Appendix 4D

For the half-year ended 31 December 2023

Details of the reporting period and the previous corresponding period

Current period: 1 July 2023 to 31 December 2023

Previous corresponding period: 1 July 2022 to 31 December 2022

Results for announcement to the market

Key information	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000	Change %
Revenue from contracts with customers	1,115,176	851,089	31.0%
Total profit from ordinary activities for the period attributable to members	16,998	50,646	(66.4)%
Total comprehensive income for the period attributable to members	7,210	38,868	(81.5)%
Underlying net profit after tax before amortisation expense relating to acquired service agreement contract intangibles (Underlying NPATA)[(i)]	55,012	85,382	(35.6)%

(i) Underlying Net Profit After Tax before Amortisation of Service Contracts is comprised of reported statutory results less significant non-recurring items. This is separately disclosed and a reconciliation of total profit for the period to underlying NPATA is contained below. This non-IFRS measure is included to assist users in understanding the financial performance of the Group.

APM Human Services International Limited ("APM" or "the Group") utilises the non-IFRS measure of NPATA to assess the performance of its operations as it excludes the non-cash amortisation of service agreement contract intangibles over their useful lives. Service agreement contract intangibles have arisen from purchase price accounting when APM has been acquired historically and when APM acquires businesses.

The following table adjusts the total profit for the period for expenses associated with extraordinary, corporate development and integration costs which are then tax effected, to calculate the Underlying NPATA results for the half-year ended 31 December 2023.

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000	Change %
Total profit for the period	16,998	50,646	(66.4)%
Amortisation expense (relating to acquired service agreement contracts)	26,561	23,856	11.3%
NPATA	43,559	74,502	(41.5)%
Underlying adjustments:			
Business acquisitions and integrations	8,936	12,409	(28.0)%
Debt refinancing	1,667	3,180	(47.6)%
Foreign exchange	1,192	(1,479)	180.6%
Other extraordinary items	3,398	–	100.0 %
Tax effect adjustment*	(3,740)	(3,230)	15.8%
Underlying NPATA	55,012	85,382	(35.6)%

* To recognise the tax effect of the underlying adjustments included above.

For further details on APM's performance for the half-year ended 31 December 2023, refer to the Interim Report which forms part of this release, and the December 2023 half-year results presentation announced to the Australian Securities Exchange ("ASX") on 28 February 2024.

Appendix 4D (continued)

For the half-year ended 31 December 2023

Dividends

Dividends paid on 28 September 2023 during the half-year period amount to $45.9 million, based on 5.0 cents per fully paid ordinary share out of retained earnings. Since the end of the half-year period ended 31 December 2023. The Directors have deferred the decision on a dividend to the end of FY24.

Net tangible assets

	As at 31 December 2023 $'000	As at 30 June 2023 $'000
Net assets	1,455,201	1,479,542
Less: intangible assets	(2,169,066)	(2,199,790)
Net tangible liabilities of the company*	(713,865)	(720,248)
Fully paid ordinary shares on issue at balance date	917,181,946	917,181,946
Net tangible liabilities backing per issued ordinary share as at balance date	(0.78)	(0.79)

* The net tangible liabilities includes the right-of-use assets as per AASB 16.

Entities over which control has been gained during the period

During the half-year ended 31 December 2023, APM, through its wholly-owned subsidiary, APM Work Health Pty Ltd ("APMWH"), acquired 100% of the shares in Ergoworks Physiotherapy and Consulting Pty Ltd and ErgoEquip Pty Ltd (together "Ergoworks") for cash consideration of $2.1 million. Refer to Note 3(b).

The following entities were acquired by the Group during the period:

Name of entity	Date of control
Ergoworks Physiotherapy and Consulting Pty Ltd (Australia)*	4 July 2023
ErgoEquip Pty Ltd (Australia)*	4 July 2023

* Together known as "Ergoworks".

Additional information

This information should be read in conjunction with the 2023 Annual Report. Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' report and the consolidated financial statements for the half-year ended 31 December 2023. This report is based on the Interim Report for the half-year ended 31 December 2023 on which PricewaterhouseCoopers has provided an unqualified review report.

Interim Report

For the half-year ended
31 December 2023

APM Human Services International Limited
ABN 38 639 621 766

enabling better lives

Contents

Directors' Report

For the half-year ended 31 December 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 half-year ended 31 December 2023 (H1 FY24).

Directors

The following persons were Directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated:

Megan Wynne
Michael Anghie
Timothy Sullivan
Elizabeth Betten
William Ritchie
Robert Melia
Simone Blank
Neville Power
Benjamin Wyatt

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

Review of results and operations

Overview of APM

APM is a global provider of health and human services including employment, disability, assessment, Allied Health and vocational rehabilitation services. APM works with governments, employers, insurers and individuals to improve workforce participation and social inclusion.

APM's strategy is to build a long term sustainable health and human services business. Since listing on the ASX, APM has continued 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 15,000 team members who Enable Better Lives by supporting 2.2 million people each year to optimise their potential and live their best possible life.

APM delivers these services through the following key service lines:

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, first nations people and people from culturally or linguistically diverse backgrounds. Operating in Australia, New Zealand, UK, Canada, USA, South Korea, Singapore, Germany, Switzerland, Sweden and Spain.

Health and Wellbeing: Delivery of private, government, insurance and corporate health programs focused on prevention, rehabilitation (medical, psycho-social and vocational), Allied Health and psychological intervention services. Operating in Australia, New Zealand, the UK, and Canada, with additional psychology services delivered by supply chain partners globally.

Communities and Assessment: On behalf of Government, APM works with individuals to develop support plans for funded and non-funded support services. APM operates community-based programs in the youth, justice and veterans' sectors. APM's Communities and Assessment business operates in Australia, the UK, and New Zealand.

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 marketplace. These services are delivered across Australia.

APM reports its results within three geographical segments Australia and New Zealand ("ANZ"), North America and Rest of World. Our segments have different factors driving revenue and profitability. The sections that follow cover these segments in greater detail.

Directors' Report (continued)

For the half-year ended 31 December 2023

Review of results and operations (continued)

Financial highlights

Profit & loss summary

$Am	H1 FY24	H1 FY23
Total income	1,116.8	853.7
Total profit for the period attributable to members	17.0	50.6
Add back: amortisation of service agreement contracts	26.6	23.9
NPATA*	43.6	74.5
Underlying NPATA**	55.0	85.4
Underlying NPATA margin	4.9%	10.0%

* NPATA is the net profit or loss after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles. NPATA is considered by Management as the primary reporting measure in understanding the financial performance of each of its segments. NPATA is used by the Executive Office when assessing strategic options and the ability to pay dividends.

** Underlying NPATA is the net profit or loss after tax and after adding back amortisation expense relating to acquired service agreement contract intangibles, extraordinary, corporate development and integration costs which are then tax effected.

Revenue growth of $263.1 million (30.8%) to $1,116.8 million in H1 FY24 attributable to:

- Australia: full half revenue contribution from Everyday Independence acquired in February 2023, contributing $45.9 million in H1 FY24. Organic growth in existing Health businesses offset by a reduction in revenue from Employment Services due to lower client flow in DES and Workforce Australia.
- North America: revenue growth of $268.3 million, includes full half revenue contribution from Equus delivering an incremental $235.2 million in H1 FY24 with a further $33.1 million organic growth from new contract wins across the rest of North America.
- Rest of World: lower revenue is mainly due to lower client flow in the UK Restart Scheme and the end of the short term COVID-19 relief JETS program in the UK due to sustained, historic low levels of unemployment, combined with more support being required to assist clients into employment.

Underlying NPATA has declined $30.4 million (35.6%) to $55.0 million in H1 FY24 attributable to:

- Reduced contribution from performance-based Employment Services contracts due to lower client flow across Australia in DES and Workforce Australia and the Restart Scheme in the UK, due to sustained, historic low levels of unemployment, combined with more support being required to assist clients into employment.
- Margin growth in Health subdued due to the investment in the attraction and retention of talent and systems to support growth of the Allied Health and NDIS business.
- Growth in the large US market, which is characterised by lower risk and lower margin contracts. H1 FY24 included a greater contribution of cost-plus contracts (including Equus), with North America maintaining stable margin % compared to H1 FY23.
- Additional interest expense of $12.3 million (up 74% on H1 FY23), decreasing Underlying NPATA by $8.6 million as a result of an increase in debt (59% of additional) and an increase in the cost of debt (41% of additional interest). Excluding the impact of the additional interest expense, Underlying NPATA margin would have been 5.7%.

Cash flow summary

$Am	H1 FY24	H1 FY23
Operating cash flow	103.2	55.6
Investing cash flow	(23.1)	(267.9)
Financing cash flow	(80.2)	149.3
Net decrease in cash	**(0.1)**	**(63.0)**

Directors' Report (continued)

For the half-year ended 31 December 2023

Review of results and operations (continued)

Financial highlights (continued)

Cash flow summary *(continued)*

During the half-year, APM's operating assets and liabilities increased by $16.1 million, due to the following key factors:

- Reduction in accrued and deferred revenue of $38.5 million which reflects lower client flow into Employment Services programs primarily in Australia and the UK.
- Movement in other working capital balances reflecting operating activity such as lower costs and provisions linked to client flow in Employment services contracts in Australia and the UK.
- Decrease in current tax liabilities of $13.1 million due to an increase in cash tax paid in Australia of $7.9 million due to the proposed change in the Thin Capitalisation legislation which reduces the tax shield against cash tax (no impact on accounting).
- Investment in mobilisation of the Functional Assessment Service contract in the UK, which will continue each month to operational commencement in October 2024.
- Seasonality of collections continues to drive fluctuations in cash conversion, with some payments in the US and the UK scheduled for January 2024 received in December 2023 resulting in strong cash conversion in the H1 FY2024.

During H1 FY24, APM's investing activities included $13.9 million on capital expenditure. This is $6.4 million lower than H1 FY23, which included investment in the mobilisation of the RSVP contract in Canada. Across both H1 FY23 and H1 FY24 capital expenditure includes ongoing investment in IT infrastructure, primarily for the Health business.

APM's investing activities in H1 FY24 also included the acquisition of Ergoworks (refer to Note 3(b)) and completion payments for the Equus transaction.

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.

There have been no changes to the Group's $1,140.0 million syndicated debt facility, with $228.4 million remaining undrawn at 31 December 2023.

During the period, the Group has remained compliant with its covenant obligations, including maintaining capital ratios.

Directors' Report (continued)

For the half-year ended 31 December 2023

Review of results and operations (continued)

Financial highlights (continued)

Segment Overview

Australia and New Zealand ("ANZ")

$Am	H1 FY24	H1 FY23	Movement $	Movement %
Revenue	424.6	389.4	35.2	9.0%
Underlying NPATA	17.3	43.8	(26.5)	(60.5)%
Underlying NPATA Margin (%)	4.1%	11.2%		

The ANZ segment (Australia and New Zealand) delivers:

Employment Services key contracts Disability Employment Services ("DES") and Workforce Australia. Revenue reflects a mix of service fees and outcome fees, the contribution of each changes through different employment cycles subject to client flow driving movements in dollar and percentage margin.

Health and Wellbeing includes APM's National Disability Insurance Scheme ("NDIS") businesses, Early Start Australia and Everyday Independence. Other key health businesses relate to employee health and wellbeing, injury management, return to work and vocational rehabilitation. APM's health businesses are largely client choice including our NDIS businesses. Revenue is primarily fee for service with some fixed fee elements. Margin dollar and percentage is impacted by operating scale and daily productivity.

Communities and Assessments, Disability and Aged Care relates to assessments which are delivered on behalf of individuals, governments, insurance companies, and corporates including Regional Assessment Services ("RAS") and Residential Aged Care Assessments ("RACA"). These service lines also include MyIntegra, providing plan management and support coordination for NDIS participants. Revenue is primarily fee for service with some fixed fee elements. Margin dollar and percentage is impacted by operating scale and daily productivity.

Revenue growth of $35.2 million (9.0%) to $424.6 million in H1 FY24 attributable to:

- Australia: full half revenue contribution from Everyday Independence in Australia acquired in February 2023 contributing $45.9 million, and continued organic growth in existing Health businesses offset by a reduction in revenue from Employment Services due to lower client flow in DES and Workforce Australia.

Underlying NPATA has declined $26.5 million (60.5%) to $17.3 million in H1 FY24 attributable to:

- Reduced contribution from performance-based Employment Services contracts due to lower client flow across DES and Workforce Australia impacted by sustained, historic low levels of unemployment. Caseloads are more challenging to support in a low unemployment cycle with an increased investment in support activity to sustain strong contract KPI's.
- Margin growth in Health subdued due to investment in the attraction and retention of talent and systems to support the long term growth of the Allied Health and NDIS business.
- Additional interest expense of $12.3 million (up 74% on H1 FY23), decreasing Underlying NPATA by $8.6 million with Group debt and interest costs all recorded in Australia. Excluding the increased interest expense, Underlying NPATA margin would have been 6.1%.

Directors' Report (continued)

For the half-year ended 31 December 2023

Review of results and operations (continued)

Financial highlights (continued)

Segment Overview *(continued)*

Other developments in H1 FY24 include:

- APM continued to focus on investment in growth in Health, with particular focus on supporting the growing demand in disability services delivered through the NDIS and in mental health services.
- Allied Health recruitment has been impacted by tight labour markets. APM is focusing on alternative and streamlined pathways to recruit, including the use of AI, increasing intake of graduates and associated training support and improving its employee value proposition more holistically.
- The inaugural Workforce Australia Performance Assessments was released in November 2023. The performance framework assesses performance holistically, requiring providers to demonstrate performance against a range of criteria. APM outperformed the market with 48% of all contracts rated as High compared to the market at 14%.
- APM welcomed the NDIS review "Working together to deliver the NDIS" in December 2023, which included a number of recommendations including the introduction of a new approach to foundational supports; navigation supports to better connect people with disability; humanising the planning process and moving away from diagnosis to focus on fairer home and living supports for children and families; better support for psychosocial disability and mental health; creating fairer home and living supports; and improvements to quality, safety and integrity.

North America

$Am	H1 FY24	H1 FY23	Movement $	Movement %
Revenue	494.0	225.7	268.3	118.9%
Underlying NPATA	29.7	12.9	16.8	130.2%
Underlying NPATA Margin (%)	6.0%	5.7%		

The North America segment (Canada and the United States) delivers:

Employment Services key programs in the US include the Temporary Assistance for Needy Families ("TANF") and Workforce Innovation and Opportunity Act ("WIOA") workforce development programs; and Job Corps which is the largest residential career training program in the US and has been operating for more than 50 years. The program helps eligible young people ages 16 through 24 complete their high school education, trains them for meaningful careers, and assists them with obtaining employment. These programs are largely cost plus which are lower margin with stable earnings. Key programs in Canada include the Ontario Employment Transformation program and the WorkBC program. Revenue reflects a mix of fixed fee with some service and outcome fees.

Health and Wellbeing includes the Rehabilitation Services and Vocational Assistance Program (RSVP) in Canada. RSVP is a nationwide program delivering evidenced-based medical, psycho-social, and vocational rehabilitation services to support ill and injured veterans, and their family members. Revenue is a combination of fee for service and fixed fee.

Revenue growth of $268.3 million (118.9%) to $494.0 million in H1 FY24 attributable to:

- Revenue growth in the US attributable to Equus with $235.2m incremental revenue ($327.3 million representing a full six month contribution in H1 FY24 after being acquired in November 2022 and contributing only two months to H1 FY23 with $92.1 million).
- Canada had revenue growth of $19.0 million (or 28.7%), in part from the RSVP contract commencing in December 2022 and a full half contribution of the Phase 1 York region Ontario Employment Transformation program.

Underlying NPATA has increased $16.8 million (130.2%) to $29.7 million in H1 FY24 attributable to:

- Margin % remains relatively stable reflecting the more structured margin and lower risk contracts in North America.

Directors' Report (continued)

For the half-year ended 31 December 2023

Review of results and operations (continued)

Financial highlights (continued)

Segment Overview *(continued)*

Other developments in H1 FY24 include:

- In the US, APM secured 4 new Job Corps contracts during H1 FY24. APM now operates a total of 9 contracts for the delivery of Job Corps services. These 4 new contracts range in duration from 1.5 to 5 years.
- The integration of Equus remains on schedule, with strong operational performance and strong contract conversion win rates.
- In Canada, the Rehabilitation Services and Vocational Assistance Program ("RSVP") reached scale through H1 FY24 after commencing ahead of schedule in December 2022. The Canadian business was also awarded the Ottawa region Ontario employment services transformation contract where services commenced in January 2024.

Rest of World

$Am	H1 FY24	H1 FY23	Movement $	Movement %
Revenue	198.2	238.6	(40.4)	(16.9)%
Underlying NPATA	8.0	28.6	(20.6)	(72.0)%
Underlying NPATA Margin (%)	4.0%	11.9%		

The Rest of World segment (UK, Sweden, Germany, Switzerland, Spain, South Korea and Singapore) delivers:

Employment Services key programs in the UK include the Restart Scheme, and the Work and Health Program ("WHP"), which includes the recently awarded WHP Pioneer as part of Universal Supports in the UK. Revenue reflects a mix of service fees and outcome fees. The contribution of each changes through different employment cycles and is subject to client flow, driving movements in dollar and percentage margin.

Health and Wellbeing and Communities and Assessments relates to programs such as the National Citizen Service ("NCS") national contract supporting young people to learn new skills. In Health, the CIC business provides EAP, mental health and wellbeing solutions. Revenue is primarily fee for service. Margin dollar and percentage is impacted by operating scale and daily productivity.

Revenue reduced $40.4 million (16.9%) to $198.2 million in H1 FY24 attributable to:

- Lower revenue primarily due to lower client flow in the UK Restart Scheme program and the end of the short term COVID-19 relief JETS program in the UK (JETS contributed $18.0 million revenue in H1 FY23). Partly offset by an increase in contribution from WHP and the NCS program.
- Outside of the UK, the rest of the world was largely in line with H1 FY23 on an underlying basis.

Underlying NPATA decreased $20.6 million (72.0%) to $8.0 million in H1 FY24 attributable to:

- Reduced contribution from performance-based Employment Services contracts due to lower client flow across the Restart Scheme driven by historic low levels of unemployment. Caseloads are more challenging to support in a low unemployment cycle with an increased investment in support activity to sustain contract performance.

Other developments in H1 FY24 include:

- The UK Government announcing an extension and expansion of the Restart Scheme in England and Wales for a further 2 years until June 2026. Expanding tailored, intensive support to people who have been on Universal Credit for more than 6 months, rather than the previous eligibility periods of 9 and 12 months, which is expected to increase client flows into the program.
- Ingeus UK was selected to deliver the pilot program called Work and Health Program Pioneer, which is the latest phase of the Universal Support package. This phase 1 Pilot, offers personalised employment support to help job seekers into sustainable work through upskilling and training with continued support once in work.
- Mobilisation of the Functional Assessment Service contract is on schedule to commence delivery in October 2024, after continued investment in the H1 FY24.

Directors' Report (continued)

For the half-year ended 31 December 2023

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 08.

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 ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and Interim Report. Amounts in the Directors' report and Interim Report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of Directors.

Michael Anghie
Group Chief Executive Officer & Executive Director

Perth
28 February 2024

Auditor's Independence Declaration

For the half-year ended 31 December 2023

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Auditor's Independence Declaration

As lead auditor for the review of APM Human Services International Limited for the half-year ended 31 December 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 review; and

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

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

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
28 February 2024

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
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 half-year ended 31 December 2023

	Note	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Revenue from contracts with customers	4	1,115,176	851,089
Other income		1,598	2,616
Total income		**1,116,774**	**853,705**
People costs	5(a)	(756,614)	(536,435)
Client support costs		(109,933)	(64,378)
Administration	5(a)	(48,802)	(39,137)
Marketing		(7,061)	(6,720)
Travel expenses		(9,299)	(7,351)
Occupancy expenses	5(a)	(42,003)	(33,585)
Other operating costs	5(a)	(17,664)	(11,326)
Other gains/(losses)	5(a)	8,861	(159)
Depreciation and amortisation	5(a)	(75,538)	(65,227)
Net finance costs	6	(38,194)	(23,688)
Profit before income tax		20,527	65,699
Income tax expense		(3,529)	(15,053)
Profit for the period		16,998	50,646
Profit attributable to:			
Owners of APM Human Services International Limited		16,489	50,045
Non-controlling interests		509	601
		16,998	**50,646**
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations		(9,596)	(12,171)
Other comprehensive income		(192)	393
Other comprehensive loss for the period		**(9,788)**	**(11,778)**
Total comprehensive income for the period		**7,210**	**38,868**
Total comprehensive income for the period attributable to:			
Owners of APM Human Services International Limited		6,701	38,267
Non-controlling interests		509	601
		7,210	38,868

	Note	31 December 2023 Cents	31 December 2022 Cents
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	1.8	5.5
Diluted earnings per share	7	1.8	5.5

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 31 December 2023

	Note	31 December 2023 $'000	30 June 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents		106,705	106,846
Trade and other receivables		186,908	195,856
Accrued revenue		286,158	337,795
Inventory		51	–
Current tax receivables		7,866	–
Prepayments		61,656	43,639
Total current assets		**649,344**	**684,136**
Non-current assets			
Property, plant and equipment		44,232	49,019
Right-of-use assets		118,438	135,728
Intangible assets	8	2,169,066	2,199,790
Prepayments		16,835	27,209
Other non-current assets		12,589	12,548
Deferred tax assets		37,696	38,385
Total non-current assets		**2,398,856**	**2,462,679**
Total assets		**3,048,200**	**3,146,815**
LIABILITIES			
Current liabilities			
Trade and other payables		64,585	67,312
Accrued expenses		128,723	141,090
Interest-bearing liabilities	9	71,511	64,739
Current tax liabilities		–	5,208
Deferred revenue		84,171	78,122
Provisions	10	47,351	57,543
Other current liabilities	13	44,746	2,734
Total current liabilities		**441,087**	**416,748**
Non-current liabilities			
Interest-bearing liabilities	9	978,318	962,974
Deferred tax liabilities		88,144	96,608
Provisions	10	24,398	34,139
Other non-current liabilities	13	19,676	78,268
Deferred revenue		41,376	60,536
Total non-current liabilities		**1,151,912**	**1,232,525**
Total liabilities		**1,592,999**	**1,649,273**
Net assets		**1,455,201**	**1,497,542**
EQUITY			
Contributed Equity	11	1,449,630	1,449,630
Other reserves		(25,561)	(13,949)
Retained Earnings		25,154	54,717
Equity attributable to the owners of APM		**1,449,223**	**1,490,398**
Non-controlling interests		5,978	7,144
Total equity		**1,455,201**	**1,497,542**

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Note	Contributed equity $'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 for the half-year		–	–	50,045	601	50,646
Other comprehensive income		–	(12,171)	393	–	(11,778)
Total comprehensive profit for the half-year		**–**	**(12,171)**	**50,438**	**601**	**38,868**
Distribution to minority interests		–	–	(608)	307	(301)
Dividends paid		–	–	(45,859)	–	(45,859)
Transfer of reserves		–	6,258	–	–	6,258
Employee share schemes		–	710	–	–	710
Adjustment for Non-controlling interests on acquisition		–	–	–	334	334
Balance at 31 December 2022		**1,449,630**	**(17,692)**	**43,064**	**4,770**	**1,479,772**

	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2023		**1,449,630**	**(13,949)**	**54,716**	**7,144**	**1,497,541**
Profit for the half-year		–	–	16,489	509	16,998
Other comprehensive income		–	(9,596)	(192)	–	(9,788)
Total comprehensive profit for the half-year		**–**	**(9,596)**	**16,297**	**509**	**7,210**
Issue of ordinary shares as consideration for a business combination	3(b)	–	–	–	375	375
Distribution to minority interests		–	–	–	(714)	(714)
Dividends paid	12	–	–	(45,859)	–	(45,859)
Adjustment in put option		–	670	–	–	670
Employee share schemes		–	978	–	–	978
Adjustment for Non-controlling interests on acquisition		–	(3,664)	–	(1,336)	(5,000)
Balance at 31 December 2023		**1,449,630**	**(25,561)**	**25,154**	**5,978**	**1,455,201**

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST and VAT)	1,247,052	908,155
Payments to suppliers and employees (inclusive of GST and VAT)	(1,120,106)	(821,186)
Interest received	670	620
Income tax paid	(24,379)	(32,027)
Net cash flows from operating activities	**103,237**	**55,562**
Cash flows used in investing activities		
Payment for property, plant and equipment and intangibles	(13,854)	(20,267)
Receipts for security deposits	106	–
Payment for acquisition of subsidiary, net of cash acquired	(9,361)	(247,662)
Net cash used in investing activities	**(23,109)**	**(267,929)**
Cash flows from financing activities		
Proceeds from borrowings	74,619	246,175
Repayment of borrowings	(38,659)	–
Interest paid	(33,953)	(21,316)
Principal elements of lease payments	(35,703)	(29,409)
Distribution to minority holders	(714)	(301)
Dividends paid to shareholders	(45,859)	(45,859)
Net cash (used in)/from financing activities	**(80,269)**	**149,290**
Net decrease in cash and cash equivalents held	(141)	(63,077)
Cash and cash equivalents at beginning of period	106,846	171,392
Net foreign exchange differences	–	(955)
Cash and cash equivalents at end of the period	**106,705**	**107,360**

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1. Basis of preparation of half-year report

This consolidated Interim Report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Interim Report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Interim Report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

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

(a) Significant changes in the current reporting period

There have been no significant transactions during the six months to 31 December 2023.

For a detailed discussion about the Group's performance and financial position please refer to our review of operations in the Directors' report.

(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 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 Interim Report are found in the following notes:

- Revenue from contracts with customers – Note 4
- Intangible assets – Note 8
- Leases – Note 9
- Provisions – Note 10
- Deferred consideration – Note 13

(c) New and amended standards adopted by the Group

The Group has applied 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)* and AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (AASB 112)*. These amendments, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) 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 31 December 2023 half-year 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.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

2. Segment and revenue information

(a) Description of segments

The Group operates in the 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.

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

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

The CODM's primarily uses net profit after tax before amortisation to assess the performance of the operating segments ("NPATA"). 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.

(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.

(c) Reconciliation of NPATA to profit before tax

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

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
NPATA	43,559	74,502
Income tax expense	3,529	15,053
Amortisation expense (relating to acquired service agreements)	(26,561)	(23,856)
Profit before income tax	20,527	65,699

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

2. Segment and revenue information (continued)

(d) Segment results

For the half-year ended 31 December 2022	ANZ $'000	North America $'000	Rest of World $'000	Consolidated $'000
Segment revenue				
Revenue from contracts with customers	388,458	224,219	238,412	851,089
Other income	975	1,503	138	2,616
Total segment revenue	**389,433**	**225,722**	**238,550**	**853,705**
Segment net profit after tax before amortisation (NPATA)	**33,344**	**13,080**	**28,078**	**74,502**
Underlying adjustments:				
Business acquisitions and integrations	11,739	(222)	892	12,409
Debt refinancing	3,181	–	(1)	3,180
Foreign exchange	(1,465)	29	(43)	(1,479)
Tax effect adjustment*	(3,080)	44	(194)	(3,230)
Underlying NPATA	**43,719**	**12,931**	**28,732**	**85,382**
NPATA as a percentage of revenue	**8.6%**	**5.8%**	**11.8%**	**8.7%**
Underlying NPATA as a percentage of revenue	**11.2%**	**5.7%**	**12.0%**	**10.0%**

For the half-year ended 31 December 2023	ANZ $'000	North America $'000	Rest of World $'000	Consolidated $'000
Segment revenue				
Revenue from contracts with customers	423,327	493,756	198,093	1,115,176
Other income	1,271	206	121	1,598
Total segment revenue	**424,598**	**493,962**	**198,214**	**1,116,774**
Segment net profit after tax before amortisation (NPATA)	**19,926**	**25,105**	**(1,472)**	**43,559**
Underlying adjustments:				
Business acquisitions and integrations	4,294	4,642	–	8,936
Debt refinancing	1,667	–	–	1,667
Foreign exchange	1,117	–	75	1,192
Other extraordinary items	(8,465)	619	11,244	3,398
Tax effect adjustment*	(1,283)	(675)	(1,782)	(3,740)
Underlying NPATA	**17,256**	**29,691**	**8,065**	**55,012**
NPATA as a percentage of revenue	**4.7%**	**5.1%**	**(0.7)%**	**3.9%**
Underlying NPATA as a percentage of revenue	**4.1%**	**6.0%**	**4.1%**	**4.9%**

* To recognise the tax effect of the underlying adjustments included above.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

2. Segment and revenue information (continued)

(e) Revenue by country

Revenue by country	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
ANZ		
Australia	401,973	369,358
New Zealand	21,354	19,100
North America		
USA*	419,490	163,474
Canada	74,266	60,744
Rest of World		
South Korea**	3,825	15,876
Singapore	4,222	3,440
United Kingdom	171,237	201,891
Sweden	4,401	5,602
Germany	10,948	9,174
Switzerland	3,460	2,430
Total revenue from contracts with customers	**1,115,176**	**851,089**

* Increase due to the acquisition of Equus Workforce Solutions on 1 November 2022 in the comparative period.

** Decrease due to a one time adjustment to align with the Group's revenue recognition policy.

(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	31 December 2023 $'000	30 June 2023 $'000
ANZ		
Australia	2,012,864	2,032,097
New Zealand	34,600	34,355
North America		
USA	456,736	480,447
Canada	113,370	111,890
Rest of World		
South Korea	61,320	74,157
Singapore	32,704	31,085
United Kingdom	244,678	298,862
Sweden	9,311	9,365
Germany	17,697	17,079
Switzerland	6,769	6,545
Total segment assets	**2,990,049**	**3,095,882**
Deferred tax assets	37,696	38,385
Current tax receivables	7,866	–
Other assets	12,589	12,548
Total assets per the Consolidated Statement of Financial Position	**3,048,200**	**3,146,815**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

2. Segment and revenue 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	31 December 2023 $'000	30 June 2023 $'000
ANZ		
Australia	235,897	259,842
New Zealand	7,207	6,663
North America		
USA	134,934	141,532
Canada	42,009	45,333
Rest of World		
South Korea	5,072	6,756
Singapore	1,949	1,926
United Kingdom	158,509	204,562
Sweden	2,275	1,988
Germany	7,861	8,637
Switzerland	2,159	2,446
Total segment liabilities	**597,872**	**679,685**
Deferred tax liabilities	88,144	96,608
Current tax liabilities	–	5,208
Current borrowings	9,431	1,636
Non-current borrowings	897,552	866,136
Total liabilities per the Consolidated Statement of Financial Position	**1,592,999**	**1,649,273**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

3. Business combinations

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

On 1 February 2023, APM acquired 100% of the shares in Everyday Independence for a total consideration of $76.9 million (i.e. upfront cash consideration of $35.8 million and a deferred consideration of $41.1 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	Adjustments	Final fair value $'000
Cash and cash equivalents	332	–	332
Trade and other receivables	1,183	–	1,183
Prepayments	942	–	942
Property, plant and equipment	648	–	648
Right-of-use assets	7,253	–	7,253
Intangible assets	15,363	–	15,363
Deferred tax assets	3,510	31	3,541
Other non-current assets	122	–	122
Trade and other payables	(1,603)	(104)	(1,707)
Accrued expenses	(2,958)	–	(2,958)
Current provisions	(2,147)	–	(2,147)
Current interest-bearing liabilities	(2,895)	–	(2,895)
Interest-bearing liabilities	(4,358)	–	(4,358)
Non-current provisions	(881)	–	(881)
Current tax liabilities	(287)	–	(287)
Deferred tax liabilities	(6,975)	–	(6,975)
Net identifiable assets acquired	**7,249**	**(73)**	**7,176**
Goodwill	76,562	(6,793)	69,769
Net assets acquired	**83,811**	**(6,866)**	**76,945**

Acquired receivables

The final 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 $80.5 million revenue and $3.8 million net profit after tax to the Group for the period from acquisition on 1 February 2023 to 31 December 2023. These amounts have been calculated using the subsidiary's results which includes an additional charge of $2.2 million for the amortisation of acquired service contracts intangibles that arose from the business combination.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

3. Business combinations (continued)

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

Purchase consideration

Details of the purchase consideration are as follows:

	Provisional fair value $'000	Adjustments (against Goodwill)	Final fair value $'000
Cash paid	35,770	–	35,770
Deferred consideration (i)			
First deferred payment	17,500	–	17,500
Second deferred payment	30,541	(6,866)	23,675
Total purchase consideration	**83,811**	**(6,866)**	**76,945**

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 13. 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 at least $10.0 million for the year ended 30 June 2024. The undiscounted amount is payable in August 2024, estimated to be $24.9 million based on the forecast budget for the financial year ending 30 June 2024. A discounted amount of $23.7 million has been disclosed above and at Note 13. This is in-line with the standards of accounting for business combinations.

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.

(b) Summary of acquisition – Ergoworks (100%)

On 4 July 2023, the Group, through its wholly-owned subsidiary, APM Work Health ("APMWH"), acquired 100% of the shares in Ergoworks Physiotherapy and Consulting Pty Ltd and ErgoEquip Pty Ltd (together "Ergoworks") for $2.1 million. Consideration paid was $1.7 million in cash and $0.4 million in shares of APMWH. The rationale for the acquisition was to support the Group's strategy to grow and support the existing Allied Health business.

(c) Summary of acquisition – Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd (40%)

On 6 October 2023 the Group acquired the remaining 40% in Mobility Australia Pty Ltd and 40% in Mobility Holdings Pty Ltd (together "Mobility"). Consideration paid was $2.5 million in cash and $2.5 million deferred (disclosed in Note 13).

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

4. Revenue

The Group derives revenue from the transfer of services through its principal activities in the following major service lines:

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Employment services	814,335	625,602
Health and Wellbeing	204,175	144,542
Communities and Assessment	84,737	70,800
Disability and Aged Care Support Services	11,929	10,145
Total revenue from contracts with customers	**1,115,176**	**851,089**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

5. Profit and loss information

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.

(a) Significant items

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Included in other gains/(losses):		
Unrealised foreign exchange (loss)/gain	(1,191)	1,479
Realised foreign exchange gain	206	269
Gain on fair value re-assessment of deferred consideration	9,837	–
Gain on lease modification	9	–
Loss on forward contract	–	(1,907)
	8,861	**(159)**
Included in people costs:		
Salaries and wages expense	(672,601)	(459,966)
Share-based payments expense	(1,978)	(710)
Subcontractor costs	(82,035)	(75,759)
	(756,614)	**(536,435)**
Included in administration:		
Consulting fees	(20,529)	(15,104)
Licence costs	(14,352)	(12,545)
Training, development and recruitment costs	(6,061)	(4,621)
Information technology costs	(4,541)	(3,640)
Other	(3,319)	(3,227)
	(48,802)	**(39,137)**
Included in occupancy expenses:		
Short-term and low-value lease payments	(4,075)	(10,253)
Other occupancy-related costs	(37,928)	(23,332)
	(42,003)	**(33,585)**
Included in other operating costs:		
Consumables	(2,248)	(2,024)
Insurance	(5,997)	(3,986)
Printing, postage, storage & stationery	(4,634)	(3,185)
Subscriptions	(2,751)	(1,356)
Other operating costs	(2,034)	(775)
	(17,664)	**(11,326)**
Included in depreciation and amortisation:		
Depreciation of property, plant and equipment	(8,365)	(10,705)
Depreciation of right-of-use assets	(36,593)	(27,704)
Amortisation of acquired service agreement contracts	(26,561)	(23,856)
Amortisation of brand	(49)	(16)
Amortisation of licences and software	(3,970)	(2,946)
	(75,538)	**(65,227)**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

6. Net finance costs

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Bank interest income	670	621
Interest expense on lease liability	(4,942)	(3,542)
Loss on debt extinguishment	–	(656)
Bank interest expense	(29,011)	(16,678)
Financing component – revenue	(1,657)	(1,887)
Other finance costs	(3,254)	(1,546)
Total net finance costs	**(38,194)**	**(23,688)**

7. Earnings per share

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

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Net profit after tax for the period	16,998	50,646
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	16,489	50,045

(b) Weighted average number of shares used as denominator

	Half-year ended 31 December 2023 Number	Half-year ended 31 December 2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	917,181,946	917,181,946

Basic earnings per share is computed by dividing net profit after tax attributable to ordinary equity holders of the Company for the period by the weighted-average number of ordinary shares outstanding during the same period.

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 (7,504,789 performance rights) is not included in the denominator of the diluted EPS calculation.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

8. Intangible assets

	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
At 30 June 2023					
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**
Half-year ended 31 December 2023					
Opening net book amounts	1,796,842	276,313	72,956	53,679	2,199,790
Acquisition of controlled entities*	(4,687)	–	–	–	(4,687)
Additions	–	–	–	9,963	9,963
Transfers	–	–	–	(267)	(267)
Translation differences	(3,709)	(884)	–	(560)	(5,153)
Amortisation	–	(26,561)	(49)	(3,970)	(30,580)
Closing net book amount	**1,788,446**	**248,868**	**72,907**	**58,845**	**2,169,066**
At 31 December 2023					
At cost	1,788,446	427,364	73,222	74,824	2,363,856
Accumulated amortisation	–	(178,496)	(315)	(15,979)	(194,790)
Net book amount	**1,788,446**	**248,868**	**72,907**	**58,845**	**2,169,066**

* Reduction to goodwill in the period due to the re-measurement of deferred consideration for Everyday Independence, offset by an increase relating to the acquisition of Ergoworks on 4 July 2023 and Human Psychology on 31 January 2023.

Impairment tests for goodwill and brand

Goodwill and brand are allocated to the Group's cash-generating units identified according to country of operation.

A country-level summary of the goodwill and brand allocation is presented below and represents the APM CGUs subject to impairment testing.

	At 31 December 2023			At 30 June 2023		
	Goodwill $'000	Brand $'000	Total $'000	Goodwill $'000	Brand $'000	Total $'000
Australia	1,419,990	72,907	1,492,897	1,424,677	72,956	1,497,633
New Zealand	26,058	–	26,058	26,057	–	26,057
United Kingdom	75,641	–	75,641	75,697	–	75,697
Germany	4,000	–	4,000	4,000	–	4,000
Switzerland	2,000	–	2,000	2,000	–	2,000
South Korea	48,000	–	48,000	48,000	–	48,000
Singapore	23,000	–	23,000	23,000	–	23,000
United States	135,842	–	135,842	139,706	–	139,706
Canada	48,557	–	48,557	48,603	–	48,603
Sweden	5,358	–	5,358	5,102	–	5,102
Total	**1,788,446**	**72,907**	**1,861,353**	**1,796,842**	**72,956**	**1,869,798**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

8. Intangible assets (continued)

Impairment tests for goodwill and brand (continued)

The Group has conducted a review of indicators of impairment during the half-year for each of the CGU's listed above and has subsequently tested whether goodwill and brand have suffered any impairment during the period.

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial information prepared by Management covering the next 18-month period. Cash flows beyond the 18-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 used for the value-in-use calculations:

	At 31 December 2023		At 30 June 2023	
	Growth rate[1] (%)	Discount rate[2] (%)	Growth rate[1] (%)	Discount rate[2] (%)
Australia	2.50%	9.00%	3.36%	8.60%
New Zealand	2.50%	9.75%	2.67%	9.90%
United Kingdom	2.00%	8.95%	2.54%	9.25%
Germany	1.75%	8.80%	2.91%	8.55%
Switzerland	1.50%	6.75%	2.33%	6.70%
South Korea	2.50%	10.50%	2.48%	9.45%
Singapore	2.50%	8.65%	2.71%	8.65%
United States	2.00%	9.35%	2.41%	9.00%
Canada	2.00%	8.25%	2.73%	7.90%
Sweden	2.00%	7.85%	2.79%	8.20%

1. Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2. Post-tax discount rates applied to post-tax cash flows utilised in the value-in-use models.

Management has determined the values assigned to each of the 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 forecast period. The rates are consistent with forecasts included in industry reports, country specific GDP and inflation forecasts.
Post-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.
Forecast revenue	The basis used to determine the amount assigned to the forecast revenue is the outcome achieved in the year immediately before the forecast year, adjusted for growth and other known circumstances.
Forecast operating expenses	The basis used to determine the amount assigned to the forecast costs is the outcome achieved in the year immediately before the forecast year, adjusted for growth and other known circumstances.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

8. Intangible assets (continued)

Impairment tests for goodwill and brand (continued)

The recoverable amount of the CGU was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. The value in use was based on the key assumptions detailed in the above tables.

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
- Post-tax discount rate – 1% increase
- Revenue forecast – 10% decrease

9. Interest-bearing liabilities

	31 December 2023 $'000	30 June 2023 $'000
Current:		
Non-bank third party finance	9,431	1,636
Lease liabilities	62,080	63,103
	71,511	**64,739**
Non-Current:		
Bank loans	897,552	866,136
Lease liabilities	80,766	96,838
	978,318	**962,974**
Total interest-bearing liabilities	**1,049,829**	**1,027,713**

Bank loans

The Group's total syndicated debt facility is $1,140.0 million. The bank loans outstanding, net of borrowing costs, as at 31 December 2023 is $897.6 million.

Contractual maturities

Contractual maturities of financial liabilities	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 of liabilities $'000
As at 30 June 2023						
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
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**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

9. Interest-bearing liabilities (continued)

Contractual maturities (continued)

As at 31 December 2023, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	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 of liabilities $'000
As at 31 December 2023						
Trade and other payables	64,585	–	–	–	64,585	64,585
Borrowings	70,088	546,059	426,452	–	1,042,599	906,983
Earn-out payable	27,175	10,810	–	–	37,985	35,359
Deferred consideration	18,750	1,250	–	–	20,000	20,000
Put option	–	9,063	–	–	9,063	9,063
Lease liabilities	69,727	41,474	44,719	2,170	158,090	142,846
Total	**250,325**	**608,656**	**471,171**	**2,170**	**1,332,322**	**1,178,836**

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

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

10. Provisions

	31 December 2023 $'000	30 June 2023 $'000
Current:		
Employee entitlements	38,120	40,574
Clawback provision*	4,565	11,289
Dilapidation provision	1,192	2,065
Other current provisions	3,474	3,615
	47,351	**57,543**
Non-Current:		
Employee entitlements	7,618	6,776
Clawback provision*	–	12,969
Dilapidation provision	14,627	14,380
Other provisions	2,153	14
	24,398	**34,139**
Total provisions	**71,749**	**91,682**

* Decrease due to Restart contract negotiations, offset by a corresponding reduction in accrued revenue related to the Restart Scheme.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

11. Contributed Equity

Movements in shares on issue

	31 December 2023 Number of shares thousands)	30 June 2023 Number of shares (thousands)	31 December 2023 $'000	30 June 2023 $'000
Ordinary shares				
Opening balance	917,182	917,182	1,449,630	1,449,630
New ordinary shares issued, net of costs	–	–	–	–
Closing balance	**917,182**	**917,182**	**1,449,630**	**1,449,630**

12. Dividends

	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
(a) Ordinary shares		
Dividends paid on 28 September 2023 during the half-year, based on 5.0 cents per fully paid ordinary share out of retained earnings	45,859	45,859
(b) Dividends not recognised at the end of the half-year		
There have been no dividends declared that have not been recognised in current period.	–	45,859

13. Other Liabilities

	31 December 2023 $'000	30 June 2023 $'000
Current:		
Earn-out payable (deferred consideration)	25,996	2,734
Other deferred consideration	18,750	–
	44,746	**2,734**
Non-Current:		
Earn-out payable (deferred consideration)	9,363	51,035
Other deferred consideration	1,250	17,500
Put option	9,063	9,733
	19,676	**78,268**
Total other liabilities	**64,422**	**81,002**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

13. Other Liabilities (continued)

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.

(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, adjusted to be on a pre IFRS15 and IFRS16 basis, inclusive of full year run rate of acquisitions and cost saving initiatives excluding one time costs, including 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. 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 fair value of the deferred consideration arrangement was reassessed at balance date using the Black-Scholes model, based on a share price of $1.23 (2023: $2.12), nil exercise price and a dividend yield of 6.50% (2023: 4.72%). The Group has applied judgement in considering the expected probability that the hurdles are met in determining the value of the deferred consideration. While the assumptions used to value the deferred consideration arrangement have not changed between June 23 and December 23, the decline in share price has resulted in a write down to deferred consideration of $11.1 million in the period. This forms part of the balance in the non-current total for 'Earn-out payable (deferred consideration)'.

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

(ii) Everyday Independence

The first tranche of deferred consideration is 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. This forms part of the balance in the current total for 'Other deferred consideration'.

The second tranche of deferred consideration is an earn-out payable in cash, contingent upon Everyday Independence meeting an EBITDA hurdle for 30 June 2024 of $10.0 million. Based on the actual results for the half-year ending 31 December 2023, the fair value of the deferred consideration has been determined by discounting the future cash payable of $24.9 million to its present value of $23.7 million. This forms part of the balance in the current total for 'Earn-out payable (deferred consideration)'.

Put option liability

On 4 January 2022, 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.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023

13. Other Liabilities (continued)

Measurement

The Lifecare Physiotherapy 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 31 December 2023, the fair value has been remeasured at $9.1 million, based on Management's forecast of the expected outflows for the remaining units.

14. Related party transactions

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 two property leases under normal commercial terms were $487,439 for the half-year ended 31 December 2023. There is an outstanding balance of $21,209 to be paid at 31 December 2023.

As part of the Early Start Australia and MyIntegra business acquisition, a deferred consideration arrangement was recognised (see Note 13(i)).

15. Contingent Liabilities

Various entities in the Group have in the normal course of business issued $6.7 million of guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

16. Commitments

There is no significant capital expenditure contracted for at the end of the reporting period that has not been recognised as a liability.

17. Events occurring after the reporting period

On 28 February 2024, the Company released an announcement to the Australian Securities Exchange (ASX) confirming that it has received a revised conditional, indicative, non-binding offer of $2.00 cash per share from CVC Asia Pacific Limited (CVC) to acquire all of the shares in APM by way of a scheme of arrangement under part 5.1 of the *Corporations Act 2001* (Cth) (the Revised Proposal). Refer to the ASX release for full details of the Revised Proposal.

The Revised Proposal is non-binding and conditional. There is no certainty that a binding transaction will proceed or eventuate as a result of the Revised Proposal. It is the intention of APM through the Independent Board Committee established to consider the Revised Proposal, to negotiate with CVC to agree appropriate transaction documentation and to recommend the Revised Proposal in the absence of any superior proposal and provided an Independent Expert to be appointed concludes any finally agreed proposal is in the best interests of shareholders.

Directors' Declaration

For the half-year ended 31 December 2023

In the Directors' opinion:

(a) the Interim Report and notes set out on pages 09 to 29 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 31 December 2023 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that APM Human Services International Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Michael Anghie
Group Chief Executive Officer & Executive Director

Perth
28 February 2024

Independent Auditor's Review Report to the Members of APM Human Services International Limited

For the half-year ended 31 December 2023

Independent auditor's review report to the members of APM Human Services International Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of APM Human Services International Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

Independent Auditor's Review Report to the Members of APM Human Services International Limited (continued)

For the half-year ended 31 December 2023

the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers.

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
28 February 2024

Corporate Directory

For the half-year ended 31 December 2023

Company's Registered Office

APM Human Services International Limited

58 Ord Street
West Perth WA 6005

Auditor

PricewaterhouseCoopers

Brookfield Place
125 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Company Secretarial Services

Torre Corporate

Unit B9, 1st Floor
431 Roberts Road
Subiaco WA 6008

apm.net.au