Appendix 4D

For the half-year ended 31 December 2022

Details of the reporting period and the previous corresponding period

Current period: 1 July 2022 to 31 December 2022

Previous corresponding period: 1 July 2021 to 31 December 2021

Results for announcement to the market

Key information	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000	Change %
Revenue from contracts with customers	851,089	613,343	38.8%
Total profit/(loss) from ordinary activities for the period attributable to members	50,646	(42,653)	218.7%
Total comprehensive income/(loss) for the period attributable to members	38,868	(41,261)	194.2%
Underlying net profit after tax before amortisation expense relating to acquired service agreement contract intangibles (Underlying NPATA)[(i)]	85,382	76,960	10.9%

(i) Underlying Net Profit After Tax before Amortisation of Service Contracts is comprised of reported statutory results less significant items. This is separately disclosed and a reconciliation of total comprehensive income/(loss) for the period to underlying NPATA is contained on the following page. 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 arise when APM acquires businesses.

Appendix 4D continued

For the half-year ended 31 December 2022

Results for announcement to the market (continued)

The following table adjusts the total comprehensive income for the period for the expenses associated with debt refinancing, corporate development and integration costs, to calculate the Underlying NPATA results for H1 FY23.

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000	Change %
Total profit/(loss) for the period	50,646	(42,653)	218.7%
Amortisation expense (relating to acquired service agreement contracts)	23,856	26,059	(8.5)%
NPATA	74,502	(16,594)	549.0%
Underlying adjustments:			
ASX listing transaction costs	–	27,897	(100.0)%
Extinguish existing MEP plan	–	10,491	(100.0)%
Foreign exchange impact on US debt	–	12,938	(100.0)%
Employee IPO gift	–	5,053	(100.0)%
Non-cash loss on debt modification	–	24,663	(100.0)%
Reverse pre-IPO bank interest	–	3,375	(100.0)%
Shareholder interest expense	–	28,300	(100.0)%
Business acquisitions and integrations	12,409	–	100.0 %
Debt refinancing	1,701	–	100.0 %
Tax effect adjustment*	(3,230)	(19,163)	83.1%
Underlying NPATA	85,382	76,960	10.9%

* To recognise the tax effect of the underlying adjustments included above. Shareholder loan interest expense and share-based payments expense are non-deductible for Australian tax purposes.

For further details on APM's performance for the half-year ended 31 December 2022, refer to the Interim Report which forms part of this release, and the December 2022 half-year results presentation announced to the Australian Securities Exchange ("ASX") on 27 February 2023.

Dividends

Dividends paid on 29 September 2022 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 the Directors have recommended the payment of an interim 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 29 March 2023 from retained earnings at 31 December 2022.

Ordinary shares	Amount per security	Franked amount per security
Interim	5.0 cents	5.0 cents
Record date for determining entitlements to dividend		5.00pm on 10 March 2023
Payment date		29 March 2023

There is currently no Dividend Reinvestment Plan in place.

Appendix 4D continued

For the half-year ended 31 December 2022

Net tangible assets

	As at 31 December 2022 $'000	As at 30 June 2022 $'000
Net assets	1,479,772	1,479,762
Less: intangible assets	(2,117,805)	(1,968,406)
Net tangible liabilities of the company*	(638,033)	(488,644)
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	(0.70)	(0.53)

* 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 2022, APM, through its wholly-owned subsidiary, International APM Group Pty Ltd ("IAPM") acquired 100% of the shares in Equus Workforce Solutions and certain affiliates ("Equus") for cash consideration of $246.8 million (USD $158.5 million equivalent). Equus is a market leading provider of employment services in the United States. Refer to Note 3(a).

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

Name of entity	Date of control
Springday Pty Ltd (Australia)	31 October 2022
Arbor E&T, LLC (United States)*	1 November 2022
ResCare Workforce Services Canada, Inc. (Canada)*	1 November 2022
2483307 Ontario Ltd (Canada)*	1 November 2022
674725 Ontario Ltd (Agilec) (Canada)*	1 November 2022
Equitable Social Solutions LLC (United States)*	1 November 2022

The following entities had a material contribution to the Group during the financial period:

Name of entity	Revenue $'000	Profit after tax $'000
Arbor E&T, LLC (United States)*	78,295	2,804
674725 Ontario Ltd (Agilec) (Canada)*	13,656	931

* Together known as "Equus".

Appendix 4D continued

For the half-year ended 31 December 2022

Additional information

This information should be read in conjunction with the 2022 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 2022. This report is based on the Interim Report for the half-year ended 31 December 2022 on which PricewaterhouseCoopers has provided an unqualified review report.

Interim Report 2023

Together, making a positive impact

APM Human Services International Limited

ABN 38 639 621 766

APM

enabling better lives

Contents

Directors' Report

For the half-year ended 31 December 2022

Your Directors present their report on the consolidated entity consisting of APM Human Services International Limited ("APM" or "the Company") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2022 (H1 FY23).

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

Ben Wyatt (appointed on 27 October 2022)

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

Review of results and operations

Overview of APM

APM continues to execute its strategy to build a long term sustainable health and human services business, which achieves strong growth across its connected and diversified businesses through organic growth and the integration of strategic acquisitions. 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 14,000 team members who Enable Better Lives by supporting over 2 million people each year to optimise their potential and live their best possible life.

The first half 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 ("Veterans' 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 Ontario with services due to commence in the fourth quarter of FY23.
- 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.
- 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.

Review of results and operations (continued)

Overview of APM (continued)

In addition to the organic growth platforms, APM also entered into agreements to acquire 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 21 percentage points to 37% of APM's annualised revenue, further diversifying APM's business in a key market.
- To support the building of the leading Australian Allied Health and NDIS business, APM announced in December 2022 that it had entered into an agreement to acquire Everyday Independence ("EI"). 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. Completion of this transaction occurred on 1 February 2023.

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

Financial highlights

Profit & loss summary

$Am	H1 FY23	H1 FY22
Total income	853.7	613.7
Total profit/(loss) for the period attributable to members	50.6	(42.6)
Add back: amortisation of service agreement contracts	23.9	26.1
NPATA	74.5	(16.5)
Underlying NPATA	85.4	77.0
Underlying NPATA margin	10.0%	12.5%

During H1 FY23, APM's total income increased by $240.0 million (39.1%) to $853.7 million. Increased activity across each of APM's segments delivered the revenue growth in this half. Underlying NPATA increased 11% to $85.4 million. The decrease in overall margin reflects a change in mix of the margins we receive following the growth in the North American market which has a lower margin profile, and the continued investment in the Health business.

Cash flow summary

$Am	H1 FY23	H1 FY22
Operating cash flow	55.6	80.0
Investing cash flow	(267.9)	(113.6)
Financing cash flow	149.3	148.1
Net increase/(decrease) in cash	**(63.0)**	**114.4**

Review of results and operations (continued)

Financial highlights (continued)

Cash flow summary (continued)

During the half, APM's working capital increased by $67.6 million, due to the following key factors:

- The commencement of the Work Force Australia contract resulting in the timing of outcome payments being skewed to the second half and beyond,
- Incurred mobilisation costs for the Veterans' contract in Canada which only commenced services during December;
- Seasonality of collections in the US was more pronounced with the acquisition of Equus; and
- The timing of outcome payments in the UK given the continued scaling of the Restart contract.

As a consequence of the above factors, APM's Underlying EBITDA of $167.4 million for H1 FY23 resulted in cash conversion for the half of 59.3% (PCP: 99.7%). APM expects EBITDA cash conversion to return to historical rates of above 85% in future periods.

During H1 FY23, APM's investing activities included $20.2 million on capital expenditure. This is $17.0 million lower than H1 FY22, which included capital expenditure for the assets required on commencement of the Restart Scheme. H1 FY23 capital expenditure includes costs related to the mobilisation of the Veteran's contract in Canada and continued IT investment.

APM's investing activities in H1 FY23 also included the acquisitions of Equus and Springday (refer to Note 3). The cash component for these acquisitions was $247.7 million (net of cash acquired).

Capital Management

In July 2022, APM replaced its Term Loan B facilities ("TLB Facility") with a revolving multi-currency debt facility. This facility was Australia's first corporate social loan. Pricing of the new facility is at lower margins than TLB Facility. In December, APM increased its funding capacity by adding a further $200.0 million to its revolving multi-currency debt facility.

Leverage ratio as per the facility agreement is 2.4 times underlying EBITDA and is expected to reduce below 2.0 times in FY24.

An Interim Dividend of 5.0cps has been declared by APM's Directors which represents 54% of underlying NPATA.

Statement of financial position summary

$Am	31 December 2022	30 June 2022
Current assets	632.2	532.5
Non-current assets	2,368.5	2,145.9
Total Assets	**3,000.7**	**2,678.4**
Current liabilities	393.0	363.9
Non-current liabilities	1,127.9	834.8
Total Liabilities	1,520.9	1,198.7
Net Assets	**1,479.8**	**1,479.7**
Total Equity	**1,479.8**	**1,479.7**

APM's total assets increased by $322.2 million during H1 FY23. This change is primarily attributable to the acquisition of Equus ($371.5 million). This was offset by depreciation and amortisation charges of $65.2 million in the half year.

Total liabilities increased across the period by $322.2 million. This is largely due to the acquisition of Equus of being debt funded.

Review of results and operations (continued)

Financial highlights (continued)

Segment Overview

Australia and New Zealand ("ANZ")

During the half year there has been considerable activity across the ANZ segment, which included:

- The commencement of the WFA contract, whereby new clients were onboarded as operations commenced. The contract has seen APM increase overall market share, with an estimated 13% of the market contracts. During the period we have seen strong placement of clients continue and the contract continue to mature, as clients are supported into employment and new clients commence in program.
- The DES program saw a business reallocation during the half year period, and also the announcement of a 2 year-contract extension providing ongoing security for clients and allowing for the next iteration of the DES program to be procured. During the period we have seen strong placement of clients continue. APM's market share has increased over the period.
- We continue to execute on our strategy to build a leading Allied Health, Disability and Aged Care business and invest in optimizing the business and increasing scale. The performance of the businesses continue to improve during the period.
- To support the building of the leading Australian Allied Health, Disability and Aged Care business and NDIS business markets, APM announced in December 2022, that it had entered into an agreement to acquire Everyday Independence ("EI"). 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. Completion of this transaction occurred on 1 February 2023.
- We continue to integrate the acquisitions we have made and realise their synergies.

North America

We are seeing strong performance across our North American business with:

- The mobilisation for the Canadian Veterans contract successfully completed with services first being delivered ahead of schedule in December 2022.
- The mobilisation for the Ontario Employment Services contract in York region will commence with first services delivered in Q4 FY23.
- The Acquisition of Equus being completed on 1 November 2022 and performing strongly. Equus will be progressively integrated over the next 24 months.

Review of results and operations (continued)

Financial highlights (continued)

Segment Overview (continued)

Rest of World

Across Rest of World, the employment services business continues to experience strong employment market conditions which has been beneficial to the Restart program placement rates, however, this has been partially offset by tempering caseload volumes. The trend of slowing client flow into the Restart program is expected to continue into H2 FY23. Demand for employees in the UK remains robust which has the government increasingly focused on lifting workforce participation rates.

We 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 with our German business continuing to deliver pro-bono support to refugees from Ukraine to assist with their integration into Berlin.

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 06.

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
26 February 2023

Auditor's Independence Declaration

For the half-year ended 31 December 2022

Auditor's Independence Declaration

As lead auditor for the review of APM Human Services International Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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
26 February 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Note	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
Revenue from contracts with customers	4	851,089	613,343
Other income		2,616	369
Total income		**853,705**	**613,712**
People costs	5(a)	(536,435)	(377,431)
Client support costs		(64,378)	(54,787)
Administration	5(a)	(39,137)	(25,482)
Marketing		(6,720)	(4,493)
Travel expenses		(7,351)	(2,696)
Occupancy expenses	5(a)	(33,585)	(19,248)
Other operating costs	5(a)	(11,326)	(34,843)
Other (losses)/gains	5(a)	(159)	(12,309)
Depreciation and amortisation	5(a)	(65,227)	(57,338)
Net finance costs	6	(23,688)	(75,020)
Profit/(loss) before income tax		**65,699**	**(49,935)**
Income tax benefit/(expense)		(15,053)	7,282
Profit/(loss) for the period		**50,646**	**(42,653)**
Profit/(loss) is attributable to:			
Owners of APM Human Services International Limited		50,045	(42,653)
Non-controlling interests		601	–
		50,646	**(42,653)**
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations		(12,171)	1,366
Other comprehensive income		393	26
Other comprehensive income/(loss) for the period		**(11,778)**	**1,392**
Total comprehensive income/(loss) for the period		**38,868**	**(41,261)**
Total comprehensive income/(loss) for the period attributable to:			
Owners of APM Human Services International Limited		38,267	(41,261)
Non-controlling interests		601	–
		38,868	**(41,261)**

	Note	31 December 2022 Cents	31 December 2021 Cents
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share	7	5.5	(17.8)
Diluted earnings/(loss) per share	7	5.5	(17.8)

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 2022

	Note	31 December 2022 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		107,360	171,392
Trade and other receivables		178,810	114,918
Accrued revenue		302,562	190,298
Derivative financial instruments		–	17,463
Current tax receivables		7,832	–
Prepayments		35,654	38,475
Total current assets		**632,218**	**532,546**
Non-current assets			
Property, plant and equipment		50,977	55,629
Right-of-use assets		125,869	80,494
Intangible assets	8	2,117,805	1,968,406
Prepayments		21,652	9,413
Other non-current assets		13,645	11,584
Deferred tax assets		38,587	20,455
Total non-current assets		**2,368,535**	**2,145,981**
Total assets		**3,000,753**	**2,678,527**
LIABILITIES			
Current liabilities			
Trade and other payables		78,016	70,880
Accrued expenses		114,215	87,925
Interest-bearing liabilities	9	71,122	45,723
Current tax liabilities		–	20,795
Deferred revenue		76,004	87,493
Provisions	10	43,829	41,587
Other current liabilities	13	9,853	9,567
Total current liabilities		**393,039**	**363,970**
Non-current liabilities			
Interest-bearing liabilities	9	914,552	644,841
Deferred tax liabilities		91,978	65,936
Provisions	10	31,189	34,802
Other non-current liabilities	13	28,337	37,145
Deferred revenue		61,886	52,071
Total non-current liabilities		**1,127,942**	**834,795**
Total liabilities		**1,520,981**	**1,198,765**
Net assets		**1,479,772**	**1,479,762**
EQUITY			
Contributed Equity	11	1,449,630	1,449,630
Other reserves		(17,692)	(12,489)
Retained Earnings		43,064	39,093
Equity attributable to the owners of APM		**1,475,002**	**1,476,234**
Non-controlling interests		4,770	3,528
Total equity		**1,479,772**	**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 half-year ended 31 December 2022

	Note	Contributed equity $'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**
Loss for the half-year		–	–	(42,653)	–	(42,653)
Other comprehensive income		–	1,366	26	–	1,392
Total comprehensive loss for the half-year		–	1,366	(42,627)	–	(41,261)
Contributions of equity, net of transaction costs		1,337,382	–	–	–	1,337,382
Issue of ordinary shares as consideration for a business combination		54,011	–	–	–	54,011
Transfer of reserves		11,239	(11,239)	–	–	–
Employee share schemes		–	10,669	–	–	10,669
Non-controlling interests on acquisition of subsidiary		–	–	–	844	844
Balance at 31 December 2021		**1,449,977**	**(1,057)**	**(44,546)**	**844**	**1,405,218**

	Note	Contributed equity $'000	Reserves $'000	(Accumulated losses)/ 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	12	–	–	(45,859)	–	(45,859)
Adjustment in put option		–	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**

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 2022

	Note	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		908,155	664,884
Payments to suppliers and employees (inclusive of GST and VAT)		(821,186)	(526,429)
Share issue costs (uncapitalised)		–	(20,897)
Interest received		620	29
Income tax paid		(32,027)	(37,547)
Net cash flows from operating activities		**55,562**	**80,040**
Cash flows used in investing activities			
Payment for property, plant and equipment and intangibles		(20,267)	(37,235)
Payment for acquisition of subsidiary, net of cash acquired	3	(247,662)	(76,448)
Net cash used in investing activities		**(267,929)**	**(113,683)**
Cash flows from financing activities			
Proceeds from issues of shares		–	343,522
Share issue costs capitalised		–	(11,259)
Proceeds from borrowings		246,175	14,855
Repayment of borrowings		–	(161,898)
Interest paid		(21,316)	(18,109)
Principal elements of lease payments		(29,409)	(18,997)
Distribution to minority holders		(301)	–
Dividends paid to shareholders		(45,859)	–
Net cash from financing activities		**149,290**	**148,114**
Net increase in cash and cash equivalents held		(63,077)	114,471
Cash and cash equivalents at beginning of period		171,392	106,781
Net foreign exchange differences		(955)	52
Cash and cash equivalents at end of the period		**107,360**	**221,304**

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 2022

1. Basis of preparation of half-year report

This consolidated Interim Report for the half-year reporting period ended 31 December 2022 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 2022 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

The financial position and performance of the Group includes the impact of the following events and transactions during the six months to 31 December 2022:

- On 22 July 2022, the Group established a $840 million syndicated multi-currency revolving corporate facility. $600 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 210 basis points above BBSY, which represents a saving of 240 basis points compared to the Term Loan facility. The new facility is fully revolving, which will enable APM to further reduce its interest costs through cash offsets. The $840 million facility is available in two tranches, a three-year $523 million tranche and five-year $317 million tranche.
- On 1 November 2022, the Group, through its wholly-owned subsidiary, International APM Group Pty Ltd ("IAPM") 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)).

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

1. Basis of preparation of half-year 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 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:

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

(c) New and amended standards adopted by the Group

The Group has applied AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020* and Other Amendments AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141 with effect from 1 July 2022. 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 2022 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.

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.

In the half-year ended 31 December 2022, 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 period included New Zealand, Singapore and Korea. For the half-year ended 31 December 2022, New Zealand has been realigned in 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 period).

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, 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/(loss) before tax

A reconciliation of NPATA to (loss)/profit before income tax is provided as follows:

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
NPATA	74,502	(16,594)
Income tax (benefit)/expense	15,053	(7,282)
Amortisation expense (relating to acquired service agreements)	(23,856)	(26,059)
Profit/(loss) before income tax	65,699	(49,935)

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**
Net profit after tax before amortisation as a percentage of revenue	**8.6%**	**5.8%**	**11.8%**	**8.7%**
Significant elements of NPATA:				
Other operating costs	(6,951)	(2,104)	(2,271)	(11,326)
Other gains/(losses)	(364)	(16)	222	(159)
Net finance costs	(19,626)[1]	(720)	(3,341)	(23,688)
Income tax (expense)/benefit	(7,203)[2]	(2,155)	(5,695)[3]	(15,053)

For the half-year ended 31 December 2021	ANZ $'000	North America $'000	Rest of World $'000	Consolidated $'000
Segment revenue				
Revenue from contracts with customers	318,261	98,270	196,812	613,343
Other income	145	51	173	369
Total segment revenue	**318,406**	**98,321**	**196,985**	**613,712**
Segment net (loss)/profit after tax before amortisation (NPATA)	**(37,953)**	**4,160**	**17,199**	**(16,594)**
Net profit after tax before amortisation as a percentage of revenue	**(11.9)%**	**4.2%**	**8.7%**	**(2.7)%**
Significant elements of NPATA:				
Other operating costs	(31,209)[4]	(1,367)	(2,268)	(34,844)
Other gains/(losses)	(12,105)	2	(206)	(12,309)
Net finance costs	(72,354)	(290)	(2,376)	(75,020)
Income tax (expense)/benefit	10,717[5]	(1,858)	(1,577)	7,282

1. Includes $16.7 million interest expense for syndicated debt facility. Refer to Note 9.
2. Increase compared to prior period due to one-off income tax deduction relating to IFRS 15 accrued revenue, refer to footnote 5 below.
3. Increase compared to prior period due to the utilisation of previously unrecognised tax losses within the UK Group included in H1 FY22.
4. Include ASX listing costs of $27.9 million in Australia, refer to Note 5(a).
5. Includes income tax benefit of $12.5 million relating to IFRS 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.

2. Segment and revenue information (continued)

(e) Revenue by country

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
ANZ		
Australia	369,358	300,224
New Zealand	19,100	18,036
North America		
USA	163,474	57,094
Canada	60,744	41,176
Rest of World		
Korea	15,876	14,523
Singapore	3,440	6,234
United Kingdom	201,891	164,644
Sweden	5,602	–
Germany	9,174	8,675
Switzerland	2,430	2,737
Total revenue from contracts with customers	**851,089**	**613,343**

2. Segment and revenue information (continued)

(f) Segment assets

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

	31 December 2022 $'000	30 June 2022 $'000
Non-current assets		
ANZ		
Australia	1,714,562	1,729,659
New Zealand	28,021	27,792
North America		
USA(i)	265,387	61,882
Canada	65,668	63,105
Rest of World		
Korea	49,505	50,269
Singapore	24,400	23,229
United Kingdom	123,186	132,077
Sweden	10,699	12,103
Germany	10,343	10,623
Switzerland	2,911	3,203
Total segment non-current assets	**2,294,652**	**2,113,942**
Deferred tax assets	38,587	20,455
Other assets	35,297	11,584
Total non-current assets per the Consolidated Statement of Financial Position	**2,368,535**	**2,145,981**

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

3. Business combinations

The following acquisitions reported as provisional in the 30 June 2022 Financial Report have been finalised for 31 December 2022 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%)

3. Business combinations (continued)

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

On 1 November 2022, the Group, through its wholly-owned subsidiary, International APM Group Pty Ltd ("IAPM") acquired 100% of the shares in Equus Workforce Solutions and certain affiliates ("Equus") for cash consideration of $246.8 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	3,702
Trade and other receivables	77,582
Prepayments	2,930
Accrued revenue	63,832
Property, plant and equipment	1,039
Right-of-use assets	54,198
Intangible assets	47,524
Deferred tax assets	18,037
Other non-current assets	1,515
Trade and other payables	(16,604)
Accrued expenses	(34,934)
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	**131,246**
Goodwill	115,519
Net assets acquired	**246,765**

Acquired receivables

The provisional 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 $92.0 million revenue and $3.7 million net profit after tax to the Group for the period from acquisition on 1 November 2022 to 31 December 2022. These amounts have been calculated using the subsidiary's results which included:

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

3. Business combinations (continued)

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

Purchase consideration

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

Goodwill

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

(b) 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.

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 2022 $'000	Half-year ended 31 December 2021 $'000
Employment services	625,602	468,425
Health & wellbeing	123,766	102,991
Communities & assessment	63,256	31,785
Disability & aged care support services	38,465	10,142
Total revenue from contracts with customers	**851,089**	**613,343**

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 2022 $'000	Half-year ended 31 December 2021 $'000
Included in other (losses)/gains:		
Unrealised foreign exchange (loss)/gain	1,479	(12,309)
Realised foreign exchange gain	269	–
Loss on forward contract	(1,907)	–
	(159)	**(12,309)**
Included in people costs:		
Salaries and wages expense	(459,966)	(298,555)
Share-based payments expense	(710)	(10,671)
Subcontractor costs	(75,759)	(68,205)
	(536,435)	**(377,431)**
Included in administration:		
Consulting fees	(15,104)	(9,308)
Licence costs	(12,545)	(8,149)
Training, development and recruitment costs	(4,621)	(3,476)
Information technology costs	(3,640)	(2,149)
Other	(3,226)	(2,400)
	(39,137)	**(25,482)**
Included in occupancy expenses:		
Short-term and low-value lease payments	(10,253)	(9,290)
Other occupancy-related costs	(23,332)	(9,958)
	(33,585)	**(19,248)**
Included in other operating costs:		
ASX listing costs	–	(27,897)
Insurance	(3,986)	(1,750)
Printing, postage, storage & stationery	(4,022)	(1,870)
Other operating costs	(3,318)	(3,326)
	(11,326)	**(34,843)**
Included in depreciation and amortisation:		
Depreciation of property, plant and equipment	(10,705)	(10,369)
Depreciation of right-of-use assets	(27,704)	(19,176)
Amortisation of acquired service agreement contracts	(23,856)	(26,059)
Amortisation of brand	(16)	–
Amortisation of licences & software	(2,946)	(1,734)
	(65,227)	**(57,338)**

6. Net finance costs

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
Bank interest income	621	29
Interest expense on lease liability	(3,542)	(2,289)
Shareholder loan interest	–	(28,300)
Loss on debt extinguishment[(i)]	(656)	(24,663)
Bank interest expense	(16,678)	(18,109)
Other finance costs	(3,433)	(1,688)
Total net finance costs	**(23,688)**	**(75,020)**

(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.

7. Earnings per share

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

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
Net profit/(loss) after tax for the period	50,646	(42,653)
Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	50,646	(42,653)

(b) Weighted average number of shares used as denominator

	Half-year ended 31 December 2022 Number	Half-year ended 31 December 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	917,181,907	239,508,516

Basic earnings per share is computed by dividing net profit/(loss) 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/loss 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.

8. Intangible assets

	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
At 30 June 2022					
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**
Half-year ended 31 December 2022					
Opening net book amounts	1,600,197	270,734	66,990	30,485	1,968,406
Acquisition of controlled entities (Note 3)	124,582	45,673	350	59	170,664
Additions	–	–	–	14,613	14,613
Transfers	(7,399)	1,598	112	3,385	(2,304)
Translation differences	(4,747)	(1,931)	–	(78)	(6,756)
Amortisation	–	(23,856)	(16)	(2,946)	(26,818)
Closing net book amount	**1,712,633**	**292,218**	**67,436**	**45,518**	**2,117,805**
At 31 December 2022					
At cost	1,712,633	418,548	67,452	53,860	2,252,493
Accumulated amortisation	–	(126,330)	(16)	(8,342)	(134,688)
Net book amount	**1,712,633**	**292,218**	**67,436**	**45,518**	**2,117,805**

Goodwill impairment

Management have considered and assessed reasonably possible changes for key assumptions in determining the recoverable amount of CGUs with indicators of impairment, and have not identified any instances that could cause the carrying amount of these CGUs to exceed their respective recoverable amounts.

9. Interest-bearing liabilities

	31 December 2022 $'000	30 June 2022 $'000
Current:		
Bank loans	9,805	7,715
Lease liabilities	61,317	38,008
	71,122	**45,723**
Non-Current:		
Bank loans	827,408	594,935
Lease liabilities	87,144	49,906
	914,552	**644,841**
Total interest-bearing liabilities	**985,674**	**690,564**

9. Interest-bearing liabilities (continued)

Bank loans

On 22 July 2022, the Group established a $840.0 million syndicated multi-currency revolving corporate facility. $600.0 million of this facility was used to extinguish the Term Loan B notes that were on issue. The new facility funding costs are at an average of 210 basis points above BBSY, which represents a reduction of 240 basis points compared to the Term Loan B facility. The new facility is now fully revolving, which enables APM to further reduce its interest costs through cash offsets. The $840.0 million facility is available in two tranches, a three-year $523.0 million tranche and five-year $317.0 million tranche. The loss on extinguishment of the Term Loan B notes is $0.1 million and $5.5 million of costs have been capitalised that relate to establishing the new facility.

The current portion of the bank loans includes interest accrued of $1.1 million for the remaining 10 days at month end after mandatory monthly interest payments as required by the terms of the loans.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

On 27 January 2023, the Group secured a fully underwritten $200 million debt facility to further support APM's growth opportunities, both in Australia and internationally. The new funding facility costs are at an average of 290 basis points above BBSY at current levels of net debt, and is fully revolving (see Note 17).

As at 31 December 2022, 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 (assets)/ liabilities $'000
As at 31 December 2022						
Trade and other payables	78,016	–	–	–	78,016	78,016
Borrowings	52,130	43,540	891,760	–	987,430	837,213
Earn-out payable	9,853	10,295	9,872	–	30,020	30,020
Deferred consideration	–	–	–	–	–	–
Put option	–	8,170	–	–	8,170	8,170
Lease liabilities	64,181	42,827	49,105	10,544	166,657	148,461
Total	**204,181**	**104,832**	**950,737**	**10,544**	**1,270,293**	**1,101,880**

9. Interest-bearing liabilities (continued)

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 (assets)/ liabilities $'000
As at 30 June 2022						
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**

10. Provisions

	31 December 2022 $'000	30 June 2022 $'000
Current:		
Employee entitlements	34,966	33,123
Clawback provision	1,002	1,161
Dilapidation provision	1,425	1,771
Other current provisions	6,436	5,532
	43,829	**41,587**
Non-Current:		
Employee entitlements	6,261	6,639
Clawback provision	11,955	11,955
Dilapidation provision	12,964	12,391
Other provisions	9	3,817
	31,189	**34,802**
Total provisions	**75,018**	**76,389**

11. Contributed Equity

Movements in shares on issue

	31 December 2022 Number of shares (thousands)	30 June 2022 Number of shares (thousands)	31 December 2022 $'000	30 June 2022 $'000
Ordinary shares				
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.

12. Dividends

	Half-year ended 31 December 2022 $'000	Half-year ended 31 December 2021 $'000
(a) Ordinary shares		
Dividends paid on 29 September 2022 during the half-year, based on 5.0 cents per fully paid ordinary share out of retained earnings	45,859	–
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the Directors have recommended the payment of an interim 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 29 March 2023 out of retained earnings at 31 December 2022, but not recognised as a liability at the end of the half-year, is	45,859	–

13. Other Liabilities

	31 December 2022 $'000	30 June 2022 $'000
Current:		
Earn-out payable (deferred consideration)	9,853	7,861
Deferred consideration	–	1,706
	9,853	**9,567**
Non-Current:		
Earn-out payable (deferred consideration)	20,167	20,308
Put option	8,170	14,429
Others	–	2,408
	28,337	**37,145**
Total other liabilities	**38,190**	**46,712**

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 $2.38 (2022: $2.87), nil exercise price, volatility of 40.0%, risk free interest rate ranging from 3.30% to 3.34% (2022: 2.42% to 3.08%) and a dividend yield of 4.20% (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. The fair value of the deferred consideration arrangement is classified as other liabilities on the Consolidated Statement of Financial Position, and the allocation of the liability between MyIntegra (20.0%) and ESA (80.0%) has been calculated on a reasonable basis using forecasted underlying EBITDA as the allocation method. The carrying value at 31 December 2022 for MyIntegra and ESA is $5.4 million and $21.9 million respectively.

Given the milestones relate to periods ending in the future, no milestones have yet been met and no shares have been issued pursuant to those earn-out arrangements.

(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 actual results up to 31 December 2022, a portion of the earn-out payable is assumed to have been met. The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position.

13. Other Liabilities (continued)

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.

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 31 December 2022, the fair value has been remeasured at $8.2 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 three property leases under normal commercial terms were $519,966 for the half-year ended 31 December 2022. There is an outstanding balance of $5,952 to be paid at 31 December 2022.

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

15. Contingent Liabilities

Various entities in the Group have in the normal course of business issued $7.1 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 1 February 2023, Early Start Australia Pty Ltd, a wholly-owned subsidiary acquired 100% of the shares in Everyday Independence Pty Ltd for upfront cash consideration of $35.0 million, deferred cash consideration of $17.5 million, and an earn-out based on financial year ended 30 June 2024 targets. The strategic rationale for the acquisition was to support in APM in becoming the market leading national provider of Allied Health services across the lifespan, from infancy to ageing. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition have not been finalised. The financial effects of the above transaction have not been brought to account at 31 December 2022. The operating results and assets and liabilities of the company will be brought to account from 1 February 2023.

On 27 January 2023, the Group secured a new fully underwritten $200.0 million debt facility to further support APM's growth opportunities, both in Australia and internationally. The new funding facility costs are at an average of 290 basis points above BBSY at current levels of net debt, and is fully revolving.

Directors' Declaration

For the half-year ended 31 December 2022

In the Directors' opinion:

(a) the Interim Report and notes set out on pages 07 to 27 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 2022 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
26 February 2023

Independent Auditor's Review Report to the Members

For the half-year ended 31 December 2022

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 from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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, significant accounting policies and 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 2022 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 the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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and fair view of the Group's financial position as at 31 December 2022 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
26 February 2023

Corporate Directory

For the half-year ended 31 December 2022

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

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