided prior to the modification but not at their stand-alone selling prices, the modification is accounted for as if it were a termination of the existing contract and the creation of a new contract.

Most of the Group's contracts do not have a significant financing component where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds 12 months. However, the Restart Scheme includes advances which were received well before expected delivery and therefore a financing component has been accounted for separately. The result is that interest expense is accrued during the advance period and the transaction price will be increased by a corresponding amount. The discount rate used was 5% (2021: NIL).

Costs incurred to fulfil a contract are capitalised where (a) the costs relate directly to a contract or anticipated contract, (b) the costs generate or enhance resources that will be used in satisfying the obligations under the contract, and (c) the costs are expected to be recovered.

Such costs are amortised on a systematic basis that is consistent with the transfer to the customer of the services which may include anticipated renewals. An impairment loss is recognised in profit or loss to the extent that the carrying amount of an asset exceeds:

(a) the remaining amount of consideration; less

(b) the costs that relate directly to providing those services and that have not been recognised as expenses.

(d) Key Estimate: Recognition of revenue and accrued revenue

The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the year.

Outcome based revenue

Outcomes-based revenue, primarily for the Employment Services revenue stream, is recognised as services are provided based on estimated future outcome payments. In regard to the customer's ability to terminate the contracts for convenience, APM has determined that they would be entitled to outcome payments linked to outcomes achieved post the termination date for the participants who are successfully placed prior to such termination. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In 106 situations where the historical results are not considered to be the most reliable indicator of future results, management's forecasts can be used for estimating revenue of this nature. As at 30 June 2022, the carrying amount of the accrued revenue relating to outcome-based revenue was $147.8 million (2021: $68.3 million).

4. Revenue from contracts with customers (continued)

(d) Key Estimate: Recognition of revenue and deferred revenue (continued)

Outcome based revenue (continued)

Australia

The Group estimates the accrued revenue by applying expected conversion rates to participants currently placed in employment positions at balance date. The Group also further constrains the estimated outcome-based revenue to reduce the accrued revenue to an amount the Group considers is highly probable and will not later result in a significant reversal of revenue. This is performed by applying an estimated accrual rate. However, the actual conversion rates and highly probable constraints may be higher or lower.

United Kingdom

For the Restart Scheme, the revenue model is based on the ratio of successful outcomes expected to occur per cohort of participants using historical data from similar programmes, representing what is considered to be a highly probable outcome rate across a cohort of participants. The Group then multiplies the calculated outcome rate by the actual volume of participants to determine an estimated outcome fee receivable. The Group also further constrains the expected outcome-based revenue recognised for the expected impact of economic factors and margin of error in dealing with a newly established contract. On a quarterly basis, the Group applies the refreshed rates prospectively and books an adjustment in the current period for performance obligations (i.e. distinct service periods) that have already been satisfied.

Reasonably possible changes in assumptions

If the key inputs into the models were a reasonably possible 5% lower, the carrying amount would be $140.4 million as at 30 June 2022 (2021: $60.8 million). If the key inputs into the models were a reasonably possible 5% higher, the carrying amount would be $155.2 million as at 30 June 2022 (2021: $75.8 million).

Sensitivity Year ended 30 June 2022	Conversion rates Australia $'000	Ratio of outcomes United Kingdom $'000
-5% lower and impact	(4,005)	(4,379)
+5% higher and impact	3,983	4,379

Refund liabilities (clawback)

Contained within some of the cost-plus contracts that APM delivers there exists clawback provisions for incorrect amounts claimed. Where the Group has specific contracts that are subject to clawback amounts, a separate provision is accrued for the potential of refund liability.

(e) Revenue recognition – other income

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

5. Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Note	2022 $'000	For the period ended 30 June 2021 $'000
Included in other (losses)/gains:			
Unrealised foreign exchange (loss)		(27,189)	12,801
Realised foreign exchange gain		(15)	–
Gain on derivative		17,463	–
		(9,741)	**12,801**
Included in other income:			
Gain on settlement of supplier agreements*		763	13,516
Gain on disposal of fixed assets		30	478
Other		1,801	3,320
		2,594	**17,314**
Included in people costs:			
Salaries and wages expense		(658,303)	(509,272)
Subcontractor costs		(132,210)	(99,870)
Share-based payments expense		(10,766)	(748)
		(801,279)	**(609,890)**
Included in administration:			
Consulting fees		(23,848)	(18,466)
Licence costs		(17,480)	(13,460)
Training, development and recruitment costs		(9,179)	(5,494)
Information technology costs		(6,435)	(3,339)
Other		(5,219)	(3,283)
		(55,739)	**(44,042)**
Included in occupancy expenses:			
Short-term and low-value lease payments		(16,249)	(5,118)
Other occupancy-related costs		(28,367)	(18,800)
		(44,616)	**(23,918)**
Included in other operating costs:			
Insurance		(5,448)	(5,285)
Impairment of right-of-use assets		–	(3,015)
Printing, postage, storage & stationery		(5,302)	(3,797)
Subscriptions – other		(1,743)	(1,772)
ASX listing costs		(36,326)	–
Other operating costs		(747)	(2,981)
		(49,566)	**(16,850)**
Included in			
Depreciation of property, plant and equipment	13	(23,190)	(15,961)
Depreciation of right-of-use assets	12	(43,954)	(34,569)
Amortisation of acquired service agreement contracts		(51,689)	(50,785)
Amortisation of licences & software		(3,531)	(1,865)
		(122,364)	**(103,180)**

* This relates to the novation of a Justice contract back to the UK Ministry of Justice on 25 June 2021.

6. Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income tax expense

	2022 $'000	For the period ended 30 June 2021 $'000
Current tax		
Current tax on profit for the year	33,924	33,568
Adjustments for current tax of prior periods	(13,087)	239
Total current tax expense	**20,837**	**33,807**
Deferred		
Increase in deferred tax assets	(17,927)	(14,106)
Decrease in deferred tax liabilities	(14,765)	(9,103)
Total deferred tax (expense)	**(32,692)**	**(23,209)**
Income tax expense	**(11,855)**	**10,598**

Significant estimates

Adjustments for current tax of prior periods includes a $12.5 million tax benefit for IFRS 15 accrued revenue meeting the definition of a WIP amount asset under Australian tax legislation. This was identified as part of completing the allocable cost amount calculations following the restructure of the Australian Tax Consolidated Group in June 2020. The Group considered it to be a reasonable approach where it was probable that any deduction would be allowed, in estimating the quantum of a potential deduction when preparing the FY21 financial statements, given the high level of uncertainty at that point. Following receiving tax advice during FY22, the Group revised its estimate based on the new level of Information provided, and as a result this benefit has been treated as an over/under in the current year.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2022 $'000	30 June 2021 $'000
Profit from continuing operations before income tax expense	28,880	8,679
Tax at the Australian tax rate of 30.0% (2021: 30%)	8,664	2,604
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	48	262
Employee option plan	3,230	224
Interest accrued to preference shareholders	8,490	21,803
Previously unrecognised tax losses now recouped to reduce deferred tax expense	(12,662)	(10,600)
Previously unrecognised tax losses now recouped to reduce current tax expense	(5,248)	(10,695)
Other differences	(4,223)	–
	(1,701)	**3,598**
Difference in overseas tax rates	2,933	7,239
Adjustments for current tax of prior periods	(13,087)	(239)
Income tax (benefit)/expense	**(11,855)**	**10,598**

6. Income tax expense (continued)

(c) Tax losses

	30 June 2022 $'000	30 June 2021 $'000
Unused tax losses for which no deferred tax asset has been recognised	20,134	62,343
Potential tax benefit	**6,040**	**18,703**

(d) Deferred tax balances

(i) Deferred tax assets

	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Provisions	14,470	7,129
Accruals	3,628	7,955
Tax losses	14,271	6,857
Lease liabilities	12,483	15,420
Capital raising	12,751	–
Property, plant and equipment	5,305	–
Foreign exchange gains and losses	7,529	–
Other	2,550	4,093
Total deferred tax assets	**72,987**	**41,454**
Set-off of deferred tax liabilities pursuant to set-off provisions	(52,532)	(26,879)
Net deferred tax assets	**20,455**	**14,575**

This table comprises of the temporary differences attributable to:

Movements	Provisions $'000	Accruals $'000	Tax losses $'000	Lease liabilities $'000	Capital raising $'000	Property, plant & equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 9 March 2020	–	–	–	–	–	–	–	–	–
Acquisition of controlled entities	6,125	3,016	–	12,919	–	–	–	5,288	27,348
(Charged)/credited to profit or loss	1,004	4,939	6,857	2,501	–	–	–	(1,195)	14,106
At 30 June 2021	**7,129**	**7,955**	**6,857**	**15,420**	**–**	**–**	**–**	**4,093**	**41,454**

6. Income tax expense (continued)

(d) Deferred tax balances (continued)

(i) Deferred tax assets (continued)

Movements	Provisions $'000	Accruals $'000	Tax losses $'000	Lease liabilities $'000	Capital raising $'000	Property, plant & equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 1 July 2021	7,129	7,955	6,857	15,420	–	–	–	4,093	41,454
Acquisition of controlled entities	4,338	563	–	3,357	65	–	–	1,062	9,385
(Charged)/credited directly to equity	–	–	–	–	4,221	–	–	–	4,221
(Charged)/credited to profit or loss	3,003	(4,890)	7,414	(6,294)	8,465	5,305	7,529	(2,605)	17,927
At 30 June 2022	**14,470**	**3,628**	**14,271**	**12,483**	**12,751**	**5,305**	**7,529**	**2,550**	**72,987**

(ii) Deferred tax liabilities

	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	(77,599)	(89,819)
Property, plant and equipment	(785)	1,781
Right-of-use assets	(11,685)	(14,911)
Prepayments	(540)	(210)
Accrued income	(18,752)	(22,435)
Other	(9,107)	(236)
Total deferred tax liabilities	**(118,468)**	**(125,830)**
Set-off of deferred tax liabilities pursuant to set-off provisions	52,532	26,879
Net deferred tax liabilities	**(65,936)**	**(98,951)**

6. Income tax expense (continued)

(d) Deferred tax balances (continued)

(ii) Deferred tax liabilities (continued)

The table comprises of the temporary differences attributable to:

Movements	Intangible assets $'000	Property, plant & equipment $'000	Right-of-use assets $'000	Pre-payments $'000	Accrued income $'000	Other $'000	Total $'000
At 9 March 2020	–	–	–	–	–	–	–
Acquisition of controlled entities	(105,503)	(7)	(12,919)	(146)	(16,358)	–	(134,933)
(Charged)/credited to profit or loss	15,684	1,788	(1,992)	(64)	(6,077)	(236)	9,103
At 30 June 2021	**(89,819)**	**1,781**	**(14,911)**	**(210)**	**(22,435)**	**(236)**	**(125,830)**

Movements	Intangible assets $'000	Property, plant & equipment $'000	Right-of-use assets $'000	Pre-payments $'000	Accrued income $'000	Other $'000	Total $'000
At 1 July 2021	**(89,819)**	**1,781**	**(14,911)**	**(210)**	**(22,435)**	**(236)**	**(125,830)**
Acquisition of controlled entities	(3,749)	–	(3,453)	–	(21)	(179)	(7,402)
(Charged)/credited to profit or loss	15,969	(2,566)	6,679	(330	3,704	(8,692)	14,764
At 30 June 2022	**(77,599)**	**(785)**	**(11,685)**	**(540)**	**(18,752)**	**(9,107)**	**(118,468)**

The deferred tax assets include an amount of $14.2 million (2021: $6.9 million) which relates to carried-forward tax losses of the UK group. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved budget for the subsidiary. The subsidiary has generated taxable income during the 2022 year and expects to do so in the future. The losses can be carried forward indefinitely and have no expiry date.

Offsetting within tax

APM Human Services International Limited and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Members of the Group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report. Members of the tax consolidated Group have entered into a tax funding agreement. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

6. Income tax expense (continued)

(d) Deferred tax balances (continued)

Current taxes

The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(e) Recognition and measurement – deferred tax liabilities

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

APM Human Services International Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Key judgements

Deferred tax asset and liability recognition

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses. Deferred tax assets are based on tax laws (and tax rates) that have been enacted or substantively enacted at the balance date.

Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same tax authority and the same taxable entity, the projected future taxable income of these taxable entities and after taking account of specific risk factors that are expected to affect the recovery of these assets.

6. Income tax expense (continued)

(f) Key judgements (continued)

Tax balances

Tax balances are based on management's best estimate and interpretation of the tax legislation in a number of jurisdictions. This treatment can be subject to changes due to modification to legislation or differences in interpretation by authorities. Where the amount of tax payable or recoverable includes some uncertainty, the Group recognises amounts based on management's best estimate of the most likely outcome.

7. Net finance costs

	2022 $'000	For the period ended 30 June 2021 $'000
Bank interest income	(105)	(200)
Interest expense on lease liability	5,479	3,193
Shareholder loan interest	28,300	72,678
Bank interest expense	33,002	55,739
Loss on Debt Extinguishment (i)	24,663	–
Other finance costs	3,810	1,495
	95,149	**132,905**

(i) Refer to notes 1(a) and 16 for further detail on the non-cash loss on debt extinguishment.

8. Earnings per share

(a) Reconciliations of earnings used in calculating earnings per share

	2022 $'000
Net profit after tax for the year	40,735
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings/(loss) per share	40,735

(b) Weighted average number of shares used as the denominator

	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	575,560,252

Diluted earnings per share is computed by dividing net profit after tax attributable to the Company by the weighted-average number of ordinary shares outstanding adjusted to give effect to potentially dilutive securities. The LTIP performance rights issued to Executive Directors and certain key employees are contingently issuable ordinary shares. As the conditions attached to the LTIP performance rights have not been met at the reporting date, the number of contingently issuable ordinary shares (3,226,034 performance rights) is not included in the denominator of the diluted EPS calculation.

Due to the significant capital restructure which occurred upon IPO, no earnings per share information has been presented for the comparative period.

9. Cash and cash equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	30 June 2022 $'000	30 June 2021 $'000
Cash at bank and in hand	171,392	106,781
	171,392	**106,781**

Recognition and measurement – cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand and deposits held on call with banks.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. Cash at bank and on deposit is held with banks and financial institutions with investment grade credit ratings. Refer to note 20(a) for credit risk disclosures.

10. Trade and other receivables

	30 June 2022 $'000	30 June 2021 $'000
Trade receivables from contracts with customers	109,024	81,554
Loss allowance (see note 20(a))	(3,464)	(1,736)
	105,560	**79,818**
Other receivables	9,358	7,659
	114,918	**87,477**

Recognition and measurement – trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 20.

11. Prepayments

For the purpose of the Consolidated Statement of Financial Position, prepayments comprise the following:

	30 June 2022 $'000	30 June 2021 $'000
Current		
Cost incurred to fulfill a contract	18,180	12,233
Insurance	5,351	1,570
Rent and rates	6,274	1,342
Licence Fees and subscriptions	7,375	4,199
Other	1,295	490
	38,475	**19,834**
Non-current		
Cost incurred to fulfill a contract	9,413	1,402
	9,413	**1,402**

Costs incurred to fulfill a contract

This is relating to the asset that was recognised by the Group in relation to costs to fulfil short-term Communities & Assessment and Employment Services contracts (See note 4(b)).

It is the incremental costs of obtaining a contract and is recognised as an asset. Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained. Incurred costs recognised as an asset are amortised on a basis consistent with the transfer of goods or services to which the asset relates.

12. Leases

Group as lessee

The Group leases leasehold properties and plant and equipment. The lease terms vary and can include escalation clauses, renewal or purchase options and termination rights. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right-of-use assets

Set out below are the carrying amounts of the right-of-use assets and the movements during the year.

Period ended 30 June 2021	Leasehold properties $'000	Plant and equipment $'000	Total $'000
At Cost	121,605	8,113	129,718
Accumulated depreciation and impairment	(46,196)	(7,842)	(54,038)
Net book amount	**75,409**	**271**	**75,680**
Movement			
At 9 March 2020	–	–	–
Acquisition of controlled entities	51,153	8,113	59,266
Additions	70,492	–	70,492
Depreciation	(32,666)	(1,903)	(34,569)
Impairment	(191)	(2,824)	(3,015)
Disposals	(6,627)	–	(6,627)
Other, including foreign exchange movements	(6,752)	(3,115)	(9,867)
Net book amount at the end of the period	**75,409**	**271**	**75,680**

Year ended 30 June 2022	Leasehold properties $'000	Plant and equipment $'000	Total $'000
At Cost	156,552	8,113	164,665
Accumulated depreciation and impairment	(76,058)	(8,113)	(84,171)
Net book amount	**80,494**	**–**	**80,494**
Movement			
At 1 July 2021	75,409	271	75,680
Acquisition of controlled entities	21,114	–	21,114
Additions	28,247	–	28,247
Depreciation	(43,683)	(271)	(43,954)
Reversal of impairment	1,218	–	1,218
Disposals	(1,359)	–	(1,359)
Other, including foreign exchange movements	(452)	–	(452)
Net book amount at the end of the year	**80,494**	**–**	**80,494**

12. Leases (continued)

Lease liability

Set out below are the carrying amounts of the lease liabilities and the movements during the year.

	2022 $'000	2021 $'000
Movement		
At beginning of year/period	81,885	–
Acquisition of controlled entities	21,114	59,266
Additions	27,040	70,492
Accretion of interest	5,479	3,193
Lease payments	(44,907)	(43,817)
Other including foreign exchange movements	(2,697)	(7,249)
At end of year/period	**87,914**	**81,885**

Lease-related expenses

The following are the lease-related amounts recognised in the Consolidated Statement of Profit and Loss for the period:

	Note	2022 $'000	For the period ended 30 June 2021 $'000
Depreciation of right-of-use-assets	5	43,954	34,569
Impairment of right-of-use-assets	5	–	3,015
Interest on lease liabilities	7	5,479	3,193
Short-term and low-value lease payments (including in occupancy-related expenses)		16,249	5,118
Total amount recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income		**65,682**	**45,895**

Total cash outflow for leases was $82.9 million ($41.9 million).

(a) Recognition and measurement – leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the year of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to use the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

12. Leases (continued)

(a) Recognition and measurement – leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the lease liability is measured at the present (discounted) value of the future lease payments that are not paid as at the commencement date. The lease liability is remeasured when there is a change in the future lease payments arising from an index or rate change or if the Group changes an assessment of whether it will exercise an extension or termination option. When the liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset or is recorded in the profit or loss if the carrying amount of the asset has been reduced to zero.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

(b) Key judgements and estimates

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Dilapidation provision

The Group is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements (refer to note 18). These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

13. Property, plant and equipment

Period ended 30 June 2021	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At cost	40,097	6,209	46,306
Accumulated depreciation	(12,133)	(3,828)	(15,961)
Net book amount	**27,964**	**2,381**	**30,345**
Movement			
As at 9 March 2020	–	–	–
Acquisition of controlled entities	26,401	6,794	33,195
Additions	13,716	551	14,267
Disposals	(202)	(375)	(577)
Depreciation	(12,133)	(3,828)	(15,961)
Translation differences	182	(761)	(579)
Net book amount at the end of the period	**27,964**	**2,381**	**30,345**

Year ended 30 June 2022	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At cost	52,409	42,371	94,780
Accumulated depreciation	(25,912)	(13,239)	(39,151)
Net book amount	**26,497**	**29,132**	**55,629**
Movement			
As at 1 July 2021	27,964	2,381	30,345
Acquisition of controlled entities	2,677	4,576	7,253
Additions	12,073	27,173	39,246
Disposals	(1,194)	(440)	(1,634)
Reclassification between categories	(2,444)	5,745	3,301
Depreciation	(13,779)	(9,411)	(23,190)
Translation differences	1,200	(892)	308
Net book amount at the end of the year	**26,497**	**29,132**	**55,629**

13. Property, plant and equipment (continued)

Recognition and measurement – property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

- Plant and equipment – 10% to 67%
- Leasehold improvements – 20% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

14. Intangible assets

Period ended 30 June 2021	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
At cost	1,367,057	350,000	57,000	8,204	1,782,261
Accumulated amortisation	–	(50,785)	–	(1,865)	(52,650)
Net book amount	**1,367,057**	**299,215**	**57,000**	**6,339**	**1,729,611**
Movement					
At 9 March 2020	–	–	–	–	–
Acquisition of controlled entities	1,367,057	350,000	57,000	1,073	1,775,130
Additions	–	–	–	7,041	7,041
Amortisation	–	(50,785)	–	(1,865)	(52,650)
Translation differences	–	–	–	90	90
Net book amount at the end of the year	**1,367,057**	**299,215**	**57,000**	**6,339**	**1,729,611**

14. Intangible assets (continued)

Year ended 30 June 2022	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
At cost	1,600,197	373,208	66,990	35,881	2,076,276
Accumulated amortisation	–	(102,474)	–	(5,396)	(107,870)
Net book amount	**1,600,197**	**270,734**	**66,990**	**30,485**	**1,968,406**
Movement					
At 1 July 2021	1,367,057	299,215	57,000	6,339	1,729,611
Acquisition of controlled entities	233,012	22,593	9,990	279	265,874
Additions	–	–	–	26,909	26,909
Amortisation	–	(51,689)	–	(3,531)	(55,220)
Translation differences	128	615	–	489	1,232
Net book amount at the end of the year	**1,600,197**	**270,734**	**66,990**	**30,485**	**1,968,406**

(a) Recognition and measurement – goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Brand

Brand on acquisitions of subsidiaries is included in intangible assets. Brand is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of brand relating to the entity sold.

Service agreements/relationships

Service agreements and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at each financial period-end. Intangible assets with indefinite lives such as brand are tested for impairment in the same way as goodwill.

The useful lives of intangible assets are as follows:

- Service agreements/relationships – Up to 20 years
- Licence and software – Up to 3 years

14. Intangible assets (continued)

(b) Key judgements

Assessment of impairment of goodwill and brand

The Group assesses whether goodwill and brand have suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on the higher of fair value less cost to sell or value-in-use calculations which require the use of assumptions.

Valuation and amortisation of intangible assets – service agreements/relationships

The service agreements/relationships were all acquired as part of business combinations or contract novations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives. Fair value was determined using the multi-period excess earnings method, using projected post-tax cashflows, discounted at an appropriate discount rate.

Assessment of useful life of brand

The Group assesses whether the APM brand has a finite or indefinite useful life. The Group's well-established position in the industry, commitment to continued brand maintenance, and high probability of the Group providing services beyond current contract periods supports an indefinite life assessment.

(c) Impairment tests for goodwill and brand

Goodwill and brand are monitored by management at the country or cash general unit (CGU) level.

A country-level summary of the goodwill and brand allocation is presented below and represents the CGU's of APM subject to the impairment testing.

Year ended 30 June 2022	Goodwill $'000	Brand $'000	Total $'000
Australia	1,344,599	66,990	1,411,589
New Zealand	26,000	–	26,000
Korea	48,000	–	48,000
Singapore	23,000	–	23,000
UK	75,697	–	75,697
Germany	4,000	–	4,000
Sweden	6,160	–	6,160
Switzerland	2,000	–	2,000
Canada	47,000	–	47,000
USA	23,741	–	23,741
Total	**1,600,197**	**66,990**	**1,667,187**

14. Intangible assets (continued)

(c) Impairment tests for goodwill and brand (continued)

Period ended 30 June 2021	Goodwill $'000	Brand $'000	Total $'000
Australia	1,135,095	57,000	1,192,095
New Zealand	26,000	–	26,000
Korea	48,000	–	48,000
Singapore	23,000	–	23,000
UK	75,697	–	75,697
Germany	4,000	–	4,000
Switzerland	2,000	–	2,000
Canada	47,000	–	47,000
USA	6,265	–	6,265
Total	**1,367,057**	**57,000**	**1,424,057**

The Group tests whether goodwill and brand have suffered any impairment on an annual basis. For the 2022 reporting period, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering the next 12-month period. Cash flows beyond the 12-month period are extrapolated using the estimated long term industry growth rates stated below. These long term industry growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill and brand allocated to them:

Year ended 30 June 2022	Australia %	NZ %	Singapore %	Korea %	UK %	Germany %	Sweden %	Switzerland %	Canada %	USA %
Long-term industry growth rate (%)	3.23%	2.51%	1.60%	2.73%	2.75%	2.75%	2.75%	2.08%	2.73%	2.64%
Discount rate (%)*	8.50%	9.50%	9.00%	9.50%	8.50%	7.50%	7.50%	7.00%	9.00%	9.00%

Period ended 30 June 2021	Australia %	NZ %	Singapore %	Korea %	UK %	Germany %	Sweden %	Switzerland %	Canada %	USA %
Long-term industry growth rate (%)	3.50%	2.50%	3.00%	3.00%	3.00%	3.00%	n/a	2.50%	3.00%	3.00%
Discount rate (%)*	8.50%	9.50%	8.50%	9.00%	11.00%	9.50%	n/a	9.50%	8.50%	8.50%

* The above discount rates are post-tax discount rates applied to post-tax cash flows utilised in the value-in-use models

14. Intangible assets (continued)

(c) Impairment tests for goodwill and brand (continued)

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Long-term industry growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Significant estimate impact of possible changes in key assumptions

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 of the CGUs to exceed their recoverable amounts. In this respect, directors and management have considered and assessed the following reasonably possible changes:

- Long-term industry growth rate – 1% decrease
- Pre-tax discount rate – 1% increase
- Revenue forecast – 10% decrease

15. Trade and other payables

	2022 $'000	2021 $'000
Trade and other payables	70,880	52,548
Accrued expenses	87,925	61,956
	158,805	**114,504**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

16. Interest-bearing liabilities

	2022 $'000	2021 $'000
Current		
Bank loans	7,715	–
Lease liabilities	38,008	31,536
	45,723	**31,536**
Non-Current		
Bank loans	594,935	707,446
Lease liabilities	49,906	50,349
	644,841	**757,795**
Total interest-bearing liabilities	**690,564**	**789,331**

16 Interest-bearing liabilities (continued)

Bank loans

On 2 July 2021, the Group refinanced its first and second lien term loan facility to an all first lien multi-currency facility comprising a $380.0 million AUD Term Loan and a $368.3 million (US$275 million) USD Term Loan. The refinancing of these facilities was considered to be qualitative modifications, with a $24.7 million non-cash loss incurred on extinguishment, inclusive of costs incurred, included in net finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (refer to notes 1(a) and 7). Proceeds from the issue of new shares as part of the IPO on 12 November 2021, were used to immediately repay $160.0 million of the USD Term Loan.

The current portion of the bank loans relates to the mandatory quarterly payments of 0.25% of the outstanding principal each quarter as required by the terms of the loans.

The Group monitors the progress of transition from inter-bank offered rates ("IBORs") to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

On 4 July 2022, the Group refinanced its Term Loan B debt facilities with an Australian dollar A$840 million syndicated multi-currency revolving corporate facility. The new facility replaces APM's USD component of the Term B facility. The new facility funding costs are at an average of 210 basis points above BBSY at current levels of net debt, and is fully revolving.

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other IBORs has become a priority for global regulators. Many IBOR around the world are undergoing reforms and benchmark interest rates are being replaced with alternative reference rates (ARRs). The Group has a first lien term facility whereby the USD Term Loan references the 1M USD LIBOR. The carrying amount of the borrowing as at 30 June 2022 is US$156 million and was refinanced in July 2022. The contractual terms include a fallback clause designed to address the situation where USD LIBOR is unavailable, which requires replacement with SOFR (Secured Overnight Financing Rate) and applicable adjustments. For further information, refer to note 24.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

17. Shareholder loans

The shareholder loans were accounted for as a full extinguishment on the date of the IPO through the issuance of equity instruments. These shareholder loans were derecognised from the Consolidated Statement of Financial Position on 12 November 2021, and the fair value of the equity instruments issued recognised in equity as contributed equity (refer to note 19(a)(i)). The value of the shareholder loans at the date of the IPO was $994.9 million.

	30 June 2022 $'000	30 June 2021 $'000
Non-current		
Unsecured:		
Non-redeemable preference shares (i)	–	965,538
	–	**965,538**

(i) Non-redeemable preference shares

Prior to the IPO the shareholder's investment in the company was in the form of Series A Shares and Series B Shares. Each Series A share accrued a discretionary 8% yield per annum compounded semi-annually. There were no mandatory or required distributions. The Series A shares were not required to be repurchased or redeemed by the company, and they were convertible into a variable number of shares at the end of 15 years based on the fair value of the ordinary shares at the time of conversion, the key determinant as to why they are treated as a liability on the Consolidated Statement of Financial Position.

18. Provisions

	30 June 2022 $'000	30 June 2021 $'000
Current		
Employee entitlements	33,123	21,056
Clawback provision	1,161	3,443
Dilapidation provision	1,771	1,243
Other current provisions	5,532	2,873
	41,587	**28,615**
Non-Current		
Employee entitlements	6,639	6,410
Clawback provision	11,955	2,434
Dilapidation provision	12,391	4,689
Other provisions	3,817	6,742
	34,802	**20,275**
	76,389	**48,890**

18. Provisions (continued)

(a) Recognition and measurement – provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

(i) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Statement of Financial Position.

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Post-employment obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Information about individual provisions and significant estimates

Dilapidation provision

The Group operates from leased premises and is required to return most of its premises to a pre-lease condition at the end of the lease or on vacating the premises, whichever is earlier. The Group fully provides for the cost of any dilapidations based on an estimate of the value of the work required as if the premises were vacated on the balance date. This provision is re-estimated each period.

Clawback provision

The Group has a number of contracts that involve upfront payment prior to service delivery. In some cases, an adjustment to this payment is required based on actual results after certain periods of time based on outcomes achieved. Where it is considered highly probable that funds will be required to be returned in future a provision is recognised. This provision is re-estimated during the life of each relevant contract.

18. Provisions (continued)

(b) Information about individual provisions and significant estimates (continued)

Movements in provisions

Movements in each class of provision during the financial year/period are set out below:

2022	Employee entitlements $'000	Clawback provision $'000	Make good provision $'000	Other provisions $'000	Total $'000
Carrying amount at start of year	27,466	5,877	6,051	9,496	48,890
Acquired through business combination	8,259	121	2,758	2,945	14,083
Charged/(credited) to profit or loss	22,520	12,015	15,550	1,825	51,910
Capitalised to consolidated statement of financial position	–	–	(9,915)	–	(9,915)
Utilised	(18,483)	(4,896)	(282)	(4,918)	(28,579)
Carrying amount at end of year	**39,762**	**13,117**	**14,162**	**9,348**	**76,389**

2021	Employee entitlements $'000	Clawback provision $'000	Dilapidation provision $'000	Other provisions $'000	Total $'000
Carrying amount at 9 March 2020	–	–	–	–	–
Acquired through business combination	23,503	1,697	7,676	7,267	40,143
Charged/(credited) to profit or loss	19,319	4,438	(69)	4,578	28,266
Capitalised to consolidated statement of financial position	–	–	1,718	–	1,718
Utilised	(15,356)	(258)	(3,274)	(2,349)	(21,237)
Carrying amount at 30 June 2021	**27,466**	**5,877**	**6,051**	**9,496**	**48,890**

19. Equity

(a) Share capital

	30 June 2022 Shares	30 June 2022 $'000	30 June 2021 Shares	30 June 2021 $'000
Ordinary shares				
Fully paid	917,181,946	1,449,630	46,988,682	47,345
	917,181,946	**1,449,630**	**46,988,682**	**47,345**

(i) Movements in ordinary shares

Ordinary shares	Number of shares (thousands)	Total $'000
At 9 March 2020	–	–
Movement in ordinary shares on issue	46,989	47,345
Balance 30 June 2021	**46,989**	**47,345**

Ordinary shares	Note	Number of Shares (thousands)	Total $'000
At 30 June 2021* (restated)		469,887	47,345
Movement in ordinary shares on issue pre-IPO* (restated)		516	432
Settlement of shareholder loans on IPO		280,256	994,907
Conversion of incentive shares on IPO		51,469	18,777
New ordinary shares issued at IPO, net of costs (restated)		95,493	330,605
Employee share gift offer on IPO		1,000	3,553
Acquisition of subsidiary – ESA	3	12,575	36,592
Acquisition of subsidiary – MyIntegra	3	5,986	17,419
Balance 30 June 2022		**917,182**	**1,449,630**

* On 12 November 2021, as part of the IPO, the Group effected a 1 for 10 share split to all ordinary shareholders. All share information has been retrospectively adjusted.

(ii) Terms and conditions

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

19 Equity (continued)

(b) Other reserves

	Share-based payments $'000	Foreign currency translation $'000	Put Option Reserve $'000	Transactions with NCI $'000	Total other reserves $'000
At 9 March 2020	–	–	–	–	–
Share-based payment expenses	747	–	–	–	747
Currency translation differences	–	(2,600)	–	–	(2,600)
At 30 June 2021	**747**	**(2,600)**	**–**	**–**	**(1,853)**

	Share-based payments $'000	Foreign currency translation $'000	Put Option Reserve $'000	Transactions with NCI $'000	Total other reserves $'000
At 1 July 2021	**747**	**(2,600)**	**–**	**–**	**(1,853)**
Share-based payment expenses	10,766	–	–	–	10,766
Transfer of reserves	(11,239)	–	–	–	(11,239)
Put option interests in Lifecare shares	–	–	(14,429)	–	(14,429)
Adjustment to ownership interests	–	–	–	2,689	2,689
NCI on acquisition of subsidiary	–	–	–	–	–
Currency translation differences	–	1,577	–	–	1,577
At 30 June 2022	**274**	**(1,023)**	**(14,429)**	**2,689**	**(12,489)**

(i) Nature and purpose of other reserves

Share-based payments

The Group operates an equity-settled, share-based compensation plan to grant shares to its employees. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense in other comprehensive income with a corresponding increase in other reserves over the vesting period.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

20. Financial instruments and risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current period profit and loss information has been included where relevant to add further context.

(a) Credit risk

Potential concentrations of credit risk consist mainly of cash and cash equivalents, investments and trade debtors.

(i) Impairment of financial assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables comprise of a number of customers, dispersed across different geographical areas. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Given the majority of the Group's revenue-generating contracts are with government departments and corporate entities with very low credit risk, and the Group's history of write-offs of trade receivables and contract assets is also very low, the expected credit losses were considered to be insignificant.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Customer credit risk is managed by established policies, procedures and controls relating to customer credit risk management. The Group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation.

At 30 June 2022, the Group did not consider there to be any significant concentration of risk that had not been adequately insured or provided for.

(ii) Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Significant estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The Group's exposure to bad debts is not significant and default rates have historically been very low. Trade receivables are written off when there is no reasonable expectation of recovery, which may be indicated by the debtor failing to engage in a payment plan or the debtor failing to make timely contractual payments.

(b) Fair value of financial instruments

At 30 June 2022, the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities.

At 30 June 2022, the fair value for the bank loan is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest. The fair value of the bank loans is $602.7 million.

20. Financial instruments and risk management (continued)

(c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group manages liquidity by monitoring forecast cash flows and ensuring adequate cash levels are maintained.

During the financial year ended 30 June 2022, the Group generated net cash from operating activities of $217.1 million and profit before tax, depreciation, amortisation and interest of $246.4 million.

The directors have prepared the consolidated financial statements on a going concern basis in the belief that the Group will realise its assets and settle its liabilities and commitments in the normal course of the business and for at least the amounts stated in the consolidated financial statements.

(i) Maturities of financial liabilities

The following table analyses the Group's financial liabilities, including lease liabilities, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 30 June 2022	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Trade and other payables	70,880	–	–	–	70,880	70,880
Borrowings	35,939	37,476	645,667	–	719,082	602,651
Deferred consideration	9,567	10,276	10,032	–	29,875	29,875
Put option	–	14,429	–	–	14,429	14,429
Lease liabilities	40,559	27,589	22,373	194	90,715	87,914
Total	**156,945**	**89,770**	**678,072**	**194**	**924,981**	**805,749**

Contractual maturities of financial liabilities 30 June 2021	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Trade and other payables	52,548	–	–	–	52,548	52,548
Borrowings	44,714	44,714	131,880	749,398	970,706	707,446
Deferred consideration	–	1,737	–	–	1,737	1,737
Put option	–	–	–	–	–	–
Shareholder loans	–	–	–	965,538	965,538	965,538
Lease liabilities	31,536	28,917	13,968	8,506	82,927	81,885
Total	**128,798**	**75,368**	**145,848**	**1,723,442**	**2,073,456**	**1,809,154**

20. Financial instruments and risk management (continued)

(d) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk is from long-term borrowings with variable rate components, which exposes the Group to cash flow interest rate risk. The Group policy is to review this exposure closely leveraging off natural hedges. The Group is currently not entered into any floating-to-fixed interest rate swaps to mitigate the interest rate risk on the variable rates. During 2022, the Group's borrowings at variable rate were denominated in Australian and US Dollars.

(e) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency), the Group's external bank debt denominated in USD, and the Group's net investments in foreign subsidiaries.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk arising on loans.

The foreign exchange forward contracts are not designated as hedging instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 12 months.

Exposure

The Group's material exposure to foreign currency risk at the end of the reporting year/period was as follows:

Year ended 30 June 2022	USD $'000	GBP $'000	CAD $'000
Financial assets			
Cash and cash equivalents	12,007	44,587	23,337
Trade and other receivables	41,849	23,300	4,074
Derivative – Foreign exchange forwards	17,463	–	–
Financial liabilities			
Trade and other payables	(683)	(32,210)	(11,108)
Interest-bearing loans and borrowings	(234,319)	(31,359)	(2,370)

Period ended 30 June 2021	USD $'000	GBP $'000	CAD $'000
Financial assets			
Cash and cash equivalents	7,122	19,303	10,999
Trade and other receivables	15,371	9,382	6,453
Financial liabilities			
Trade and other payables	(5,499)	(26,009)	(8,812)
Interest-bearing loans and borrowings	(90,039)	(12,047)	(3,165)

20. Financial instruments and risk management (continued)

Sensitivity

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the Group's foreign exchange risk exposures existing at the balance date. The following exchange rates have been used in performing the sensitivity analysis:

30 June 2022	USD	GBP	CAD
Actual	0.6889	0.5671	0.8885
+10% (Weaken)	0.7578	0.6238	0.9774
-10% (Strengthen)	0.6200	0.5104	0.7997

30 June 2021	USD	GBP	CAD
Actual	0.7518	0.5429	0.9318
+10% (Weaken)	0.8270	0.5972	1.0250
-10% (Strengthen)	0.6766	0.4886	0.8386

The impact on profit and equity is estimated by applying the hypothetical changes in the foreign currency exchange rates to the balance of financial instruments at the reporting date.

At 30 June 2022, had the Australian dollar moved against the US dollar, British Pound and Canadian dollar, as illustrated in the table above, with all other variables held constant, the Group's profit after tax and equity would have been affected by the change in value of its financial assets and financial liabilities as shown in the table below:

Year ended 30 June 2022	USD $'000	GBP $'000	CAD $'000
Exchange rate increase			
+10%: weaken – profit/(loss)	14,399	(2,837)	(1,485)
+10%: weaken – increase/(decrease) equity	(350)	860	(229)
Exchange rate decrease			
-10%: strength – profit/(loss)	(17,579)	3,468	1,815
-10%: strength – increase/(decrease) equity	2,357	(1,051)	630

Period ended 30 June 2021	USD $'000	GBP $'000	CAD $'000
Exchange rate increase			
+10%: weaken – profit/(loss)	7,188	(2,099)	(700)
+10%: weaken – increase/(decrease) equity	(1,849)	(4,174)	(118)
Exchange rate decrease			
-10%: strength – profit/(loss)	(8,770)	2,566	855
-10%: strength – increase/(decrease) equity	2,260	5,102	22

20. Financial instruments and risk management (continued)

(f) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Fair value hierarchy	2022 $'000	2021 $'000
Financial assets			
Fair value through profit and loss			
Derivative – foreign currency forwards	Level 2	17,463	–
		17,463	–
Financial liabilities			
Fair value through profit and loss			
Deferred consideration	Level 2	29,875	1,737
Other financial liabilities not measured at fair value			
Put option	Level 3	14,429	–
		44,304	1,737

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For the foreign currency forwards, the valuation technique used to determine fair value is by using the present value of future cash flows based on the forward exchange rates at the balance sheet date.

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition. The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

For foreign currency forwards, the valuation techniques is by using the present value of future cash flows based on the forward exchange rates at the reporting date.

For deferred consideration, the fair value is measured using option pricing models (i.e. Black-Scholes model) and management best estimates which are based on management forecasts.

21. Related party disclosures

(a) Parent entities

APM Human Services International Limited is the ultimate parent of the Group.

(b) Interests in other entities

Interests in other entities are set out in note 30.

21. Related party disclosures (continued)

(c) The directors of APM Human Services International Limited during the financial year were:

Megan Wynne
Michael Anghie
Timothy P. Sullivan
Elizabeth Q. Betten
William E. Ritchie
Robert Melia
Simone Blank
Neville Power

(d) Key management personnel compensation

	2022 $'000	For the period ended 30 June 2021 $'000
Short-term employee benefits	6,550	5,192
Long-term employee benefits	368	252
Post-employment benefits	74	51
Share-based payments	2,593	390
	9,585	**5,885**

(e) Related party transactions

The Group operates part of its business from premises leased from entities controlled by Director Megan Wynne or her related party. The rental payments on the three property leases under normal commercial terms were $938,866 for the year ended 30 June 2022. There is no balance outstanding to be paid at 30 June 2022.

The acquisitions of Early Start Australia, MyIntegra and Mobility were also related party transactions (refer below for the vendor details), refer to note 3(c) – 3(e) for further detail.

Vendor details are as follows:

Early Start Australia

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for The Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under Listing Rules 10.1.1, 10.1.3 and 10.1.4)

MyIntegra

- 90% – MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 10% – Talda Pty Ltd ACN 009 014 920 as trustee for The Bellinge Trust ABN 91 602 323 211 (an associate of Bellinge Holdings Pty Ltd ACN 060 541 068 and a related party of APM under Listing Rules 10.1.1, 10.1.3 and 10.1.4)

Mobility

- Cara Nominees Pty Ltd ATF Cara Investment Trust (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- Encore Nominees Pty Ltd ATF Encore Unit Trust (controlled by Megan Wynne and Michael Anghie and a related party of APM under Listing Rule 10.1.1)

Key management personnel – unpaid ordinary shares

Following vesting of Series C shares, a total of $653,130 is due for payment within 6 months after the end of each escrow period (for the number of escrow shares in each period as detailed in Section 6.3 of the Remuneration Report), where the amount to be paid shall be the lower of the outstanding balance and the market value of shares at the end of the escrow period.

22. Share-based payments

(a) Management equity plan

The establishment of the APM Human Services International Limited Management Equity Plan ("MEP") was approved by shareholders on 30 June 2020.

The MEP is designed to provide long-term incentives for senior management to deliver long-term shareholder returns. Under the plan, participants are granted shares which only vest if certain performance period conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The incentive shares, referred to as Series C shares, are 50% time shares and 50% performance shares. Holders of the Series C shares will need to be continuously employed to ensure vesting occurs. The time shares vest in such a way that 40% will vest on the second anniversary of the grant date, with 20% vesting on each anniversary of the grant date thereafter up until the fifth anniversary of the grant date. The vesting of the time shares is accelerated by one year (each time band) on the occurrence of an Initial Public Offering ("IPO") and if the Investor Cash Inflows equal or exceed 2.0 times the Investor Cash Outflows ("2x Hurdle"). The performance shares shall only become vested once the 2x Hurdle is met. 50% of the performance shares could also vest upon the consummation of an Initial Public Offering and the implied share price is 2.0 times the Investor Cash Outflows.

As a result of the IPO, the MEP vesting conditions were accelerated which resulted in a charge of $9.1 million of incremental cost recorded in the Income Statement. Set out below are summaries of options granted under the plan:

	2022		2021	
Series C	**Average exercise price per share option**	**Number of options***	**Average exercise price per share option**	**Number of options**
As at 1 July	1.34	5,054,740	–	–
Granted during the year	8.35	92,191	1.34	5,054,740
Exercised during the year	1.48	(5,146,931)	–	–
As at 30 June	**–**	**–**	**1.34**	**5,054,740**

	2022		2021	
LTIP	**Average exercise price per share rights**	**Number of rights**	**Average exercise price per share rights**	**Number of rights**
As at 1 July	–	–	–	–
Granted during the year	–	3,226,034	–	–
Exercised during the year	–	–	–	–
As at 30 June	**–**	**3,226,034**	**–**	**–**

* As part of the IPO, the vesting of the Series C was accelerated, and they were converted into ordinary shares on a ratio of 10 ordinary shares in APM for each Series C share.

22. Share-based payments (continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Time to expiration	Exercise price	Share options 30 June 2022	Share options 20 June 2021
Series C*				
30 June 2020	5 years	1.00	–	4,475,930
30 September 2020	5 years	1.00	–	52,191
31 December 2020	5 years	1.00	–	292,564
30 June 2021	5 years	8.35	–	234,055
31 July 2021	5 years	8.35	52,191	–
31 August 2021	5 years	8.35	40,000	–
			92,191	**5,054,740**
LTIP				
26 November 2021	15 years	Nil	1,037,613	–
20 June 2022	15 years	Nil	2,188,421	–
			3,226,034	**5,054,740**

* As part of the IPO, the vesting of the Series C was accelerated, and they were converted into ordinary shares on a ratio of 10 ordinary shares in APM for each Series C share.

The model inputs for rights granted during the year ended 30 June 2022 included:

(a) rights are granted for no consideration and vest based on performance period conditions detailed above.

(b) exercise price: Nil

(c) grant date: 26 November 2021 and 20 June 2022

(d) expiry date: as above

(e) share price at grant date: $2.80 (26 November 2021) and $2.49 (20 June 2022)

(f) expected price volatility of the company's share: 40%

(g) expected dividend yield: 3%

(h) risk-free interest rate: 0.925% (26 November 2021) and 3.33% (20 June 2022)

(b) Recognition and measurement – share-based payments

The fair value of shares granted by the Group is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value ("FV") of the shares granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(i) Fair value of shares granted

The fair value at grant date is independently determined using a Black-Scholes model for shares granted with non-market vesting conditions. The Black-Scholes model considers the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer Group companies.

For shares which contain market vesting conditions, the Group measures the grant date fair value (or in the case of a change in the expected vesting of the shares which introduces a market vesting condition, the cumulative catch-up share-based payment expense) using a Monte-Carlo simulation model.

22. Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2022 $'000	For the period 30 June 2021 $'000
Expenses arising from share-based payment transactions	10,766	747

23. Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Note	2022 $'000	For the period 30 June 2021 $'000
Profit/(loss) after tax for the year/period		40,735	(1,919)
Adjustments for:			
Depreciation and amortisation		122,365	103,180
Net loss/(gain) on sale of fixed assets	5	(30)	2,589
Employee benefits expense – share-based payments		10,766	747
Expected credit losses		1,728	167
Shareholder loan interest		28,300	72,678
Interest – lease liabilities		5,479	3,193
Net bank interest classified as financing cash flows		33,002	55,739
Loss on debt extinguishment		24,663	–
Share of profits of associates		(5)	(51)
Net exchange differences		27,189	(12,814)
Actuarial losses		114	–
Reversal of impairment of right-of-use assets		(1,218)	–
Gain on foreign exchange forwards		(17,463)	–
Onerous contract expense		907	–
Financing component – Revenue		3,005	–
Make goods expense		(163)	–
Change in operating assets and liabilities, net of effects from acquisition of controlled entities:			
Increase in receivables		(120,052)	(40,935)
Increase in payables		43,555	35,856
Decrease/(increase) in deferred revenue		61,362	(23,375)
(Increase)/decrease in income taxes payable		(8,675)	23,876
Increase in provisions		27,119	14,818
(Decrease)/increase in prepayments		(26,652)	13,894
Decrease in deferred tax liabilities		(38,895)	(28,644)
Net cash inflow from operating activities		**217,136**	**218,999**

23. Cash flow information (continued)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets – note 12;
- unpaid interest on the shareholder loans – note 7;
- partial settlement of a business combination through the issue of shares – note 3; and
- loss on extinguishment of debt – note 23 (c).

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	Note	2022 $'000	2021 $'000
Cash and cash equivalents	9	171,392	106,781
Borrowings	16	(602,651)	(707,446)
Lease liabilities	16 & 12	(87,914)	(81,885)
Shareholder loans	17	–	(965,538)
Net debt		**(519,173)**	**(1,648,088)**
Cash and liquid investments		171,392	106,781
Gross debt – fixed interest rates		–	(965,538)
Gross debt – variable interest rates		(690,565)	(789,331)
Net debt		**(519,173)**	**(1,648,088)**

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Leases $'000	Sub-total $'000	Cash $'000	Total $'000
Gross debt as at 9 March 2020	–	–	–	–	–	–
Cash flows	(715,246)	–	43,817	(671,429)	106,781	(564,648)
Other non-cash movements						
Acquisition of controlled entities	–	–	(59,266)	(59,266)	–	(59,266)
Issue of Series A shares	–	(892,860)	–	(892,860)	–	(892,860)
New leases	–	–	(70,492)	(70,492)	–	(70,492)
Foreign exchange adjustments	7,800	–	7,249	15,049	–	15,049
Other changes (i)	–	(72,678)	(3,193)	(75,871)	–	(75,871)
Gross debt as at 30 June 2021	**(707,446)**	**(965,538)**	**(81,885)**	**(1,754,869)**	**106,781**	**(1,648,088)**

23 Cash flow information (continued)

(c) Net debt reconciliation (continued)

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Leases $'000	Sub-total $'000	Cash $'000	Total $'000
Gross debt as at 30 June 2021	(707,446)	(965,538)	(81,885)	(1,754,869)	**106,781**	**(1,648,088)**
Cash flows	185,172	–	44,907	230,079	**64,611**	**294,690**
Other non-cash movements						
Loan interest accrued	(33,002)	–	(5,479)	(38,481)	**–**	**(38,481)**
Full extinguishment on the date of the IPO through issuance of equity instruments	–	993,838	–	993,838	**–**	**993,838**
New leases	–	–	(27,040)	(27,040)	**–**	**(27,040)**
Acquisitions – finance leases and operating lease incentives	–	–	(21,114)	(21,114)	**–**	**(21,114)**
Shareholder loans interest	–	(28,300)	–	(28,300)	**–**	**(28,300)**
Loss on debt extinguishment	(24,832)	–	–	(24,832)	**–**	**(24,832)**
Foreign exchange adjustments	(22,543)	–	2,697	(19,846)	**–**	**(19,846)**
Other changes (i)	(806)	–	(5,479)	(6,285)	**–**	**(6,285)**
Gross debt as at 30 June 2022	**(602,651)**	**–**	**(87,914)**	**(690,565)**	**171,392**	**(519,173)**

(i) Other changes include non-cash accrued interest expense on the shareholder loans, and the non-cash accretion of interest on the leases.

24. Events occurring after the reporting period

On 22 July 2022, the Group established a A$840 million syndicated multi-currency revolving corporate facility. A$600 million of this facility was used to extinguish the Term Loan B notes that were on issue. The new facility funding costs are at an average of 210 basis points above BBSY, which represents a saving of 240 basis points compared to the Term Loan B facility. The new facility is fully revolving, which will enable APM to further reduce its interest costs through cash offsets. The A$840 million facility is available in two tranches, a three-year A$523 million tranche and five-year A$317 million tranche. The loss on extinguishment of the Term Loan B notes is $0.1 million, and $0.4 million of costs have been capitalised that relate to establishing the new facility.

Upon release of the audited accounts 275,930,211 ordinary shares will be released from voluntary escrow in line with the Replacement Prospectus lodged with the ASX on 12 November 2022.

The shares are held by Madison Dearborn Capital Partners (and their associates as set out in their Notice of Initial Substantial Holdings lodged with the ASX on 16 November 2021), and Non-Executive Directors of the Company.

Since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of 5.0 cents per fully paid share to be paid on 29 September 2022 out of retained earnings.

No other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

25. Derivatives

The Group has the following derivative financial instruments in the Consolidated Statement of Financial Position:

	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Foreign currency forwards – held for trading	17,463	–

In April 2022, the Group entered into a USD forward exchange contract to manage the foreign currency risk associated with its Term Loan B Facility prior to the refinancing that occurred in July 2022.

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

26. Other liabilities

For the purpose of the Consolidated Statement of Financial Position, other liabilities comprise the following:

	2022 $'000	2021 $'000
Current		
Earn out payable (deferred consideration)	7,861	–
Deferred consideration	1,706	–
	9,567	**–**
Non-current		
Earn out payable (deferred consideration)	20,308	1,737
Put option	14,429	–
Others	2,408	2,408
	37,145	**4,145**

Deferred consideration

The Group has a number of deferred consideration arrangements that are recognised as part of the business acquisitions that occurred during the financial year.

(i) Integrated Care Pty Ltd and Early Start Australia Pty Ltd

The deferred consideration is an earn-out payment payable by the issue of up to a maximum number of 20,000,000 ordinary shares in APM, contingent upon MyIntegra (see note 3(e)) and ESA (see note 3(d)) meeting underlying EBITDA hurdles over a subsequent 3-year period. These hurdles include underlying EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025.

The fair value of the deferred consideration arrangement was re-estimated at balance date using the Black-Scholes model, based on a share price of $2.87, nil exercise price, volatility of 40.0%, risk free interest rate ranging from 2.42% to 3.08% and a dividend yield of 3.0%. The fair value of the deferred consideration arrangement is classified as other liabilities on the Consolidated Statement of Financial Position, and the allocation of the liability between MyIntegra (20.0%) and ESA (80.0%) has been calculated on a reasonable basis using forecasted underlying EBITDA as the allocation method.

26. Other liabilities (continued)

(ii) Clustera Sverige AB

The deferred consideration is an earn-out payable in cash, contingent upon Clustera meeting the total revenue hurdle by the end of 31 December 2022 of SEK 77 million (AUD11.5 million equivalent). It is assumed that the hurdle will be met based on the forecasted total revenue up to 31 December 2022. The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position

Put option liability

The Group acquired a 81% controlling interest in Lifecare Physiotherapy with the remaining 19% of units held by non-controlling unitholders.

Under the Allied Health Unit Trust Deeds, the Group is obliged to acquire any units that the non-controlling unitholders wish to sell and are not otherwise able to dispose of. These units are required to be acquired by the Group, via its wholly owned subsidiary, Zenitas HNA, within 12 months after a notice to sell the units has been received from the unitholders ("put option").

APM has determined that the risks and rewards relating to the units held by non-controlling unitholders in the Lifecare Group remain with the non-controlling unitholders. As a result, a non-controlling interest has been recognised on acquisition of the Lifecare Group. The put option with non-controlling unitholders results in a financial liability for the APM Group. The put option liability has been recognised at fair value at the date of acquisition of the Lifecare Group and has been recognised in the put option reserve. Interest expense and subsequent changes in the put option liability are recognised in the put option reserve. The fair value of the put option recognised at 4 January 2022 was $14.4 million.

Measurement

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition. The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

27. Commitments

There is no significant capital expenditure contracted for at the end of the reporting period that has not been recognised as a liability.

28. Contingent liabilities

Various entities in the Group have in the normal course of business issued $18.7 million of guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

29. Parent entity financial information

The individual consolidated financial statements for the parent entity, APM Human Services International Limited, show the following aggregate amounts:

	30 June 2022 $'000	30 June 2021 $'000
Assets		
Non-current assets	1,281,015	969,111
Total assets	**1,281,015**	**969,111**
Liabilities		
Current liabilities	(16,598)	(28,159)
Non-current liabilities[1]	–	(965,538)
Total liabilities	**(16,598)**	**(993,697)**
Equity		
Contributed equity	1,395,966	47,345
Reserves	274	747
Accumulated losses[2]	(131,823)	(72,678)
Total equity	**1,264,417**	**(24,586)**
Loss for the period	(59,145)	(72,678)
Total comprehensive loss	**(59,145)**	**(72,678)**

Notes:

1. The non-current liabilities are the Series A non-redeemable preference shares with a carrying value of $965.5 million which are classified as Shareholder Loans. The Series A non-redeemable preference shares have a cumulative 8% coupon rate. In the period ended 30 June 2021, the non-cash accrued interest was $72.7 million.
2. On 26 August 2022 the Directors resolved to pay dividends totalling $393.4 million from subsidiary companies to APM Human Services International Limited.

(a) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, and amounts owed from related parties

Investments in subsidiaries and amounts owed from related parties are accounted for at cost in the consolidated financial statements of APM Human Services International Limited.

(ii) Tax consolidation legislation

The company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, APM Human Services International Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate the company for any current tax payable assumed and are compensated by the company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

30. Interests in other entities

The Group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
APM Human Services International Limited	Australia		
APM Human Services Pty Ltd	Australia	100%	100%
APM Global Holdings Pty Ltd	Australia	100%	100%
International APM Group Pty Ltd	Australia	100%	100%
Advanced Personnel Management Investments Pty Ltd	Australia	100%	100%
Advanced Personnel Management Holdings Pty Ltd	Australia	100%	100%
Advanced Personnel Management Group Pty Ltd	Australia	100%	100%
Advanced Personnel Management International Pty Ltd	Australia	100%	100%
Advanced Personnel Management Global Pty Ltd	Australia	100%	100%
APM Training Services Pty Ltd	Australia	100%	100%
Serendipity (WA) Pty Ltd	Australia	100%	100%
Workcare Australia Pty Ltd	Australia	100%	100%
APM NZ Holdings Limited	New Zealand	100%	100%
APM Workcare Limited	New Zealand	100%	100%
Pelim Ltd	New Zealand	100%	100%
Te Tautoko Nga Tangata Limited	New Zealand	100%	100%
APM Employment Limited	New Zealand	100%	100%
APM Integrated Care Ltd	New Zealand	100%	100%
APM UK Holdings Limited	United Kingdom	100%	100%
Advanced Personnel Management Holdings (UK) Limited	United Kingdom	100%	100%
Advanced Personnel Management Group (UK) Limited	United Kingdom	100%	100%
APM Disability Consultancy Limited	United Kingdom	100%	100%
APM Learning and Education Alliance Limited	United Kingdom	100%	100%
Advanced Personnel Management (UK) Limited	United Kingdom	100%	100%
IPA Personnel Limited	United Kingdom	100%	100%
Ability Insight Limited (formerly Podclass Limited)	United Kingdom	100%	100%
Management Consultancy International Pty Ltd	Australia	100%	100%
Ingeus Australia Holdings Pty Ltd	Australia	100%	100%
Ingeus Australia Investments Pty Ltd	Australia	100%	100%
Ingeus Pty Ltd	Australia	100%	100%
Ingeus Australia Pty Ltd	Australia	100%	100%
Ingeus Victoria Pty Ltd	Australia	100%	100%

30. Interests in other entities (continued)

Name of entity	Place of business/ country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
Ross Innovative Employment Solutions	United States	100%	100%
DB Grant Associates	United States	100%	100%
Dynamic Educational Systems, Inc	United States	100%	–
Kaiser Group (DE), LLC	United States	100%	–
Dynamic Workforce Solutions, LLC	United States	100%	–
Dynamic Workforce Solutions – Texas, LLC	United States	100%	–
WCG Holdings Ltd	Canada	100%	100%
WCG Investments Ltd	Canada	100%	100%
WCG International Consultants Ltd	Canada	100%	100%
Ingeus Pte. Ltd	Singapore	100%	100%
Ingeus Co. Ltd	South Korea	100%	100%
Ingeus Europe Limited	United Kingdom	100%	100%
Ingeus UK Limited	United Kingdom	100%	100%
Invisage Limited	United Kingdom	100%	100%
Ingeus Scotland Limited	United Kingdom	100%	100%
ITL Training Limited	United Kingdom	100%	100%
The Reducing Reoffending Partnership Ltd	United Kingdom	100%	100%
Derbyshire Leicestershire Nottinghamshire & Rutland Community Rehabilitation Company Ltd	United Kingdom	100%	100%
The Staffordshire and West Midlands Community Rehabilitation Company Ltd	United Kingdom	100%	100%
CNLR Horizons Limited	United Kingdom	100%	100%
Ingeus GmbH	Germany	100%	100%
Ingeus AG	Switzerland	100%	100%
Ingeus S.L.	Spain	51%	51%
Konekt Pty Limited	Australia	100%	100%
Konektiva Pty Limited	Australia	100%	100%
Konekt Workplace Health Solutions Pty Ltd	Australia	100%	100%
Konekt Employment Pty Ltd	Australia	100%	100%
Konekt International Pty Ltd	Australia	100%	100%
Konekt Australia Pty Ltd	Australia	100%	100%
FBG Group Pty Ltd	Australia	100%	100%
SRC Solutions Pty Ltd	Australia	100%	100%
Communicorp Group Pty Ltd	Australia	100%	100%
Busiflow Nominees Pty Ltd	Australia	100%	100%
Innovative Training & Recruitment Pty Ltd	Australia	100%	100%

30. Interests in other entities (continued)

Name of entity	Place of business/ country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
MCI Institute Pty Ltd	Australia	100%	100%
APM Mobility Holdings Pty Ltd	Australia	100%	–
Mobility Australia Pty Ltd	Australia	60%	–
Mobility Holdings Pty Ltd	Australia	60%	–
APM MyIntegra Holdings Pty Ltd	Australia	100%	–
Integrated Care Pty Ltd	Australia	100%	–
Integra Plan Management Pty Ltd	Australia	100%	–
Integra Choice and Control Pty Ltd	Australia	100%	–
Integra Supported Accommodation Pty Ltd	Australia	100%	–
Generation Health Pty Ltd	Australia	100%	–
The Interact Group Pty Ltd	Australia	100%	–
APM ESA Holdings Pty Ltd	Australia	100%	–
Early Start Australia Pty Ltd	Australia	100%	–
Boost Therapy Pty Ltd	Australia	100%	–
Beststart Clinic Pty Ltd	Australia	100%	–
OT For Kids NT Pty Ltd	Australia	100%	–
Gateway Therapies Pty Ltd	Australia	100%	–
APM Lifecare Trusco Pty Ltd	Australia	100%	–
APM Ontrac Pty Ltd	Australia	100%	–
APM Lifecare Pty Ltd	Australia	100%	–
Clustera Sverige AB	Sweden	100%	–
APM Work Health Pty Ltd	Australia	80%	–
Biosymm Pty Ltd	Australia	80%	–
Finafrere Pty Ltd	Australia	64%	–

On 14 April 2022 the Group acquired Biosymm Pty Ltd ("Biosymm") and Finafrere Pty Ltd ("Finafrere"), refer to note 3. On 30 June 2022 the Group sold 20% of the shares in each company to members of the Biosymm and Finafrere management team. Resulting ownership interests of the Group are 80% (Biosymm Pty Ltd) and 64% (Finafrere Pty Ltd) as at 30 June 2022.

31. Auditors' remuneration

(a) Auditors of the Group

	2022 $	For the period ended 30 June 2021 $
Fees to PwC (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	1,415,262	609,000
Fees for other assurance and agreed-upon procedures services	38,760	25,500
Fees for other services		
Tax compliance services	14,280	33,660
Other*	2,344,884	36,320
	3,813,186	**704,480**
Fees to other overseas network firms of PwC (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	678,000	506,271
Fees for other services		
Tax compliance services	–	40,357
Other	–	25,761
	678,000	**572,389**
Total services provided by PwC	**4,491,186**	**1,276,869**

* Other fees include ASX listing costs and related services.

32. Summary of significant accounting policies

(i) New and amended standards adopted by the Group

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates ("IBORs") has become a priority for global regulators. Many IBOR around the world are undergoing reforms and benchmark interest rates are being replaced with alternative reference rates ("ARRs"). The Group has a first lien term facility whereby the USD Term Loan references the 1M USD LIBOR. The carrying amount of the borrowing as at 30 June 2022 is USD$156 million and matures in June 2026. The contractual terms include a fallback clause designed to address the situation where USD LIBOR is unavailable, which requires replacement with SOFR ("Secured Overnight Financing Rate") and applicable adjustments.

The Group has adopted amendments to AASB 9, IAS 39, AASB 7 and AASB 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020 with effect from 1 July 2021. These amendments require that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the instrument is not derecognised).

These amendments did not have any impact on the amounts recognised in the current period as the USD LIBOR has not yet transitioned to SOFR.

32. Summary of significant accounting policies (continued)

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group.

Directors' Declaration

For the year ended 30 June 2022

In the directors' opinion:

(a) the consolidated financial statements and notes set out on pages 99 to 168 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Michael Anghie
Group Chief Executive Officer & Executive Director

Perth
31 August 2022

Independent Auditor's Report to the Members

30 June 2022

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Independent auditor's report

To the members of APM Human Services International Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of APM Human Services International Limited (the Company) and its controlled entities (together 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 financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

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 & 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.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit, we used overall Group materiality of $12.8 million, which represents approximately 1% of the Group's total revenue.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors under our instruction.
- In designing the scope of our audit, we considered the structure of the Group and further identified those entities or business activities within each geographical location for which the Group prepares financial information for inclusion in the financial report (referred to as components).
- The nature, timing and extent of audit work performed for each component was determined by the components' risk characteristics and financial significance to the Group and consideration of whether

sufficient evidence had been obtained for our opinion on the financial report as a whole. This involved either:

– an audit of the complete financial information of a component (full scope);

– an audit of one or more of the component's account balances, classes of transactions or disclosures (specified scope performed at the Group level); or

– analytical procedures performed at the Group level and/or audit procedures at a Group level, including over the consolidation of the Group's components and the preparation of the financial report (other procedures).

- The Group engagement team and component auditors actively communicated throughout the year through discussions, written instructions and reporting.

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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Business combinations - Early Start Australia Pty Ltd, Integrated Care Pty Ltd and Lifecare Physiotherapy *Refer to note 3(d), 3(e) and 3(f)* The Group acquired Early Start Australia Pty Ltd for total consideration of $83.3 million as described in note 3(d) of the financial report, Integrated Care Pty Ltd for total consideration of $30.9 million as described in note 3(e) of the financial report and Lifecare Physiotherapy for $70.5 million as described in note 3(f) of the financial report. The accounting for these acquisitions was a key audit matter because they were significant transactions for the year given the financial and operational impacts on the Group. In addition, the Group made complex judgements when accounting for the acquisitions, including: • identifying all assets and liabilities of Early Start Australia Pty Ltd, Integrated Care Pty Ltd and Lifecare Physiotherapy and estimating the provisional fair value of assets, liabilities and associated goodwill for initial recognition by the Group.	Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others: • evaluating the Group's accounting for key business combinations by examining relevant transaction agreements and legal correspondence; • assessing the provisional fair values of the acquired assets and liabilities, including: ○ considering significant assumptions used in the models that estimated forecast EBITDA levels to determine the fair value of the identifiable and measurable intangible assets; ○ considering the discount rates applied in light of other market participants' average cost of capital; ○ considering the valuation methodology in the models in light of the requirements of Australian Accounting Standards; and ○ assessing the competence, capabilities and objectivity of the Group's valuation expert.

Key audit matter	How our audit addressed the key audit matter
• estimating the purchase consideration, particularly in respect of deferred consideration payable on the achievement of certain operational performance targets (hurdles) for Early Start Australia Pty Ltd and Integrated Care Pty Ltd. The accounting for the acquisitions is provisional at the time of authorisation of the financial report.	• considering the reasonableness of the business combination disclosures in light of the requirements of Australian Accounting Standards. In relation to the valuation of the deferred consideration for Early Start Australia Pty Ltd and Integrated Care Pty Ltd, our procedures included, amongst others: • assessing the calculation of the deferred consideration in accordance with the relevant contractual arrangements and the requirements of Australian Accounting Standards; • assessing the appropriateness of the significant assumptions utilised in the calculation of the deferred consideration.

Revenue recognition for contracts with customers - variable consideration (outcome-based revenue)
Refer to note 4
 	
From its four major service lines, the Group has recognised revenue amounting to $1,328 million for the year ended 30 June 2022.
 	
The accrued revenue (contract asset) balance at 30 June 2022 amounts to $190.3 million which includes $147.8 million of accrued outcome-based revenue arrangements.
 	
The Group exercises judgement relating to revenue recognised for its outcome-based revenue. These judgements include estimating the expected conversion rates (Australia) and ratio of outcomes (United Kingdom) for participants currently placed in employment positions at balance date for future outcome payments.
 	
We considered this a key audit matter due to the complexity, level of judgement and financial significance of the outcome-based revenue on the financial results for the year ended 30 June 2022.
	We performed the following audit procedures, amongst others:
	• evaluated the revenue recognition principles applied by the Group against requirements of Australian Accounting Standards;
	• on a sample basis, tested revenue transactions for outcome-based payments received during the financial year and assessed whether these samples aligned with the Group's revenue recognition policy and the terms of the relevant customer contracts;
	• considered the competence, capabilities and objectivity of the Group's expert used to assess the ratio of outcomes for outcome-based revenue;
	• together with PwC actuarial experts, assessed the methodology used by the Group to determine the ratio of outcomes;
	• assessed the models prepared by the Group to estimate future outcome payments based on placements as of 30 June 2022 by:
	  ○ evaluating the mathematical accuracy of the models;
	  ○ reconciling a sample of placements included within the models to third party reports;

Key audit matter	How our audit addressed the key audit matter
	○ comparing a sample of individual placements included on the third party reports to supporting documentation; ○ evaluating the Group's ability to accurately forecast by comparing forecasts with reported actual results. • evaluated the reasonableness of the Group's Revenue recognition disclosures in note 4 in light of the requirements of Australian Accounting Standards.
Valuation of Goodwill *Refer to note 14* At 30 June 2022, the Group had $1,600 million of Goodwill recognised on the consolidated statement of financial position. Under the Australian Accounting Standards, the Group is required to test the goodwill annually for impairment at the cash generating unit (CGU) level. The impairment assessment was a key audit matter due to the size of the goodwill balance (allocated across various CGUs) and the judgement involved in assessing whether an impairment was required. The Group performed an impairment assessment over goodwill by calculating the value in use for each CGU, using discounted cash flow models (the models).	We performed the following audit procedures, amongst others: • assessed whether the Group's identification of CGUs was consistent with our knowledge of the operations, internal reporting lines and the level of integration of the previously acquired businesses; • evaluated the cash flow forecasts in the models; • compared the cash flow forecasts in the models to Board approved budgets; • evaluated the Group's ability to accurately forecast by comparing previous forecasts with reported actual results; • considered the competence, capabilities and objectivity of the Group's valuation experts who assisted them in the preparation of the models; • together with PwC valuation experts, assessed that the method used by the Group to determine the recoverable amount of the CGUs was in compliance with the requirements of Australian Accounting Standards; • together with PwC valuation experts, evaluated the methodology, inputs and significant assumptions used by the Group in determining the discount rates by comparing to observable and comparable data; • assessed the mathematical accuracy of the models;

Key audit matter	How our audit addressed the key audit matter
	• assessed the composition of the assets and liabilities included within the CGU's carrying value and agreed them back to underlying financial records; and • evaluated the reasonableness of the Group's goodwill disclosures in note 14 of the consolidated financial statements, including those regarding the key assumptions in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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 accordingly 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 on the other information that we obtained prior to the date of this auditor's report, 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 ability of the Group 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 the 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 77 to 95 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of APM Human Services International 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
31 August 2022

Shareholder Information

30 June 2022

The shareholder information set out below was applicable as at 25 August 2022 (unless indicated otherwise) and applied to APM's securities (ASX: APM).

A. Distribution of Shareholders

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

Fully Paid Ordinary Shares	No of holders	Ordinary Shares	% Issued Share Capital
Above 0 up to and including 1,000	771	383,267	0.04%
Above 1,000 up to and including 5,000	988	2,821,083	0.31%
Above 5,000 up to and including 10,000	567	4,231,354	0.46%
Above 10,000 up to and including 100,000	585	15,251,285	1.66%
Above 100,000	111	894,494,957	97.53%
	3,022	**917,181,946**	**100.00%**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $3.36 per unit	149	37	1,665

Performance rights	No of holders	Performance rights	% Issued Share Capital
Above 0 up to and including 1,000	–	–	–%
Above 1,000 up to and including 5,000	–	–	–%
Above 5,000 up to and including 10,000	6	53,399	1.66%
Above 10,000 up to and including 100,000	38	925,977	28.70%
Above 100,000	11	2,246,658	69.64%
	55	**3,226,034**	**100.00%**

B. Voting rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Performance Rights Holders have the right to attend meetings but have no voting rights until the Performance Rights are exercised.

C. Top 20 Shareholders

The following is a listing of the top 20 holders of fully paid ordinary shares:

	Holding balance	Percentage of issued shares
MEGAN WYNNE	194,095,970	21.16
MDCP VIII-A LP	158,747,406	17.31
BELLINGE HOLDINGS PTY LTD	100,868,772	11.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	94,366,353	10.29
MDCP VIII-C LP	82,410,574	8.99
CITICORP NOMINEES PTY LIMITED	43,975,236	4.79
NATIONAL NOMINEES LIMITED	35,026,522	3.82
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	30,570,083	3.33
MICHAEL ANGHIE	20,214,783	2.20
MKW NOMINEES PTY LTD <THE WYNNE FAMILY NO2 A/C>	16,669,013	1.82
MDCP VIII EXECUTIVE-A LP	12,882,062	1.40
MDCP VIII EXECUTIVE-A2 LP	12,679,659	1.38
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	7,080,666	0.77
BNP PARIBAS NOMS PTY LTD <DRP>	5,792,329	0.63
ANGWIN INVESTMENTS PTY LTD <ANGWIN FAMILY DISCRETIO A/C>	4,225,353	0.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,850,736	0.42
GRUMETI PTY LTD <SB A/C>	3,521,126	0.38
XARANA PTY LTD <XARANA A/C>	3,521,126	0.38
STEPHEN FEWSTER	3,195,662	0.35
KAREN RAINBOW	3,130,366	0.34
	836,823,797	**91.22**

D. Substantial shareholders

Substantial shareholders in the Company as disclosed in substantial holding notices lodged with ASX are set out below:

	Holding balance	Percentage
APM Human Services International Limited[1]	639,481,070	69.72%
Madison Dearborn Capital Partners (and others)	417,881,506	30.36%
Megan Wynne & Bellinge Holdings Pty Ltd	313,458,868	34.18%

1. Substantial Shareholding disclosed as a result of the voluntary escrow arrangements as set out in note F.

E. Buyback

There is no current on-market buy-back.

F. Escrowed shares

The following existing shareholders are subject to voluntary escrow arrangements:

Shareholder*	Number of Escrowed Shares (million)**	Escrow Period (From the date of IPO completion)
MDP	272.8	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2022 to ASX
Megan Wynne	313.5	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX
Michael Anghie	14.2	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX
Michael Anghie	6.1	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2024 to ASX
Management Shareholders	20.1	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2023 to ASX
Management Shareholders	8.9	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2024 to ASX
Directors***	3.1	Until (and including) the date on which the Company releases its financial results with respect to the financial year ending 30 June 2022 to ASX

Notes:

* Shareholders may hold their interests in Shares directly, or through entities associated with them (e.g. through holdings by companies or trusts).

** Includes the Shares to be issued as part of the Acquisition, completion of which is expected to occur in December 2021. Refer to Section 9.6.2 for further information.

*** Excluding Megan Wynne and Michael Anghie.

Corporate Directory

Directors

Megan Wynne
Michael Anghie
Timothy P. Sullivan
Elizabeth Q. Betten
William E. Ritchie
Robert Melia
Simone Blank
Neville Power

ABN

38 639 621 766

Business address

58 Ord Street
West Perth WA 6005

Postal address

PO Box 1752
West Perth WA 6872

Share and debenture register

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Auditor

PricewaterhouseCoopers

Brookfield Place
125 St Georges Terrace
Perth 6000

Solicitors

Gilbert + Tobin

Level 35, Tower Two
200 Barangaroo Avenue
Barangaroo NSW 2000

Website address

www.apm.net.au

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