APM Human Services International Limited

Appendix 4D

For the half-year ended 31 December 2021

Details of the reporting period and the previous corresponding period

Current period: 1 July 2021 to 31 December 2021

Previous corresponding period: 1 July 2020 to 31 December 2020

Results for announcement to the market

Key information	Half-year ended 31 December 2021 $'000	Half-year ended 31 December 2020 $'000	Change %
Revenue from contracts with customers	613,343	473,160	29.6%
Total comprehensive loss from ordinary activities for the period attributable to members	(42,653)	(601)	6,997.0%
Total comprehensive loss for the period attributable to members	(42,653)	(601)	6,997.0%
Pro forma net profit after tax before amortisation expense relating to acquired service agreement contract intangibles (Pro forma NPATA)[(i)]	76,960	55,962	37.5%

(i) Reconciliation of total comprehensive loss for the period to underlying NPATA.

APM Human Services International Limited ("APM" or "the Company") 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.

During the half-year ended 31 December 2021, APM converted from a private company to a publicly listed company. As part of this process, APM completed an initial public offering ("IPO") that raised $339.0 million. The proceeds of the IPO were used to pay for the costs of the IPO and the repayment of $160.0 million on the US Dollar denominated debt.

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

Results for announcement to the market (continued)

The following table adjusts the total comprehensive loss for the period for the expenses associated with the IPO and capital restructure to calculate the Pro forma NPATA results for H1 FY22.

	Half-year ended 31 December 2021 $'000	Half-year ended 31 December 2020 $'000	Change %
Total comprehensive loss for the period	(42,653)	(601)	6,997.0%
Amortisation expense (relating to acquired service agreement contracts)	26,059	25,483	2.3%
NPATA	(16,594)	24,882	(166.7%)
Pro forma adjustments:			
ASX listing transaction costs	27,897	–	N/A
Extinguish existing MEP plan	10,491	–	N/A
Foreign exchange impact on US debt	12,938	(13,297)	(197.3%)
Employee IPO gift	5,053	–	N/A
Non-cash loss on debt modification	24,663	–	N/A
Reverse pre-IPO bank interest	3,375	13,632	(75.2%)
Shareholder interest expense	28,300	35,890	(21.1%)
Tax effect of adjustments*	(19,163)	(5,145)	272.5%
Pro forma NPATA	76,960	55,962	37.5%

* 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.

Refer to the December 2021 Half-year results presentation announced to the Australian Securities Exchange ("ASX") on 25 February 2022.

Dividends

There have been no dividends declared or paid for H1 FY22. There is no dividend reinvestment plan in place.

APM Human Services International Limited

Appendix 4D (continued)

For the half-year ended 31 December 2021

Net tangible assets

	As at 31 December 2021 $'000	As at 30 June 2021 $'000
Net assets	1,405,218	43,573
Less: intangible assets	(1,876,316)	(1,729,611)
Net tangible assets of the company*	(471,098)	(1,686,038)
Fully paid ordinary shares on issue at balance date**	917,181,946	469,886,820
Net tangible asset backing per issued ordinary share as at balance date	(0.51)	(3.59)

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

** 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.

Entities over which control has been gained during the period

The following entities joined the group during the financial period:

Name of entity	Date of control	Revenue $'000	Profit after tax $'000
Generation Health Pty Ltd (100%, Australia)	31/07/2021	15,691	788
The Interact Group Pty Ltd (100%, Australia)	31/07/2021	–	–
The Kaiser Group (DE), LLC (100%, USA)	31/08/2021	12,824	333
Dynamic Workforce Solutions, LLC (100%, USA)	31/08/2021	–	–
Dynamic Workforce Solutions – Texas, LLC (100%, USA)	31/08/2021	–	–
APM Mobility Holdings Pty Ltd (100%, Australia)	05/10/2021	–	–
Mobility Holdings Pty Ltd (60%, Australia)	29/12/2021	–	–
Mobility Australia Pty Ltd (60%, Australia)	29/12/2021	–	–
APM ESA Holdings Pty Ltd (100%, Australia)	05/10/2021	–	–
Early Start Australia Pty Ltd (100%, Australia)	29/12/2021	–	–
Boost Therapy Pty Ltd (100%, Australia)	29/12/2021	–	–
Beststart Clinic Pty Ltd (100%, Australia)	29/12/2021	–	–
OT for Kids NT Pty Ltd (100%, Australia)	29/12/2021	–	–
Gateway Therapies Pty Ltd (100%, Australia)	29/12/2021	–	–
APM MyIntegra Holdings Pty Ltd (100%, Australia)	05/10/2021	–	–
Integrated Care Pty Ltd (100%, Australia)	29/12/2021	–	–
Integra Plan Management Pty Ltd (100%, Australia)	29/12/2021	–	–
Integra Choice and Control Pty Ltd (100%, Australia)	29/12/2021	–	–
Integra Supported Accommodation Pty Ltd (100%, Australia)	29/12/2021	–	–

Additional information

This information should be read in conjunction with the 2021 Annual Report. Additional supporting information supporting Appendix 4D disclosure requirements can be found in the Director's report and the consolidated financial statements for the half-year ended 31 December 2021. This report is based on the consolidated financial statements for the 6 months ended 31 December 2021 on which PricewaterhouseCoopers has provided an unqualified review report.

APM Human Services International Limited
ABN 38 639 621 766

Interim Report

For the half-year ended
31 December 2021

APM
enabling better lives

Contents

APM Human Services International Limited

Directors' Report

For the half-year ended 31 December 2021

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 2021 (H1 FY22).

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 (appointed 20 October 2021)

Review of operations

Overview of APM

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

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

With 1,000 sites spanning 11 countries (Australia, United Kingdom ("UK"), Canada, United States of America ("USA"), New Zealand, Germany, Switzerland, Spain, Singapore, South Korea, Sweden), APM's team of more than 9,000 team members work to enhance community health and wellbeing, delivering services to clients across the early childhood, youth, employment, insurance, justice, veterans, disability, and aged care sectors.

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

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

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

Review of operations (continued)

Financial highlights

Profit & loss summary

$Am	H1 FY22	H1 FY21
Total income	613.7	475.9
Total comprehensive loss for the period	(42.6)	(0.6)
Add back: amortisation of service agreement contracts	26.1	25.5
NPATA	(16.5)	(24.9)
Pro forma NPATA	77.0	56.0
Pro forma NPATA margin	12.5%	12%

During H1 FY22, APM consolidated income increased by $139.8 million (29.0%) to $613.7 million. This revenue growth was attributable to increased activity in the Australian, European and North American segments, but partially offset by the Asia Pacific ("APAC") segment.

The H1 FY22 total comprehensive loss for the period includes IPO and capital restructuring costs, net of tax, totalling $93.6 million and amortisation expenses associated with acquired service agreement contracts totalling $26.1 million. Adjusting for these factors, the Pro forma NPATA increased 38% to $77.0 million, reflecting the growth in the Australian and European segments as well as the continued benefits of scale on fixed costs.

Cash flow summary

$Am	H1 FY22	H1 FY21
Operating cash flow	80.0	111.7
Investing cash flow	(113.6)	(31.1)
Financing cash flow	148.1	(46.4)
Net increase in cash	**114.5**	**34.2**

Operating cash flows in H1 FY22 included payments associated with the IPO totalling $20.9 million and net income tax payments of $37.5 million. Net income tax payments in H1 FY22 were $31.8 million higher than H1 FY21 due to Australia fully utilising accumulated tax losses in FY20. Adjusting for these items, the Pro forma EBITDA cash conversion for the half was 100%, and Pro forma operating cash flow grew by 35%.

During H1 FY22, APM's investing activities included $37.2 million on capital expenditure. This expenditure was largely attributable to the assets required for the commencement of the Restart contract, the refresh of the IT asset fleet for the businesses APM acquired, and an ongoing investment in cyber and data security.

APM's investing activities in H1 FY22 also included the acquisitions of Generation Health, DWFS, Early Start Australia, MyIntegra and Mobility businesses. The cash component for these acquisitions was $76.4 million (net of cash acquired, but including $0.7 million deferred consideration relating to the prior period acquisition of CNLR Horizons Limited in the UK).

The completion of the IPO in H1 FY22 raised $343.5 million for APM. This amount included the proceeds from the partial settlement of the management equity plan. During the half, APM applied $160.0 million of IPO proceeds to repay part of its USD denominated debt. The capital restructure as part of the IPO also reduced the interest paid in the half by $10.6 million.

Review of operations (continued)

Financial highlights (continued)

Statement of financial position summary

$Am	31 December 2021	30 June 2021
Current assets	456.0	314.8
Non-current assets	2,030.4	1,857.8
Total Assets	**2,486.4**	**2,172.6**
Current liabilities	319.1	282.3
Non-current liabilities	762.1	1,846.7
Total Liabilities	**1,081.2**	**2,129.0**
Net Assets	**1,405.2**	**43.6**
Total Equity	**1,405.2**	**43.6**

The significant movements on the Consolidated Statement of Financial Position are predominantly attributable to the capital restructure, the IPO and business acquisitions that occurred in H1 FY22.

The increase in APM's total assets during H1 FY22 was primarily a result of the $114.5 million increase in cash as outlined above, and the acquisitions of Generation Health, DWFS, Early Start Australia, MyIntegra and Mobility businesses increasing intangibles by $167.0 million which was offset by amortisation for the group of $27.8 million.

Total liabilities decreased across the period by $1,047.8 million due largely to the conversion of shareholder loans with a value of $965.5 million to equity as part of the IPO capital restructure. Additionally, following the receipt of the IPO proceeds, APM repaid $160.0 million on its USD denominated debt. As a result of the capital restructure and debt repayment, APM's debt to Pro forma EBITDA ratio was 1.8x.

The movement in total equity across H1 FY22 is due largely to the capital restructure and IPO.

Segment Overview

Australia

The Australian business has performed strongly in a market that has been disrupted with shutdowns and restricted movement of talent.

During the half, employment services has performed well, even with the COVID-19 related operating challenges.

Despite low unemployment and observed labour shortages, employment services caseloads remain above pre-pandemic levels.

APM's training business has grown strongly supporting the needs of the emerging growth sectors.

During the half, APM commenced the Residential Aged Care Assessments contract and acquired Generation Health contributing to the first half performance.

The group completed the acquisitions of Early Start Australia, MyIntegra and Mobility at the half year. Following these acquisitions, APM acquired Lifecare on the 4 January 2022. These businesses are being integrated into APM. The group will continue to invest in these platform businesses to expand their operations nationally leveraging the group's physical presence and strong community connections.

Review of operations (continued)

Financial highlights (continued)

Segment Overview (continued)

Europe

APM's European results are largely due to the strong growth in the UK business reflecting the Employment services business and commencement of the Restart contract, the improved performance of the Health business and the Youth National Citizens Service contract operating a summer season.

During the period we have successfully mobilised the Restart contract.

We have entered the Swedish employment services market through the acquisition of Clustera in late January 2022 which provides an exciting opportunity to grow our business across that market through investment in people and sites.

North America

North America has grown as a result of the acquisition and integration of DWFS, the full half year operation of DB Grant and the Canadian Ontario Employment program in the Peel Region and new contract wins expanding our business in the US to 24 States.

We have now also entered the Jobcorp market in the USA.

Together with our joint venture partner, we are well into the preparation for the Rehabilitation Services and Vocational Assistance Program for Veterans in Canada which will commence in January 2023.

AsiaPac

Asia Pacific (including New Zealand) performance has been temporarily impacted by COVID-19 related lockdowns in New Zealand and South Korea. As lockdowns are lifted, the group expects these markets to recover and this region to return to normal operations and growth.

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 11.

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 Director's report and interim financial report. Amounts in the Director's report and interim financial 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

West Perth
25 February 2022

APM Human Services International Limited

Auditor's Independence Declaration

For the half-year ended 31 December 2021

Auditor's Independence Declaration

As lead auditor for the review of APM Human Services International Limited for the half-year ended 31 December 2021, 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
25 February 2022

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APM Human Services International Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Note	31 December 2021 $'000	31 December 2020 $'000
Revenue from contracts with customers	4	613,343	473,160
Other income		369	2,748
Total income		**613,712**	**475,908**
People costs	5(a)	(377,431)	(278,533)
Client support costs		(54,787)	(33,953)
Administration	5(a)	(25,482)	(19,390)
Marketing		(4,493)	(3,252)
Travel expenses		(2,696)	(1,394)
Occupancy expenses	5(a)	(19,248)	(11,903)
Other operating costs	5(a)	(34,843)	(7,011)
Other (losses)/gains	5(a)	(12,309)	11,885
Depreciation and amortisation	5(a)	(57,338)	(52,777)
Net finance costs	6	(75,020)	(66,310)
(Loss)/profit before income tax		**(49,935)**	**13,270**
Income tax benefit/(expense)	5(b)	7,282	(13,871)
Loss for the period		**(42,653)**	**(601)**
Other comprehensive income, net of tax			
Other comprehensive income		26	–
Total comprehensive loss for the period		**(42,627)**	**(601)**

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

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

APM Human Services International Limited

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents		221,304	106,781
Trade and other receivables		86,752	87,477
Accrued revenue		131,267	100,691
Prepayments		16,650	19,834
Total current assets		**455,973**	**314,783**
Non-current assets			
Property, plant and equipment		53,201	30,345
Right-of-use assets		73,434	75,680
Intangible assets	8	1,876,316	1,729,611
Prepayments		5,187	1,402
Other non-current assets		12,427	6,208
Deferred tax assets		9,882	14,575
Total non-current assets		**2,030,447**	**1,857,821**
Total assets		**2,486,420**	**2,172,604**
LIABILITIES			
Current liabilities			
Trade and other payables		51,951	52,548
Accrued expenses		81,113	61,956
Interest-bearing liabilities	9	41,663	31,536
Current tax liabilities		9,246	29,470
Deferred revenue		104,502	78,202
Provisions	10	30,595	28,615
Total current liabilities		**319,070**	**282,327**
Non-current liabilities			
Interest-bearing liabilities	9	632,982	757,795
Shareholder loans	9	–	965,538
Deferred tax liabilities		73,267	98,951
Provisions	10	27,557	20,275
Other non-current liabilities		28,326	4,145
Total non-current liabilities		**762,132**	**1,846,704**
Total liabilities		**1,081,202**	**2,129,031**
Net assets		**1,405,218**	**43,573**
EQUITY			
Share capital	11(a)	1,449,977	47,345
Other reserves		(1,057)	(1,853)
Accumulated losses		(44,546)	(1,919)
Equity attributable to the owners of APM Human Services International Limited		**1,404,374**	**43,573**
Non-controlling interests	3(c)	844	–
Total equity		**1,405,218**	**43,573**

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

APM Human Services International Limited

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Note	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Non – controlling interests $'000	Total equity $'000
Balance at 1 July 2020		**46,840**	**–**	**–**	**–**	**46,840**
Loss for the half-year		–	–	(601)	–	(601)
Exchange differences on translation of foreign operations		–	(3,550)	–	–	(3,550)
Total comprehensive loss for the half-year		–	(3,550)	(601)	–	(4,151)
Movement in shares on issue		100	–	–	–	100
Employee share schemes		–	358	–	–	358
Balance at 31 December 2020		**46,940**	**(3,192)**	**(601)**	**–**	**43,147**
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		–	–	26	–	26
Exchange differences on translation of foreign operations		–	1,366	–	–	1,366
Total comprehensive loss for the half-year		–	1,366	(42,627)	–	(41,261)
Contributions of equity, net of transaction costs	11(a)	1,337,382	–	–	–	1,337,382
Issue of ordinary shares as consideration for a business combination	3(d), 3(e)	54,011	–	–	–	54,011
Transfer of reserves	11(a)	11,239	(11,239)	–	–	–
Non-controlling interests on acquisition of subsidiary	3(c)	–	–	–	844	844
Employee share schemes		–	10,669	–	–	10,669
Balance at 31 December 2021		**1,449,977**	**(1,057)**	**(44,546)**	**844**	**1,405,218**

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

APM Human Services International Limited

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Note	For the half-year ended 31 December 2021 $'000	For the half-year ended 31 December 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		664,884	488,955
Payments to suppliers and employees (inclusive of GST and VAT)		(526,429)	(371,542)
Share issue costs (uncapitalised)		(20,897)	–
Interest received		29	27
Income tax paid		(37,547)	(5,702)
Net cash flows from operating activities		**80,040**	**111,738**
Cash flows used in investing activities			
Payment for property, plant and equipment and intangibles		(37,235)	(7,371)
Payment for acquisition of subsidiary, net of cash acquired	3	(76,448)	(23,749)
Net cash used in investing activities		**(113,683)**	**(31,120)**
Cash flows from financing activities			
Proceeds from borrowings		14,855	–
Proceeds from issues of shares		343,522	250
Share issue costs capitalised		(11,259)	–
Repayment of borrowings		(161,898)	–
Interest paid		(18,109)	(28,755)
Principal elements of lease payments		(18,997)	(17,874)
Net cash from financing activities		**148,114**	**(46,379)**
Net increase in cash and cash equivalents held		114,471	34,239
Cash and cash equivalents at beginning of period		106,781	29,876
Net foreign exchange differences		52	(1,049)
Cash and cash equivalents at end of the period		**221,304**	**63,066**

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 2021

1 Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial 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 period ended 30 June 2021 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 financial 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.

(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 2021:

- In July 2021, the Restart Scheme contracts in the UK commenced, resulting in a significant increase in revenue, working capital movements and capital expenditure in the UK. The group was also awarded the new federal Rehabilitation Services and Vocational Assistance Program ("RSVAP") in Canada in July 2021 by Veteran Affairs Canada ("VAC"). Service delivery will commence in January 2023 after an 18-month implementation and transition period.
- On 2 July 2021, the group refinanced its first and second lien term loan facility to an all first lien multi-currency facility comprising a $380.0 million AUD Term Loan and a $368.3 million (US$275 million) USD Term Loan. The refinancing process resulted in a non-cash loss on debt extinguishment of $24.7 million (see notes 6 and 9).
- On 31 July 2021, Advanced Personnel Management Global Pty Ltd, a wholly-owned subsidiary of Advanced Personnel Management International Pty Ltd, acquired 100% of the issued share capital of Generation Health Pty Ltd and The Interact Group Pty Ltd (collectively, Generation Health), a provider of workplace injury prevention and injury management services across Australia (see note 3(a)).
- On 31 August 2021, Ross Innovative Employment Solutions Corp, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the Membership Interests of The Kaiser Group (DE) LLC, a provider of workforce development and training services in the USA (see note 3(b)).
- On 12 November 2021, the Company listed on the Australian Securities Exchange (ASX). The group raised approximately $339.0 million via the issue of 95.5 million shares at an Offer price of $3.55 per share under the Prospectus lodged in early November (see note 11).
- On 29 December 2021, the group announced the completion of the acquisitions of Early Start Australia, MyIntegra, and Mobility (see notes 3(c) – 3(e)).
- The Company has established a Long Term Incentive Plan ("LTIP") to assist in the motivation, retention and reward of certain employees and Executive Directors. The rules of the LTIP were outlined in the Prospectus.

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 ongoing impact of COVID-19 has been considered in the preparation of these consolidated half-year financial statements and in applying the group's key judgements and estimates. The directors have reviewed liquidity and cash flow forecasts, as well as critical accounting estimates and judgements for the group. As these are subject to increased uncertainty, actual outcomes may differ from the applied estimates.

1 Basis of preparation of half-year report (continued)

(b) Critical estimates, judgements and errors (continued)

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

- Revenue from contracts with customers
- Income tax expense
- Leases
- Intangible assets
- Provisions
- Deferred consideration

(c) New and amended standards adopted by the group

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. Many IBOR around the world are undergoing reforms and benchmark interest rates are being replaced with alternative reference rates (ARRs). The group has a first lien term facility whereby the USD Term Loan references the 1M USD LIBOR. The carrying amount of the borrowing as at 31 December 2021 is A$216.9 million and matures in June 2026. The contractual terms include a fallback clause designed to address the situation where USD LIBOR is unavailable, which requires replacement with SOFR (Secured Overnight Financing Rate) and applicable adjustments.

The group has adopted amendments to AASB 9, IAS 39, AASB 7 and AASB 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020 with effect from 1 July 2021. These amendments require that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the instrument is not derecognised).

These amendments did not have any impact on the amounts recognised in the current period as the USD LIBOR has not yet transitioned to SOFR.

2 Segment and revenue information

(a) Description of segments

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

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

The operating segments are as follows:

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

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.

2 Segment and revenue information (continued)

(b) NPATA

NPATA is calculated as the net profit after tax and after adding back the amortisation expense relating to acquired service agreement contract intangibles. The CODM's use this measure as it best positions the decision makers to make strategic decisions, including but not limited to the Company's ability to pay dividends. The Annual Report for the period ended 30 June 2021 included Gross Contribution and NPATA as a way of measuring segment profit or loss. For the period ended 31 December 2021, the CODM's considered NPATA only.

(c) Reconciliation of NPATA to (loss)/profit before tax

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

	31 December 2021 $'000	31 December 2020 $'000
NPATA	(16,594)	24,882
Income tax (benefit)/expense	(7,282)	13,871
Amortisation expense (relating to acquired service agreements)	(26,059)	(25,483)
(Loss)/profit before income tax	**(49,935)**	**13,270**

(d) Segment results

For the half-year ended 31 December 2021	Australia $'000	APAC $'000	Europe/UK $'000	North America $'000	Consolidated $'000
Segment revenue					
Revenue from contracts with customers	300,224	38,793	176,056	98,270	613,343
Other income/(expense)	111	271	(64)	51	369
Total segment revenue	**300,335**	**39,064**	**175,992**	**98,321**	**613,712**
Segment net (loss)/profit after tax before amortisation (NPATA)	**(37,672)**	**3,140**	**13,778**	**4,160**	**(16,594)**
Net profit after tax before amortisation as a percentage of revenue	**(12.5)%**	**8.0%**	**7.8%**	**4.2%**	**(2.7)%**

For the half-year ended 31 December 2020	Australia $'000	APAC $'000	Europe/UK $'000	North America $'000	Consolidated $'000
Segment revenue					
Revenue from contracts with customers	260,945	41,712	120,268	50,235	473,160
Other income	1,910	814	3	21	2,748
Total segment revenue	**262,855**	**42,526**	**120,271**	**50,256**	**475,908**
Segment net profit after tax before amortisation (NPATA)	**10,909**	**5,858**	**4,699**	**3,416**	**24,882**
Net profit after tax before amortisation as a percentage of revenue	**4.2%**	**13.8%**	**3.9%**	**6.8%**	**5.2%**

2 Segment and revenue information (continued)

(e) 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 intersegment elimination entries.

	31 December 2021 $'000	30 June 2021 $'000
Non-current assets		
Australia	1,665,946	1,529,228
APAC		
New Zealand	28,130	27,988
Korea	50,166	50,964
Singapore	23,610	23,755
Europe/UK		
United Kingdom	128,527	111,248
Germany	9,251	10,172
Switzerland	3,532	3,779
North America		
USA	40,843	24,267
Canada	52,946	54,235
Total segment non-current assets	**2,002,951**	**1,835,636**
Deferred tax assets	9,882	14,575
Other assets	17,614	7,610
Total non-current assets per the Consolidated Statement of Financial Position	**2,030,447**	**1,857,821**

3 Business combinations

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

On 31 July 2021, the group acquired 100% of Generation Health Pty Limited for $20.5 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workcare business in Australia.

	Provisional fair value $'000
Cash and cash equivalents	2,677
Trade and other receivables	2,994
Prepayments	344
Property, plant and equipment	926
Right-of-use assets	980
Intangible assets	7,521
Deferred tax assets	268
Trade and other payables	(1,321)
Accrued expenses	(1,787)
Deferred tax liabilities	(2,251)
Interest-bearing liabilities	(1,260)
Provisions	(407)
Deferred revenue	(312)
Net identifiable assets acquired	**8,372**
Goodwill	12,140
Net assets acquired	**20,512**

Acquired receivables

The fair value of acquired trade receivables is $3.0 million. The gross contractual amount for trade receivables due is $3.1 million, with a loss allowance of $0.1 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $15.7 million revenue and $0.8 million net profit after tax to the group for the period from acquisition on 31 July 2021 to 31 December 2021.

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

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

3 Business combinations (continued)

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

On 31 August 2021, the group acquired 100% of The Kaiser Group (DE), LLC for $25.3 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

	Provisional fair value $'000
Cash and cash equivalents	5
Trade and other receivables	8,220
Accrued revenue	1,613
Prepayments	534
Property, plant and equipment	31
Right-of-use assets	75
Intangible assets	375
Trade and other payables	(1,597)
Accrued expenses	(2,170)
Current tax liabilities	(8)
Deferred tax liabilities	(105)
Interest-bearing liabilities	(75)
Deferred revenue	(468)
Net identifiable assets acquired	**6,430**
Goodwill	18,874
Net assets acquired	**25,304**

Acquired receivables

The fair value of acquired trade receivables is $8.2 million. The gross contractual amount for trade receivables due is $8.3 million, with a loss allowance of $0.1 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed $12.8 million revenue and $0.3 million net profit after tax to the group for the period from acquisition on 31 August 2021 to 31 December 2021.

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

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

3 Business combinations (continued)

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

On 29 December 2021, the group, through its wholly-owned subsidiary APM Mobility Holdings Pty Ltd, acquired 60% of the shares in Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd ("Mobility") for $10.7 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the group's expansion into providing services in relation to Australia's NDIS and aged care sectors.

	Provisional fair value $'000
Cash and cash equivalents	295
Trade and other receivables	245
Prepayments	55
Current tax receivable	547
Property, plant and equipment	84
Intangible assets	5,687
Other non-current assets	15
Trade and other payables	(564)
Current provisions	(114)
Provisions	(2,468)
Deferred tax liabilities	(1,672)
Net identifiable assets acquired	**2,110**
Less non-controlling interest (40%)	(844)
Net identifiable assets acquired (less non-controlling interests)	**1,266**
Goodwill	9,460
Net assets acquired	**10,726**

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

The purchase consideration includes cash consideration ($10.0 million) and the settlement of loans ($0.7m), and there is no deferred consideration. 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.

3 Business combinations (continued)

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

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

	Provisional fair value $'000
Cash and cash equivalents	2,413
Trade and other receivables	2,440
Prepayments	414
Property, plant and equipment	3,089
Right-of-use assets	6,560
Other non-current assets	164
Deferred tax assets	817
Trade and other payables	(3,455)
Accrued expenses	(708)
Deferred revenue	(217)
Current provisions	(2,071)
Provisions	(2,566)
Interest-bearing liabilities	(6,770)
Net identifiable assets acquired	**110**
Goodwill	83,222
Net assets acquired	**83,332**

Acquired receivables

The fair value of acquired trade receivables is $0.1 million. The gross contractual amount for trade receivables due is $0.1 million, with no loss allowance recognised on acquisition.

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3 Business combinations (continued)

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

Purchase consideration

Details of the purchase consideration are as follows:

	Provisional fair value $'000
Purchase consideration	
Cash paid	18,903
Settlement of loans (non-cash)	5,910
Shares issued (i)	36,592
Deferred consideration (ii)	21,927
Total purchase consideration	**83,332**

(i) Shares issued

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

(ii) Deferred consideration

The deferred consideration is an earn-out payment payable by the issue of up to a maximum number of 20,000,000 ordinary shares in APM, contingent upon MyIntegra (see note 3(e)) and ESA meeting EBITDA hurdles over a subsequent 3-year period. These hurdles include EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025. None of the EBITDA milestones were met during the half-year ending 31 December 2021, as they relate to future financial years. Accordingly, no shares have been issued pursuant to those earn-out arrangements. The fair value of the deferred consideration arrangement was estimated using the Black-Scholes model, based on a share price of $2.91, nil exercise price, volatility of 28.0%, risk free interest rate of 0.8%, and a dividend yield of 2.4%. The fair value of the deferred consideration arrangement is classified as an other non-current liability 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 EBITDA as the allocation method.

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.

3 Business combinations (continued)

(e) Summary of acquisition – MyIntegra Pty Ltd (100%)

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

	Provisional fair value $'000
Cash and cash equivalents	1,279
Trade and other receivables	1,224
Prepayments	325
Property, plant and equipment	120
Right-of-use assets	172
Other non-current assets	328
Deferred tax assets	326
Trade and other payables	(917)
Accrued expenses	(821)
Current provisions	(538)
Provisions	(120)
Interest-bearing liabilities	(172)
Deferred tax liabilities	(97)
Net identifiable assets acquired	**1,109**
Goodwill	29,762
Net assets acquired	**30,871**

Acquired receivables

The fair value of acquired trade receivables is $1.2 million. The gross contractual amount for trade receivables due is $1.3 million, with a loss allowance of $0.1 million recognised on acquisition.

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3 Business combinations (continued)

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

Purchase consideration

Details of the purchase consideration are as follows:

	Provisional fair value $'000
Purchase consideration	
Cash paid	7,753
Settlement of loans (non-cash)	300
Shares issued (i)	17,419
Deferred consideration (ii)	5,399
Total purchase consideration	**30,871**

(i) Shares issued

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

(ii) Deferred consideration

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 EBITDA hurdles over a subsequent 3-year period. These hurdles include EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025. None of the EBITDA milestones were met during the half-year ending 31 December 2021, as they relate to future financial years. Accordingly, no shares have been issued pursuant to those earn-out arrangements. The fair value of the deferred consideration arrangement was estimated using the Black-Scholes model, based on a share price of $2.91, nil exercise price, volatility of 28.0%, risk free interest rate of 0.8%, and a dividend yield of 2.4%. The fair value of the deferred consideration arrangement is classified as an other non-current liability 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 EBITDA as the allocation method.

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.

4 Revenue

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

	31 December 2021 $'000	31 December 2020 $'000
Employment services	468,425	332,113
Health & wellbeing	102,991	66,218
Communities & assessment	31,785	68,908
Disability & aged care support services	10,142	5,921
Total revenue from contracts with customers	**613,343**	**473,160**

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

	31 December 2021 $'000	31 December 2020 $'000
Included in other (losses)/gains:		
Unrealised foreign exchange (loss)/gain	(12,309)	11,885
	(12,309)	**11,885**
Included in people costs:		
Salaries and wages expense	(298,555)	(239,795)
Share-based payments expense	(10,671)	(357)
Subcontractor costs	(68,205)	(38,381)
	(377,431)	**(278,533)**
Included in administration:		
Consulting fees	(9,308)	(5,992)
Licence costs	(8,149)	(6,489)
Training, development and recruitment costs	(3,476)	(3,316)
Information technology costs	(2,149)	(1,938)
Other	(2,400)	(1,655)
	(25,482)	**(19,390)**
Included in occupancy expenses:		
Short-term and low-value lease payments	(9,290)	(3,241)
Other occupancy-related costs	(9,958)	(8,662)
	(19,248)	**(11,903)**
Included in other operating costs:		
ASX listing costs	(27,897)	–
Insurance	(1,750)	(1,356)
Printing, postage, storage & stationary	(1,870)	(1,679)
Other operating costs	(3,326)	(3,976)
	(34,843)	**(7,011)**
Included in depreciation and amortisation:		
Depreciation of property, plant and equipment	(10,369)	(8,055)
Depreciation of right-of-use assets	(19,176)	(18,307)
Amortisation of acquired service agreement contracts	(26,059)	(25,483)
Amortisation of licences & software	(1,734)	(932)
	(57,338)	**(52,777)**

5 Profit and loss information (continued)

(b) Income tax

After taking into account permanent differences created by the interest on shareholder loans ($28.3 million) and expenses relating to the management equity plan ($10.7 million), as well as previously unrecognised losses expected to be recouped to reduce current tax expense in the UK ($22.6 million), the effective tax rate for the period to 31 December 2021 is 21.7%, compared to 31.3% for the six months ended 31 December 2020.

Effective tax rate analysis for the half-year ended 31 December 2021	$'000
Loss before income tax	(49,935)
Amounts which are not deductible (taxable) in calculating taxable income:	
Shareholder loan interest	28,300
Employee option plan	10,671
Previously unrecognised tax losses now recouped to reduce current tax expense (UK)	(22,589)
Taxable loss	**(33,553)**
Income tax benefit	7,282
Effective tax rate	**21.7%**

Effective tax rate analysis for the half-year ended 31 December 2020	$'000
Profit before income tax	13,270
Amounts which are not deductible (taxable) in calculating taxable income:	
Shareholder loan interest	35,890
Employee option plan	357
Non-profit & loss adjustments to deferred tax	5,189
Previously unrecognised tax losses now recouped to reduce current tax expense (UK)	(10,380)
Taxable profit	**44,326**
Income tax expense	(13,871)
Effective tax rate	**31.3%**

6 Net finance costs

	31 December 2021 $'000	31 December 2020 $'000
Bank interest income	29	27
Interest expense on lease liability	(2,289)	(1,615)
Shareholder loan interest	(28,300)	(35,890)
Loss on debt extinguishment (i)	(24,663)	–
Bank interest expense	(18,109)	(28,283)
Other finance costs	(1,688)	(549)
	(75,020)	**(66,310)**

(i) Refer to notes 1(a) and 9 for further detail on the non-cash loss on debt extinguishment.

7 Earnings per share

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

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

(b) Weighted average number of shares used as denominator

	Half-year 31 December 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	239,508,516

Basic earnings/(loss) per share is computed by dividing net 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 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 (1,037,613 performance rights) is not included in the denominator of the diluted EPS calculation.

Due to the significant capital restructure which occurred upon IPO, no earnings/(loss) per share information has been presented for the comparative period.

8 Intangible assets

	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
At 30 June 2021					
At cost	1,367,057	350,000	57,000	8,204	1,782,261
Accumulated amortisation	–	(50,785)	–	(1,865)	(52,650)
Net book amount	**1,367,057**	**299,215**	**57,000**	**6,339**	**1,729,611**
Half-year ended 31 December 2021					
Opening net book amounts	1,367,057	299,215	57,000	6,339	1,729,611
Acquisition of controlled entities (note 3)	153,458	7,879	–	5,704	167,041
Additions	–	–	–	7,248	7,248
Translation differences	205	4	–	–	209
Amortisation	–	(26,059)	–	(1,734)	(27,793)
Closing net book amount	**1,520,720**	**281,039**	**57,000**	**17,557**	**1,876,316**
At 31 December 2021					
At cost	1,520,720	357,883	57,000	21,156	1,956,759
Accumulated amortisation	–	(76,844)	–	(3,599)	(80,443)
Net book amount	**1,520,720**	**281,039**	**57,000**	**17,557**	**1,876,316**

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 2021 $'000	30 June 2021 $'000
Current:		
Bank loans	7,552	–
Lease liabilities	34,111	31,536
	41,663	**31,536**
Non-Current		
Bank loans	587,384	707,446
Lease liabilities	45,598	50,349
	632,982	**757,795**
Total interest-bearing liabilities	**674,645**	**789,331**

9 Interest-bearing liabilities (continued)

Bank loans

On 2 July 2021, the group refinanced its first and second lien term loan facility to an all first lien multi-currency facility comprising a $380.0 million AUD Term Loan and a $368.3 million (US$275 million) USD Term Loan. The refinancing of these facilities was considered to be qualitative modifications, with a $24.7 million non-cash loss incurred on extinguishment, inclusive of costs incurred, included in net finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (refer to notes 1(a) and 6). On the date of the IPO on 12 November 2021, the group used some of the proceeds from the issue of new shares to immediately repay $160.0 million of the USD Term Loan.

The current portion of the bank loans relates to the mandatory quarterly payments of 0.25% of the outstanding principal each quarter as required by the terms of the loans.

The group monitors the progress of transition from 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.

As at 31 December 2021, 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 2021						
Non-derivatives						
Trade and other payables	51,951	–	–	–	51,951	51,951
Lease liabilities	37,559	25,655	23,578	48	86,840	79,709
Borrowings	37,237	36,732	649,759	–	723,728	594,936
Total non-derivatives	**126,747**	**62,387**	**673,337**	**48**	**862,519**	**726,596**

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 2021						
Non-derivatives						
Trade and other payables	52,548	–	–	–	52,548	52,548
Lease liabilities	31,536	28,917	13,968	8,506	82,927	81,885
Borrowings	44,714	44,714	131,880	749,398	970,706	707,446
Shareholder loans	–	–	–	965,538	965,538	965,538
Total non-derivatives	**128,798**	**73,631**	**145,848**	**1,723,442**	**2,071,719**	**1,807,417**

Shareholder loans

The shareholder loans were accounted for as a full extinguishment on the date of the IPO through the issuance of equity instruments. These shareholder loans were derecognised from the Consolidated Statement of Financial Position on 12 November 2021, and the fair value of the equity instruments issued recognised in equity as contributed equity (refer to note 11(a)). The value of the shareholder loans at the date of the IPO was $994.9 million.

10 Provisions

	31 December 2021 $'000	30 June 2021 $'000
Current:		
Employee entitlements	23,059	21,056
Clawback provision	2,776	3,443
Dilapidation provision	2,290	1,243
Other current provisions	2,470	2,873
	30,595	**28,615**
Non-Current		
Employee entitlements	7,241	6,410
Clawback provision	1,321	2,434
Dilapidation provision	8,614	4,689
Other provisions	10,381	6,742
	27,557	**20,275**
	58,152	**48,890**

11 Share capital

(a) Movements in shares on issue

	Notes	Number of shares (thousands)	Total $'000
Ordinary shares			
At 30 June 2021* (restated)		469,887	47,345
Movement in ordinary shares on issue pre-IPO* (restated)		516	432
Settlement of shareholder loans on IPO	9	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	330,952
Employee share gift offer on IPO		1,000	3,553
Acquisition of subsidiary – ESA	3(d)	12,575	36,592
Acquisition of subsidiary – MyIntegra	3(e)	5,986	17,419
At 31 December 2021		**917,182**	**1,449,977**

* 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 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 $469,115 for the half-year ended 31 December 2021. There is no balance outstanding to be paid at 31 December 2021.

The acquisitions of Early Start Australia, MyIntegra and Mobility were also related party transactions (refer below for the vendor details), refer to notes 3(c) – 3(e) for further detail.

Vendor details are as follows:

Early Start Australia:

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

MyIntegra:

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

Mobility:

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

13 Contingent Liabilities

Various entities in the group have in the normal course of business issued $11.3 million of guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

14 Commitments

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

15 Events occurring after the reporting period

On 4 January 2022, Konekt Workplace Health Solutions Pty Ltd, a wholly-owned subsidiary of APM Human Services International Limited, acquired a majority interest in the Lifecare Physiotherapy businesses across Australia for cash consideration of approximately $68.0 million. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition are still being finalised. The financial effects of the above transaction have not been brought to account at 31 December 2021. The operating results and assets and liabilities of the company will be brought to account from 4 January 2022.

On 31 January 2022, Ingeus Europe Limited, a wholly-owned subsidiary of APM Human Services International Limited, acquired all of the issued shares in Clustera Sverige AB, an employment services provider in Sweden, for consideration of approximately $9.4 million. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was $2.2 million, excluding any service agreements, and the purchased goodwill amounted to approximately $7.2 million. Any value ascribed to service agreements will reduce the expected goodwill on acquisition. The financial effects of the above transaction have not been brought to account at 31 December 2021. The operating results and assets and liabilities of the company will be brought to account from 31 January 2022.

APM Human Services International Limited

Directors' Declaration

For the half-year ended 31 December 2021

In the directors' opinion:

(a) the Interim financial report and notes set out on pages 12 to 33 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 2021 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

West Perth
25 February 2022

Independent Auditor's Review Report to the Members

31 December 2021

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 2021, 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 2021 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.

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

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 and fair view of the Group's financial position as at 31 December 2021 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
25 February 2022

APM Human Services International Limited

Corporate Directory

For the half-year ended 31 December 2021

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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