Annual Report 2023

Making a difference, together

APM Human Services International Limited

APM
enabling better lives

Cover image – Benalla All Abilities Basketball team

Holly is one of dozens of players who head to the home of the Benalla Breakers every week to train with the coaches, develop skills and socialise with teammates as part of the Benalla All Abilities Basketball team.

The squad features players living with disabilities and enables them to play community sport in a safe, friendly, and competitive environment. Recently APM Employment Services provided new team uniforms, caps, drink bottles and sunglasses to support the players to look and feel like a team.

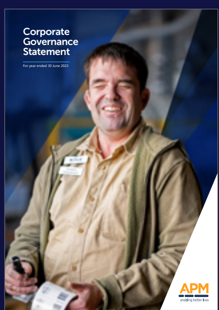
Coach Shane Richardson says the team has a great spirit and some skilled players who hope to start competing in events later this year.

APM's reporting suite

Our reporting suite includes the Group's financial and non-financial performance for this year. This includes our 2023 Annual Report, Results Presentations for FY23 and H1 FY23 and our Corporate Governance Statement.

The full suite can be accessed at apminvestors.net.au

Annual Report 2023



Corporate Governance Statement 2023

FY23 Results Presentation

H1 FY23 Results Presentation

APM Human Services International Limited
ABN 38 639 621 766

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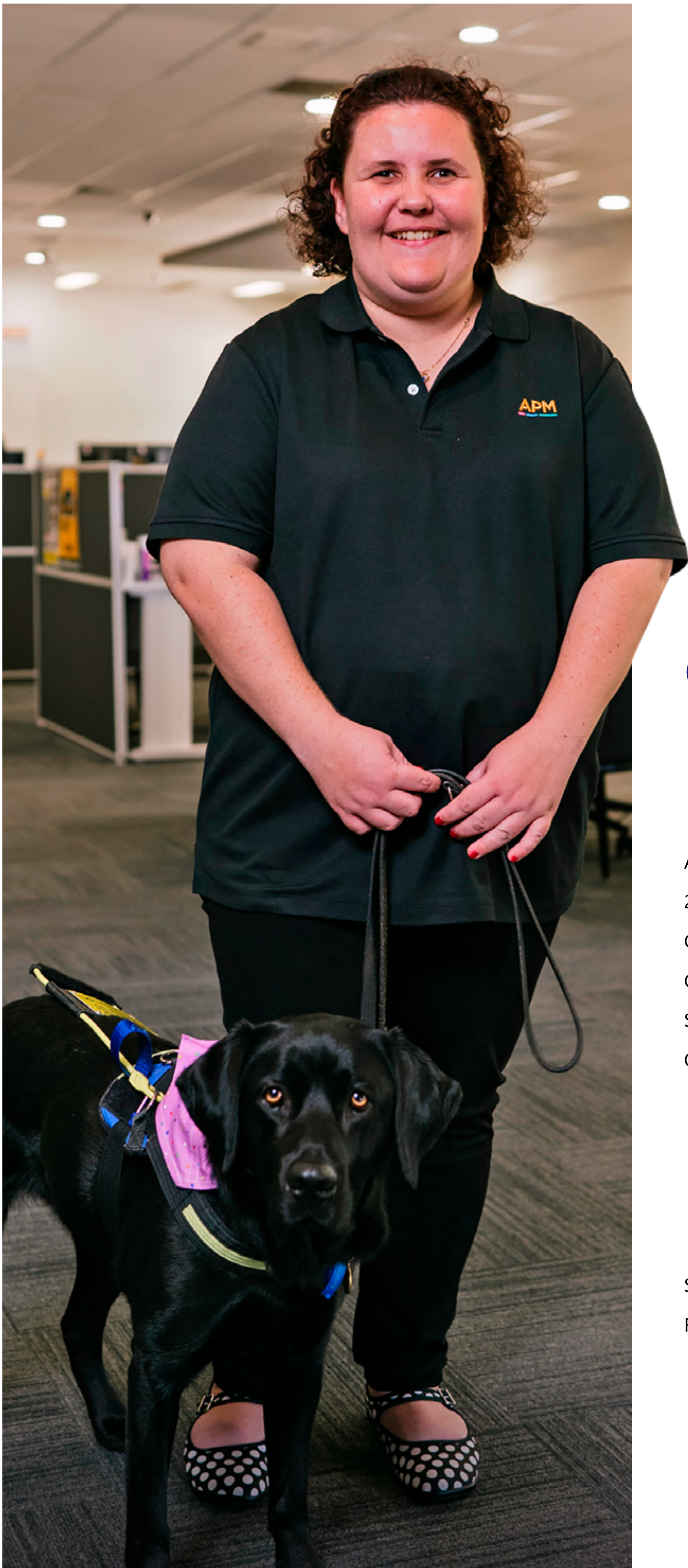


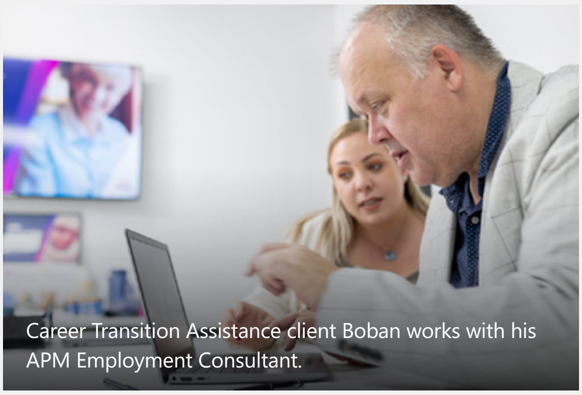
Ayesha was originally a client and is now a valued member of our APM Communities team. See Ayesha's story **here**.

Contents

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.



Career Transition Assistance client Boban works with his APM Employment Consultant.

Our Purpose

Our purpose is very simple: Enabling Better Lives, whether that be supporting a client to gain sustainable employment, rehabilitation post injury or illness, or to live as independently as possible.

Our Vision

APM's vision is 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 and stakeholders.

Our Values

Integrity
Customer Focus
Respect
Empathy
Achievement
Teamwork
Enthusiasm

'Boodja' by Kevin Bynder 2022

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About APM

Founded in 1994 in Perth, Western Australia, APM is an international health and human services provider.

Ryan worked with his APM Employment Consultant Nicola, as a client in the Self Employment Assistance program.

Our services help people with injury, illness or disability, children through to older adults, unemployed people, and those facing hardship or harm to positively impact both their lives and the communities they live in.

These services include assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

Our focus is on enhancing a person's health and wellbeing, independence, employability, and social and economic participation in their community.

Our purpose of "Enabling Better Lives" is at the core of everything we do.

APM supports the United Nations Sustainable Development Goals (SGDs) which aim to end poverty and inequality, and ensure that all people enjoy health, justice and prosperity, while protecting the planet for the future.

This financial year, APM supported more than 2.1 million people from our 1,700 sites spanning 11 countries (Australia, United Kingdom, Canada, United States of America, New Zealand, Germany, Switzerland, Sweden, Spain, Singapore, and South Korea).

Every day around the world, our team of more than 14,750 people develop and nurture 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.

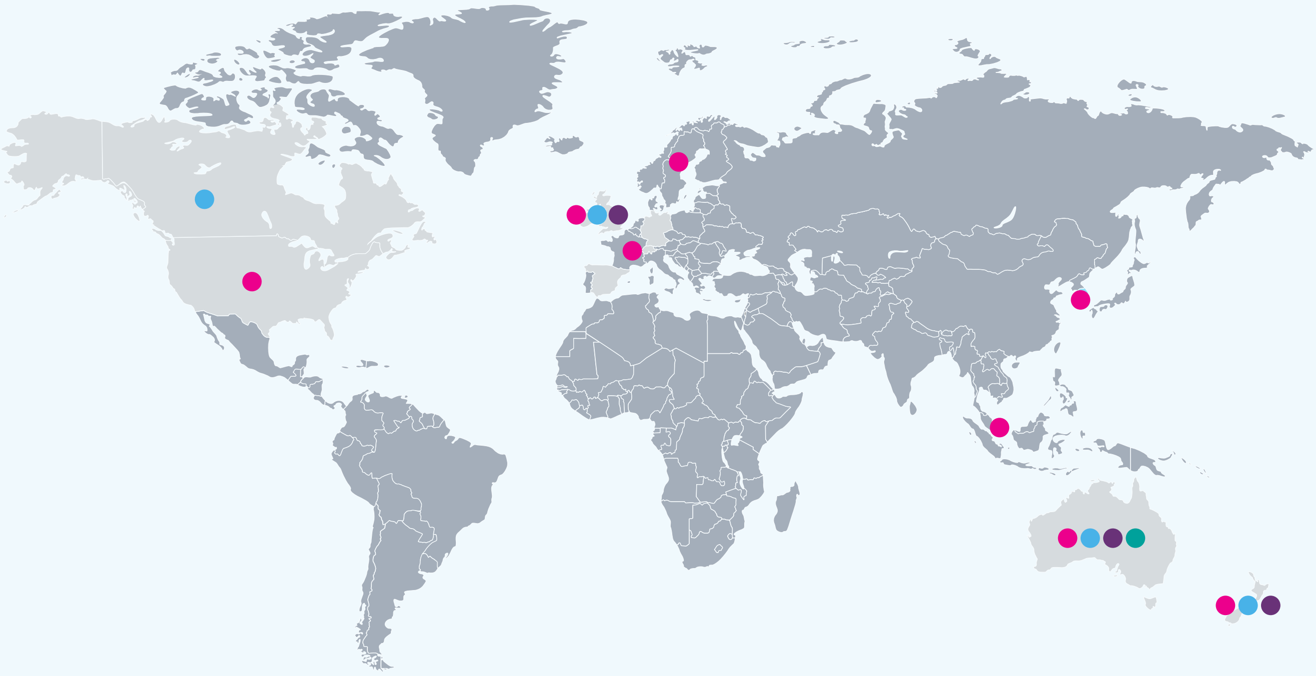
For further information please visit: apm.net.au

Global presence

North America
USA, Canada
547 locations
5,041 team members
Sectors:

United Kingdom (UK)
National presence
159 locations
2,067 team members
Sectors:

Europe
Germany, Spain, Switzerland, Sweden
109 locations
586 team members
Sectors:



Australia
National presence
831 locations
6,259 team members
Sectors:

New Zealand
National presence
38 locations
297 team members
Sectors:

Asia
South Korea, Singapore
30 locations
506 team members
Sectors:

Employment Services

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

Health and Wellbeing

Delivery of private, government, insurance and corporate health programs focused on prevention, rehabilitation (medical, psychosocial and vocational), Allied Health and psychological intervention services.

Communities and Assessments

On behalf of government, APM works with individuals to develop support plans for funded and non-funded support services. APM operates community based programs including youth, justice, and veterans' services.

Disability and Aged Care Support Services

Support services catering to the disability and aged care sectors including plan management, support coordination, and an on-demand home care services market place. Represents a growth opportunity for APM.

2023 Highlights

$1,896.4m
REVENUE
▲ 43% pcp

$365.0m
UNDERLYING EBITDA[1]
▲ 19% pcp

$178.2m
UNDERLYING NPATA[1]
▲ 7% pcp

$158.5m
STATUTORY NPATA
Includes one off non-recurring expenses associated with corporate development, integrations and debt refinancing

$264.3m
UNDERLYING OPERATING CASH[2]
▼ 6% pcp

$0.10
FY23 TOTAL DIVIDEND PER SHARE[3]

1. 'Underlying excludes one off non-recurring expenses associated with corporate development, integrations and debt refinancing'.
2. 'Underlying operating cash is the statutory operating cash after adding back cash income tax paid, net finance costs and one off non-recurring expenses associated with corporate development, integrations and debt refinancing'.
3. $0.10 per share equates to mid-range of dividend policy of between 40% to 60% of NPATA in the period.

Proven track record

In FY23, APM was successful in bidding for and winning several new key contracts. In the UK this included the new generation National Citizen Service (NCS) and the provisional award of Functional Assessment Services (FAS). We are delighted to extend our service delivery in Canada with the award of the Ontario Employment Services Transformation Program and commencement of the Rehabilitation Services and Vocational Assistance Program (RSVP).

Our presence and service offering were also expanded in the USA with the award of new Job Corps contracts in Cassadaga, New York State and San Marcos, Texas.

Strategic acquisition remained an important driver for growth as APM welcomed Equus Workforce Solutions in North America to the Group. As a leading and well-established employment services provider in this market and with its strong cultural fit with our purpose of enabling better lives, this complementary acquisition has further strengthened APM's existing presence in North America.

The acquisition of Everyday Independence in Australia plays a key role in developing the reach of our business in the growing disability services sector, while also complementing our existing Allied Health business and its growth objectives.

FY23 highlights

July 2022

- Workforce Australia contract commenced
- Established Australia's first Social Loan linked corporate debt facility

August 2022

- Disability Employment Services client reallocation & public awareness campaign increased market share (AUST)

October 2022

- Disability Employment Services contract extended for 2 years to 30 June 2025 (AUST)

November 2022

- Acquisition of Equus Workforce Solutions completed (USA)
- Work and Health Programme extended for 2 years to September 2024 (UK)

December 2022

- Debt facility increased to support strategic growth opportunities
- Springday acquisition completed (AUST)

January 2023

- Commenced the operational delivery of National Rehabilitation Services and Vocational Assistance Program (RSVP) in Canada
- Ingeus and YHA won the bid to deliver the new generation National Citizen Service (NCS) Trust program across England

February 2023

- Acquisition of Everyday Independence and Human Psychology completed (AUST)
- Work British Columbia (Work BC) contract extended to 2027 (CAN)

March 2023

- New contract win in Phase 2 Ontario Employment Services Transformation Program – Ottawa region (CAN)
- Expansion through the award of new Job Corps contracts (USA)

May 2023

- Provisional award of new contract to deliver Functional Assessment Services in Lot 3 – South East England, London and East Anglia (UK)

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Chair's letter

"As we continue to expand the depth and breadth of our service offerings, and deliver best-in-class, evidence-based services to meet the ever-changing needs of our clients and evolving market conditions, the Board and I thank you for your continued confidence in our efforts to enable better lives."

Dear Fellow Shareholders

On behalf of APM's Board of Directors, it gives me great pleasure to present APM's 2023 Annual Report.

This year has been characterised by the impacts of the ongoing conflict in Ukraine and sluggish global economic growth.

For many people, particularly our more vulnerable clients, current economic conditions will be some of the most difficult they have experienced.

Economic and social conditions of course, impact us all differently. At APM we have remained resolute in our emphasis on delivering strong growth across our global operations and this has been possible because the calibre of our leadership and team on the frontline, is second to none.

The commitment of governments to support their citizens by significantly investing in health and human services during such challenging times, should also be acknowledged.

In another year of achieving strong financial results, FY23 has been notable for the success we have had in achieving organic growth in our largest markets of Australia, the UK, and North America with the extension of key contracts and significant new contract wins.

This is testament to the regard in which we are held by our funders and our ability to replicate our strengths across markets.

It is the hard work and commitment of our passionate people who have delivered this growth while we diligently manage the impact of low unemployment in markets including Australia, the UK and the USA which has diminished the flow of clients into our contracted public employment services programs.

The Company has also been impacted by ongoing challenges in attracting and retaining talent, particularly in our Allied Health businesses and of course, the influence of the increased cost of funding is also reflected in the FY23 results.

This year marked Group CEO, Michael Anghie's fifth year at APM. Under his leadership APM has grown exponentially, through organic growth in existing markets and contracts, and the acquisition of significant businesses, growing our reach both in markets, particularly North America and the UK and in the NDIS and aged care sectors in Australia. I acknowledge and thank him for his continued drive, energy, and passion to ensure that APM flourishes and we grow our credentials as a global leader in the delivery of lasting social impact.

Living our purpose at APM

No matter the external headwinds, our people and our business remain resilient, and most importantly, committed to supporting those who are vulnerable so that they can live a better life.

Our people do not lose sight of why they come to work and for whom they work so hard to make a genuine difference. I often reflect on the fact that our people, despite their own personal circumstances, are driven to put the needs of our clients and customers before those of their own. This is just one characteristic that has set APM apart from others since we began operations nearly 30 years ago.

That our clients are at the core of everything we do is central to our success and to the continued delivery of strong financial results.

In FY23 we welcomed over 3,500 new team members to the APM family. Every day our more than 14,750 people show their dedication and passion for enabling better lives to the benefit of our 2.1 million clients around the world, so that they can reach their fullest potential.

From a corporate social responsibility perspective, our pro bono Ukraine resettlement project in Germany has now been in operation for just over 12 months and continues to assist displaced people and families from Ukraine with local integration support services.
To date, we have assisted over 7,000 people by facilitating access to housing, language, childcare, education, employment and health services. Witnessing first-hand the impact this effort has on refugees from Ukraine is a truly humbling experience.

Maturing our sustainability and social impact approach

In FY23, APM took an important first step on our sustainability and social impact journey. We have developed our Sustainability Strategy to demonstrate in practical terms, what our focus on doing the right thing and supporting our clients to develop greater independence, better health and wellbeing and social and economic participation delivers to this end.

As we progress and refine our strategy and approach to how we consistently plan, monitor, evaluate and most importantly, enhance the impact of the services and supports we provide to our clients, funders and the broader community, we welcome feedback from our shareholders.

Board changes

To ensure our Board has a diversity of business experience that acts in the best interests of our shareholders, in July 2022 we welcomed Ben Wyatt as a non-executive Director.
His experience as a former State Government Treasurer and his directorships on other ASX listed Boards has assisted APM execute our global growth ambitions in FY23.

In addition, Ben has been appointed by the Board to our Remuneration and Nomination Committee, resulting in a balanced composition of Independent and Non-Executive Directors.

In further meeting our commitments to evolve Board Governance, Nev Power has been appointed as the Lead Independent Director, in addition to his existing role as Member of the Remuneration and Nomination Committee.

I thank my fellow Directors for their thoughtful contributions and commitment in FY23 and look forward to the year ahead as we work together to create additional value for our clients, team, shareholders and future investors.

FY24 and beyond

We consider that the market fundamentals for the health and human services sector are strong and remain favourable in the long term, with APM ready to play our role in reducing entrenched disadvantage and addressing broader social and economic challenges.

In Employment Services, our government funders remain focused on addressing underemployment and reducing the risk of long-term unemployment and disconnection from the labour market. Ongoing structural changes in labour markets also require different employee skillsets to respond to changes in technology and globalisation.

In both our existing and emerging markets, disability inclusion is a priority, as is supporting labour market inclusion for young people and encouraging older people to remain in the workforce for longer. These efforts will assist in addressing labour supply shortages, encourage economic growth and raise government revenue.

The cost of care is rising globally, leading the desire and need to keep people in their homes for longer and providing in-home care on-demand rather than funding the more cost-intensive option of residential care.

Globally, we also see rising demand for mental health and wellbeing services as well as a push from employers to support and enable employees and their families to focus on prevention and early intervention.

APM is a unique investment opportunity, and we believe, a natural choice, for people who care about investing for social impact.

As we strive to reach our goal of being the market-leading global health and human services company, we will continue to maintain our focus on driving business growth through our steadfast commitment to living the values embodied in our purpose of enabling better lives.

Megan Wynne
Founder and Executive Chair
APM Group

CEO's letter

"During FY23 we have continued to deliver on our promises to you as shareholders and execute on our strategic priorities including winning new contracts and completing strategic acquisitions, further diversifying our core business areas, and building business resilience."

Dear Shareholders

It is my pleasure to present this CEO Report for the 2023 financial year. During FY23 we have continued to deliver on our promises to you as shareholders and execute on our strategic priorities including winning new contracts and completing strategic acquisitions, further diversifying our core business areas, and building business resilience.

When I reflect on where we are today compared to November 2021 when we listed on the ASX, our business is stronger as a result of longer contract tenure, and greater contract diversification both in terms of geography and services. We continue to deliver market-leading performance and have a growing Health and Wellbeing Business servicing the key growth areas of Disability, Mental Health and Ageing.

Most importantly, in FY23, APM's team of more than 14,750 people work from 1,700 locations in 11 countries, and have continued to increase the number of people we support to over 2.1 million people globally.

Continuing to deliver on our commitments

For nearly thirty years, the team at APM has operated with a true commitment to high-quality performance and best-in-class service – for our clients, our customers and each other. This in turn, has contributed to our financial performance.

When APM listed on the ASX, we committed to several operational initiatives, all of which we have delivered. We have continued to pursue new opportunities and win market share, including:

- extending our contract tenure and diversity;
- diversifying our business both in terms of geography and service offerings to build further resilience. APM's top 3 contracts now comprise 26% of revenue compared to 43% at the time of listing;
- delivering key contract awards in North America and the United Kingdom; and
- continuing to invest in building the market-leading business providing essential, high-quality, and compliant services into the NDIS market and Allied Health sector.

The Australian Health and Wellbeing business has organically grown 17% in FY23.

During the year we have had continued success in being awarded new contracts and winning re-tenders. Our UK team will deliver the new Functional Assessment Services contract in Lot 3 – South East England, London and East Anglia with a total contract value of $720 million over five years. Ingeus UK was also awarded the next Generation NCS Youth Program, in partnership with YHA, which will commence in 2024. In Northern America we were successful in winning the Ottawa Region contract award in the Phase 2 Ontario Employment Services Transformation Program and have expanded in the USA through being awarded two new Job Corps contracts with total revenue from the program now over US$100 million.

In addition, we have continued to diversify our business through the completion of two strategic acquisitions; Equus Workforce Solutions in the USA and Everyday Independence in Australia. Both acquisitions support our ambitions to become market leaders in large growing markets.

Our performance

The Group revenue for the year was $1.9 billion up 43%, underlying EBITDA of $365.0 million up 19% and underlying NPATA of $178.2 million up 7% demonstrating the ability of the business to manage the underlying market conditions while mobilising new contracts, investing for the future and growing market share.

Our continued geographic and service diversification builds further resilience and establishes a global health and human services platform that is positioned for long-term growth, as demonstrated by our strong performance.

In Australia, we have focused on supporting our employment services participants into sustainable employment across the Workforce Australia and Disability Employment Services contracts. The strong employment market provides opportunities for the people we serve and supporting clients on their journey to greater financial independence is a key program focus.

We continue to invest in the growing Health and Wellbeing business through recruitment of talent, implementing systems and improving efficiency. Attracting and retaining talent is a key focus given the demand for skilled workers in the growing market for health and wellbeing services. This is impacting the ability for service providers to achieve growth.

In North America, the acquisition of Equus Workforce Solutions in November 2022 has expanded our presence to 42 states and territories in the USA which provides a platform to continue to pursue organic opportunities in our core businesses in a market that has an annual spend in excess of US$20 billion. In Canada, we have been awarded contracts in all Phases of the continued transformation of Ontario Employment Services Transformation program now operating in the Peel, York and Ottawa regions and during the year we have mobilised and commenced the national Canadian Veteran's RSVP contract.

Across the Rest of World operations, the UK business has been most impacted by lower client volumes in the main program, the Restart Scheme, which has been partially offset by strong performance. We are delighted to have been provisionally awarded the Functional Assessments contract for Lot 3 – South East England, London and East Anglia, which will begin mobilisation through FY24 for commencement in FY25.. This important contract award will further diversify our business in the region and globally.

Outlook

While overall economic conditions are supported by low unemployment, there are some continuing risks with low client flows into existing employment programs, growing levels of unsupported unemployment through health and other economic challenges, tight employment market for Allied Health Professionals, and high interest rates.

APM has operated in changing market conditions for over 30 years by delivering on its core purpose of Enabling Better Lives and continuing to build resilience through diversifying and investing for the long term. This enables us to deliver returns to shareholders over the long term.

I am confident that this focus will continue to serve us well in FY24 and beyond. We believe we are well-positioned in the current environment with an experienced and committed team that has delivered successfully over the long term. Our balance sheet is strong and our cash conversion is at historic levels of greater than 85%. We have a number of organic contract wins that will be mobilised in FY24 and will contribute in future periods and our investments in the growing markets of Disability and Aged Care, in particular the NDIS, and North America, provide strong opportunities for organic growth.

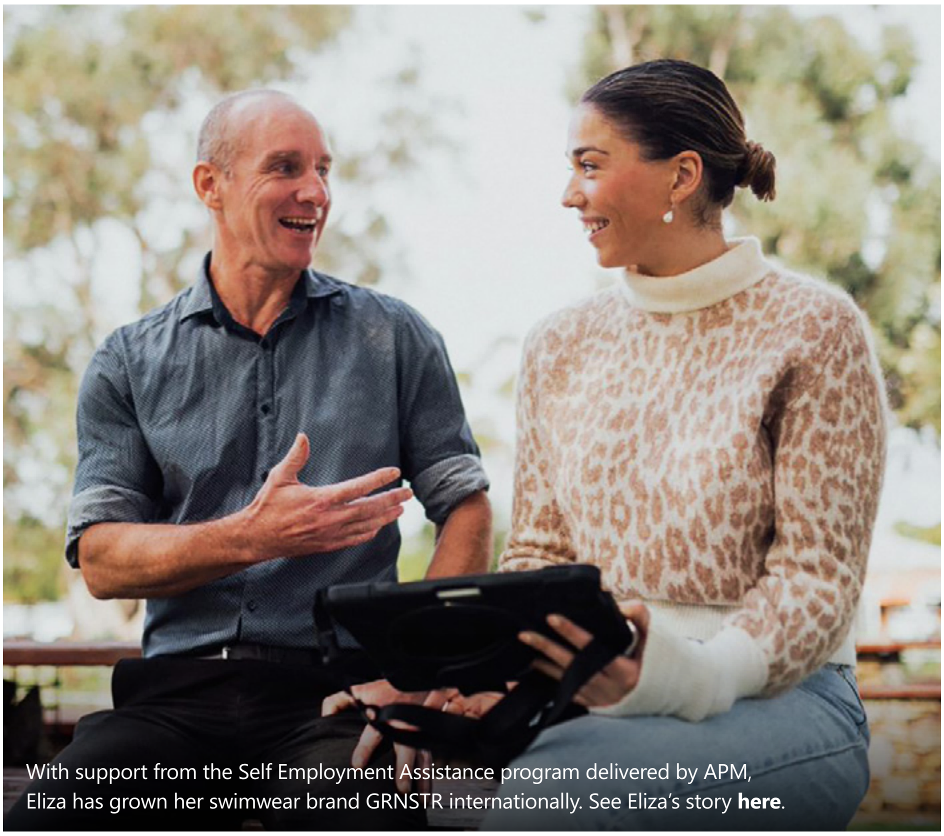
We will host our inaugural Investor Day in FY24 and this will provide the opportunity for you to meet our incredible leadership team and hear from them first-hand about trends in their portfolios, the areas of focus and investments we are making, the future pipeline of opportunities and also be able to spend time getting to know them.

I extend my thanks to our dedicated team across the Group for the tremendous work they have done to continue supporting APM and build a market-leading health and human services business. My thanks also go to the Board for their invaluable support and guidance during yet another challenging year. I would particularly like to thank our global leadership team, and their teams for what they do each day for APM and our clients around the world.

Finally, to all our stakeholders with whom we partner: government, community, corporates and our clients, thank you for the trust you put in us to deliver these essential services.

Michael Anghie
Group Chief Executive Officer
APM Group

Strategic outlook



With support from the Self Employment Assistance program delivered by APM, Eliza has grown her swimwear brand GRNSTR internationally. See Eliza's story **here**.

APM's growth strategy

Grow existing business

Pursue new markets

Assess and complete accretive strategic acquisitions

Growing existing business

Winning, operating and retaining large-scale, complex government contracts in the growing Health and Human Services sector is a critical and fundamental part of APM's business.

In FY23, APM secured or commenced long-tenured new contracts and grew market share in:

- Workforce Australia with 13% of all contracts awarded
- The new generation National Citizen Service (NCS) Trust program in England
- Ontario Phase 2 Employment Services Transformation Program (Ottawa region) in Canada
- Winning 2 additional Job Corps contracts in the USA
- The Canadian National Rehabilitation Services and Vocational Assistance Program (RSVP)
- Disability Employment Services market share increased through client reallocation
- UK Functional Assessment Services
- Australian Residential Aged Care Assessments
- UK justice rehabilitation programs (Commissioned Rehabilitative Services, CFO Activity Hubs, CFO 3)

Several key contract extensions were awarded including:

- Disability Employment Services in Australia – two years to June 2025
- The Work and Health Programme (WHP) in the UK – two years to September 2024
- Work BC (Work British Columbia) in Canada – three years to 2027
- Employment Services extensions in South Korea, Singapore, the USA and Europe

These contracts will continue to support growth, particularly in North America which is an important market for APM as we continue to build a leading global health and human services company supporting positive outcomes for the clients and stakeholders we serve.

Pursuing new markets

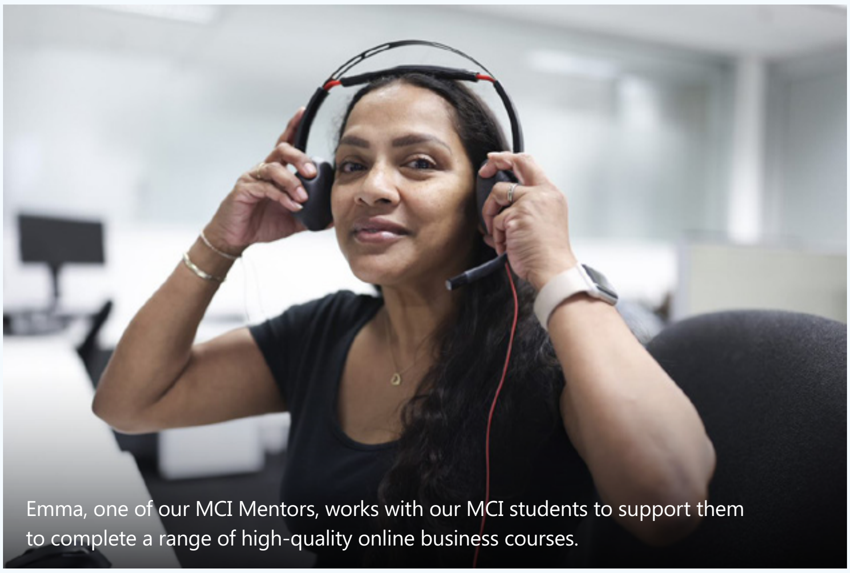
APM enters new markets where there is a stakeholder committed to creating a positive sustainable change. Given the ongoing focus on health and human services globally, we continue to assess new markets and strategic opportunities.

Last year, our acquisition of Equus Employment Solutions in the USA provided an important platform in 42 states and territories to organically grow, which has been evidenced by our 2 new contract awards in Job Corps in FY23.

APM remains focused on executing our strategy to become Australia's market-leading provider of National Disability Insurance Scheme (NDIS) therapy support services for participants. We will continue to expand the depth and breadth of our service offering and reach, growing our footprint to service all Australians, no matter where they reside, whether it be metropolitan, regional or rural.

This is also the case with the Government's ongoing focus on the delivery of high-quality aged care support services in Australia as we continue to assess opportunities in this important sector and build our capacity in the provision of multidisciplinary allied health services for older Australians.

We believe that APM has the right strengths, capability, capacity and track record to be the leading provider at scale across these large markets and in FY23 APM made further inroads into these important growth sectors.



Emma, one of our MCI Mentors, works with our MCI students to support them to complete a range of high-quality online business courses.

Assessing and completing accretive strategic acquisitions

In FY23, APM continued its track record of expansion through strategic acquisition, building further scale in existing businesses and successfully integrating acquired businesses, enabling us to enter new markets and adjacent service areas and expand connectivity with our clients.

During FY23, APM made the following strategic investments in businesses including:

- Equus Workforce Solutions and Agilec, expanding our operations across 42 states, territories and provinces in the USA and Canada
- Everyday Independence, expanding our business in the key growth sector of Disability Services and complementing our existing Allied Health business and overarching growth objectives in Australia
- Springday which grows our digital offering in the mental health and wellbeing sector in Australia with a digital platform that assists organisations to measure and improve the wellbeing of their workforce
- Human Psychology which provides EAP, consulting, and corporate psychology services in Australia and expands our reach in the mental health and wellness sectors

APM considers acquisition opportunities consistent with our growth strategy and which meets stringent financial metrics. We only pursue potential acquisitions if the target business is aligned with APM's growth ambitions, provides further scale or a market entry point and where we consider that the acquisition is culturally, and values aligned.

Employment Services

At APM we believe everyone has the right to the dignity and opportunity that decent work provides.

Brian overcame challenges looking for employment with APM's help in the jobactive program (predecessor program to Workforce Australia). He is an Indigenous mentor with Footprints Employment and Training. See Brian's story **here**.

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We know first-hand the difference employment makes to people's lives, and the lives of those around them.

More than a job or a source of income, for many of us work supports our physical and mental health, improves our social connection, supports our independence, and plays a significant role in our identity. It shapes our status and sense of self-worth. It is not only central to our individual health and wellbeing but contributes to the wellbeing and productive capacity of our communities.

Fundamentally, it enables better lives.

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

The services we deliver put the client at the centre, allowing them to develop individual agency, confidence, and skills to engage in their local labour market.

Case study

Lelani – Ross Innovative Employment Services, USA

After having her first child, Lelani wanted to return to work, but she wasn't sure what she wanted to do. She didn't know how to pursue her interest in healthcare, or what support she could access.

Lelani admits to feeling quite vulnerable at the time.

"I didn't know how to feel signing up for a program that could help me," she said.

"So, giving all this trust to them and having them coming and going so hard for me, it made me feel like I can always trust them and always have them as a support system."

Lelani had previously worked in retail, and her case manager Patrice, could see she wanted to make a change.

Patrice could see that Lelani was uncertain about making a change into a new industry, and her confidence was low.

"I was in a part of my life where I was depressed, you know, being a new mum, going through post-partum and I was just kind of in a funk," Lelani recalled.

"So I feel this program uplifted me as a mother, as a woman, as a fiancée.

It just brought new life to me," she added.

CEO of Life Got Better, Marlon says, "Ross has not only changed lives when it comes to continued support, emotional support, but just having someone you can call for advice," he said.

"Whether it's personal or whether it's business, I think that's what's amazing here. It goes a long way," he added.

"I just want to tell all women, all first-time mothers that it's ok to ask for help. Try not to get stuck in your current situation because your pride is too big." – Lelani

See Lelani's story **here**.

In FY23, key government funded programs providing individualised support to job seekers were delivered in:

- Australia, through Workforce Australia, including Transition to Work (TtW), Employability Skills Training (EST), Career Transition Assistance (CTA), Self-Employment Assistance (SEA), ParentsNext (PNX), School Leaver Employment Supports (SLES) and Disability Employment Services (DES) programs delivered by **APM Employment Services**;
- 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, and Ontario Employment Services Transformation delivered by **WCG**;
- The USA, under Temporary Assistance for Needy Families (TANF) and the Workforce Innovation and Opportunity Act (WIOA) funding streams and delivered by **Dynamic Workforce Solutions, Equus Workforce Solutions, Grant Associates and Ross Innovative Employment Solutions**;
- Germany, Spain, Switzerland, South Korea and Singapore, through employment services programs delivered by **Ingeus**;
- Sweden, through tailored job matching services delivered by **Clustera**; and
- New Zealand, through the delivery of disability and mental health employment by **APM Work Assist**.

Alan was looking for a late career change following a difficult period in his life. With the help of Ingeus UK through JETS (Job Entry Targeted Support), he is thriving in a new career he'd never imagined for himself. See Alan's story **here**.

FY23 highlights

- APM Employment Services commenced the Workforce Australia contract on 1 July 2023 with 13% of total contracts in the program
- A two-year extension of the Disability Employment Services (DES) contract to 30 June 2025 was announced
- In the UK, the Work and Health Programme has been extended by a further two years to September 2024
- In Canada, the WorkBC program was extended until 2027
- Successful organic growth:
  - Awarded the Ottawa region in Phase 2 of the Ontario Employment Services Transformation Program in Canada (WCG currently delivers the Peel and York regions). The contract has a five year term (three year contract plus a two year extension option).
  - Secured Job Corps contract awards in Cassadaga, New York State, and San Marcos, Texas further growing our reach in the USA. Job Corps is the largest nationwide residential career training program in the USA and helps eligible young people aged 16-24 complete their high school education, train them for meaningful careers, and assist with obtaining employment.
  - Success supporting more clients in DES through the continued delivery of high performance and contract reallocation.
  - Clustera won 2 of the 11 Regions (Småland Blekinge and Södra Mälardalen Östergötland) in the Individuellt pedagogiskt stöd vid utbildning (IPSU) contract in Sweden which commenced in June 2023. IPSU supports jobseekers with disabilities to become independent, by enabling them to undertake education. The contract is for one year with a one year extension.

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The APM Group also grew its Employment Services business through the strategic acquisition of Equus Workforce Solutions in the USA making us the largest employment services provider in the region and expanding our footprint from 24 to 42 states and territories.

Growth was also achieved in Europe as Sweden continues to reform its employment services market and in the UK, the Restart Scheme has delivered solid outcomes despite lower than forecast caseload volumes.

Case study

Alfred – APM Employment Services, Australia

Returning to work after a period away can be daunting for any job seeker.

Making big changes can be a vulnerable time and Alfred has come a long way and achieved his goals with flying colours.

"Alfred was a very shy guy, but very personable and I could see he was easily approachable – a lovely, polite man, very respectful," APM National Diversity and Inclusion Coordinator Austin recalled.

"At first it wasn't easy – but that's probably because I was going through depression," Alfred said.

Alfred received support through jobactive (predecessor program to Workforce Australia), delivered by APM Employment Services.

Austin, employment consultant Peta, and Alfred discussed what he might like to do, and he decided on a security course.

Throughout the lead up to and completion of his course, Austin stayed in touch with Alfred for any training or emotional support he required.

When Alfred had finished his course, Austin contacted Eon protection, an Indigenous owned organisation based in Perth, Australia. After making a phone call to Eon, the rest, as Austin said, is history.

Eon CEO Robert recalls when Alfred started, he was willing to give anything a go, and learned quickly in his role.

Alfred works as concierge for the Western Australian Department of Communities, meeting and greeting hundreds of people a day.

"We've seen him excel in his role," Robert said.

"I knew he'd be the perfect fit. It's great to see him evolve from the person he was," Austin added.

Alfred has felt comfortable and capable in his role.

"When I started the role, it turned out to be a good fit in the end, because of the people I've met and work with," Alfred said.

"If you get an opportunity just grab it and take it and you never know where it might lead you." – Alfred

See Alf's story **here**.

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Health and Wellbeing

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

Lifecare physiotherapist Trent works with the Sorrento Football Club

In FY23, the APM Group supported the varied health and wellbeing needs of our clients throughout the lifespan from infancy to the senior years in Australia, New Zealand, the UK and Canada through:

- **Early Start Australia** working with families to optimise the development of children, adolescents and adults and 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, Springday, Communicorp, and FBG)** helping build psychologically healthy workplaces and providing wellbeing support;
- Our vocational training and education business, **MCI**;
- **Konekt** and **APM WorkCare** providing 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** delivering occupational rehabilitation services, including to the Australian Defence Force and veteran community;
- **Lifecare** providing Physiotherapy, Sports Medicine, Hydrotherapy and Podiatry in clinics across Australia and via mobile services in the home;
- **Biosymm** delivering onsite or clinic-based physiotherapy treatment and exercise and working with employers to understand their business injury and health risks and develop targeted prevention strategies;
- **APM** in NZ providing a wide range of vocational rehabilitation, pain management, community rehabilitation and concussion services. NZ also delivers physiotherapy services;
- **CiC** in the UK delivering mental health and wellbeing services, while **Ingeus** delivered the NHS Diabetes Prevention Programme (NDPP);
- **WCG** delivering vocational rehabilitation and assistance services to veterans and their families as they transition to rewarding careers in the civilian workforce in Canada; and
- **Everyday Independence** delivering evidence-based therapies to children, youth, and adults in Australia, so that they can achieve their functional goals to live a full and happy life.

Case study

Metro Trains Melbourne – Assure, Australia

assure

Creating a supportive culture is vital for Metro Trains Melbourne staff who can be exposed to traumatic events on any given day, or experience the stresses of a busy workplace or daily life.

This is why they partnered with Assure Programs to deliver an Employee Assistance Program (EAP). The EAP offers 24/7 support to frontline staff who take advantage of the program.

"The wellbeing of our team and frontline staff is extremely important to Metro Trains," Executive Director Network Assets and Assurance, Paul said.

Assure's services provide a range of wellbeing support, counselling, coaching, leader support and response for significant events which are all integrated with Wellbeing Gateway.

High voltage planner Kym opted to become one of the 150 peer supporters for Metro Trains. As a peer supporter, his colleagues can turn to him for mental support at work – just for a chat or to make use of the EAP. "I'm passionate about it," Kym says. He credits his experiences as a motivator for him to become a peer supporter for his colleagues.

"Being that and having that support and help, I just know I'm in a good headspace – I want to give back," he says.

> "The peer supporters are passionate about the work they do. There's a 150-strong cohort and they do their job every day, but they also find time to support our people – and it's a fantastic achievement."
> – Jacqui, Head of Health and Wellbeing for Metro Trains

See Metro Trains Melbourne story **here**.

Sarah is a long-term client of Early Start Australia and is an accomplished author of the children's 'Bush Tales' book series. See Sarah's story **here**.

FY23 highlights

Two significant acquisitions were made in APM's Health and Wellbeing business.

- Springday's entry into the APM Group, expands our digital offering in the mental health and wellbeing sector and diversifies our client offering in the EAP and consulting markets in which we operate. The platform incorporates several tools across five pillars of holistic wellbeing – physical, emotional, social, career and financial. With seamless connection to wearable devices, engaging challenges, and a range of innovative health and wellbeing programs, Springday supports our digital offering and growth strategy while also helping to facilitate future entry into new markets and segments.
- Founder-led Everyday Independence is a significant opportunity to realise APM's ambition to become the market-leading national provider of Allied Health services across the lifespan from infancy to ageing. Delivering evidence-based therapies to children, youth, adults, over 450 therapists operate from 30 locations in Queensland, Victoria, New South Wales, South Australia, Tasmania, and Western Australia. Everyday Independence substantially increases APM's service reach to NDIS participants across all age cohorts.

APM is proud to be recognised as the only Health business listed in the Australian Association of Graduate Employers Top 75 Employers for graduates in 2023. Being named in this respected list highlights APM's commitment to providing comprehensive support, ongoing professional development and opportunities for career advancement to graduates.

Communities and Assessments

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

Tristan connected with APM through the Community Capacity Building program and is now a Senior Local Area Coordinator for APM Communities. See Tristan's story **here**.

APM delivers a comprehensive range of assessment services and community-based programs across the lifespan.

We develop support plans for funded and non-funded support – providing assessments for individuals or families to facilitate access to government support schemes and supporting citizens to engage more fully with their communities by building capacity and societal engagement across socio-economic classes.

We also operate community-based programs including youth, justice, and veterans' services in Australia, New Zealand and the UK.

Case study

Dayle – Commissioned Rehabilitative Services, Ingeus UK

ingeus

Before he began working with Ingeus UK, Dayle had been working in a retail management position. After receiving his first conviction, serving a short period in custody and getting a Community sentence, he was referred to Ingeus UK's Commissioned Rehabilitative Services (CRS) – Personal Wellbeing Program.

He connected with Parm Rai, his personal wellbeing advisor through the CRS program delivered by Ingeus on behalf of His Majesty's Prison and Probation Service. CRS is part of the Ministry of Justice's probation system and provides flexible, responsive services to help break the cycle of reoffending.

"The main people who benefit from this service are people who are on probation – ex-offenders, people coming out of prison, people who are suffering with mental health and need some support and guidance and help to build and develop coping strategies," Parm Rai said.

Dayle was one of the first referrals in his local area, and he's worked hard to get back to a good place mentally, and in his career.

"They started giving me some hope, some belief," Dayle said.

"I thought, actually, there is a way I can get back to feeling like a valued member of society."

Initially working as a volunteer in the peer mentor program, he found he enjoyed connecting with people and using his experiences to help others. Not long after he started mentoring, a job opportunity as a personal wellbeing mentor with Ingeus became available. He applied and was successful in getting the job.

Dayle works actively in his community with ex-offenders, attending appointments and working on their goals with them.

"It feels quite good that I get the opportunity to help people," Dayle said.

"When you first come out and you've got no-one besides yourself, I try to steer them in the right direction." – Dayle

See Dayle's story **here**.

In FY23, key programs included:

- In Australia, **APM** delivered Local Area Coordination (LAC) services as part of the NDIS, aged care assessments through the Regional Assessments Services (RAS) and Residential Aged Care Assessments (RACA) programs and disability assessments through the National Panel of Assessors (NPA) programs;
- In the UK, **Ingeus** delivered 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;
- Also in the UK, **Ingeus** provided rehabilitation support to ex-offenders as they look to transform their lives through the Commissioned Rehabilitative Services (CRS) program; Ingeus also delivers several additional justice programs to help our clients secure employment, mitigate re-offending and increase social inclusion; and
- In our UK Justice services, **Ingeus** established The Ingeus Academy which defines a clear, gated progression pathway from client to peer mentor and full-time employment. In FY23, 53 Ingeus team members had lived experience of the criminal justice system (17% of our Justice team), which is testament to the success of this approach.

APM Ambassador Ellie Cole OAM (left), joined by Priya Cooper OAM (right), APM Communities and the City of Joondalup team up for the Accessible Beaches project. This important initiative drives greater awareness in making our beaches accessible for people with disability.

FY23 highlights

APM bid successfully to deliver Functional Assessment Services (FAS) on behalf of the Department for Work and Pensions (DWP) in Lot 3 – South East England, London and East Anglia. These services provide an assessment of the functional impact of disability and illness on an individual's daily life and their needs as a result of their health conditions. The initial five-year contract period is expected to commence in 2024, with an option for an additional two-year contract extension. Health assessments in the UK is a key focus market for APM and the opportunity to deliver these services demonstrates the strength of our local service delivery team, our reputation for service excellence and our ability to leverage our expertise across regions and markets.

Ingeus, in a consortium with Youth Hostels Association (England & Wales) (YHA), will provide the new residential experiences for the National Citizen Service 2023-2025 across England. Ingeus has been delivering the National Citizen Service since 2010, most recently as the Trust's Managing Partner in the South-East and the East Midlands, and as their Recruitment Partner in the North East. Ingeus is proud to be to delivering the new themed residential experiences, collaborating with YHA to deliver high quality programs to help deliver the Trust's vision of a country of connected, confident and caring citizens where everyone feels at home.

Disability and Aged Care Support Services

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

Through Mobility, Vera is able to get the support she needs to live independently.

In FY23, APM Disability and Aged Care continued to provide a range of in home and community based support services for people with disability and older people, empowering them to meaningfully participate in daily life and help build more inclusive communities.

APM has a strong history of high quality, evidence-based and successful service provision in the disability and aged care sectors by supporting NDIS participants and recipients of Australian Government's Home Care Package.

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.

MyIntegra provided plan management and support coordination for NDIS participants ensuring they are well supported in understanding and managing their NDIS funding and accessing the right services for their needs.

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

Case study

Daphne and Fay – Mobility

mobility

Moving and settling into a new place can be a big undertaking. Despite some significant changes in her surroundings, Daphne has settled into her new home with aplomb. She's much closer to her daughter, Fay, and with assistance from Mobility, her extended family can spend time with her.

"It's been a big change for Mum because she's had to come and live from interstate. But she's settled in really well," said Fay.

Fay found Mobility online while looking into support services for Daphne and has been incredibly impressed with their service.

"All I can say is that if anyone's looking for a very, very good provider, Mobility is definitely the place to go," Fay said.

Both Daphne and Fay credit Mobility staff member Eleni for making the process of finding the right support easier. Eleni helped organise aids for mobility, cleaners, and some adjustments for the bathroom.

When it comes to her care, Fay and Daphne know all they have to do is pick up the phone to get any of their questions answered.

Likewise, Eleni puts in the effort to regularly check in.

"She calls us regularly to find out if there's anything she can update," Fay said.

"It's been a big change to be up here; it takes a while to settle in," Daphne said.

> "Eleni, the lady who we have been in contact with right from the beginning has been a star. She's just so helpful."
> – Fay

See Daphne and Fay's story here.

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Sustainability and social impact

APM's aspiration is to be a global leader in sustainability and social impact, creating value for all stakeholders including for our clients, our team, our corporate and government funders, and our investors alike.

In FY23, we continued to evolve our approach to sustainability and impact. This year, we have worked with the Board and leadership team to establish our overall social impact ambition, and completed a materiality assessment to identify and understand our material topics and how each of these contribute to risk and value drivers. This process included investor consultation regarding their expectations of APM's sustainability focus and ESG disclosures.

Case study

Liubov and Galyna – Ukraine Resettlement Program, Ingeus Germany

Liubov fled her homeland in Ukraine as war took over her country. In the last 18 months, APM and Ingeus Germany have helped more than 7,000 refugees from Ukraine settle in their new home country.

It's a project close to many people, especially to Ingeus Germany advisor Daria's heart.

Daria has helped Galyna and many other people in her circumstances, find stable living arrangements.

Liubov fled with her family from the south-eastern city of Zaporizhzhia and in the direct war zone, less than six hours from the Russian border. Before the conflict began, Liubov's daughter was diagnosed with stage four brain cancer and her treatment couldn't start because of the war. Liubov and her 34-year-old daughter fled the country with her two children, aged five and seven.

When she was at a local job centre in Germany, they recommended contacting Ingeus for support.

They helped her access Familenkasse (family funding) and Wohnberechtigungsschein (WBS, low-cost housing).

To help support her family, Liubov was assisted to fill out paperwork from the job centre, applications for school and kindergarten, along with mobility aids for her daughter.

Grateful for the support, she knows that any question regarding health or education or life in Germany she can be pointed in the right direction by Daria and the Ingeus team.

"I'm also a refugee myself," Daria said. "I came to Germany eight months ago, then in a month started working here, so that's also a huge support to me."

See Liubov and Galyna's story **here**.

Image – Luibov (left) and Daria (right).

In FY23 we:

- Completed our first materiality assessment, engaging the Board and leadership team and sought stakeholder and investor feedback.
- Strengthened our ESG governance framework, including executive sponsorship and the appointment of a new position to lead our sustainability strategy, initiatives, measurement and reporting across the Group.
- Commenced work to define the social impact framework that underpins our approach to consistently plan, monitor, evaluate and improve the impact of the services and supports we provide.
- Measured our scope 1 & 2 Greenhouse Gas (GHG) emissions to disclose performance against Global Reporting Institute (GRI) and Sustainability Accounting Standards Board (SASB) and developed our Sustainability Strategy.

APM's sustainability strategy

Our Sustainability Strategy provides a shared vision for our global businesses to harness our sustainability efforts. It comprises the following pillars:

- **our clients**
- **our people**
- **our communities**
- **our governance**

The strategy is led by our Global Sustainability Committee, overseen by the Group Executive and Board Audit and Risk Management Committee. It sets out Group-wide objectives and goals and will be reviewed annually. Our first goals are intentionally broad, reflecting the different stages of progress across our 32 businesses and 11 markets and goals will be reviewed and targets set as we advance our social impact agenda.

We recognise the role we play in the global effort to address sustainability challenges, particularly through our role as provider of health and employment services. In support of the United Nations Sustainable Development Goals (SDGs), we are committed to driving action on the relevant goals which underpin our approach.

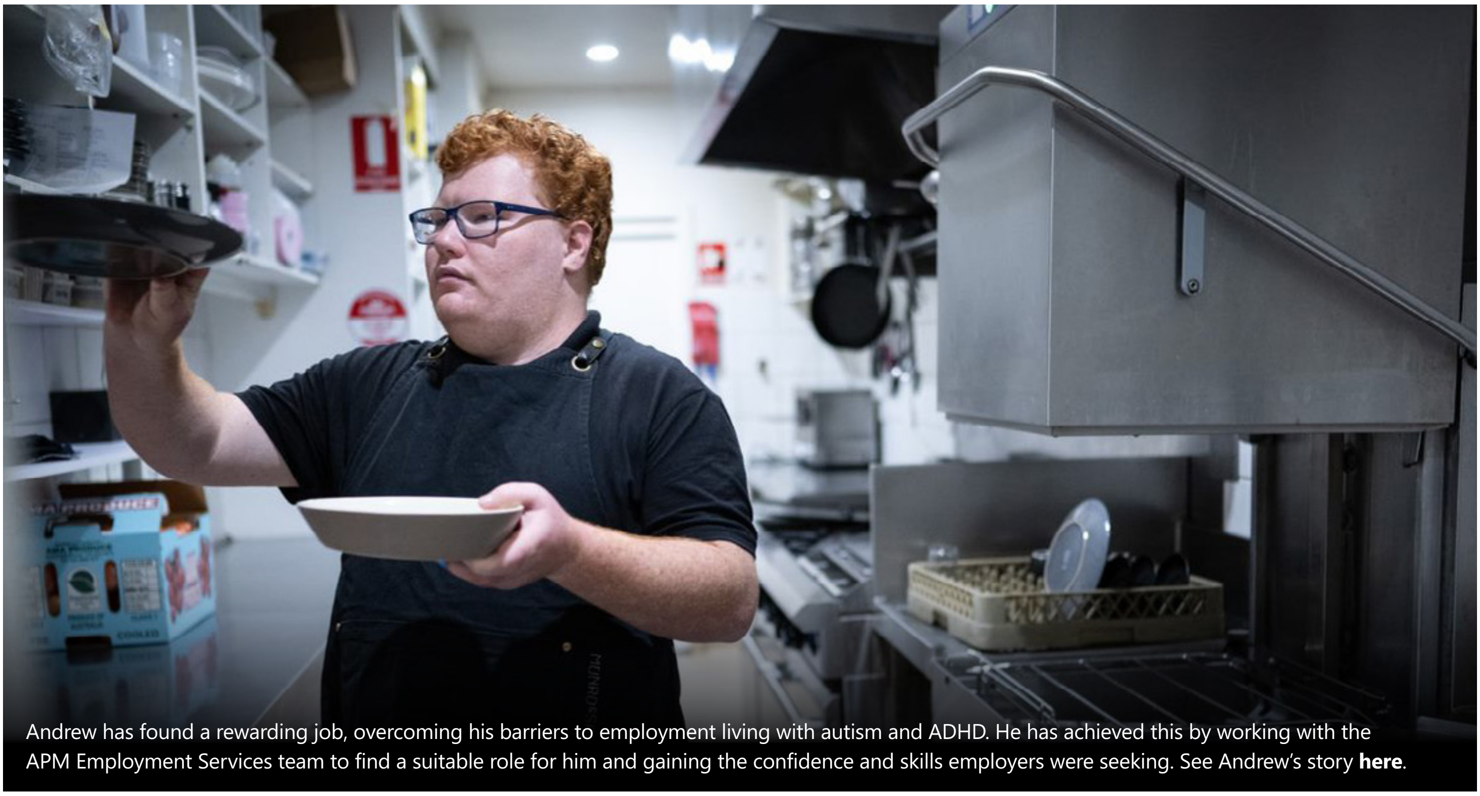
APM's material topics

We have focused on the areas that drive and create value, and align to our corporate strategy:

- **Social impact**
- **Client outcomes**
- **Client experience**
- **Engagement, retention, and development**
- **Diversity, equity, inclusion and belonging**
- **Employee health and safety**
- **Community engagement and partnerships**
- **Thought leadership and research**
- **Climate action and the environment**

For governance and effective risk management, our assessment identified the need to address:

- **Corporate governance and strategy**
- **Regulatory compliance and quality assurance**
- **Modern slavery and human rights**
- **Increasing ESG compliance and expectations**
- **Business ethics**
- **Effective cyber security and data privacy**
- **Supply chain engagement**



Andrew has found a rewarding job, overcoming his barriers to employment living with autism and ADHD. He has achieved this by working with the APM Employment Services team to find a suitable role for him and gaining the confidence and skills employers were seeking. See Andrew's story **here**.

Making a positive and lasting social impact in FY23

2,169,908
people supported

1,276,139
job seekers assisted

278,516 people with disability supported

152,387 people with mental health needs supported

34,016 people with disability assisted into sustainable employment

7,072 refugees from Ukraine assisted by our German team with pro-bono resettlement assistance

43,900 Defence personnel and veterans supported

79% of our team members are proud to work at APM

50% of the Group Executive is female

Sponsored research and shared findings of the 2023 APM Disability Diversity and Inclusivity Index of Australian workplaces, the Ingeus UK Disability Diversity and Inclusivity Index, and the WCG National Employment Index (Canada)

Financial Report

For year ended 30 June 2023

APM Human Services International Limited
ABN 38 639 621 766

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 27 August 2023.

Review of Operations and Activities

For the year ended 30 June 2023

Operating and Financial Review

This operating and financial review sets out the Group's objective, strategies and values. It also provides a review of the Group's operational performance for the 2023 financial year and a summary of the Group's risks and outlook. The 2023 financial performance is outlined for each segment, together with a summary of its competitive environment, strategies, risks and prospects.

Overview of APM

APM's strategy is to build a long term sustainable health and human services business, achieving strong growth across both connected and diversified businesses, through organic expansion and the integration of strategic acquisitions. APM continues to deliver on this strategy which has included the award of key contracts, retaining contracts through re-tenders, diversifying its employment services business and investing in the establishment of a leading Australian Allied Health business to support growing client and market demand. As a result of this strategy, today APM has expanded into 11 countries, with over 14,750 team members who **Enable Better Lives** by supporting over 2.1 million people each year to optimise their potential and live their best possible life.

The year included a number of contract awards and extensions for the Group, as well as the mobilisation and commencement of new contracts. Some notable highlights include:

- The Australian business commenced delivering services under the new Workforce Australia contract ("WFA"), and received a two-year extension to 30 June 2025 of the Disability Employment Services contract ("DES"). APM's market share has increased in both of these programs.
- In Canada, mobilisation for the Rehabilitation Services and Vocational Assistance Program ("RSVP") continued with first services being delivered in December 2022, ahead of the January 2023 schedule. The Canadian business was also awarded the York employment services transformation contract in Ontario and services commenced in April 2023. Another five year term (three year contract plus a two year extension option) contract for the Ottawa region, Ontario, was also awarded to the Canadian business which commences in January 2024.
- Ingeus, as part of a consortium, was awarded the National Citizen Service contract ("NCS") for the period 2023 to 2025, to deliver a new residential experience for young people in the United Kingdom, and the Work Health Program was extended for a further two years. The UK business was also the successful bidder to deliver Functional Assessment Services ("FAS") on behalf of the Department for Work and Pensions ("DWP") in Lot 3 – South-East England, London and East Anglia; this contract is expected to commence in the financial year 2025 for five years with an option for an additional two year contract extension.
- Equus, in the United States, successfully retained the Puerto Rico Job Corps contract for another two years with an option for three, one year extensions. The United States business has also won two new Job Corps contracts in Cassadaga, New York State and San Marcos, Texas. Both contracts commenced in April 2023.

In addition to the organic growth platforms, APM completed the strategic acquisitions of the following businesses:

- On 1 November 2022, APM completed the acquisition of Equus in the United States. This transaction expands the number of people supported by APM by approximately 850,000 in 42 states, and adds over 3,100 people to the APM Team. Post-acquisition, the North American segment will increase by 18 percentage points to 34% of APM's annualised revenue, further diversifying APM's business in a key market.
- On 1 February 2023, APM completed the acquisition of Everyday Independence ("EI") in Australia. This transaction supports APM's strategy to build a leading Australian Allied Health and NDIS business. EI has over 450 therapists operating from 30 locations providing services to more than 10,000 participants in Queensland, Victoria, New South Wales, South Australia, Tasmania, and Western Australia.

As a Group, APM will continue to execute on our strategy to pursue growth through organic contract awards, re-tenders and the completion of strategic acquisitions.

Review of Operations and Activities

continued

Financial Highlights

Profit & loss summary

$Am	Year ended 30 June 2023	Year Ended 30 June 2022
Total income for the year	1,896.4	1,330.7
Total profit for the year	108.7	40.7
Add back: amortisation of service agreement contracts	49.8	51.7
NPATA*	158.5	92.4
Incremental costs of corporate development, integrations and debt refinancing, (net of tax)	19.7	73.9
Underlying NPATA**	178.2	166.3
Underlying NPATA margin***	9.4%	12.5%

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

** Underlying NPATA is the net profit after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, incremental costs and tax effect associated with corporate development, integrations and debt refinancing.

*** Underlying NPATA margin is underlying NPATA divided by the total income of the Group 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 and the ability to pay dividends.

During FY23, APM's consolidated income increased by $565.7 million (42.5%) to $1,896.4 million including organic growth of $182.4 million and revenue from acquisitions totalling $383.3 million. All three segments achieved income growth in FY23 as follows:

- ANZ up $136.3 million to $816.7 million;
- North America up $425.7 million to $643.1 million; and
- Rest of World up $3.7 million to $436.6 million.

The acquisition of Equus has altered the relative revenue contribution as follows:

- ANZ 43.0% (FY22: 51.1%);
- North America 33.9% (FY22: 16.3%); and
- Rest of World 23.1% (FY22: 32.5%).

Underlying NPATA for FY23 was $178.2 million, an increase of 7.2% on FY22. APM's underlying NPATA margin for FY23 was 9.4% (FY22: 12.5%). The change in margin reflects the change in mix of the business following the acquisition of Equus in North America which has a lower margin profile, the continued investment in the Australian Allied Health and NDIS businesses which given their stage of maturity have a lower margin, the increase in interest costs associated with increased debt from the acquisitions of Equus and Everyday Independence and increase in taxes. Noting:

- During FY23 APM replaced its Term Loan B debt facilities with syndicated multi-currency revolving corporate facilities which reduced APM's borrowing margins. Notwithstanding this refinancing, interest paid on borrowings in FY23 was $42.5 million (FY22: $33.0 million). The change in interest paid in FY23 resulted from funding the acquisitions of Equus and Everyday Independence and the movement in BBSY across FY23.
- Income tax expense on underlying earnings in FY23 was $43.2 million (FY22: $32.1 million) which equates to an effective tax rate of 25.2% (FY22: 21.9%). The lower effective tax rate in FY22 is attributable primarily to the effect of tax losses recognised in the UK.

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Review of Operations and Activities

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Cash flow summary

$Am	Year Ended 30 June 2023	Year Ended 30 June 2022
Operating cash flow	204.4	217.1
Investing cash flow	(329.4)	(252.2)
Financing cash flow	60.5	100.9
Net (decrease)/increase in cash	**(64.5)**	**65.8**

FY23 operating cash flow of $204.4 million was down 5.9% on FY22. The underlying EBITDA cash conversion for FY23 was 72.4%, representing 59.3% for H1 and 83.6% for H2.

Operating Cash flow activity:

As APM’s business grew organically in FY23, working capital increased due to the following key factors::

- Seasonality of collections in the US was more pronounced with the acquisition of Equus;
- The commencement of the Work Force Australia contract resulting in the timing of outcome payments;
- The timing of outcome payments in the UK given the continued scaling of the Restart contract;
- Costs incurred during the mobilisation phase of the RSVP contract in Canada which commenced delivery of services during December;
- Mobilisation costs from the Functional Assessments Services contract awarded to Ingeus in H2FY23 with services to commence in FY25.

In addition to the above factors, APM's operating cash flow includes the payment of an additional $11.1 million of income tax.

With the exception of the seasonality of collections in the US, the factors above which impacted working capital are attributable to the mobilisation and commencement of new contracts. APM has historically achieved a full year cash conversion of greater than 85% and expects that the trend into H2FY23 will continue.

Investing Cash flow activity:

During FY23, APM’s investing activities included $18.5 million on capital expenditure. This expenditure was largely attributable to the assets required for the commencement of the new FAS contract in the UK, the Workforce Australia Contract and ramp up of the RSVP 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 investment activities extended to developing proprietary service delivery systems for the Canadian RSVP contract, enhancing and upgrading the functionality of its EmployableMe and Mobility platforms and implementing practice management systems for its allied health businesses.

FY23 also included the investment of $283.8 million for the acquisitions of Equus, Everyday Independence and smaller allied health businesses. These acquisitions were funded through a combination of APM's debt facilities and cash.

During FY23, APM replaced its Term Loan B financing with $1.1 billion in syndicated multi-currency revolving corporate facilities. At year end, APM had total available liquidity of $366.4 million. Other financing activities during FY23 includes the payment of dividends totalling $91.7 million.

Review of Operations and Activities

continued

Statement of Financial Position Summary

$Am	30 June 2023	30 June 2022
Current assets	684.1	532.5
Non-current assets	2,462.7	2,146.0
Total Assets	**3,146.8**	**2,678.5**
Current liabilities	416.8	364.0
Non-current liabilities	1,232.5	834.8
Total Liabilities	**1,649.3**	**1,198.8**
Net Assets	**1,497.5**	**1,479.7**
Total Equity	**1,497.5**	**1,479.7**

The significant movements on the Consolidated Statement of Financial Position are predominantly attributable to the acquisitions of Equus and Everyday Independence during FY23. These acquisitions added net assets of $251.7 million and $83.8 million respectively.

Significant movements in total assets included:

- The acquisition of Equus and Everyday Independence increased trade and other receivables $78.0 million and accrued revenue $80.9 million.
- Settlement of derivative financial instrument of $17.5 million during FY23.
- Non-current assets include an increase in right-of-use assets related to the acquisitions of Equus and Everyday Independence, which had carrying values of $54.2 million and $7.3 million respectively.
- The movement in intangibles included goodwill, acquired customer contracts and licences and software totalling $231.4 million. During FY23 the amortisation of Customer Contracts and licences and software was $55.7 million.
- Increase in prepayments non-current due to mobilisation costs of $10.2 million for Restart Scheme and the Work & Health Program ("WHP") in the UK, $7.5 million for the RSVP contract in Canada, and $7.5 million for the WFA contract in Australia.

Significant movements in total liabilities included:

- Movement in accrued expenses is attributable to $42.6 million, primarily from Equus acquisition, $4.5 million higher in payroll related accruals in Australia and $2.0 million in Canada for new contracts in the year.
- The business acquisitions during FY23 were debt funded and consequently interest bearing liabilities increased by $265.1 million to $866.1 million.
- Movement in other non-current liabilities include an increase in $48.0 million deferred consideration for EI, offset by decrease for revaluation for Lifecare's put option at year end of $4.7 million.

Significant movements in total equity included:

- Retained earnings movement included the profit for the year of $107.4 million for FY23, which was offset by the payment of dividends totalling $91.7 million.

Review of Operations and Activities

continued

Segment Overview

Australia and New Zealand ("ANZ")

$Am	Year ended 30 June 2023	Year ended 30 June 2022	Movement $	Movement %
Revenue	816.7	680.4	136.3	20%
NPATA	69.1	11.5	57.6	501%
Underlying NPATA*	85.1	97.5	(12.4)	(13)%

* Underlying NPATA is the net profit after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, incremental costs and tax effect associated with corporate development, integrations and debt refinancing.

The Australia and New Zealand segment performed strongly with revenue increasing 20% to $816.7 million, largely representing growth from the continued investment in the Health and Wellbeing business. Underlying NPATA of $85.1 million down 13% on FY22 as a result of an increase in the cost of debt (with Group financing costs all reflected in the ANZ segment) and additional investment in Group corporate services supporting the global operations.

During the period, APM's Australian Employment Services business mobilised the Workforce Australia contract, awarded in March 2022. APM has a leading market share in Workforce Australia and Disability Employment Services. Despite subdued Client flow in Q4 FY23, both programs are delivering strong sustainable employment outcomes.

The Group continued to expand its Health and Wellbeing business, with particular focus on supporting the growing demand in disability services delivered through the National Disability Insurance Scheme (NDIS) and growth in mental health services. Optimisation of the Health business continued in FY23 with NPATA impacted by staff retention driving lower productivity. The attraction and retention of talent is a key focus area, together with the ongoing investment in development and enablement of clinicians to support client needs. We would expect margins to improve in this business as we continue to grow and optimise performance.

The Group completed the acquisition of Everyday Independence, Springday and Human Psychology in the second half (refer to Note 3). The Group will continue to invest in these platform businesses to expand operations nationally, leveraging the Group's physical presence and strong community connections.

Review of Operations and Activities

continued

North America

$Am	Year ended 30 June 2023	Year ended 30 June 2022	Movement $	Movement %
Revenue	643.1	217.4	425.7	195.8%
NPATA	39.9	11.3	28.6	253.1%
Underlying NPATA*	43.5	11.6	31.9	275.0%

* Underlying NPATA is the net profit after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, incremental costs and tax effect associated with corporate development, integrations and debt refinancing.

In North America, revenue was $643.1 million, being increased by 195.8% on FY22, with underlying NPATA of $43.5 million being up 275.0% on FY22. This growth is attributable to the acquisition of Equus and new contract awards in Canada.

In Canada, mobilisation for the RSVP contract continued with first services being delivered in December 2022, ahead of the January 2023 schedule. The Canadian business was also awarded the York contract in the Ontario Employment Services Transformation program, and services commenced in April 2023. The Ottawa region was also awarded to the Canadian business and transitioning has commenced.

In the USA, on 1 November 2022, APM completed the acquisition of Equus Workforce Solutions and certain affiliates ("Equus"). This transaction expands the number of people supported by APM by approximately 850,000 in 42 states, and adds over 3,100 people to the APM Team. Post-acquisition, the North American segment will increase by 18% to 34% of APM's annualised revenue, further diversifying APM's business in a key market.

Rest of World

$Am	Year ended 30 June 2023	Year ended 30 June 2022	Movement $	Movement %
Revenue	436.6	432.9	3.7	0.9%
NPATA	49.5	69.7	(20.2)	(29.0)%
Underlying NPATA*	49.6	57.2	(7.6)	(13.3)%

* Underlying NPATA is the net profit after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, incremental costs and tax effect associated with corporate development, integrations and debt refinancing.

Revenue of $436.6 million was up 0.9% on FY22, with underlying NPATA of $49.6 million being down 13.3% on FY22.

Across Rest of World, low client volumes across the employment services business continues partially offset by strong employment market conditions which has been beneficial to placement rates. The trend of slowing client flow into the employment programs continues.

The UK had a strong summer season across the previous NCS youth contract and have been successful in the contract award for the new iteration of the NCS contract which will commence this European summer.

Across the rest of the segment, the business continues to execute its programs and adapt to the market conditions, and the German business continues to deliver pro-bono support to refugees from Ukraine to assist with their integration into Germany.

The decrease in NPATA is largely due to increased income tax in the UK attributable to a change in the tax rate from 19% to 25% and the benefit received in FY22 of previously unrecognised tax losses.

Corporate Governance Statement

For the year ended 30 June 2023

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 2023 Corporate Governance Statement is dated as at 25 August 2023 and reflects the corporate governance practices in place during the year ended 30 June 2023. The 2023 Corporate Governance Statement was approved by the Board on 25 August 2023. 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 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). Such checks were undertaken prior to the appointment of Mr Benjamin Wyatt at the Company's 2022 Annual General Meeting.

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. Such information was included in the Company's 2022 Notice of Annual General Meeting.

Corporate Governance Statement

continued

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 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.

The Company has established a gender diversity target for the Board of no less than 30% of directors of each gender. Which has was met in FY22 and maintained in FY23, consistent with Recommendation 1.5.

The Company has set an equal target for the Executive Leadership Team (Group Executives) of no less than 30% of each gender, which has been achieved.

Corporate Governance Statement

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The following table reports the Group's gender diversity performance at various levels within the organisation as at 30 June 2023:

Diversity % of women	30 June 2023
On the Board	33.3%
Group executives	50.0%
Across the entire workforce	73.9%

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 2023 financial year to consider their performance and to award their Short-Term Incentives. The review was undertaken by the Remuneration and Nomination Committee and involved the review of the Executive's performance against set criteria. The results of the review were then summarised and provided to the Board of the Company.

An 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. 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.

Evaluations of the Executive Chair and CEO were undertaken in respect to the 2023 financial year to consider their performance and to award their Short-Term Incentives. The review was undertaken by the Remuneration and Nomination Committee and involved the review of the Executive's performance against set criteria. The results of the review were then summarized and provided to the Board of the Company.

Corporate Governance Statement

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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**

(f) 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 two independent non-executive Directors, being Neville Power and Benjamin Wyatt, and two non-executive Directors, being Timothy P. Sullivan and Elizabeth Q. Betten. Mr Benjamin Wyatt was appointed to the RNC during the financial year subsequent to his appointment as a director at the 2022 Annual General Meeting. The chair of the RNC is Timothy P. Sullivan, a non-executive Director. The Board considers that having an equal 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 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.

Corporate Governance Statement

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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 Benjamin Wyatt, 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. As disclosed in the Company's 2022 Annual Report, three 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 issued is included in the Independent Directors Remuneration for the year ended 30 June 2022, 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. Neville Power and Benjamin Wyatt have an unpaid exercise price attached to ordinary shares (historically known as Series C shares) held in escrow. This information is disclosed at 6.5 of the Remuneration Report and Note 21 Related Party Transactions. The Board is of the view that such issues and valuations did 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 nine Directors, four of which are independent non-executive Directors and five of whom are not considered independent. The Company moved towards compliance with this recommendation with the appointment of Benjamin Wyatt at its 2022 Annual General Meeting.

In addition, during the period the Board appointed Neville Power as Lead Independent Director.

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 does not comply with 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.

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The Board acknowledges the recommendation, however, does not comply with this recommendation, as the chair of the Board and founder of the Company, 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 Board.

In addition, the Board appointed Mr Neville Power to the position of Lead Independent Director during the year to effectively lead the non-executive Directors through any matters in which the current Chair is conflicted, and to act as a point of contact for any stakeholder who wishes to engage with a Director other than the Chair on matters in which there may be a conflict.

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 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.

Corporate Governance Statement

continued

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/

The Company has established an independent platform to allow employees to promptly report any real or suspected violations of the Code of Conduct or related Policies. Material breaches of the Code will be reported to the Group CEO/Managing Director and Board Audit & Risk management Committee.

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 employees 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 employees 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.

Corporate Governance Statement

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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 this 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.

Corporate Governance Statement

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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).

Corporate Governance Statement

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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. All resolutions put to shareholders at the Company's 2022 Annual General Meeting were decided by a Poll.

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.

Corporate Governance Statement

continued

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

(f) 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.

Corporate Governance Statement

continued

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 during the year ended 30 June 2023.

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 complies with this recommendation.

During the year ended 30 June 2023, the Company engaged Protiviti, an outsourced Internal Audit service provider to provide internal audit services to APM. Protiviti report to the ARMC through the Chief Risk Officer. Protiviti and the Company worked together to develop a Strategic Internal Audit Plan for FY23-FY25, including setting out the internal audit planning process, the principles which underpin the internal audit planning process, and the proposed schedule of internal auditors for FY23-25. This Strategic Internal Audit Plan was approved by the ARMC and commenced during the year ended 30 June 2023.

In addition to the Internal Audit Services provided by Protiviti, APM utilises internal and external experts to perform internal audit reviews of various functions.

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 are contained within the Directors' Report.

Corporate Governance Statement

continued

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**

(f) 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 two independent non-executive Directors, being Neville Power and Benjamin Wyatt, 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. With the appointment of Benjamin Wyatt in May 2023, it provided for an equal majority of independent and non-independent Directors on the Committee.

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.

Corporate Governance Statement

continued

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 is disclosed in the Remuneration Report contained within the financial statements.

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.

Corporate Governance Statement

continued

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

Corporate Governance Statement

continued

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 2023

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 2023.

Directors and Company Secretary

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

Megan Wynne
Michael Anghie
Timothy Sullivan
Elizabeth Betten
William Ritchie
Robert Melia
Simone Blank
Neville Power
Benjamin Wyatt (appointed on 27 October 2022)

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

Principal activities

The Group's principal activities by segment are:

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

Dividends

Dividends paid on 29 September 2022 and 29 March 2023 during the year amount to $45.9 million and $45.9 million respectively, based on 5.0 cents per fully paid ordinary share out of retained earnings. Since the end of the year the Directors have resolved to pay a final dividend of 5.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 28 September 2023 from retained earnings at 30 June 2023.

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 30–35 of this Annual Report.

Directors' Report

continued

Significant changes in the state of affairs

During the year ended 30 June 2023, particulars of the significant changes in the state of affairs of the Group are as follows:

The Groups total debt facility is $1,140.0 million.

On 22 July, the Group established a $840.0 million syndicated multi-currency revolving corporate facility, allocating $600.0 million to retire the Term B Loan notes. The new arrangement carries an average cost of 226 basis points above BBSY, resulting in a 240 basis points reduction compared to the prior facility. Extinguishing the Term Loan B notes incurred a $0.1 million loss, with $5.5 million establishment costs capitalised.

The new fully revolving structure allows APM to strategically lower interest expenses. The $840.0 million facility is split in two tranches, a three-year $523.0 million tranche and five-year $317.0 million tranche.

On 23 December 2022, the Group announced a fully underwritten debt facility which was finalised in April 2023, comprising a $200.0 million fully revolving facility (facility A) and an additional $100.0 million term loan (facility B) secured at the time of finalisation. The new funding's average costs stand at 290 basis points above BBSY at the current levels of debt.

Events subsequent to financial year end

Since the end of the financial year the Directors have resolved to pay a final ordinary dividend of 5.0 cents per fully paid share to be paid out of retained earnings on 28 September 2023.

No 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.

Strategic, Financial and Operational Risks

APM adopts a proactive approach to the identification, evaluation, and effective management of the risks and opportunities in its businesses. APM's Board and Management have a commitment to fostering a risk-aware culture to ensure that it creates the foundation for sustainable business performance and delivery of services to its clients.

APM has established a strong governance structure over its risk management activities. The Board has overall responsibility for the governance of risks. Oversight is maintained through the Board's Audit and Risk Management Committee. The Audit and Risk Management Committee undertakes the functions of a risk committee as set out in the ASX Corporate Governance Principles. It is responsible for reviewing APM's enterprise-wide risk management systems and processes. This process is designed to identify, assess, monitor, and manage all business risks.

Risk Management Framework

APM's approach to the management of risk at the Group level is documented in its Risk Management Framework (RMF). The RMF enables the appropriate development and implementation of strategies, policies, and procedures to manage risk. The RMF is supported by three key documentary components:

(a) **The Group Risk Appetite Statement (RAS)** articulates the type and degree of risk the APM Board is prepared to accept and the maximum level of risk that the Group must operate within.

(b) **The Group Risk Management Framework (RMF)** describes the Group's approach to ensuring comprehensive management of its material risks in support of achieving its strategic objectives.

(c) **The Group Business Plan** summarises the Group's approach to the implementation of its strategic objectives.

APM's risk culture is an important component of the Group's organisational culture and an intrinsic part of the Group's RMF. APM promotes a risk culture that supports the purpose, vision, and values of the Group and the ability to manage risk effectively.

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Directors' Report

continued

Strategic, Financial and Operational Risks (continued)

Key Material Risks

The material risks facing the Group per the RMF, and how these risks are managed are summarised below.

Risk Type	Description	Managing the risk
Compliance Risk	The risk of sanctions and financial loss the Group may suffer as a result of the Group's failure to comply with laws, regulations, rules, statements of regulatory policy, and codes of conduct applicable to its business activities.	The risk is managed through a robust policy and governance framework. Compliance and privacy indicators are included in the Group RAS while mandatory compliance and privacy training are mandated for all employees. Compliance risk profiling is conducted through the risk assessment process.
Operational Risk	The risk of loss arising from inadequate or failed internal processes, people, and/or systems, or external events. This definition includes legal risk, third party risk, data management, and the risk of reputation loss, or damage arising from inadequate or failed internal processes, people, and systems, but excludes strategic risk.	APM recognises that operational risk is a necessary component of doing business. APM endeavours to be resilient to operational risk by minimising the impact of inadequate processes, people, and systems through robust processes and controls. Controls include a governance and policy framework supported by operational risk indicators in the Group RAS. Regular risk and control self-assessment to assess key risks and controls for each business unit. Incident management processes to identify, assess, record, report, and manage actual operational events that have occurred. This data is used to guide management to strengthen processes and controls.
Strategic Risk	The risk associated with the pursuit of the Group's strategic objectives, including the risk that the Group fails to execute its chosen strategy effectively or in a timely manner. Strategic risk also includes the following sub-risks types that support or drive strategic decisions: Capability and Culture, Delivery risk, Environmental and Social, Reputational, and Mergers & Acquisitions.	The Group assesses, monitors, and responds to strategic risk throughout its processes of strategy development, approval and review; identifying and monitoring changes to the operating environment; and monitoring the execution progress of strategies.
Technology Risk	The risk of loss and/or non-compliance with laws from inadequate or failed internal processes, people, or systems that deliver Technology assets and services to customers and staff.	The four key components of a sound management of technology risk include: governance; management measurement and systems; analytics, review and reporting; and people and culture.
Reputation Risk	The risk of key stakeholders forming negative perceptions, beliefs, or unrealistic expectations of the Group.	APM seeks to maintain the confidence of all stakeholders through APM's vision and exhibiting APM's values. All divisional business heads across the globe are required to instil these values, adopt appropriate governance frameworks and continually monitor the internal and external environment.

Directors' Report

continued

Strategic, Financial and Operational Risks (continued)

Risk Type	Description	Managing the risk
Financial Risk	The risk that APM is unable to meet its financial obligations.	APM closely manages financial risk including liquidity, currency, revenue and expense risk through forecasting, budgeting, and monitoring activities. Oversight is provided by Executive Management and the Board.
Cyber Security & Data Privacy	The risk specifically includes Information Security and Cyber Security and how information held by the Group needs to be protected from inappropriate modification, loss, disclosure, and unavailability.	The technology team has a strong focus on detection, monitoring, secure configuration & authentication methods, and vulnerability management. Staff training and education are provided to increase awareness of the dangers of cybercrime. Data management protocols are maintained to ensure appropriate access, retention and deletion of data.
Supply Risk (Our People)	APM's success, to a significant degree, is dependent on its ability to attract, motivate and retain skilled team members to deliver high quality services to clients.	Ensuring an attractive value proposition including remuneration and benefits, flexible working, career progression, succession planning, training and development; Continued investment in leaders through leadership initiatives and training programs aimed at improving their leadership capabilities; Focus on values and community investments including pro-bono support for refugees from Ukraine.
Regulatory Risk	The risk of a change in laws or regulations will impact APM's strategy or business model.	APM maintains a centralised compliance function to ensure compliance against current obligations and the tracking of potential changes to regulations. APM also maintains cooperative and transparent relationships with regulators and industry bodies.
Occupational, Health & Safety Risk	The risk of injury (and consequential loss) to the organisation's employees, third party employees (such as employees of suppliers and contractors), customers, and the general public due to interaction or involvement with the organisation's business activities. The injury or loss can be due to either accidental or unsafe interaction by the organisation, business partners, suppliers, contractors, or employees.	Health and safety is a key priority for APM as we continually seek to prevent injuries, illness, accidents and incidents through effective safety management systems, quality processes, and strong safety culture. This is achieved through continuous monitoring, measurement, reporting, and improvement of safety management outcomes. Maintaining a culture of safety leadership, collaborative effort, open communication, and the dissemination of safety information.
Competition Risk	The risk of the actions of competitors negatively impacting APM's business. We are witnessing strong aggregation across the sector and the emergence of digitally enabled competitors.	The Group is developing new and improved digital services and processes to meet customer needs. Rigorous monitoring and reporting of performance against contractual obligations are maintained. An engaged, capable workforce is empowered to ensure customer's expectations are met and exceeded.

Directors' Report

continued

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.

Directors' Report

continued

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 29 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 and 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

Directors' Report

continued

Information on Directors (continued)

Timothy ("Tim") P. Sullivan

Appointment: Non-Executive Director since June 2020.

Skills and experience:

Tim is Co-CEO and 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. 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:

Option Care Health Inc (NASDAQ: OPCH)

Former directorships in the last 3 years:

Nil

Special responsibilities:

Chair Remuneration and Nomination 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:

Option Care Health Inc (NASDAQ: OPCH)

Former directorships in the last 3 years:

Nil

Special responsibilities:

Member Audit and Risk Management Committee

Member Remuneration and Nomination Committee

Member Finance and Investment Committee

Directors’ Report

continued

Information on Directors (continued)

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 divestment, 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 Management Committee

Member Finance and Investment Committee

Directors' Report

continued

Information on Directors (continued)

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 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 (NASDAQ: EOLS)

Former directorships in the last 3 years:

Nil

Special responsibilities:

Chair Audit and Risk Management 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 an Honorary Fellow of Engineers Australia and a Fellow of 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 former Prime Minister, Hon Scott Morrison, to lead 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 also has an extensive background in agribusiness and aviation, holding both fixed wing and helicopter commercial pilot licenses.

Other current directorships:

Strike Energy Limited (ASX: STX)

Metals Acquisition Corp (NYSE: MTAL.U)

Former directorships in the last 3 years:

Genesis Minerals Limited (ASX: GMD)

Special responsibilities:

Member Remuneration and Nomination Committee

Lead Independent Director

Directors' Report

continued

Information on Directors (continued)

Benjamin ("Ben") Wyatt

Appointment: Independent Non-Executive Director since October 2022

Skills and experience:

Ben's career commenced in law, initially as a barrister and solicitor with a major national Australian law firm before joining the Western Australian Director of Public Prosecutions office. During his 15-year political career in the Western Australian Parliament, he held the ministerial portfolios of Treasury, Finance, Energy and Aboriginal Affairs. Ben also currently serves on the Board of Woodside Petroleum, Rio Tinto and is a Director of Wyatt Martin & Associates. Ben is a graduate of the Royal Military College Duntroon and holds a Bachelor of Laws from the University of Western Australia and a Master of Science from the London School of Economics and Political Science.

Other current directorships:

Woodside Energy Group Ltd (ASX: WDS)

Rio Tinto Ltd (ASX: RIO)

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 2023, and the numbers of meetings attended by each Director were:

	Board of Directors		Audit and Risk Management Committee		Remuneration and Nomination Committee		Finance and Investment Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Megan Wynne[1]	9	9	–	–	–	–	–	–
Michael Anghie[1]	9	9	–	–	–	–	–	–
Timothy P. Sullivan	9	9	–	–	3	3	–	–
Elizabeth Q. Betten	9	9	6	6	3	3	4	4
William E. Ritchie	9	9	–	–	–	–	4	4
Robert Melia	9	9	6	6	–	–	4	4
Simone Blank	9	9	6	6	–	–	–	–
Neville Power	9	9	–	–	3	3	–	–
Benjamin Wyatt[2]	5	5	–	–	1	1	–	–

1. Executive Directors are not technically eligible to attend committee meetings but attend by invitation.
2. Mr Benjamin Wyatt was appointed as a Director on 27 October 2022, and was appointed as a member of Remuneration and Nomination Committee on 26 May 2023.

Directors' Report

continued

Remuneration Report

The Directors are pleased to present the 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 2023.

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 the Company's Remuneration Report for the financial year ended 30 June 2023. This report summarises the Company's Remuneration Framework, policy and practices, how it has been operated during the year under review and how it will be implemented in 2024.

APM Group in FY23 – Executing on Growth Strategy

The quality of our leadership team and people and the resilience of our business was evident in FY23 as we continued to execute on our strategy to deliver strong global growth despite more challenging market conditions. Our commitment to providing our clients with high-quality, evidence-based services and the continued execution of our growth strategy can be seen through demonstrated organic growth in existing programs and contracts and in our ability to win and mobilise new contracts. We also continued to diversify geographically and in service delivery, building further resilience and establishing a platform that positions us well for long-term growth and continued strong financial performance.

Remuneration Decisions FY23

In a challenging year, APM has performed well and although stretch performance targets were not achieved, key financial and strategic objectives were met. In this context, the Board has determined that Short Term Incentives for executive KMP should be paid out at a target equivalent to 50% of Base Salary. Further details are provided in section 5.2.

As communicated in my introduction to our FY22 Remuneration Report, and detailed in the 2022 Notice of Annual General Meeting, to align executive Long Term Incentives with APM's key long-term measures of success, the Board determined that two new performance conditions would be applied to the FY23 Long Term Incentive awards. In addition to the relative Total Shareholder Return hurdle (which applied to 100% of the FY22 Long Term Incentive grant, and 35% of the FY23 grant), growth in Earnings per Share ("EPS") and a strategic objectives hurdle apply to 35% and 30% respectively of the FY23 grant. Further details are provided in section 3.3.

As the initial Long Term Incentive awards (granted for FY22) are only due to be tested following FY24, there is no vesting opportunity in FY23.

On the basis of executive remuneration benchmarking guidance there was one change to KMP remuneration during FY23 being a 5% increase awarded to Group Chief Financial Officer.

Directors' Report

continued

Directors Remuneration FY23 and FY24

Independent review and advice undertaken from external consultants identified the potential to increase committee fees for Non-Executive Directors to maintain competitive market positioning. However the Board decided that no changes should be made across general base and committee fees for Non-Executive Directors in FY23.

The Board determined that Mr Neville Power, who was appointed to the new role of Lead Independent Non-Executive Director, should receive an additional annual director fee of $75,000, with effect from 1 July 2023. The Board will again review Non-Executive Director fees during FY24 to determine if any adjustments are required to remain in step with the market.

Remuneration Framework for Executives in FY24

The Board does not intend to make any changes to the remuneration arrangements for executive KMP in FY24. However, APM's remuneration framework will continue to be reviewed annually and adjusted where necessary.

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

Directors' Report

continued

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The remuneration report comprises of the following sections:

Directors' Report

continued

1. Persons to whom this report applies

The remuneration disclosures in this report apply to Non-executive Directors ("NEDs") and Executive Officers ("Executives") of APM who have been classified as key management personnel ("KMP") during the financial year ended 30 June 2023 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
Benjamin Wyatt	Independent, Non-executive Director	27 October 2022
Executive Officers		
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 Group 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 its vision and values, and which informs its remuneration strategy and objectives.

APM's Vision and Values

APM's vision is to be the most trusted, highest performing, and successful health and 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

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

Directors' Report

continued

2.1 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 of 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.

2.2 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.

Directors' Report

continued

2. Remuneration Framework (continued)

2.2 Remuneration Governance (continued)

During FY23, the RNC received advice from Aon and Ernst & Young on matters including remuneration benchmarking, market practice on incentive arrangements and related tax advice. The RNC did not seek, nor receive, a remuneration recommendation (as defined in the *Corporations Act 2001* (Cth)) from any external remuneration consultant during FY23.

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, calibre 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 FY23	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: • Underlying NPATA >$178.2 million • Execution of Growth Strategy • Individual performance goals specific to each KMP's role	% of Base Salary for KMP: Target: 50% Stretch: 100% Vesting is subject to three independent performance measures: • Indexed TSR ("iTSR") measure, which requires outperformance of the ASX 300 Industrial Total Return Index – applies to 35% of Performance Rights • Earnings per Share ("EPS") measure which requires growth in underlying EPS to meet compound annual growth targets – applies to 35% of Performance Rights • Strategic Objective measure which requires achievement of specific strategic goals – applies to 30% of Performance Rights

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2. Remuneration Framework (continued)

2.3 Remuneration mix

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

The Board actively reviews APM's 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 shareholder returns.

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

Directors' Report

continued

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 FY23 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 approval of the Financial Statements following the end of the financial year.
How is the award delivered?	The STVR is paid 100% in cash.
What is the STVR potential opportunity?	Potential Target Earnings: Executives have a recommended variable percentage of their Base Pay as a potential payout based on their position level. The STVR target opportunity for KMP is 50% of Base Salary and the maximum opportunity is 75% of Base Salary (150% of STVR 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 outcomes against performance measures, and 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 APM's values), the Board will determine the STVR awards. In FY23, all KMP participated in the STVR.
What are the performance metrics?	The STVR performance measures comprise Group financial metrics and individual key performance indicators. 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 the Group. APM strategic and operational objectives are assigned to each Executive to drive specific outcomes considered to be of strategic importance to APM within that individual's level of responsibility. For FY23, the STVR performance measures were weighted to the financial metric of underlying NPATA.
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.

Directors' Report

continued

3. Executive remuneration (continued)

3.3 Long term incentive plan

The table below outlines key features of the FY23 LTIP for Executives:

Term	Description
What is the purpose of the plan?	The LTIP aims to reward eligible participants for their contribution towards the achievement of APM's strategy, whilst linking incentive outcomes to the creation of long-term, sustained growth and profitability for the Company's shareholders.
What is the measurement period of the plan?	Three-year measurement period from 1 July 2022 to 30 June 2025.
How is the award delivered?	The LTIP is delivered in the form of Performance Rights to receive APM shares, subject to the achievement of performance conditions and the participant's continued employment.
What is the opportunity for KMP?	The LTIP target opportunity for KMP is 50% of Base Salary and the maximum opportunity is 100% of Base Salary.
Who are the participants?	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. In FY23, all KMP participated in LTIP. Non-Executive Directors are excluded from eligibility.
What are the performance metrics and vesting schedules?	The performance measures, targets and vesting schedules for the LTIP are reviewed each year, to ensure they align with the APM strategy and the interests of shareholders. For the FY23 LTIP, Performance Rights are subject to three independent performance measures: • The iTSR measure applies to 35% of Performance Rights and requires outperformance of the ASX 300 Industrial Total Return Index. The iTSR measure has been chosen as it is a direct link between reward earned and APM's shareholder return relative to APM's ASX-listed peers. • The EPS measure applies to 35% of Performance Rights and requires growth in underlying EPS to meet compound annual growth rate (CAGR) targets. The EPS measure has been chosen to reward achievement of growth targets for the key financial metric of Group earnings over a multi-year period. • The Strategic Objective measure applies to 30% of Performance Rights and requires specific strategic goals to be met over the measurement period. The Strategic Objective measure has been chosen to align reward with the achievement of critical long-term goals relating to the growth in APM's existing business, the pursuit of new markets and execution of strategic mergers and acquisitions. Achievement of the Strategic Objective goals will be assessed by the Board over the three-year measurement period. The hurdles and vesting schedules for each of the performance measures are set out in the tables below.

iTSR measure – applies to 35% of Performance Rights

Performance achieved	APM TSR per annum compared to TSR of ASX 300 Industrial TR Index	% of grant vesting
Stretch	≥Index TSR + 8% TSR	100%
Target	**Index TSR + 4% TSR**	**50%**
Threshold	=Index TSR	25%
Below Threshold	< Index TSR	0%

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3. Executive remuneration (continued)

3.3 Long term incentive plan (continued)

Term	Description
What are the performance metrics and vesting schedules? (continued)	**EPS measure – applies to 35% of Performance Rights** (see table below); **Strategic Objective measure – applies to 30% of Performance Rights** (see table below). For each of the performance measures, straight line vesting will apply for performance achieved between threshold and target, and for performance between target and stretch.
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.
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 LTIP grants' calculated?	The number of Performance Rights granted to each Executive is determined by the formula: No. Rights = Maximum LTIP opportunity ÷ value of a Right The value of a Right for this purpose is calculated ignoring the performance conditions that apply, and is based on the Volume Weighted Average Share Price less expected annual dividends over 3 years.

EPS measure – applies to 35% of Performance Rights

Performance achieved	APM EPS CAGR	% of grant vesting
Stretch	17% or more	100%
Target	**15%**	**50%**
Threshold	13%	25%
Below Threshold	Less than 13%	0%

Strategic Objective measure – applies to 30% of Performance Rights

Performance achieved	% of grant vesting
Stretch	100%
Target	**50%**
Below Threshold	0%

For each of the performance measures, straight line vesting will apply for performance achieved between threshold and target, and for performance between target and stretch.

Directors' Report

continued

4. Non-executive Director remuneration

The Board sets NED remuneration at a level which enables the attraction and retention of Directors with diverse background and experience, at an acceptable cost to shareholders. NED remuneration which consists of base fees and Committee fees is intended to be positioned around P50 of market benchmarks with variations between each NED reflecting different Committee memberships.

NED fees include 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 Management Committee, Remuneration and Nomination Committee and Finance and Investment Committee:

Non Executive Director	Annual Fee Base ($)	Audit & Risk Management ($)	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[1]	170,000
Timothy P. Sullivan	150,000	–	20,000[1]	10,000	180,000
Robert Melia	150,000	10,000	–	10,000	170,000
Simone Blank	150,000	20,000[1]	–	–	170,000
Neville Power	225,000[2]	–	10,000	–	235,000
Benjamin Wyatt	150,000	–	10,000	–	160,000
Total	**1,125,000**	**40,000**	**50,000**	**50,000**	**1,265,000**

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 three financial years. Understanding APM's performance over the financial year, and the longer-term, will provide shareholders with important context when reviewing APM's remuneration framework in the following pages.

APM's total income increased by $565.7 million (42.5%) to $1,896.4 million. This growth is attributable to a combination of commencing new contracts and the acquisition of new businesses. The Underlying NPATA increased by $11.9 million (7.2%) to $178.2 million which reflects the continued benefits of scale delivered through APM's organic growth as well as the contribution from the acquired businesses.

1. Chair of Committee.
2. This fee has included $75,000 which relates to Mr Neville Power's appointment as the Lead Independent Non-Executive Director on 26 May 2023. The fee is to be paid effective from 1 July 2023.

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

5.1 APM financial performance

The following table summarises key indicators of APM's financial performance for FY23 and corresponding results for prior financial years:

Key financials ($) in millions	30 June 2023	30 June 2022	30 June 2021
Total income	1,896.4	1,330.7	1,016.4
Profit before tax	145.3	28.9	8.7
Net profit after tax ("NPAT")	108.7	40.7	(1.9)
Dividends	91.7	–	–
NPAT before amortisation ("NPATA")	158.5	92.4	48.9
Underlying NPATA	178.2	166.3	128.6
Underlying NPATA margin	9.4%	12.5%	12.7%

The closing price on 30 June 2023 was $2.12 (2022: $2.87).

5.2 Executive performance and STVR outcomes

The following table provides a summary of Executive objectives and STVR performance measure outcomes for FY23.

Executive Remuneration KPI Outcome

Category	Objective/Target	KPI weighting	Outcome
Financial	NPATA	50%	Exceeded. Target underlying NPATA of at least $175.0m, actual underlying FY23 NPATA $178.2 million.
Execution of Growth Strategy	Grow existing business Integrate and scale M&A Pursue new markets	50%	In FY23 APM completed the acquisitions of Equus and EI, as well as progressed integrations of businesses acquired in prior periods. APM reported revenue growth of $565.7 million, which is attributable to continued good performance of existing contracts, acquisitions and contract wins.

Directors' Report

continued

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 FY23 based on achievement of financial objectives from the STVR.

Given the aggressive growth targets and exceptional delivery of the IPO forecasts for FY23, the Board has determined the following payouts.

30 June 2023 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	50	$375,000	100	100
Michael Anghie	50	75	50	$1,050,000	100	100
Steve Fewster	50	75	50	$315,000	100	100

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 FY23.

	Short-term benefits		Long-term benefits[3]		Post Employment Benefits	Long term incentive plan			
30 June 2023	Base Salary	Short-term incentive entitlement[4]	Annual Leave[5]	Long Service Leave	Super-annuation benefits[6]	Performance Rights[7]	Total Remun-eration	Perfor-mance-based Pay ratio	Rights-based Pay ratio
Executive	($)	($)	($)	($)	($)	($)	($)	%	%
Megan Wynne	750,000	375,000	–	12,500	25,292	179,263	1,342,055	41%	13%
Michael Anghie	2,100,000	1,050,000	–	35,001	25,292	501,938	3,712,231	42%	14%
Steve Fewster	630,000	315,000	–	10,495	25,292	147,046	1,127,833	41%	13%
Total	**3,480,000**	**1,740,000**	**–**	**57,996**	**75,876**	**828,247**	**6,182,119**		

3. In accordance with AASB 119 Employee benefits, long service leave and annual leave is classified as other long term employee benefit.
4. The short-term incentive entitlement represents a payment in respect of the current year. The amount was approved by the Remuneration and Nomination Committee in June 2023, and it is subject to the release of audited annual report for financial year ending 30 June 2023.
5. Annual leave entitlements accrued in FY23 were fully utilised during the year.
6. Superannuation benefits represents amounts paid or payable related to services received during the year.
7. Performance rights represents the accrued expenses amortised over the vesting period and these related to the LTIPs issued as described in section 5.4 below.

Directors' Report

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

5.3 Executive remuneration (continued)

	Short-term benefits		Long-term benefits		Post Employment Benefits	LTIP				
30 June 2022	Base Salary	Short-term incentive entitlement	Annual Leave	Long Service Leave	Superannuation benefits	Management Equity Plan[8]	Performance Rights	Total Remuneration	Performance-based Pay ratio	Rights-based Pay ratio
Executive	($)	($)	($)	($)	($)	($)	($)	($)	%	%
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	1,812,649	62%	41%
Total	**3,468,956**	**2,242,500**	**300,969**	**66,759**	**73,729**	**1,336,168**	**257,010**	**7,746,091**		

5.4 FY23 LTIP outcomes

The Company granted Rights to the Executive Chair, CEO and CFO of the Company under the FY22 LTIP which will vest upon the testing of performance conditions subsequent to the end of the performance period, estimated to be 31 August 2024. As the FY22 LTIP was the first award of its kind, and has a vesting date of 31 August 2024, no vesting of an LTIP has occurred in respect of FY23.

8. MEP performance rights relates to the incentive shares held in a legacy plan prior to the IPO. The vesting expense was accelerated in full in the prior year.

Directors' Report

continued

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 FY23.

30 June 2023 NEDs	Fees and superannuation[9] ($)	Other fees paid ($)	Non-monetary benefits ($)	Total remuneration ($)
Elizabeth Q. Betten	180,000	–	–	180,000
William E. Ritchie	170,000	–	–	170,000
Timothy P. Sullivan	180,000	–	–	180,000
Robert Melia	170,000	–	–	170,000
Simone Blank	170,000	–	–	170,000
Neville Power	160,000	–	–	160,000
Benjamin Wyatt[10]	111,711	–	–	111,711
Total	**1,141,711**	**–**	**–**	**1,141,711**

30 June 2022 NEDs	Fees paid ($)	Other fees paid ($)	Non-monetary benefits ($)	Total remuneration ($)
Elizabeth Q. Betten	114,457	–	–	114,457
William E. Ritchie	108,098	–	–	108,098
Timothy P. Sullivan	114,457	–	–	114,457
Robert Melia	233,897	–	–	233,897
Simone Blank	187,770	–	–	187,770
Neville Power	80,000	–	–	80,000
Total	**838,679**	**–**	**–**	**838,679**

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.

9. Excludes GST.
10. Mr Benjamin Wyatt was appointed as NED on 27 October 2022.

Directors' Report

continued

6. Statutory disclosures (continued)

6.3 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 or reporting 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	–	–%	–
	TBD	86,548	0.78	30-Jun-25	–	–%	–
	TBD	160,732	1.97	30-Jun-25	–	–%	–
Michael Anghie	26-Nov-21	631,591	1.10	30-Jun-24	–	–%	–
	TBD	242,334	0.78	30-Jun-25	–	–%	–
	TBD	450,050	1.97	30-Jun-25	–	–%	–
Steve Fewster	26-Nov-21	180,454	1.10	30-Jun-24	–	–%	–
	TBD	72,700	0.78	30-Jun-25	–	–%	–
	TBD	135,015	1.97	30-Jun-25	–	–%	–

The FY23 LTIP has not been included in the table below as the grant date under AASB 2 has not been achieved. An expense related to the 2023 performance year has therefore been estimated using preliminary valuation modelling at 30 June 2023. The FY23 LTIP was approved by Shareholders at the AGM on 27 October 2022, and will be granted in early FY24. Any differences between the estimated fair value at 30 June 2023 and the final fair value will be trued-up in FY24.

The following table details the movement throughout FY23 of the LTIP performance rights held by KMPs:

			Vested			Forfeited			Closing balance		
Executive & grant date	**Opening balance 1 July 2022**	**Granted[11]**	**Number**	**%**	**Exercised**	**Number**	**%**	**Other Changes**	**Vested**	**Unvested**	**Maximum value yet to vest**
Megan Wynne											
Nov-21	225,568	–	–	–%	–	–	–%	–	–	225,568	103,520
Michael Anghie											
Nov-21	631,591	–	–	–%	–	–	–%	–	–	631,591	289,856
Steve Fewster											
Nov-21	180,454	–	–	–%	–	–	–%	–	–	180,454	82,816

11. 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 2025, following the release of the Company's results.

Directors' Report

continued

6. Statutory disclosures (continued)

6.4 KMP service agreements

The following table summarises contractual arrangements of the Executive:

Contract details[12]

	Megan Wynne	Michael Anghie	Steve Fewster
Base pay per contract; excluding superannuation	$750,000	$2,100,000	$630,000
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.		

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

Directors' Report

continued

6. Statutory disclosures (continued)

6.5 Shares held by KMP

The following table sets out the movement in shares held by the NEDs and KMPs or their related parties directly or indirectly:

Ordinary shares – numbers	Balance at the start of the financial year	Purchased/ (disposed)	Transfers	Other Changes	Balance at the end of the financial year
NEDs					
Elizabeth Q. Betten	–	–	–	–	–
William E. Ritchie	–	–	–	–	–
Timothy P. Sullivan	–	–	–	–	–
Robert Melia[13]	1,565,856	–	–	–	1,565,856
Simone Blank	468,241	–	–	–	468,241
Neville Power[14]	1,071,510	–	–	–	1,071,510
Benjamin Wyatt[15]	333,617	–	–	–	333,617
Executives					
Megan Wynne[16]	313,485,868	845,000	–	–	314,330,868
Michael Anghie[17]	21,455,657	–	–	–	21,455,657
Steve Fewster[18]	3,336,507	–	–	–	3,336,507

6.6 Loans with KMP and their related parties

Please refer to 6.5 in relation to the unpaid exercise price for ordinary shares (historically known as Series C shares). There are no other loans made to/with KMPs or loan balances owing to/from KMPs or their related parties for FY23.

6.7 Other transactions with KMP

The Group operates part of its business from premises leased from entities controlled by Director Megan Wynne or her closely related party. The rental payments on the three property leases under normal commercial terms were $1,139,246 for the year ended 30 June 2023. There is no balance outstanding to be paid at 30 June 2023.

End of Remuneration Report.

13. Balance of shares at the end of financial year 30 June 2023, held indirectly by Robert Melia through Melia Holdings LLC was 592,820.
14. Balance of shares at the end of financial year 30 June 2023, held indirectly by Neville Power through Power Invest Pty Ltd was 549,600. Included in this balance are 521,910 ordinary shares, which on IPO, had an unpaid exercise price attached to them (historically known as Series C shares). See footnote 19 for the terms.
15. The opening balance disclosed reflects the shares held when Benjamin Wyatt commenced as a NED. Included in this balance are 250,780 ordinary shares, which on IPO, had an unpaid exercise price attached to them (historically known as Series C shares). See footnote 19 for the terms.
16. 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 2023.
17. Balance of shares at the end of financial year 30 June 2023, held indirectly by Michael Anghie through Wattle (WA) Pty Ltd was 1,240,874, which included 14,085 of dependent shares.
18. Balance of shares at the end of financial year 30 June 2023, held indirectly by Steve Fewster through Fewnaar Investment Pty Ltd was 140,845. Included in this balance are 2,173,350 ordinary shares, which on IPO, had an unpaid exercise price attached to them (historically known as Series C shares). See footnote 19 for the terms.
19. Following the vesting of Series C shares, any unpaid exercise price attached to these former Series C shares is repayable either within 6 months after the end of the first relevant escrow period, or upon ceasing employment with the Company, where the amount to be paid shall be the lower of the outstanding balance (Neville Power: $435,795, Benjamin Wyatt: $209,401; Steve Fewster: $214,335) and the market value of shares at the end of the escrow period. The associated share based payment was expensed in full during the prior year due to the accelerated vesting of Series C Shares on IPO.

Directors' Report

continued

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
26 November 2021	1,037,613	$2.80
20 June 2022	2,188,421	$2.49
TBD*	1,147,379	$3.03
Total Rights issued	**4,373,413**	

*The FY23 LTIP was approved by Shareholders at the AGM on 27 October 2022, and will be granted in early FY24.

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 81.

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
27 August 2023

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 2023, 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
27 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
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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 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Revenue from contracts with customers	4	1,893,806	1,328,128
Other income	5	2,638	2,594
Total income		**1,896,444**	**1,330,722**
People costs	5	(1,212,612)	(801,279)
Client support costs		(130,012)	(105,556)
Administration	5	(92,228)	(55,739)
Marketing		(14,559)	(10,019)
Travel expenses		(18,389)	(7,813)
Occupancy expenses	5	(73,109)	(44,616)
Other operating costs	5	(28,148)	(49,566)
Other gains/(losses)	5	15,886	(9,741)
Depreciation and amortisation	5	(139,987)	(122,364)
Net finance costs	7	(57,989)	(95,149)
Profit before income tax		**145,297**	**28,880**
Income tax (expense)/benefit	6	(36,597)	11,855
Profit for the year		**108,700**	**40,735**
Profit is attributable to			
Owners of APM Human Services International Limited		107,375	41,126
Non-controlling interests		1,325	(391)
		108,700	**40,735**
Other comprehensive income/(loss), net of tax			
Exchange differences on translation of foreign operations		(4,976)	1,577
Other comprehensive income		(33)	(114)
Other comprehensive income/(loss) for the year		**(5,009)**	**1,463**
Total comprehensive income for the year		**103,691**	**42,198**
Total comprehensive income/(loss) for the year attributable to:			
Owners of APM Human Services International Limited		102,366	42,589
Non-controlling interests		1,325	(391)
		103,691	**42,198**

	Note	30 June 2023 Cents	30 June 2022 Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	11.71	7.08
Diluted earnings per share	8	11.71	7.08

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 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents	9	106,846	171,392
Trade and other receivables	10	195,856	114,918
Accrued revenue	4	337,795	190,298
Derivative financial instruments	25	–	17,463
Prepayments	11	43,639	38,475
Total current assets		**684,136**	**532,546**
Non-current assets			
Property, plant and equipment	13	49,019	55,629
Right-of-use assets	12	135,728	80,494
Intangible assets	14	2,199,790	1,968,406
Prepayments	11	27,209	9,413
Other non-current assets		12,548	11,584
Deferred tax assets	6	38,385	20,455
Total non-current assets		**2,462,679**	**2,145,981**
Total assets		**3,146,815**	**2,678,527**
Current liabilities			
Trade and other payables	15	67,312	70,880
Accrued expenses	15	141,090	87,925
Interest-bearing liabilities	16	64,739	45,723
Current tax liabilities		5,208	20,795
Deferred revenue	4	78,122	87,493
Provisions	17	57,543	41,587
Other current liabilities	26	2,734	9,567
Total current liabilities		**416,748**	**363,970**
Non-current liabilities			
Interest-bearing liabilities	16	962,974	644,841
Deferred tax liabilities	6	96,608	65,936
Provisions	17	34,139	34,802
Other non-current liabilities	26	78,268	37,145
Deferred revenue	4	60,536	52,071
Total non-current liabilities		**1,232,525**	**834,795**
Total liabilities		**1,649,273**	**1,198,765**
Net assets		**1,497,542**	**1,479,762**
EQUITY			
Contributed equity	18	1,449,630	1,449,630
Other reserves	18	(13,949)	(12,489)
Retained Earnings		54,717	39,093
Equity attributable to the owners of APM		**1,490,398**	**1,476,234**
Non-controlling interests		7,144	3,528
Total Equity		**1,497,542**	**1,479,762**

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 2023

	Note	Share capital $'000	Reserves $'000	(Accumulated losses)/ Retained Earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021		**47,345**	**(1,853)**	**(1,919)**	**–**	**43,573**
Profit/(loss) for the year		–	–	41,126	(391)	40,735
Other comprehensive income		–	1,577	(114)	–	1,463
Total comprehensive income/ (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	22(b)	–	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**

	Note	Share capital $'000	Reserves $'000	Retained Earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022		**1,449,630**	**(12,489)**	**39,093**	**3,528**	**1,479,762**
Profit/(loss) for the year		–	–	107,375	1,325	108,700
Other comprehensive income		–	(4,976)	(33)	–	(5,009)
Total comprehensive income for the year		**–**	**(4,976)**	**107,342**	**1,325**	**103,691**
Adjustment in put options		–	4,695	–		4,695
Distribution to minority interests		–	–	–	(1,221)	(1,221)
Dividends paid	19	–	–	(91,718)	–	(91,718)
Adjustment to ownership interests		–	(306)	–	306	–
Employee share schemes	22(b)	–	1,816	–	–	1,816
Transactions with NCI		–	(2,689)		2,689	–
Adjustment for non-controlling interests on acquisition		–	–	–	517	517
Balance at 30 June 2023		**1,449,630**	**(13,949)**	**54,717**	**7,144**	**1,497,542**

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 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		2,013,509	1,427,664
Payments to suppliers and employees (inclusive of GST and VAT)		(1,770,972)	(1,146,140)
Share issue costs (uncapitalised)		–	(36,326)
Interest received		1,118	210
Income tax paid		(39,298)	(28,272)
Net cash flows from operating activities	23	**204,357**	**217,136**
Cash flows used in investing activities			
Payment for property, plant and equipment		(18,479)	(39,645)
Payment for intangibles		(28,138)	(31,219)
Receipts/(payment) for security deposits		1,044	(5,375)
Payment for acquisition of subsidiaries, net of cash acquired	3	(283,831)	(176,060)
Proceeds from sale of property, plant and equipment		33	78
Net cash used in investing activities		**(329,371)**	**(252,221)**
Cash flows from financing activities			
Proceeds from issues of shares		–	343,522
Share issue costs (capitalised)		–	(11,758)
Proceeds from borrowings		363,724	14,855
Repayment of borrowings		(98,146)	(167,835)
Principal elements of lease payments		(61,206)	(44,907)
Interest paid		(50,966)	(33,002)
Distribution to minority holders		(1,220)	–
Dividends paid to company shareholders		(91,718)	–
Net cash from financing activities		**60,468**	**100,875**
Net (decrease)/increase in cash and cash equivalents held		(64,546)	65,790
Cash and cash equivalents at beginning of year		171,392	106,781
Net foreign exchange differences		–	(1,179)
Cash and cash equivalents at end of the year		**106,846**	**171,392**
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 2023

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 2023 was authorised for issue in accordance with a resolution of the Directors on 27 August 2023.

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

- Has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*;
- Comply with 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.

Certain comparative figures have been reclassified to conform to the current year presentation.

(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 2023:

- On 22 July 2022, the Group established an $840.0 million syndicated multi-currency revolving corporate facility. $600.0 million of this facility was used to extinguish the Term B Loan notes that were on issue. The new facility funding costs are at an average of 226 basis points above BBSY, which represents a saving of 240 basis points compared to the Term Loan facility. The facility is fully revolving. The $840.0 million facility is available in two tranches, a three-year $523.0 million tranche and five-year $317.0 million tranche.
- On 1 November 2022, the Group, through its wholly-owned subsidiary, APM Equus Holdings Corporation ("Equus Holdings") acquired 100% of the shares in Equus Workforce Solutions and certain affiliates ("Equus"), a market leading provider of employment services in the United States (see Note 3(a)).
- On 1 February 2023, the Group, through its wholly-owned subsidiary, Early Start Australia Pty Ltd ("ESA") acquired 100% of the shares in Everyday Independence Pty Ltd ("EI"), a leading registered National Disability Insurance Scheme ("NDIS") provider established in 1997 delivering evidence-based therapies to children, youth and adults (see Note 3(b)).
- On 11 April 2023, the Group secured a three-year $300.0 million syndicated debt facility to further support APM's liquidity and growth opportunities, both in Australia and internationally. There are 2 facilities, facility A is a $200.0 million fully revolving facility and facility B is a $100.0 million term facility. The new funding facility costs are at an average of 290 basis points above BBSY at current levels of net debt.

Notes to the Consolidated Financial Statements

continued

1. About this report (continued)

(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(b)
- Revenue from contracts with customers – Note 4
- Income tax expense – Note 6
- Leases – Note 12
- Intangible assets – Note 14
- Provisions – Note 17
- 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.

Notes to the Consolidated Financial Statements

continued

1. About this report (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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continued

1. About this report (continued)

(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.

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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 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 three reportable segments of its business.

During the financial year, following recent strategic acquisitions, the Group deemed it appropriate to reassess the operating segments to ensure consistency with the way in which the CODM's examine business performance. The segment reported as "APAC" in the prior year included New Zealand, Singapore and Korea. For the year ended 30 June 2023, New Zealand has been realigned to the Australia and New Zealand segment ("ANZ") and Singapore and Korea have been strategically realigned to the Rest of World segment (known as "Europe/UK" in the prior year).

In reassessing the operating segments, the Group have aggregated the operating segments based on the nature of the services provided, the type of customers, the methods used to provide services and where applicable, the regulatory environment.

The Group have identified and aggregated the operating segments as follows:

- ANZ (including Australia and New Zealand) – Employment Services, Health & Wellbeing, Communities and Assessment, Disability and Aged Care Support Services
- North America (including Canada and the USA) – Employment Services, Health & Wellbeing
- Rest of World (including Korea, Singapore, Germany, Switzerland, Sweden, Spain and the UK) – Employment Services, Health & Wellbeing, Communities and Assessment

The CODM's primarily uses net profit after tax before amortisation to assess the performance of the operating segments ("NPATA"). NPATA is also used by the CODM's to assess strategic decisions such as the ability to pay dividends.

(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.

(c) Reconciliation of NPATA to profit before tax

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

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
NPATA	158,477	92,424
Income tax expense/(benefit)	36,597	(11,855)
Amortisation expense (relating to acquired service agreements)	(49,777)	(51,689)
Profit before income tax	**145,297**	**28,880**

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2. Segment Information (continued)

(d) Segment results

Year ended 30 June 2022	ANZ $'000	North America $'000	Rest of World $'000	Consolidated $'000
Segment revenue				
Revenue from contracts with customers	679,325	217,077	431,726	1,328,128
Total segment revenue	**679,325**	**217,077**	**431,726**	**1,328,128**
Segment net profit after tax before amortisation ("NPATA")	**11,508**	**11,260**	**69,656**	**92,424**
Net profit after tax before amortisation as a percentage of Revenue	**1.7%**	**5.2%**	**16.1%**	**6.9%**
Significant elements of NPATA:				
Other operating costs	(39,287)[1]	(1,209)	(9,070)	(49,566)
Other gains/(losses)	(9,083)	17	(675)	(9,741)
Net finance costs	(88,660)	(496)	(5,993)	(95,149)
Income tax (expense)/benefit	10,295[2]	(3,876)	5,436[3]	11,855

Year ended 30 June 2023	ANZ $'000	North America $'000	Rest of World $'000	Consolidated $'000
Segment revenue				
Revenue from contracts with customers	814,846	642,132	436,828	1,893,806
Total segment revenue	**814,846**	**642,132**	**436,828**	**1,893,806**
Segment net profit after tax before amortisation ("NPATA")	**69,070**	**39,948**	**49,459**	**158,477**
Net profit after tax before amortisation as a percentage of Revenue	**8.5%**	**6.2%**	**11.3%**	**8.4%**
Significant elements of NPATA:				
Other operating costs	(7,515)	(16,174)	(4,459)	(28,148)
Other gains/(losses)	10,949[4]	4,575[5]	362	15,886
Net finance costs	(48,674)	(2,932)	(6,383)	(57,989)
Income tax (expense)/benefit	(12,275)	(8,938)	(15,384)	(36,597)

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 AASB 15 accrued revenue meeting the definition of a WIP amount asset, identified as part of the completion of the allowable cost amount calculations following the restructure of the Australian Tax Consolidated Group in June 2020.
3. Includes a tax benefit for utilisation of unrecognised carried forward tax losses in the UK, refer to Note 6.
4. Includes $7.1 million gain on fair value re-assessment of deferred consideration. Refer to Note 5.
5. Includes $3.5 million adjustment to expected credit loss allowance. Refer to Note 5.

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2. Segment Information (continued)

(e) Revenue by country

Revenue by country	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
ANZ		
Australia(i)	777,399	643,862
New Zealand	37,447	35,463
North America		
USA(ii)	531,959	134,120
Canada	110,173	82,957
Rest of World		
Korea	35,439	31,739
Singapore	8,861	11,000
United Kingdom(iii)	356,970	361,359
Sweden	10,640	4,661
Germany	18,957	17,411
Switzerland	5,961	5,556
Total revenue from contracts with customers	**1,893,806**	**1,328,128**

(i) Revenues of approximately 595.8 million are derived from a single external government customer comprising a number of separate individual programs.

(ii) Revenues of approximately 529.8 million are derived from a single external government customer comprising a number of separate individual programs. Increase is largely attributed to the acquisition of Equus during FY23, refer to Note 3.

(iii) Revenues of approximately 198.6 million are derived from a single external government customer comprising a number of separate individual programs.

Notes to the Consolidated Financial Statements

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2. Segment Information (continued)

(f) Segment assets

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

Segment assets	30 June 2023 $'000	30 June 2022 $'000
ANZ		
Australia	2,032,097	1,923,481
New Zealand	34,355	33,547
North America(i)		
USA	480,447	119,406
Canada	111,890	95,352
Rest of World		
Korea	74,157	70,851
Singapore	31,085	36,363
United Kingdom	298,862	332,687
Sweden	9,365	14,819
Germany	17,079	15,132
Switzerland	6,545	4,850
Total segment assets	**3,095,882**	**2,646,488**
Deferred tax assets	38,385	20,455
Other assets	12,548	11,584
Total assets per the Consolidated Statement of Financial Position	**3,146,815**	**2,678,527**

(i) Increase is due to the acquisition of Equus during FY23, refer to Note 3.

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2. Segment Information (continued)

(g) Segment liabilities

Segment liabilities are measured in the same way as in the consolidated financial statements. Segment liabilities include inter-segment elimination entries. The Group's borrowings are not considered to be segment liabilities and is managed at corporate level.

Segment liabilities	30 June 2023 $'000	30 June 2022 $'000
ANZ		
Australia	259,842	200,892
New Zealand	6,663	4,674
North America (i)		
USA	141,532	17,859
Canada	45,333	32,633
Rest of World		
Korea	6,756	6,542
Singapore	1,926	856
United Kingdom	204,562	235,697
Sweden	1,988	1,301
Germany	8,637	7,537
Switzerland	2,446	1,393
Total segment liabilities	**679,685**	**509,384**
Deferred tax liabilities	96,608	65,936
Current tax liabilities	5,208	20,795
Current borrowings	1,636	7,715
Non-current borrowings	866,136	594,935
Total liabilities per the Consolidated Statement of Financial Position	**1,649,273**	**1,198,765**

(i) Increase is due to the acquisition of Equus during FY23, refer to Note 3.

Notes to the Consolidated Financial Statements

continued

3. Business combinations

The following acquisitions reported as provisional in the 30 June 2022 Financial Report have been finalised for 30 June 2023 with no significant changes:

- The Kaiser Group (DE) (100%)
- Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd (60%)
- Generation Health Pty Ltd (100%)
- Lifecare Physiotherapy (81%)
- Early Start Australia Pty Ltd ("Early Start Australia" or "ESA") (100%)
- Integrated Care Pty Ltd ("MyIntegra") (100%)
- Clustera Sverige AB (100%)
- BioSymm Pty Limited (100%) and Finafrere Pty Ltd (80%)

(a) Summary of acquisition – Equus Workforce Solutions (100%)

On 1 November 2022, the Group, through its wholly-owned subsidiary, APM Equus Holdings Corporation ("Equus Holdings") acquired 100% of the shares in Equus Workforce Solutions and certain affiliates (together known as "Equus") for cash consideration of $251.7 million (USD $161.6 million equivalent). The determined fair values of the net assets acquired and goodwill have been shown below. The acquisition aligns closely with APM's strategy of pursuing value and earnings accretive acquisitions, and provides opportunities for future growth.

	Final fair value $'000
Cash and cash equivalents	3,702
Trade and other receivables	77,582
Prepayments	2,930
Accrued revenue	63,832
Property, plant and equipment	1,032
Right-of-use assets	54,198
Intangible assets	46,969
Deferred tax assets	18,037
Other non-current assets	1,515
Trade and other payables	(12,034)
Accrued expenses	(37,162)
Current provisions	(1,296)
Current interest-bearing liabilities	(18,579)
Interest-bearing liabilities	(50,685)
Non-current provisions	(938)
Deferred revenue	(12)
Other current liabilities	(1,945)
Deferred tax liabilities	(14,120)
Net identifiable assets acquired	**133,026**
Goodwill	118,642
Net assets acquired	**251,668**

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3. Business combinations (continued)

(a) Summary of acquisition – Equus Workforce Solutions (100%) (continued)

Acquired receivables

The fair value of acquired trade receivables is $77.6 million. The gross contractual amount for trade receivables due is $83.0 million, with a loss allowance of $5.4 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $347.9 million revenue and $9.7 million net profit after tax to the Group for the period from acquisition on 1 November 2022 to 30 June 2023. 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.

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. Amortisation of Goodwill is deductible for tax purposes in the US.

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3. Business combinations (continued)

(b) Summary of acquisition – Everyday Independence Pty Ltd (100%)

On 1 February 2023, APM acquired 100% of the shares in Everyday Independence for a total estimated consideration of $83.8 million (i.e. upfront cash consideration of $35.8 million and an estimated deferred consideration of $48.0 million). The determined fair values of the net assets acquired and goodwill have been shown below. The acquisition aligns closely with APM's strategy of pursuing value and earnings accretive acquisitions, and provides opportunities for future growth.

	Provisional fair value $'000
Cash and cash equivalents	332
Trade and other receivables	1,183
Prepayments	942
Accrued revenue	–
Property, plant and equipment	648
Right-of-use assets	7,253
Intangible assets	15,363
Deferred tax assets	3,510
Other non-current assets	122
Trade and other payables	(1,603)
Accrued expenses	(2,958)
Current provisions	(2,147)
Current interest-bearing liabilities	(2,895)
Interest-bearing liabilities	(4,358)
Non-current provisions	(881)
Deferred revenue	–
Current tax liabilities	(287)
Deferred tax liabilities	(6,975)
Net identifiable assets acquired	**7,249**
Goodwill	76,562
Net assets acquired	**83,811**

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continued

3. Business combinations (continued)

(b) Summary of acquisition – Everyday Independence Pty Ltd (100%) (continued)

Acquired receivables

The provisional fair value of acquired trade receivables is $1.2 million. The gross contractual amount for trade receivables due is $1.7 million, with a loss allowance of $0.5 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $35.4 million revenue and $1.5 million net profit after tax to the Group for the period from acquisition on 1 February 2023 to 30 June 2023. 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.

Purchase consideration

Details of the purchase consideration are as follows:

	Provisional fair value $'000
Cash paid	35,770
Deferred consideration (i)	
First deferred payment	17,500
Second deferred payment	30,541
Total purchase consideration	**83,811**

Significant estimates

(i) Deferred consideration

The deferred consideration comprised of two deferred payments:

- First deferred payment – the payment is relating to an undiscounted amount payable on 1 July 2024, amounting to $17.5 million based on the sale and purchase agreement. An undiscounted amount of $17.5 million has been disclosed above and at Note 26. This is in-line with the standards of accounting for business combinations.
- Second deferred payment – amount is contingent upon Everyday Independence meeting underlying EBITDA hurdle of $10.0 million for the year ended 30 June 2024. The undiscounted amount is payable in August 2024, estimated to be $36.6 million based on the forecast budget for the financial year ended 30 June 2024. A discounted amount of $30.5 million has been disclosed above and at Note 26. This is in-line with the standards of accounting for business combinations.

Accordingly, no shares have been issued pursuant to these deferred consideration arrangements.

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.

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3. Business combinations (continued)

(c) Summary of acquisition – Springday (100%)

On 31 October 2022, the Group, through its wholly-owned subsidiary, Ingeus Australia Pty Ltd ("Assure"), acquired 100% of the shares in Springday Pty Ltd ("Springday") for $2.8 million, including deferred consideration. The strategic rationale for the acquisition was to support the Group's strategy to deliver a wellbeing experience via a digital platform tool, that helps to measure and improve the wellbeing of the workforce, in turn creating happier, healthier, more productive employees.

(d) Summary of acquisition – Human Psychology (100%)

On 31 January 2023, the Group, through its wholly-owned subsidiary, Ingeus Australia Pty Ltd ("Assure"), acquired 100% of the shares in Clinpsych Psychology Services Pty Ltd ("Human Psychology") for $0.8 million. The strategic rationale for the acquisition was to expand APM's reach in the mental health and wellness market, and also as part of continuing growth and strengthening APM's position in the Employee Assistance Program ("EAP") and Consulting markets.

(e) 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.

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.

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4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services both over time and at a point in time through its principal activities in the following major service lines:

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Employment Services	1,412,979	940,270
Health and Wellbeing	320,497	277,376
Communities and Assessments	140,580	90,384
Disability and Aged Care	19,750	20,098
	1,893,806	**1,328,128**

(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	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Trade receivables from customers*	10	187,909	105,560
Contract assets (accrued revenue)*		337,795	190,298
Contract liabilities (deferred revenue) – current		(78,122)	(87,493)
Contract liabilities (deferred revenue) – non-current		(60,536)	(52,071)

*Increase is largely attributed to the acquisitions during FY23, refer to Note 3.

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 2023 are expected to be invoiced during the year ended 30 June 2024.

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. The current contract liability balance as of 30 June 2023 is expected to be recognised as revenue during the year ended 30 June 2024.

(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 Employment Services contracts. This is presented within prepayments in the Consolidated Statement of Financial Position.

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Asset recognised from costs incurred to fulfil a contract at 30 June	42,783	27,593
Amortisation recognised during the period	3,955	2,249

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. This amortisation is presented within client support cost in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(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.

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4. Revenue from contracts with customers (continued)

(c) Recognition and measurement – revenue from contracts with customers (continued)

The unsatisfied performance obligations where the transaction price has been allocated at the year end is $79.0 million (2022: $130.2 million) and is expected to be recognised over the next two 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.

Many of the Employment Services contracts held by the Group 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 that 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. 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% (2022: 5%).

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.

Notes to the Consolidated Financial Statements

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4. Revenue from contracts with customers (continued)

(d) Key Estimate: Recognition of revenue and accrued revenue

Management 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.

Outcomes-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 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 2023, the carrying amount of the accrued revenue relating to outcome-based revenue was $196.6 million (2022: $147.8 million).

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. This is calculated using historical data and benchmark 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. At each reporting period, 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.

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4. Revenue from contracts with customers (continued)

(d) Key Estimate: Recognition of revenue and accrued revenue (continued)

Reasonably possible changes in assumptions

If the expected conversion rate or outcome ratio used in the models were a reasonably possible 5% lower, the carrying amount of the outcomes-based contract asset would be $179.5 million as at 30 June 2023 (2022: $140.4 million). If the expected conversion rate or outcome ratio used in the models were a reasonably possible 5% higher, the carrying amount of the outcomes-based contract asset would be $214.3 million as at 30 June 2023 (2022: $155.2 million).

	Year ended 30 June 2023		Year ended 30 June 2022	
Sensitivity	**Conversion rates Australia $'000**	**Ratio of outcomes United Kingdom $'000**	**Conversion rates Australia $'000**	**Ratio of outcomes United Kingdom $'000**
-5% lower and impact	(7,922)	(9,258)	(4,005)	(4,379)
+5% higher and impact	8,408	9,258	3,983	4,379

Refund liabilities (clawback)

Contained within some of the cost-plus contracts that APM delivers are clawback provisions for corrections to amounts claimed. Where the Group has specific contracts that are subject to clawback amounts, a separate provision is accrued for the potential amounts re-payable.

(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.

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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.

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Included in other income:		
Gain on settlement of supplier agreements	–	763
Gain/(loss) on sale of fixed assets	(71)	30
Sale of health equipment	1,282	–
Other	1,427	1,801
	2,638	**2,594**
Included in people costs:		
Salaries and wages expense	(1,076,139)	(658,303)
Share-based payments expense	(1,816)	(10,766)
Subcontractor costs	(134,657)	(132,210)
	(1,212,612)	**(801,279)**
Included in administration:		
Consulting fees	(38,925)	(17,426)
Licence costs	(25,705)	(17,480)
Training, development and recruitment costs	(11,559)	(9,179)
Information technology costs	(9,261)	(6,435)
Other	(6,778)	(5,219)
	(92,228)	**(55,739)**
Included in occupancy expenses:		
Short-term and low-value lease payments	(15,404)	(16,249)
Other occupancy-related costs	(57,705)	(28,367)
	(73,109)	**(44,616)**
Included in other operating costs:		
Insurance	(9,332)	(5,448)
Printing, postage, storage and stationery	(7,845)	(5,302)
Subscriptions	(4,528)	(1,743)
IPO listing costs	–	(36,326)
Consumables	(3,426)	(4,258)
Other operating costs	(3,017)	3,511
	(28,148)	**(49,566)**

Notes to the Consolidated Financial Statements

continued

5. Material profit or loss items (continued)

	Note	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Included in other gains/(losses)			
Unrealised foreign exchange gain/(loss)		5,785	(27,189)
Realised foreign exchange gain/(loss)		(137)	(15)
(Loss)/gain on derivative		(1,907)	17,463
Gain on fair value re-assessment of deferred consideration		8,554	–
Loss on lease modification		(304)	–
Credit loss recoveries		3,895	–
		15,886	**(9,741)**
Included in depreciation and amortisation:			
Depreciation of property, plant and equipment	13	(21,081)	(23,190)
Depreciation of right-of-use assets	12	(63,176)	(43,954)
Amortisation of brand		(64)	–
Amortisation of acquired service agreement contracts		(49,777)	(51,689)
Amortisation of licences and software		(5,889)	(3,531)
	23	**(139,987)**	**(122,364)**

Notes to the Consolidated Financial Statements

continued

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

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Current tax		
Current tax on profit for the year	24,748	33,924
Adjustments for current tax of prior periods	500	(13,087)
Total current tax expense	**25,248**	**20,837**
Deferred tax		
Increase in deferred tax assets	15,545	(17,927)
Decrease in deferred tax liabilities	(4,196)	(14,765)
Total deferred tax expense/(benefit)	**11,349**	**(32,692)**
Income tax expense/(benefit)	**36,597**	**(11,855)**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Profit from continuing operations before income tax expense	145,297	28,880
Tax at the Australian tax rate of 30% (2022: 30%)	43,589	8,664
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	216	48
Employee option plan	545	3,230
Interest accrued to preference shareholders	–	8,490
Previously unrecognised tax losses now recouped to reduce deferred tax expense	–	(12,662)
Previously unrecognised tax losses now recouped to reduce current tax expense	–	(5,248)
Other differences	6	(4,223)
	44,356	**(1,701)**
Difference in overseas tax rates	(8,259)	2,933
Adjustments for current tax of prior periods	500	(13,087)
Income tax expense/(benefit)	**36,597**	**(11,855)**

Notes to the Consolidated Financial Statements

continued

6. Income tax expense (continued)

(c) Tax losses

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Unused tax losses for which no deferred tax asset has been recognised	20,838	20,134
Potential tax benefit	**6,251**	**6,040**

The unused tax losses were incurred by a dormant UK subsidiary that is not likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. Refer to Note 6(f) for information about recognised tax losses and significant judgements made in relation to them.

(d) Deferred tax balances

(i) Deferred tax assets

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
The balance comprises temporary differences attributable to:		
Provisions	13,918	14,470
Accruals	4,093	3,628
Tax losses	7,443	14,271
Lease liabilities	35,738	12,483
Capital raising	8,729	12,751
Property, plant and equipment	4,691	5,305
Foreign exchange gains and losses	–	7,529
Other	4,558	2,550
Total deferred tax assets	**79,170**	**72,987**
Set-off of deferred tax liabilities pursuant to set-off provisions	(40,785)	(52,532)
Net deferred tax assets	**38,385**	**20,455**

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 and equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 30 June 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**

Notes to the Consolidated Financial Statements

continued

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 and equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 1 July 2022	**14,470**	**3,628**	**14,271**	**12,483**	**12,751**	**5,305**	**7,529**	**2,550**	**72,987**
Acquisition of controlled entities	1,136	280	–	20,312	–	–	–	–	21,728
(Charged)/credited to profit or loss	(1,688)	185	(6,828)	2,943	(4,022)	(614)	(7,529)	2,008	(15,545)
At 30 June 2023	**13,918**	**4,093**	**7,443**	**35,738**	**8,729**	**4,691**	**–**	**4,558**	**79,170**

(ii) Deferred tax liabilities

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	(75,568)	(77,599)
Property, plant and equipment	(771)	(785)
Right-of-use assets	(26,635)	(11,685)
Prepayments	(548)	(540)
Accrued income	(26,936)	(18,752)
Other	(6,935)	(9,107)
Total deferred tax liabilities	**(137,393)**	**(118,468)**
Set-off of deferred tax liabilities pursuant to set-off provisions	40,785	52,532
Net deferred tax liabilities	**(96,608)**	**(65,936)**

The table comprises of the temporary differences attributable to:

Movements	Intangible assets $'000	Property, plant and equipment $'000	Right-of-use assets $'000	Prepayments $'000	Accrued income $'000	Other $'000	Total $'000
At 30 June 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)**

Notes to the Consolidated Financial Statements

continued

6. Income tax expense (continued)

(d) Deferred tax balances (continued)

(ii) Deferred tax liabilities (continued)

Movements	Intangible assets $'000	Property, plant and equipment $'000	Right-of-use assets $'000	Prepay-ments $'000	Accrued income $'000	Other $'000	Total $'000
At 1 July 2022	**(77,599)**	**(785)**	**(11,685)**	**(540)**	**(18,752)**	**(9,107)**	**(118,468)**
Acquisition of controlled entities	(6,536)	(191)	(16,394)	–	–	–	(23,121)
(Charged)/credited to profit or loss	8,567	205	1,444	(8)	(8,184)	2,172	4,196
At 30 June 2023	**(75,568)**	**(771)**	**(26,635)**	**(548)**	**(26,936)**	**(6,935)**	**(137,393)**

Significant Estimates

The deferred tax assets include an amount of $7.4 million (2022: $14.2 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 2023 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.

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.

Notes to the Consolidated Financial Statements

continued

6. Income tax expense (continued)

(d) Deferred tax balances (continued)

Deferred taxes (continued)

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.

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.

Notes to the Consolidated Financial Statements

continued

7. Net finance costs

	Note	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Bank interest income		1,118	105
Interest expense on lease liability	23	(8,491)	(5,479)
Shareholder loan interest		–	(28,300)
Bank interest expense	23	(42,475)	(33,002)
Loss on Debt Extinguishment[i]	23	(656)	(24,663)
Financing component – Revenue		(3,657)	(3,005)
Other finance costs		(3,828)	(805)
		(57,989)	**(95,149)**

(i) In the current year and prior year, the Group refinanced its loan facility and the refinancing process resulted in a non-cash loss on debt extinguishment.

8. Earnings per share

(a) Reconciliations of earnings used in calculating earnings per share

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Net profit after tax for the year	108,700	40,735
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	107,375	41,126

(b) Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	917,181,946	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.

(c) Recognition and measurement – Earnings per share ("EPS")

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

continued

9. Cash and cash equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	30 June 2023 $'000	30 June 2022 $'000
Cash at bank and in hand	106,846	171,392
	106,846	**171,392**

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 2023 $'000	30 June 2022 $'000
Trade receivables from contracts with customers*	190,775	109,024
Less: Allowance for expected credit losses (see Note 20(a))	(2,866)	(3,464)
	187,909	**105,560**
Other receivables	7,947	9,358
	195,856	**114,918**

*Increase is largely attributed to the acquisitions during FY23, refer to Note 3.

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.

For measurement of the expected credit losses, trade receivables from contracts with customers are all based on the same credit risk characteristics as they are mostly based on contracts with government departments and corporate entities with very low credit risk. Therefore the historical loss rates of the Group are reflective of current and forward-looking estimates at the end of the reporting period, and given the majority of the contracts are with the government, the Group has determined that its exposure to bad debts and default rates are very low.

Notes to the Consolidated Financial Statements

continued

11. Prepayments

For the purpose of the Consolidated Statement of Financial Position, prepayments comprise the following:

	30 June 2023 $'000	30 June 2022 $'000
Current		
Cost incurred to fulfil a contract	18,585	18,180
Insurance	6,732	5,351
Rent and rates	8,442	6,274
Licence Fees and subscriptions	5,196	7,375
Other	4,684	1,295
	43,639	**38,475**
Non-current		
Cost incurred to fulfil a contract	24,198	9,413
Insurance	3,011	–
	27,209	**9,413**

Costs incurred to fulfil a contract

This is relating to the asset that was recognised by the Group in relation to costs to fulfil short-term Communities & Assessments 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.

Notes to the Consolidated Financial Statements

continued

12. Leases

Group as lessee

The Group leases leasehold properties and motor vehicles. 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.

Year ended 30 June 2022	Leasehold properties $'000	Plant and equipment $'000	Motor Vehicles $'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				
As 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)
Disposals	(1,359)	–	–	(1,359)
Other, including foreign exchange movements	766	–	–	766
Net book amount at the end of the year	**80,494**	**–**	**–**	**80,494**

Year ended 30 June 2023	Leasehold properties $'000	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
At Cost	267,224	–	4,578	271,802
Accumulated depreciation and impairment	(134,928)	–	(1,146)	(136,074)
Net book amount	**132,296**	**–**	**3,432**	**135,728**
Movement				
As at 1 July 2022	80,494	–	–	80,494
Acquisition of controlled entities	58,547	–	3,225	61,772
Additions	57,767	–	1,333	59,100
Depreciation	(62,074)	–	(1,102)	(63,176)
Disposals	(3,586)	–	(23)	(3,609)
Other, including foreign exchange movements	1,148	–	(1)	1,147
Net book amount at the end of the year	**132,296**	**–**	**3,432**	**135,728**

Notes to the Consolidated Financial Statements

continued

12. Leases (continued)

Lease liability

Set out below are the carrying amounts of the lease liabilities and the movements during the year.

	30 June 2023 $'000	30 June 2022 $'000
Movement		
At beginning of year	87,914	81,885
Acquisition of controlled entities	76,838	21,114
Additions	58,913	27,040
Disposal	(3,562)	–
Accretion of interest	8,491	5,479
Lease payments	(69,699)	(44,907)
Other including foreign exchange movements	1,046	(2,697)
At end of year	**159,941**	**87,914**

Lease-related expenses

The following are the lease-related amounts recognised in the Consolidated Statement of Profit and Loss for the period:

	Note	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Depreciation of right-of-use-assets	5	63,176	43,954
Interest on lease liabilities	7	8,491	5,479
Short-term and low-value lease payments (including in occupancy-related expenses)		23,945	16,249
Total amount recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income		**95,612**	**65,682**

Total cash outflow for all leases (including short-term leases that fall outside the scope of IFRS 16) was $95.8 million (2022: $82.9 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.

Notes to the Consolidated Financial Statements

continued

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.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. 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 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income 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 17). 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.

Notes to the Consolidated Financial Statements

continued

13. Property, plant and equipment

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**

Year ended 30 June 2023	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At cost	59,712	48,961	108,673
Accumulated depreciation	(34,074)	(25,580)	(59,654)
Net book amount	**25,638**	**23,381**	**49,019**
Movement			
As at 1 July 2022	26,497	29,132	55,629
Acquisition of controlled entities	327	1,400	1,727
Additions	12,770	3,472	16,242
Disposals	(31)	(122)	(153)
Transfers between categories	(3,697)	(1,235)	(4,932)
Depreciation	(10,457)	(10,624)	(21,081)
Translation differences	229	1,358	1,587
Net book amount at the end of the year	**25,638**	**23,381**	**49,019**

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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% to 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

Year ended 30 June 2022	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences and 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**

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14. Intangible assets (continued)

Year ended 30 June 2023	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences and software $'000	Total $'000
At cost	1,796,842	428,799	73,222	66,019	2,364,882
Accumulated amortisation	–	(152,486)	(266)	(12,340)	(165,092)
Net book amount	**1,796,842**	**276,313**	**72,956**	**53,679**	**2,199,790**
Movement					
At 1 July 2022	1,600,197	270,734	66,990	30,485	1,968,406
Acquisition of controlled entities	205,466	56,654	6,023	340	268,483
Transfers	–	–	–	(4,827)	(4,827)
Additions	200	–	7	27,535	27,742
Reclassification between categories	(7,405)	1,615	–	5,790	–
Amortisation	–	(49,777)	(64)	(5,889)	(55,730)
Translation differences	(1,616)	(2,913)	–	245	(4,284)
Net book amount at the end of the year	**1,796,842**	**276,313**	**72,956**	**53,679**	**2,199,790**

(a) Recognition and measurement – intangible assets

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 that has indefinite useful life 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 and customer 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 amortised on a straight-line basis over their estimated useful lives.

Other Intangible assets

Separately acquired intangible assets 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.

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14. Intangible assets (continued)

(a) Recognition and measurement – intangible assets

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Service agreements and customer relationships Up to 20 years
- Licence and software Up to 10 years
- Trademark Up to 3 years

(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 and customer relationships

The service agreements and customer 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 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**

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14. Intangible assets (continued)

(c) Impairment tests for goodwill and brand (continued)

Year ended 30 June 2023	Goodwill $'000	Brand $'000	Total $'000
Australia	1,424,677	72,956	1,497,633
New Zealand	26,057	–	26,057
Korea	48,000	–	48,000
Singapore	23,000	–	23,000
UK	75,697	–	75,697
Germany	4,000	–	4,000
Sweden	5,102	–	5,102
Switzerland	2,000	–	2,000
Canada	48,603	–	48,603
USA	139,706	–	139,706
Total	**1,796,842**	**72,956**	**1,869,798**

The Group tests whether goodwill and brand have suffered any impairment on an annual basis. For the 2023 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%

Year ended 30 June 2023	Australia %	NZ %	Singapore %	Korea %	UK %	Germany %	Sweden %	Switzerland %	Canada %	USA %
Long-term industry growth rate (%)	3.36%	2.67%	2.71%	2.48%	2.54%	2.91%	2.79%	2.33%	2.73%	2.41%
Discount rate (%)*	8.60%	9.90%	8.65%	9.45%	9.25%	8.55%	8.20%	6.70%	7.90%	9.00%

* The above discount rates are post-tax discount rates applied to post-tax cash flows utilised in the value-in-use models

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14. Intangible assets (continued)

(c) Impairment tests for goodwill and brand (continued)

Management has determined the values assigned to each of 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.
Budgeted revenue	The basis used to determine the amount assigned to the budgeted revenue is the outcome achieved in the year immediately before the budgeted year, adjusted for growth and other known circumstances.
Budgeted operating expenses	The basis used to determine the amount assigned to the budgeted costs is the outcome achieved in the year immediately before the budgeted year, adjusted for growth and other known circumstances.

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

	30 June 2023 $'000	30 June 2022 $'000
Trade and other payables	67,312	70,880
Accrued expenses*	141,090	87,925
	208,402	**158,805**

*Increase is largely attributed to the acquisitions during FY23, refer to Note 3.

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.

Recognition and measurement – trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables and accrued expenses are presented as current liabilities when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. They are recognised at their fair value.

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16. Interest-bearing liabilities

	Note	30 June 2023 $'000	30 June 2022 $'000
Current			
Bank loans		1,636	7,715
Lease liabilities*	12	63,103	38,008
		64,739	**45,723**
Non-Current			
Bank loans*		866,136	594,935
Lease liabilities*	12	96,838	49,906
		962,974	**644,841**
Total interest-bearing liabilities		**1,027,713**	**690,564**

*Increase is largely attributed to the acquisitions during FY23, refer to Note 3.

(a) Bank loans

The Groups total debt facility is $1,140.0 million.

On 22 July, the Group established a $840.0 million syndicated multi-currency revolving corporate facility, allocating $600.0 million to retire the Term B Loan notes. The new arrangement carries an average cost of 226 basis points above BBSY, resulting in a 240 basis points reduction compared to the prior facility. Extinguishing the Term Loan B notes incurred a $0.1 million loss, with $5.5 million establishment costs capitalised.

The new fully revolving structure allows APM to strategically lower interest expenses. The $840.0 million facility is split in two tranches, a three-year $523.0 million tranche maturing in July 2025 and five-year $317.0 million tranche maturing July 2027.

On 23 December 2022, the Group announced a fully underwritten debt facility which was finalised in April 2023, comprising a $200.0 million fully revolving facility (facility A) and an additional $100.0 million term loan (facility B) secured at the time of finalisation. The new funding's average costs stand at 290 basis points above BBSY at the current levels of debt. This facility matures in January 2026

(b) 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.

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16. Interest-bearing liabilities (continued)

(c) 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. Provisions

	30 June 2023 $'000	30 June 2022 $'000
Current		
Employee entitlements	40,574	33,123
Clawback provision	11,289	1,161
Dilapidation provision	2,065	1,771
Other current provisions	3,615	5,532
	57,543	**41,587**
Non-Current		
Employee entitlements	6,776	6,639
Clawback provision	12,969	11,955
Dilapidation provision	14,380	12,391
Other provisions	14	3,817
	34,139	**34,802**
	91,682	**76,389**

(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.

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17. Provisions (continued)

(a) Recognition and measurement – provisions (continued)

(i) Employee entitlements (continued)

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 dilapidation 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 at a future point, a provision is recognised. This provision is re-estimated during the life of each relevant contract. The estimates are assessed according to the requirements that are specific to each contract.

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17. Provisions (continued)

Movements in provisions

Movements in each class of provision during the financial year are set out below:

Year ended 30 June 2022	Employee entitlements $'000	Clawback provision $'000	Dilapidation provision $'000	Other provisions $'000	Total $'000
Carrying amount at 1 July 2021	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 the year	**39,762**	**13,117**	**14,162**	**9,348**	**76,389**

Year ended 30 June 2023	Employee entitlements $'000	Clawback provision $'000	Dilapidation provision $'000	Other provisions $'000	Total $'000
Carrying amount at 1 July 2022	39,762	13,117	14,162	9,348	76,389
Acquired through business combination	4,443	–	1,389	–	5,832
Charged/(credited) to profit or loss	42,656	9,446	579	(4,401)	48,280
Capitalised to consolidated statement of financial position	–	–	–	–	–
Utilised	(39,824)	–	(384)	(1,387)	(41,595)
Translation differences	313	1,695	699	69	2,776
Carrying amount at end of the year	**47,350**	**24,258**	**16,445**	**3,629**	**91,682**

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18. Contributed Equity

Movements in ordinary shares

Ordinary shares	30 June 2023 Number of Shares (thousands)	30 June 2022 Number of Shares (thousands)	30 June 2023 $'000	30 June 2022 $'000
Opening balance	917,182	469,887	1,449,630	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	–	95,493	–	330,605
Employee share gift offer on IPO	–	1,000	–	3,553
Acquisition of subsidiary: ESA	–	12,575	–	36,592
Acquisition of subsidiary: MyIntegra	–	5,986	–	17,419
Closing balance	**917,182**	**917,182**	**1,449,630**	**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.

(i) 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.

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18. Contributed Equity (continued)

Reserves

	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)**

	Share-based payments $'000	Foreign currency translation $'000	Put Option Reserve $'000	Transactions with NCI $'000	Total other reserves $'000
At 1 July 2022	**274**	**(1,023)**	**(14,429)**	**2,689**	**(12,489)**
Share-based payment expenses		–	–	–	–
Employee share schemes	1,816	–	–	–	1,816
Adjustment in put options	–	–	4,695	–	4,695
Adjustment to ownership interests	–	–	–	(306)	(306)
Transfer of NCI reserve	–	–	–	(2,689)	(2,689)
Currency translation differences	–	(4,976)	–	–	(4,976)
At 30 June 2023	**2,090**	**(5,999)**	**(9,734)**	**(306)**	**(13,949)**

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.

Transaction with non-controlling interests

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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19. Dividend

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
(a) Ordinary shares		
Dividends paid on 29 September 2022 during the year, based on 5.0 cents per fully paid ordinary share out of retained earnings	45,859	–
Interim dividends paid on 29 March 2023 during the year, based on 5.0 cents per fully paid ordinary share out of retained earnings	45,859	–
	91,718	–
(b) Dividends not recognised at the end of the year		
In addition to the above dividends, since the end of the year the Directors have declared a final dividend of 5.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 28 September 2023 out of retained earnings at 30 June 2023, but not recognised as a liability at the end of the year is $45.9 million.	–	–

Recognition and measurement – dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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 2023 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.

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20. Financial instruments and risk management (continued)

(a) Credit risk (continued)

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 2023, 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 2023, 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 2023, 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 $866.1 million.

(c) Liquidity risk

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 2023, the Group generated net cash from operating activities of $204.4 million and profit before tax, depreciation, amortisation and interest of $343.3 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.

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20. Financial instruments and risk management (continued)

(c) Liquidity risk (continued)

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 liabilities $'000
Trade and other payables	70,880	–	–	–	70,880	70,880
Borrowings	35,939	37,476	645,667	–	719,082	602,651
Earn out payable	7,019	10,276	10,032	–	27,327	27,327
Deferred consideration	2,548	–	–	–	2,548	2,548
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 2023	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 liabilities $'000
Trade and other payables	67,312	–	–	–	67,312	67,312
Borrowings	56,012	567,437	403,277	–	1,026,726	867,772
Earn out payable	2,734	36,644	20,494	–	59,872	53,769
Other deferred consideration	–	17,500	–	–	17,500	17,500
Put option	–	9,733	–	–	9,733	9,733
Lease liabilities	71,932	52,053	47,883	6,577	178,445	159,941
Total	**197,990**	**683,367**	**471,654**	**6,577**	**1,359,588**	**1,176,027**

APM's syndicated revolving debt facilities mature in three tranches as follows:

- July 2025 – $523.0 million;
- April 2026 – $300.0 million; and
- July 2027 – $317.0 million.

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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 the financial year 30 June 2023, the Group's borrowings at variable rate were denominated in Australian 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, such as forward foreign exchange rate contracts to manage its exposure to foreign currency risk.

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:

30 June 2022	USD $'000	GBP $'000
Financial assets		
Cash and cash equivalents	12,007	44,587
Trade and other receivables	41,849	23,300
Derivative – Foreign exchange forwards	17,463	–
Financial liabilities		
Trade and other payables	(683)	(32,210)
Interest-bearing loans and borrowings	(234,319)	(31,359)

30 June 2023	USD $'000	GBP $'000
Financial assets		
Cash and cash equivalents	32,504	23,813
Trade and other receivables	117,455	16,031
Financial liabilities		
Trade and other payables	(13,419)	(18,569)
Interest-bearing loans and borrowings	(69,090)	(23,440)

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20. Financial instruments and risk management (continued)

(e) Foreign exchange risk (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
Actual	0.6889	0.5671
+10% (Weaken)	0.7578	0.6238
-10% (Strengthen)	0.6200	0.5104

30 June 2023	USD	GBP
Actual	0.6623	0.5242
+10% (Weaken)	0.7285	0.5766
-10% (Strengthen)	0.5961	0.4718

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 2023, had the Australian dollar moved against the US dollar and British Pound, 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:

30 June 2022	USD $'000	GBP $'000
Exchange rate increase		
+10%: weaken – profit/(loss)	14,399	(2,837)
+10%: weaken – increase/(decrease) equity	(350)	860
Exchange rate decrease		
-10%: strength – profit/(loss)	(17,579)	3,468
-10%: strength – increase/(decrease) equity	2,357	(1,051)

30 June 2023	USD $'000	GBP $'000
Exchange rate increase		
+10%: weaken – profit/(loss)	(2,068)	(1,515)
+10%: weaken – increase/(decrease) equity	(580)	916
Exchange rate decrease		
-10%: strength – profit/(loss)	2,528	1,851
-10%: strength – increase/(decrease) equity	709	(1,120)

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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	30 June 2023 $'000	30 June 2022 $'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			
Earn out payable	Level 2	53,769	29,875
Other deferred consideration	Level 1	17,500	–
Fair value through OCI			
Put option	Level 3	9,733	14,429
		81,002	44,304

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For the foreign currency forwards in the prior year, 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.

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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.

(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
Benjamin Wyatt

(d) Key management personnel compensation

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Short-term employee benefits	5,220	6,550
Long-term employee benefits	58	368
Post-employment benefits	76	74
Share-based payments	828	2,593
	6,182	**9,585**

Detailed remuneration disclosures are provided in the Remuneration Report, on pages 62 to 79.

(e) Transactions with other related parties

(i) Purchases from entities controlled by related parties

The Group operates part of its business from premises leased from entities controlled by Director Megan Wynne or her closely related party. The rental payments on the three property leases were $1,139,246 for the year ended 30 June 2023. There is no balance outstanding to be paid at 30 June 2023.

The following acquisitions from related parties were reported as provisional in the 30 June 2022 Financial Report and have been finalised for 30 June 2023 with no significant changes (refer to Note 3):

- Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd (60%)
- Early Start Australia Pty Ltd ("Early Start Australia" or "ESA") (100%)
- Integrated Care Pty Ltd ("MyIntegra") (100%)

(f) Potential future share payments from other transactions with related parties

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 meeting underlying EBITDA hurdles over a subsequent 3-year period. Underlying EBITDA includes, but is not limited to, adjustments to be on a pre IFRS15 and IFRS16 basis, inclusive of full year run rate of contributions from acquisitions and cost saving initiatives, and excluding one time costs such as advisor and due diligence fees. 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. Each of these targets have a tolerance of 90%. To the extent that no earn-out shares have been issued, a portion of the maximum earn-out is payable (on a proportionate basis), subject to the cumulative EBITDA being greater than $70.8 million to $85.0 million (50% to 100%) for the three years ending 30 June 2025. The carrying value of the deferred consideration arrangement at 30 June 2023 is $20.5 million (2022: $27.3 million). Refer to Note 26(i).

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21. Related party disclosures (continued)

(g) Loans and quasi equity arrangements with KMP and their related parties

Following the vesting of Series C shares granted during the FY22 year, a total of $862,531 is repayable within 6 months after the end of the first escrow period for amounts owing by Directors, or upon ceasing employment with the Company for other KMP, 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. The associated share based payment was expensed in full during the prior year due to the accelerated vesting of these rights on IPO. Steve Fewster holds a balance payable of $217,335, Neville Power holds a balance payable of $435,795, and Benjamin Wyatt holds a balance payable of $209,401.

There are no other loans made to/with KMPs or loan balances owing to/from KMPs or their related parties for FY23.

(h) Terms and conditions

Transactions relating to rental of the three premises leased from entities controlled by Megan Wynne or her closely related party are under normal commercial terms. Outstanding balances are unsecured.

22. Share-based payments

(a) Long term incentive plan ("LTIP")

Based on APM's vision and values, a LTIP was adopted by the Directors as part of the three components under the executive remuneration framework.

	2023		2022	
LTIP	**Average exercise price per share rights ($)**	**Number of rights (#)**	**Average exercise price per share rights ($)**	**Number of rights (#)**
As at 1 July	–	3,226,034	–	–
Granted during the year*	–	1,147,379	–	3,226,034
Exercised during the year	–	–	–	–
As at 30 June	**–**	**4,373,413**	**–**	**3,226,034**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2023	Share options 30 June 2022
LTIP				
26 November 2021	22 November 2036	Nil	–	1,037,613
20 June 2022	16 June 2037	Nil	–	2,188,421
TBD*	TBD	Nil	1,147,379	–
			1,147,379	**3,226,034**

* The FY23 LTIP was approved by Shareholders at the AGM on 27 October 2022, and will be granted in early FY24. An expense related to the 2023 performance year has therefore been estimated using preliminary valuation modelling at 30 June 2023. Any differences between the estimated fair value at 30 June 2023 and the final fair value will be trued-up in FY24.

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22. Share-based payments (continued)

The model inputs for rights granted in the prior year 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: 3.00%

(h) risk-free interest rate: 0.925% (26 November 2021) and 3.33% (20 June 2022)

The model inputs for rights relating to FY23 LTIP which were valued as at 30 June 2023 included:

(a) rights are granted for no consideration and vest based on performance period conditions detailed above.

(b) exercise price: Nil

(c) estimated valuation date: 30 June 2023

(d) expiry date: as above

(e) share price at valuation date: $2.12

(f) expected price volatility of the Company's share: 40%

(g) expected dividend yield: 3.75%

(h) risk-free interest rate: 4.18%

(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.

(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:

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Expenses arising from share-based payment transactions	1,816	10,766

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23. Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Note	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Profit after tax for the year		108,700	40,735
Adjustments for:			
Depreciation and amortisation	5	139,987	122,365
Net loss/(gain) on sale of fixed assets	5	71	(30)
Employee benefits expense – share-based payments		1,816	10,766
Expected credit (gain)/losses		(3,895)	1,728
Shareholder loan interest		–	28,300
Interest – lease liabilities	7	8,491	5,479
Net bank interest classified as financing cash flows	7	42,475	33,002
Loss on debt extinguishment	7	656	24,663
Net exchange differences	5	5,785	27,189
Actuarial losses		33	114
Reversal of impairment of right-of-use assets		–	(1,218)
(Gain)/loss on foreign exchange forwards	5	1,907	(17,463)
Gain on fair value re-assessment of deferred consideration	5	(8,554)	–
Onerous contract expense		–	907
Financing component of revenue		–	3,005
Make good expense		–	(163)
Share of profits associates		–	(5)
Change in operating assets and liabilities, net of effects from acquisition of controlled entities:			
Decrease/(increase) in receivables		2,041	(30,445)
Increase in accrued revenue		(83,665)	(89,607)
(Increase)/decrease in payables		(4,490)	43,555
(Increase)/decrease in deferred revenue		(1,186)	61,362
Decrease in current tax liabilities		(15,874)	(8,675)
Increase in provisions		9,780	27,119
Increase in prepayments		(12,836)	(26,652)
Increase/(decrease) in deferred tax liabilities		13,115	(38,895)
Net cash inflow from operating activities		**204,357**	**217,136**

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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	30 June 2023 $'000	30 June 2022 $'000
Cash and cash equivalents	9	106,846	171,392
Borrowings	16	(867,772)	(602,651)
Lease liabilities	12 & 16	(159,941)	(87,914)
Net debt		**(920,867)**	**(519,173)**
Cash and liquid investments		106,846	171,392
Gross debt – variable interest rates		(1,027,713)	(690,565)
Net debt		**(920,867)**	**(519,173)**

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Lease liabilities $'000	Sub-total $'000	Cash and cash equivalents $'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						
Interest charged	(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**
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)**
New leases	–	–	(27,040)	(27,040)	–	**(27,040)**
Foreign exchange adjustments	(22,543)	–	2,697	(19,846)	–	**(19,846)**
Gross debt as at 30 June 2022	**(602,651)**	**–**	**(87,914)**	**(690,565)**	**171,392**	**(519,173)**

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23. Cash flow information (continued)

(c) Net debt reconciliation (continued)

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Lease liabilities $'000	Sub-total $'000	Cash and cash equivalents $'000	Total $'000
Gross debt as at 30 June 2022	**(602,651)**	**–**	**(87,914)**	**(690,565)**	**171,392**	**(519,173)**
Cash flows	(223,104)	–	69,699	(153,405)	(64,546)	**(217,951)**
Other non-cash movements						
Interest charged	(42,475)	–	(8,491)	(50,966)	–	**(50,966)**
New leases	–	–	(55,351)	(55,351)	–	**(55,351)**
Acquisitions – finance leases and operating lease incentives	–	–	(76,838)	(76,838)	–	**(76,838)**
Loss on debt extinguishment	(656)	–	–	(656)	–	**(656)**
Foreign exchange adjustments	–	–	(1,046)	(1,046)	–	**(1,046)**
Other changes (i)	1,114	–	–	1,114	–	**1,114**
Gross debt as at 30 June 2023	**(867,772)**	**–**	**(159,941)**	**(1,027,713)**	**106,846**	**(920,867)**

(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

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 out of retained earnings on 28 September 2023.

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.

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25. Derivatives

The Group has the following derivative financial instruments in the Consolidated Statement of Financial Position:

	30 June 2023 $'000	30 June 2022 $'000
Current assets		
Foreign currency forwards – held for trading	–	17,463

In the prior year 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. Nil balance as at reporting date is as a result of the extinguishment of the Term Loan B Facility by the new debt facility that was established on 22 July 2022 (see Note 16).

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:

	30 June 2023 $'000	30 June 2022 $'000
Current		
Earn out payable*	2,734	9,567
	2,734	**9,567**
Non-current		
Earn out payable*	51,035	20,308
Other deferred consideration*	17,500	–
Put option	9,733	14,429
Others	–	2,408
	78,268	**37,145**

*Includes deferred consideration for Clustera Sverige AB, Everyday Independence Pty Ltd, Integrated Care Pty Ltd and Early Start Australia Pty Ltd. Please refer to (i), (ii) and (iii) below.

Deferred consideration

The Group has a number of deferred consideration arrangements that are recognised as part of the business acquisitions that occurred during the previous financial year.

Significant Estimates

(i) Integrated Care Pty Ltd ("MyIntegra") and Early Start Australia Pty Ltd ("ESA")

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 meeting underlying EBITDA hurdles over a subsequent 3-year period. Underlying EBITDA includes, but is not limited to, adjustments to be on a pre IFRS15 and IFRS16 basis, inclusive of full year run rate of contributions from acquisitions and cost saving initiatives, and excluding one time costs such as advisor and due diligence fees. 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. Each of these targets have a tolerance of 90%. To the extent that no earn-out shares have been issued, a portion of the maximum earn-out is payable (on a proportionate basis), subject to the cumulative EBITDA being greater than $70.8 million to $85.0 million (50% to 100%) for the three years ending 30 June 2025.

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26. Other liabilities (continued)

Deferred consideration (continued)

The fair value of the deferred consideration arrangement was reassessed at balance date using the Black-Scholes model, based on a share price of $2.12 (2022: $2.87), nil exercise price, volatility of 40.0%, risk free interest rate of 4.18% (2022: 2.42% to 3.08%) and a dividend yield of 4.72% (2022: 3.0%). The Group has applied judgement in considering the expected probability that the hurdles are met in determining the value of the deferred consideration.

Based on actual results up to 30 June 2023, no shares have been issued pursuant to those earn-out arrangements. However this is still subject to the catch-all provision at the end of FY25, based on the cumulative EBITDA over the 3 year measurement period.

(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 up to SEK 77 million (AUD $11.5 million equivalent). Based on the revenue earned for the 12 months to 31 December 2022, a portion of the earn-out is payable in the amount of SEK 3 million (AUD $0.4 million equivalent). The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position.

(iii) Everyday Independence

The first deferred consideration is for cash payable to Everyday Independence on 1 July 2024. The fair value of the deferred consideration has been determined as equal to the cash payable of $17.5 million. The fair value of the deferred consideration arrangement is classified as other non-current liabilities on the Consolidated Statement of Financial Position.

The second deferred consideration is an earn-out payable in cash, contingent upon Everyday Independence meeting the EBITDA hurdle by the end of 30 June 2024 of $10.0 million. Based on the actual results for the year ending 30 June 2024, The fair value of the deferred consideration has been determined by discounting the future cash payable of $36.6 million to its present value of $30.5 million. The fair value of the earn-out arrangement is classified as other non-current liabilities on the Consolidated Statement of Financial Position.

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 Lifecare Physiotherapy remain with the non-controlling unitholders. As a result, a non-controlling interest has been recognised on acquisition of Lifecare Physiotherapy. 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 Lifecare Physiotherapy 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.

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26. Other liabilities (continued)

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.

At 30 June 2023, the fair value has been remeasured at $9.7 million, based on management's forecast of the expected outflows for the remaining units.

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 $6.4 million of guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

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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 2023 $'000	30 June 2022 $'000
Assets		
Current assets	–	–
Non-current assets	1,484,846	1,281,015
Total assets	**1,484,846**	**1,281,015**
Liabilities		
Current liabilities	(2,996)	(16,598)
Non-current liabilities	–	–
Total liabilities	**(2,996)**	**(16,598)**
Equity		
Contributed equity	1,395,621	1,395,966
Reserves	2,090	274
Retained earnings/(Accumulated losses)	84,139	(131,823)
Total equity	**1,481,850**	**1,264,417**
Profit/(loss) for the period	307,680	(59,145)
Total comprehensive profit/(loss)	**307,680**	**(59,145)**

(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.

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30. Interests in other entities

The Group's principal subsidiaries at 30 June 2023 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 2023	Ownership % held by the Group 30 June 2022
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 Physiotherapy Ltd (f.k.a. 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[1]	United Kingdom	–%	100%
APM Learning and Education Alliance Limited[1]	United Kingdom	–%	100%
Advanced Personnel Management (UK) Limited	United Kingdom	100%	100%
IPA Personnel Limited[1]	United Kingdom	–%	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%
Ross Innovative Employment Solutions	United States	100%	100%
DB Grant Associates	United States	100%	100%
Dynamic Educational Systems, Inc	United States	100%	100%
Kaiser Group (DE), LLC	United States	100%	100%
Dynamic Workforce Solutions, LLC	United States	100%	100%
Dynamic Workforce Solutions – Texas, LLC	United States	100%	100%
WCG Holdings Ltd	Canada	100%	100%
WCG Investments Ltd	Canada	100%	100%

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30. Interests in other entities (continued)

Name of entity	Place of business/ country of incorporation	Ownership % held by the Group 30 June 2023	Ownership % held by the Group 30 June 2022
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[1]	United Kingdom	–%	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%
APM Allied Health 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%
MCI Institute Pty Ltd	Australia	100%	100%
APM Mobility Holdings Pty Ltd	Australia	100%	100%
Mobility Australia Pty Ltd	Australia	60%	60%
Mobility Holdings Pty Ltd	Australia	60%	60%
APM MyIntegra Holdings Pty Ltd	Australia	100%	100%
Integrated Care Pty Ltd	Australia	100%	100%
Integra Plan Management Pty Ltd	Australia	100%	100%
Integra Choice and Control Pty Ltd	Australia	100%	100%
Integra Supported Accommodation Pty Ltd	Australia	100%	100%
Generation Health Pty Ltd	Australia	100%	100%
The Interact Group Pty Ltd	Australia	100%	100%
APM ESA Holdings Pty Ltd	Australia	100%	100%
Early Start Australia Pty Ltd	Australia	100%	100%
Boost Therapy Pty Ltd[1]	Australia	–%	100%
Beststart Clinic Pty Ltd	Australia	100%	100%
OT For Kids NT Pty Ltd[1]	Australia	–%	100%
Gateway Therapies Pty Ltd[1]	Australia	–%	100%
APM Lifecare Trusco Pty Ltd	Australia	100%	100%

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30. Interests in other entities (continued)

Name of entity	Place of business/ country of incorporation	Ownership % held by the Group 30 June 2023	Ownership % held by the Group 30 June 2022
APM Ontrac Pty Ltd	Australia	100%	100%
APM Lifecare Pty Ltd	Australia	100%	100%
Clustera Sverige AB	Sweden	100%	100%
APM Work Health Pty Ltd	Australia	80%	80%
Biosymm Pty Ltd	Australia	80%	80%
Finafrere Pty Ltd	Australia	64%	64%
APM Aged Care Holdings Pty Ltd[2]	Australia	100%	–%
Amicis Aged Care Pty Ltd[2]	Australia	100%	–%
Advanced Personnel Management Limited[2]	Saudi Arabia	100%	–%
2483307 Ontario Ltd	Canada	100%	–%
674725 Ontario Ltd	Canada	100%	–%
APM Equus Holdings Corporation	United States	100%	–%
Arbor E&T, LLC	United States	100%	–%
Equitable Social Solutions, LLC	United States	100%	–%
Equus Agilec Holdings Ltd.	Canada	100%	–%
Clinpsych Psychology Services Pty Ltd	Australia	100%	–%
Springday Pty Ltd	Australia	100%	–%
Everyday Independence Pty Ltd	Australia	100%	–%

1 These are dormant entities that were deregistered during the financial year.

2 These are entities newly incorporated during the financial year.

Notes to the Consolidated Financial Statements

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31. Auditors' remuneration

(a) Auditors of the Group

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Fees to PwC (Australia)		
Fees for the audit and review of the financial reports of the Group	1,405	1,415
Fees for other assurance and agreed-upon procedures services	31	39
Fees for other services		
Tax compliance services	–	14
Other*	–	2,345
	1,436	**3,813**
Fees to other overseas network firms of PwC (Australia)		
Fees for the audit and review of the financial reports of the Group	1,126	678
Fees for other services		
Tax compliance services	4	–
Other assurance services	66	–
	1,196	**678**
Total services provided by PwC	**2,632**	**4,491**

* Other fees include ASX listing costs and related services in the prior year.

32. Summary of significant accounting policies

(i) New and amended standards adopted by the Group

A number of amended standards became applicable for the current financial year:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2)*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (AASB 112)*

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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33. Deed of cross guarantee

The below mentioned entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/85.

Name of entity
Advanced Personnel Management Global Pty Ltd
Advanced Personnel Management Group Pty Ltd
Advanced Personnel Management Holdings Pty Ltd
Advanced Personnel Management International Pty Ltd
Advanced Personnel Management Investments Pty Ltd
Amicis Aged Care Pty Ltd
APM Aged Care Holdings Pty Ltd
APM Allied Health Pty Ltd
APM ESA Holdings Pty Ltd
APM Global Holdings Pty Ltd
APM Human Services International Limited
APM Human Services Pty Ltd
APM Lifecare Pty Ltd
APM Lifecare Trusco Pty Ltd
APM Mobility Holdings Pty Ltd
APM MyIntegra Holdings Pty Ltd
APM Ontrac Pty Ltd
APM Training Services Pty Ltd
Beststart Clinic Pty Ltd
Busiflow Nominees Pty Ltd
Clinpsych Psychology Services Pty Ltd
Communicorp Group Pty Limited
Early Start Australia Pty Ltd
Everyday Independence Pty Ltd
FBG Group Pty Ltd
Generation Health Pty Ltd
Ingeus Australia Holdings Pty Ltd
Ingeus Australia Investments Pty Ltd
Ingeus Australia Pty Ltd
Ingeus Pty Limited
Ingeus Victoria Pty Ltd
Innovative Training & Recruitment Pty Ltd
Integra Choice and Control Pty Ltd
Integra Plan Management Pty Ltd
Integra Supported Accommodation Pty Ltd
Integrated Care Pty Ltd
International APM Group Pty Ltd
Konekt Australia Pty Ltd
Konekt Employment Pty Ltd
Konekt International Pty Ltd
Konekt Pty Ltd
Konektiva Pty Limited
Management Consultancy International Pty Limited
MCI Institute Pty Ltd
Serendipity (WA) Pty Ltd
Springday Pty Ltd
SRC Solutions Pty Ltd
The Interact Group Pty Limited
Workcare Australia Pty Ltd

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(a) Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by APM Human Services International Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2023 of the closed group consisting of the entities as listed above.

	30 June 2023 $'000
Revenue from contracts with customers	758,854
Other income	1,857
Total income	**760,711**
People costs	(465,826)
Client support costs	(29,590)
Administration	(45,503)
Marketing	(8,794)
Travel expenses	(10,770)
Occupancy expenses	(33,672)
Other operating costs	(11,208)
Other gains	11,220
Depreciation and amortisation	(77,266)
Net finance costs	(48,487)
Profit before income tax	**40,815**
Income tax expense	(12,362)
Profit for the period	**28,453**
Other comprehensive income	
Other comprehensive income	–
Other comprehensive loss for the year, net of tax	**–**
Total comprehensive income for the period	**28,453**
Summary of movements in consolidated retained earnings	
Retained earnings at the beginning of the financial year	83,569
Profit for the year	28,453
Dividends paid	(91,718)
Retained earnings at the end of the financial year	**20,304**

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(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2023 of the closed group consisting of the entities as listed above.

	Note	30 June 2023 $'000
Current assets		
Cash and cash equivalents		27,894
Trade and other receivables		42,680
Accrued revenue		99,286
Prepayments		9,349
Total current assets		**179,209**
Non-current assets		
Property, plant and equipment		24,559
Right-of-use assets		45,521
Intangible assets		1,955,613
Prepayments		15,805
Other non-current assets		375,777
Intercompany		59,819
Total non-current assets		**2,477,094**
Total assets		**2,656,303**
Current liabilities		
Trade and other payables		19,092
Accrued expenses		39,469
Current Interest-bearing liabilities		23,377
Deferred revenue		23,791
Current provisions		33,834
Current tax liabilities		2,913
Other current liabilities		370
Total current liabilities		**142,846**
Non-current liabilities		
Provisions		8,484
Interest-bearing liabilities		892,146
Deferred tax liabilities		72,268
Other non-current liabilities		78,268
Total non-current liabilities		**1,051,166**
Total liabilities		**1,194,012**
Net assets		**1,462,291**
EQUITY		
Contributed equity		1,449,630
Reserves		(7,643)
Retained Earnings		20,304
Total Equity		**1,462,291**

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34. Capital management

The Group's objectives when managing capital are to:

- Maintain a strong capital base to hold investor, creditor and market confidence and to sustain future development of the business;
- Safeguard the ability to continue as a going concern; and
- To provide adequate return to shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year, the Group has honoured its covenant obligations, including maintaining capital ratios. The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	30 June 2023 $'000	30 June 2022 $'000
Net debt	920,867	519,173
Total equity	1,497,542	1,479,762
Net debt to equity ratio	**61%**	**35%**

The net debt to equity ratio increase is primarily as a result of financing the acquisitions of Equus and Everyday Independence (see Note 3).

Loan covenants

Under the terms of the syndicated facility agreement, the Group is required to comply with the following financial covenants:

- Net leverage ratio is lower than 3.50x
- Interest coverage ratio is higher than 3.00x

Interest coverage ratio is calculated under the terms of our Syndicated Facility Agreement.

Directors’ Declaration

For the year ended 30 June 2023

In the Directors’ opinion:

(a) the consolidated financial statements and notes set out on pages 82 to 152 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 2023 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
27 August 2023

Independent Auditor's Report

30 June 2023

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 2023 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 2023
- 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.

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.

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Independent Auditor's Report

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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 $18.4 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.
- Having considered various other benchmarks, we chose the Group's revenue because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- 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.
- The Group engagement team performed audit procedures on the financial information of financially significant components or components with financially significant balances in Australia, New Zealand, the United Kingdom, United States of America, Canada and Korea.
- Component auditors performed audit procedures on significant components or components with financially significant balances in the United Kingdom, United States of America, Canada and Korea.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Business combinations – Equus Workforce Solutions
  - Revenue recognition for contracts with customers - variable consideration (outcome-based revenue)
  - Valuation of Goodwill
- These are further described in the *Key audit matters* section of our report.

Independent Auditor's Report

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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.

Key audit matter	*How our audit addressed the key audit matter*
Business combinations – Equus Workforce Solutions *Refer to note 3(a)* The Group acquired Equus Workforce Solutions for total consideration of $251.7 million as described in note 3(a) of the financial report. The accounting for this acquisition was a key audit matter due to the magnitude of the transaction in the year and given the financial and operational impacts on the Group. In addition, the Group made judgements when accounting for the acquisitions, including: • identifying all assets and liabilities of Equus Workforce Solutions • and estimating the 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: • evaluated the Group's accounting for business combinations by examining relevant transaction agreements; • assessed the fair values of the acquired assets and liabilities, including: o considering significant assumptions used in the models that estimated forecast revenue and expenses levels to determine the fair value of the identifiable and measurable intangible assets; o considering the discount rates applied in light of other market participants' average cost of capital; o considering the valuation methodology in the models in light of the requirements of Australian Accounting Standards; and o assessing the competence, capabilities and objectivity of the Group's valuation expert. • evaluated the reasonableness of the business combination disclosures in light of the requirements of Australian Accounting Standards.
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 $1,894 million for the year ended 30 June 2023. The accrued revenue (contract asset) balance at 30 June 2023 amounts to $337.8 million which includes $196.6 million of accrued outcome-based revenue	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;

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Key audit matter	*How our audit addressed the key audit matter*
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 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 2023.	• 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 by: o evaluating the mathematical accuracy of the models; o reconciling a sample of placements included within the models to third party reports; o evaluating the Group's ability to accurately forecast by comparing forecasts with reported actual results for expected conversation rates; • 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 2023, the Group had $1,797 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; • 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;

Independent Auditor's Report

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Key audit matter	*How our audit addressed the key audit matter*
	• assessed the mathematical accuracy of the models; • 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 2023, 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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.

Independent Auditor’s Report

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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 62 to 79 of the directors’ report for the year ended 30 June 2023.

In our opinion, the remuneration report of APM Human Services International Limited for the year ended 30 June 2023 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
27 August 2023

Shareholder Information

30 June 2023

The shareholder information set out below was applicable as at 18 August 2023 (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	1,154	578,921	0.06%
Above 1,000 up to and including 5,000	1,255	3,586,148	0.39%
Above 5,000 up to and including 10,000	657	5,033,551	0.55%
Above 10,000 up to and including 100,000	855	23,547,483	2.57%
Above 100,000	120	884,435,843	96.43%
	4,041	**917,181,946**	**100.00%**

Unmarketable Parcels	Minimum Parcel Size (#)	Holders (#)	Units (#)
Minimum $500.00 parcel at $3.36 per unit	281	249	44,603

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.

Shareholder Information

continued

C. Top 20 Shareholders

The following is a listing of the top 20 holders of fully paid ordinary shares:

	Holding balance	% 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%
MDCP VIII-C LP	82,410,574	8.99%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	69,407,203	7.57%
CITICORP NOMINEES PTY LIMITED	55,661,744	6.07%
NATIONAL NOMINEES LIMITED	38,300,341	4.18%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,778,559	3.14%
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-A2 LP	12,882,062	1.40%
MDCP VIII EXECUTIVE-A LP	12,679,659	1.38%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,682,694	0.73%
ANGWIN INVESTMENTS PTY LTD <ANGWIN FAMILY DISCRETIO A/C>	4,225,353	0.46%
GRUMETI PTY LTD <SB A/C>	3,521,126	0.38%
XARANA PTY LTD <XARANA A/C>	3,521,126	0.38%
WYLLIE GROUP PTY LTD	3,270,969	0.36%
STEPHEN FEWSTER	3,195,662	0.35%
KAREN RAINBOW	3,130,366	0.34%
KABILA PTY LTD	2,957,747	0.32%
WATOTO PTY LTD	2,957,747	0.32%
	824,178,876	**89.86%**

D. Substantial shareholders

Substantial shareholders in the Company as disclosed in substantial holding notices lodged with ASX are set out below:

	Holding balance	%
APM Human Services International Limited[1]	363,550,859	39.64%
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.

Shareholder Information

continued

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)
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

Notes:

* Shareholders may hold their interests in Shares directly, or through entities associated with them (e.g. through holdings by companies or trusts).

Corporate Directory

Directors

Megan Wynne

Michael Anghie

Timothy P. Sullivan

Elizabeth Q. Betten

William E. Ritchie

Robert Melia

Simone Blank

Neville Power

Benjamin Wyatt

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 VIC 3067

Auditor

PricewaterhouseCoopers

Brookfield Place
125 St Georges Terrace
Perth WA 6000

Solicitors

Gilbert + Tobin

Level 35, Tower Two
200 Barangaroo Avenue
Barangaroo NSW 2000

Website address

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