APM Human Services International Limited
Appendix 4E
For the year ended 30 June 2022

Details of the reporting period and the previous corresponding period

Current period: 1 July 2021 to 30 June 2022
Previous corresponding period: 1 July 2020 to 30 June 2021

Results for announcement to the market

Key information	**2022 $'000**	2021 $'000	Change %
Revenue from contracts with customers	1,328,128	999,113	32.9%
Total income	1,330,722	1,016,427	30.9%
Total comprehensive income / (loss) from ordinary activities for the period attributable to members	42,598	(4,519)	N/A
Total comprehensive income / (loss) for the period attributable to members	42,598	(4,519)	N/A
Pro forma net profit after tax after amortisation expense relating to acquired service agreement contract intangibles (NPATA)	166,292	128,613	29.3%

Dividends

Ordinary shares	Amount per security	Franked amount per security
Interim	0.0 cents	0.0 cents
Final	5.0 cents	5.0 cents
Record date for determining entitlements to dividend		5:00pm on 9 September 2022
Payment date		29 September 2022

There is currently no Dividend Reinvestment Plan in place.

Commentary on results

Please refer to the attached Operating and Financial review for an explanation of the results in the attached Preliminary Final Report.

Pro forma net profit after tax after amortisation expense relating to acquired service agreement contract intangibles (as outlined in the following table), has been used to measure the financial performance of the group. The group believes this measure of performance best presents the underlying operating results of the group. The following table sets out a reconciliation of the Statutory NPATA to the pro forma NPATA.

	2022 $'000	2021 $'000	Change %
Statutory NPATA	92,419	48,854	(166.69%)
Pro forma adjustments:			
IPO and transaction costs	36,285	(1,019)	N/A
Extinguish pre-IPO MEP plan	10,491	(1,200)	N/A
Foreign exchange impact	9,726	(7,800)	N/A
Employee IPO Gift	5,053	-	N/A
Debt refinance - July 2021	24,663	-	N/A
Reverse pre-IPO bank interest	32,712	55,739	N/A
Capital structure on IPO	(29,333)	(29,333)	N/A
Shareholder interest expense	28,300	72,678	N/A
Tax expense adjustment	(22,640)	-	N/A
Tax effect of adjustments*	(21,385)	(9,306)	N/A
Pro forma NPATA	166,292	126,613	65.79%

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

Earnings per share

Ordinary shares	2022 $	2021 $
Basic earnings per share	0.07	N/A
Diluted earnings per share	0.07	N/A
Pro forma basic earnings per share	0.20	N/A
Pro forma diluted earnings per share	0.20	N/A

Net tangible assets

	2022 $'000	2021 $'000
Net assets	1,479,762	43,573
Less: intangible assets	(1,968,406)	(1,729,611)
Net tangible assets of the company*	(488,645)	(1,686,038)
Fully paid ordinary shares on issue at balance date**	917,181,946	469,402,360
Net tangible asset backing per issued ordinary share as at balance date	(0.53)	(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 10 for 1 share split to all ordinary shareholders. All share information has been retrospectively adjusted.

Supplementary Comments

Additional Appendix 4E disclosures and other significant information may be found in the attached Unaudited financial information for the year ended 30 June 2022, and the media release and financial results presentation lodged with the ASX on 29 August 2022. This Unaudited Preliminary Final Report is based on the Annual Report for the year ended 30 June 2022 which is in the process of being audited.

The Audited Annual Report will be made available on the 31st August 2022.

Entities over which control has been gained during the period

The entities that joined the group during the financial period are set out in Note 3 of the Consolidated Financial Statements for the year ended 30 June 2022.

APM Human Services International Limited

ABN 38 639 621 766

Preliminary Final Report

For the year ended 30 June 2022

APM Human Services International Limited
Preliminary Final Report
For the year ended 30 June 2022

Contents

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

APM Human Services International Limited
Review of Operations and Activities
For the year ended 30 June 2022

Operating and Financial Review

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

Overview of APM

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

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

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

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

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

Goal #3: Good health and wellbeing through promotion of mental health and rehabilitation services;

Goal #5: Achieve gender equality and empower all women and girls;

Goal #8: Decent work and economic growth through promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;

Goal #10: Reduce inequalities within and amongst countries through APM's extensive work with people living with disability, illness and injury, and improving access to labour markets for people from vulnerable and disadvantaged populations; and

Goal #17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Financial Highlights

Profit & loss summary

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

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

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

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

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

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

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

Cash flow summary

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

Financial Highlights (continued)

Cash flow summary (continued)

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

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

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

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

Statement of Financial Position Summary

$Am	30 June 2022	30 June 2021
Current assets	532.5	314.8
Non-current assets	2,145.9	1,857.8
Total Assets	**2,678.5**	**2,172.6**
Current liabilities	364.0	282.3
Non-current liabilities	834.8	1,846.7
Total Liabilities	**1,198.8**	**2,129.0**
Net Assets	**1,479.8**	**43.6**
Total Equity	**1,479.8**	**43.6**

Financial Highlights (continued)

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

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

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

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

Segment Overview

Australia

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

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

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

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

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

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

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

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

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

Europe/UK

$Am	FY22	FY21	Movement $	%
Revenue	389.8	272.3	117.5	43.2%
NPATA	62.7	22.2	40.4	182.0%
Pro forma NPATA	50.7	22.2	28.5	128.4%

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

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

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

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

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

North America

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

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

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

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

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

APAC

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

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

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

APM Human Services International Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	30 June 2022 $'000	For the period from incorporation on 9 March 2020 to 30 June 2021* $'000
Revenue from contracts with customers	**4**	1,328,128	999,113
Other income	**5**	2,594	17,314
Total income		**1,330,722**	**1,016,427**
People costs	**5**	(801,279)	(609,890)
Client support costs		(105,556)	(78,554)
Administration	**5**	(55,739)	(44,042)
Marketing		(10,019)	(7,256)
Travel expenses		(7,813)	(3,954)
Occupancy expenses	**5**	(44,616)	(23,918)
Other operating costs	**5**	(49,566)	(16,850)
Other (losses)/gains	**5**	(9,741)	12,801
Depreciation and amortisation	**5**	(122,364)	(103,180)
Net finance costs	**7**	(95,149)	(132,905)
Profit before income tax		**28,880**	**8,679**
Income tax benefit/(expense)	**6**	11,855	(10,598)
Profit/(loss) for the year/period		**40,735**	**(1,919)**
Profit/(loss) is attributable to:			
Owners of APM Human Services International Limited		41,126	(1,919)
Non-controlling interests		(391)	-
		40,735	**(1,919)**
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations	**19(b)**	1,968	(2,600)
Other comprehensive income		(114)	-
Other comprehensive income/(loss) for the year/period		**1,854**	**(2,600)**
Total comprehensive income/(loss) for the year/period		**42,589**	**(4,519)**
Total comprehensive income/(loss) for the year/period attributable to:			
Owners of APM Human Services International Limited		42,980	(4,519)
Non-controlling interests		(391)	-
		42,589	**(4,519)**

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

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

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

APM Human Services International Limited
Consolidated Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	**9**	171,392	106,781
Trade and other receivables	**10**	114,918	87,477
Accrued revenue	**4**	190,298	100,691
Derivative financial instruments	**25**	17,463	-
Prepayments	**11**	38,475	19,834
Total current assets		**532,546**	**314,783**
Non-current assets			
Deferred tax assets	**6**	20,455	14,575
Property, plant and equipment	**13**	55,629	30,345
Right-of-use assets	**12**	80,494	75,680
Intangible assets	**14**	1,968,406	1,729,611
Prepayments	**11**	9,413	1,402
Other non-current assets		11,584	6,208
Total non-current assets		**2,145,981**	**1,857,821**
Total assets		**2,678,527**	**2,172,604**
Current liabilities			
Trade and other payables	**15**	70,880	52,548
Accrued expenses	**15**	87,925	61,956
Interest-bearing liabilities	**16**	45,723	31,536
Current tax liabilities		20,795	29,470
Deferred revenue	**4**	87,493	78,202
Provisions	**18**	41,587	28,615
Other current liabilities	**26**	9,567	-
Total current liabilities		**363,970**	**282,327**
Non-current liabilities			
Deferred tax liabilities	**6**	65,936	98,951
Interest-bearing liabilities	**16**	644,841	757,795
Shareholder loans	**17**	-	965,538
Provisions	**18**	34,802	20,275
Other non-current liabilities	**26**	37,145	4,145
Deferred revenue	**4**	52,071	-
Total non-current liabilities		**834,795**	**1,846,704**
Total liabilities		**1,198,765**	**2,129,031**
Net assets		**1,479,762**	**43,573**
EQUITY			
Contributed equity	**19**	1,449,630	47,345
Other reserves	**19**	(12,098)	(1,853)
Accumulated profits/(losses)		38,702	(1,919)
Equity attributable to the owners of APM		**1,479,762**	**43,573**
Non-controlling interests		3,528	-
Total Equity		**1,479,762**	**43,573**

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

APM Human Services International Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

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

	Note	Share capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021		47,345	(1,853)	(1,919)	-	43,573
Profit for the year		-	-	40,735	(391)	40,344
Other comprehensive income		-	1,968	(114)	-	1,854
Total comprehensive profit for the year		-	1,968	40,621	(391)	42,198
Contributions of equity, net of transaction costs		1,337,035	-	-	-	1,337,035
Issue of ordinary shares as consideration for a business combination		54,011	-	-	-	54,011
Transfer of reserves		11,239	(11,239)	-	-	-
Employee share schemes		-	10,766	-	-	10,766
Put option interests in Lifecare shares		-	(14,429)	-	-	(14,429)
Adjustment to ownership interests		-	2,689	-	668	3,357
Non-controlling interests on acquisition of subsidiary		-	-	-	3,251	3,251
Balance 30 June 2022		**1,449,630**	**(12,098)**	**38,702**	**3,528**	**1,479,762**

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 year ended 30 June 2022

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

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

1 About this report

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

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

- has been prepared in accordance with the requirements of the *Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements* of the Australian Accounting Standards Board ("AASB") and *International Financial Reporting Standards* ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- has been prepared on a historical cost basis other than certain financial assets and liabilities (including derivative financial instruments) measured at fair value;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- except as outlined in note 32(i), has not early adopted Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

(a) Significant changes in the current year

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

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

1 About this report (continued)

(a) Significant changes in the current year (continued)

- On 29 December 2021, the Group, through its wholly-owned subsidiary APM Mobility Holdings Pty Ltd, acquired 60% of the shares in Mobility Australia Pty Ltd and Mobility Holdings Pty Ltd ("Mobility") (see note 3(c)).
- On 29 December 2021, the Group, through its wholly-owned subsidiary APM ESA Holdings Pty Ltd, acquired 100% of the shares in Early Start Australia Pty Ltd ("ESA") (see note 3(d)).
- On 29 December 2021, the Group, through its wholly-owned subsidiary APM MyIntegra Holdings Pty Ltd, acquired 100% of the shares in Integrated Care Pty Ltd ("MyIntegra") (see note 3(e)).
- The Company has established a Long Term Incentive Plan ("LTIP") to assist in the motivation, retention and reward of certain employees and Executive Directors. Refer to note 22 for the details of the LTIP.
- On 4 January 2022, APM Allied Health Pty Ltd (formally Konekt Workplace Health Solutions Pty Ltd), a wholly-owned subsidiary of APM Human Services International Limited, acquired a majority interest in the Lifecare Physiotherapy businesses across Australia (see note 3(f)).
- On 19 January 2022, the Group, through its wholly-owned subsidiary the Kaiser Group (DE) LLC, acquired 100% of the shares in Dynamic Education System (see note 3(i)).
- On 31 January 2022, the Group, through its wholly-owned subsidiary Ingeus Europe Limited, acquired 100% of the shares in Clustera Sverige AB (see note 3(g)).
- On 31 March 2022, the Group, through its wholly-owned subsidiary APM Work Health Pty Ltd, acquired 100% of the shares in BioSymm Pty Limited and 80% of the shares in Finafrere Pty Limited (see note 3(h)).

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

(b) Critical estimates, judgements and errors

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

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

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

1 About this report (continued)

(c) Basis of consolidation

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

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

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

(d) Foreign currency

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

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

1 About this report (continued)

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

(f) Other accounting policies

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

2 Segment information

(a) Description of segments

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

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

The operating segments are as follows:

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

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

(b) NPATA

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

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

(c) Reconciliation of NPATA to profit before tax

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

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

2. Segment information (continued)

(d) Segment results

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

(1) Includes ASX listing costs of $36.3 million in Australia, refer to note 5.

(2) Includes income tax benefit of $12.5 million relating to IFRS15 accrued revenue meeting the definition of a WIP amount asset, identified as part of the completion of the allocable cost amount calculations following the restructure of the Australian tax consolidated Group in June 2020, refer to note 6.

(3) Includes a tax benefit for utilisation of unrecognised carried forward tax losses in the UK, refer to note 6.

2. Segment information (continued)

(d) Segment results (continued)

For the period ended 30 June 2021	Australia $'000	APAC $'000	Europe/UK $'000	North America $'000	Consolidated $'000
Segment revenue					
Revenue from contracts with customers	528,738	85,126	258,301	126,948	999,113
Other income	2,014	1,205	14,001	94	17,314
Total segment revenue	**530,752**	**86,331**	**272,302**	**127,042**	**1,016,427**
Segment net profit after tax before amortisation ("NPATA")	**8,188**	**12,374**	**22,193**	**6,112**	**48,867**
Net profit after tax before amortisation as a percentage of revenue	**1.5%**	**14.3%**	**8.2%**	**4.8%**	**4.8%**
Significant elements of NPATA:					
Other operating costs	(3,316)	(1,436)	(10,321)	(1,777)	(16,850)
Other gains/(losses)	9,311	149	3,244	97	12,801
Net finance costs	(131,240)	(143)	(1,048)	(474)	(132,905)
Income tax (expense)/benefit	(14,753)	(2,795)	9,167	(2,217)	(10,598)

2. Segment information (continued)

(e) Revenue by country

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

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

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

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

2. Segment information (continued)

(f) Segment assets

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

	2022 $'000	2021 $'000
Non-current assets		
Australia	1,728,364	1,530,279
APAC		
New Zealand	27,792	27,988
Korea	50,269	50,964
Singapore	23,229	23,755
Europe / UK (i)		
United Kingdom	132,077	111,248
Sweden	12,103	-
Germany	10,623	10,172
Switzerland	3,203	3,779
North America		
USA (ii)	61,882	24,267
Canada	63,105	54,235
Total segment non-current assets	**2,112,647**	**1,836,687**
Deferred tax assets	20,455	14,575
Other assets	11,584	6,559
Total non-current assets per the Consolidated Statement of Financial Position	**2,144,685**	**1,857,821**

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

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

3 Business combination

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

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

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

Acquired receivables

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

Revenue and profit contribution

The acquired business contributed $33.6 million revenue and $1.1 million net loss after tax to the Group for the period from acquisition on 31 July 2021 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

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

3 Business combination (continued)

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

Goodwill

The goodwill recognised on acquisition is attributable to people, experience and know-how of the business. It'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 combination

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

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

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

Acquired receivables

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

Revenue and profit contribution

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

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

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

3 Business combination (continued)

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

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.

3 Business combination

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

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

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

Acquired receivables

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

Revenue and profit contribution

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

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3 Business combination (continued)

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

Accounting policy choice for non-controlling interests

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

Related party transactions

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

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

3 Business combination (continued)

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

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

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

Acquired receivables

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

Revenue and profit contribution

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

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

Details of the purchase consideration are as follows:

3 Business combination (continued)

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

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

(i) Shares issued

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

Significant estimates

(ii) Deferred consideration (significant estimate)

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

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

Goodwill

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

Related party transactions

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

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

3 Business combination (continued)

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

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

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

Acquired receivables

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

Revenue and profit contribution

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

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Customer relationships

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

3 Business combination (continued)

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

Purchase consideration

Details of the purchase consideration are as follows:

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

(i) Shares issued

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

Significant estimates

(ii) Deferred consideration (significant estimate)

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

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

Goodwill

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

Related party transactions

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

- 90% - MKW Nominees Pty Ltd ATF the Wynne Family Trust No 2 (controlled by Megan Wynne and a related party of APM under Listing Rule 10.1.1)
- 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)

3 Business combination (continued)

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

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

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

Acquired receivables

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

Revenue and profit contribution

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

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3 Business combination (continued)

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

Put option liability

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

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

APM has determined that the risks and rewards relating to the units held by non-controlling unitholders in the Lifecare Group remain with the non-controlling unitholders. As a result, a non-controlling interest has been recognised on acquisition of the Lifecare Group. The put option with non-controlling unitholders results in a financial liability for the Group. The put option liability has been recognised at fair value at the date of acquisition of the Lifecare Group and has been recognised in the put option reserve. Interest expense and subsequent changes in the put option liability are recognised in the put option reserve. The fair value of the put option recognised at 4 January 2022 was $14.4 million.

Measurement

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition. The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

Accounting policy choice for non-controlling interests

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

3 Business combination (continued)

(g) Summary of acquisition – Clustera Sverige AB (100%)

On 31 January 2022, the Group, through its wholly-owned subsidiary Ingeus Europe Limited, acquired 100% of the shares in Clustera Sverige AB for $9.4 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to employability sectors in Sweden.

	Provisional fair value $'000
Cash and cash equivalents	3,890
Trade and other receivables	67
Accrued revenue	887
Prepayments	69
Current tax receivables	267
Right-of-use assets	228
Other non-current assets	6
Deferred tax asset	100
Trade and other payables	(1,008)
Accrued expenses	(763)
Current provisions	(257)
Interest-bearing liabilities (current)	(132)
Interest-bearing liabilities (non-current)	(96)
Deferred tax liability	(47)
Net identifiable assets acquired	**3,211**
Goodwill	6,160
Net assets acquired	**9,371**

Acquired receivables

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

Revenue and profit contribution

The acquired business contributed $4.7 million revenue and $0.2 million net profit after tax to the Group for the period from acquisition on 31 January 2022 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration

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

3 Business combination (continued)

(g) Summary of acquisition – Clustera Sverige AB (100%) (continued)

Purchase consideration	**Provisional fair value $'000**
Cash paid	8,463
Deferred consideration (i)	908
Total purchase consideration	9,371

Goodwill

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

Significant estimates

(i) Deferred consideration

The deferred consideration is an earn-out payable in cash, contingent upon Clustera meeting the total revenue hurdle by the end of 31 December 2022 of SEK 77 million (AUD11.5 million equivalent). It is assumed that the hurdle will be met based on the forecasted total revenue up to 31 December 2022. The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position.

3 Business combination (continued)

(h) Summary of acquisition – BioSymm Pty Limited (100%) and Finafrere Pty Ltd (80%)

On 31 March 2022, the Group, through its wholly-owned subsidiary APM Work Health Pty Ltd, acquired 100% of the shares in BioSymm Pty Limited ("BioSymm") and 80% of the shares in Finafrere Pty Ltd ("Construct Health") for $17.7 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to support the Group's expansion into providing services in relation to Australia's health and wellbeing services.

	Provisional fair value $'000
Cash and cash equivalents	794
Trade and other receivables	2,878
Property, plant and equipment	992
Right-of-use assets	1,400
Deferred tax assets	407
Trade and other payables	(252)
Accrued expenses	(1,874)
Current provisions	(965)
Deferred tax liability	(2)
Interest-bearing liabilities	(1,412)
Non-current provisions	(72)
Net identifiable assets acquired	**1,894**
Less: non-controlling interest (20%)	(43)
Net identifiable assets acquired (less NCI)	**1,851**
Goodwill	15,873
Net assets acquired	**17,724**

Acquired receivables

The provisional fair value of acquired trade receivables is $2.9 million. The gross contractual amount for trade receivables due is $2.9 million.

Revenue and profit contribution

The acquired business contributed $5.0 million revenue and $0.6 million net profit after tax to the Group for the period from acquisition on 31 March 2022 to 30 June 2022. These amounts have been calculated using the subsidiary's results which included:

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

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

3 Business combination (continued)

(h) Summary of acquisition – BioSymm Pty Limited (100%) and Finafrere Pty Ltd (80%) (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.

(i) Summary of other acquisitions - Dynamic Education System, Inc

On 19 January 2022, the Group, through its wholly-owned subsidiary the Kaiser Group (DE) LLC, acquired 100% of the shares in Dynamic Education System, Inc ("DESI") for $0.8 million. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

(j) Recognition and measurement – business combinations

The acquisition method of accounting is used to account for all business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired, is recorded as goodwill.

3 Business combination (continued)

(j) Recognition and measurement – business combinations (continued)

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

4 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

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

	Year ended 30 June 2022	Period ended 30 June 2021
	$'000	**$'000**
Employment Services	940,270	711,136
Health and Wellbeing	277,376	134,228
Communities and Assessments	90,384	138,092
Disability and Aged Care	20,098	15,657
	1,328,128	**999,113**

(b) Assets and liabilities related to contracts with customers

	Note	2022 $'000	2021 $'000
Trade receivables from customers	**10**	105,560	79,818
Contract assets (accrued revenue)		190,298	100,691
Contract liabilities (deferred revenue)		(139,564)	(78,202)

4 Revenue from contracts with customers (continued)

(b) Assets and liabilities related to contracts with customers (continued)

Contract assets represent revenue recognised due to the contractual performance obligations having been met but not yet invoiced. All contract assets as of 30 June 2022 are expected to be invoiced during the year ended 30 June 2023.

Contract liabilities represent the Group's obligation to transfer goods or services to customers, for which the Group has already received consideration from the customer. All the contract liability balance as of 30 June 2022 is expected to be recognised as revenue during the year ended 30 June 2023. Contract liabilities have increased during the year largely as a result of the Restart Scheme.

(i) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil short-term Communities & Assessment and Employment Services contracts. This is presented within prepayments in the Consolidated Statement of Financial Position.

	2022 $'000	2021 $'000
Asset recognised from costs incurred to fulfil a contract at 30 June	27,593	13,635
Amortisation recognised during the period	2,249	912

The asset is amortised on a systematic basis over the term of the specific contracts it relates to, consistent with the pattern of recognition of the associated revenue.

4 Revenue from contracts with customers (continued)

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

While the specific terms vary by contract, the Group often receives five types of fees under its various contracts with government and corporate entities: service fees, outcome fee/payment by results or milestone, cost reimbursement and cost plus, fixed fee and fee for service. Such contracts consist of termination for convenience provisions, where the customer can terminate the contract for convenience without substantive compensation.

The unsatisfied performance obligations where the transaction price has been allocated at the year end is $130.2 million (2021: $272.0 million) and is expected to be recognised over the next three years.

Revenue is recognised as the Group satisfies each performance obligation by transferring the promised services to a customer, based on the amount of consideration it expects to be entitled in exchange for transferring the services.

Most of the Group's contracts include performance obligations to help participants achieve sustained employment outcomes. A substantial portion of the Group's contracts include variable consideration, whereby it earns revenues if certain contractually defined outcomes occur in the future. The Group recognises outcome-based revenue on the placement date, adjusted for any material future services it may be required to deliver post placement if the contract is not terminated. The amount of the variable consideration recognised as revenue is based upon the Group's estimate of the final amount of outcome fees to be earned using the expected value method for a portfolio of individuals. These estimates consider i) contractual fees, ii) assumed success rates and iii) assumed participant life in the program. The Group bases its estimates on historical results as well as forward-looking information, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. For new contracts, other factors may also be considered. At each reporting period, the Group updates its estimate of variable consideration based on actual results or other relevant information and records an adjustment to revenue.

The Group constrains its estimates of variable consideration by reducing those estimates to amounts it considers highly probable it will not later result in a significant reversal of revenue. When determining if variable consideration should be constrained, management considers whether there are factors outside the Group's control that could result in a significant reversal of revenue. In making these assessments, the Group considers the likelihood and magnitude of a potential reversal of revenue.

For some non-cancellable contracts, the Group recognises revenue as progress is made towards satisfaction of the related performance obligations using an input method based on efforts made to date relative to the total expected efforts. For some of the Group's contracts, it recognises revenue as it invoices customers regularly, because the amount to which it is entitled to invoice approximates the fair value of the services transferred.

Contract modifications may occur, where a change in the scope or price (or both) of a contract is approved by the parties to the contract. Where a contract is modified and the additional services added are not distinct from those provided prior to the modification, the modification is treated as if it were a part of the existing contract forming part of the performance obligations that are partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment at the date of the contract modification.

4 Revenue from contracts with customers (continued)

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

Where a contract is modified and the additional services are distinct from those provided prior to the modification but not at their stand-alone selling prices, the modification is accounted for as if it were a termination of the existing contract and the creation of a new contract.

Most of the Group's contracts do not have a significant financing component where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds 12 months. However, the Restart Scheme includes advances which were received well before expected delivery and therefore a financing component has been accounted for separately. The result is that interest expense is accrued during the advance period and the transaction price will be increased by a corresponding amount. The discount rate used was 5% (2021: NIL).

Costs incurred to fulfil a contract are capitalised where (a) the costs relate directly to a contract or anticipated contract, (b) the costs generate or enhance resources that will be used in satisfying the obligations under the contract, and (c) the costs are expected to be recovered.

Such costs are amortised on a systematic basis that is consistent with the transfer to the customer of the services which may include anticipated renewals. An impairment loss is recognised in profit or loss to the extent that the carrying amount of an asset exceeds:

(a) the remaining amount of consideration; less

(b) the costs that relate directly to providing those services and that have not been recognised as expenses.

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

The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the year.

Outcome based revenue

The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the year. Outcomes-based revenue, primarily for the Employment Services revenue stream, is recognised as services are provided based on estimated future outcome payments. In regard to the customer’s ability to terminate the contracts for convenience, APM has determined that they would be entitled to outcome payments linked to outcomes achieved post the termination date for the participants who are successfully placed prior to such termination. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In situations where the historical results are not considered to be the most reliable indicator of future results, management's forecasts can be used for estimating revenue of this nature. As at 30 June 2022, the carrying amount of the accrued revenue relating to outcome-based revenue was $147.8 million (2021: $68.3 million).

Australia

The Group estimates the accrued revenue by applying expected conversion rates to participants currently placed in employment positions at balance date. The Group also further constrains the estimated outcome-based revenue to reduce the accrued revenue to an amount the Group considers is highly probable and will not later result in a significant reversal of revenue. This is performed by applying an estimated accrual rate. However, the actual conversion rates and highly probable constraints may be higher or lower.

4 Revenue from contracts with customers (continued)

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

United Kingdom

For the Restart Scheme, the revenue model is based on the ratio of successful outcomes expected to occur per cohort of participants using historical data from similar programmes, representing what is considered to be a highly probable outcome rate across a cohort of participants. The Group then multiplies the calculated outcome rate by the actual volume of participants to determine an estimated outcome fee receivable. The Group also further constrains the expected outcome-based revenue recognised for the expected impact of economic factors and margin of error in dealing with a newly established contract. On a quarterly basis, the Group applies the refreshed rates prospectively and books an adjustment in the current period for performance obligations (i.e. distinct service periods) that have already been satisfied.

Reasonably possible changes in assumptions

If the key inputs into the models were a reasonably possible 5% lower, the carrying amount would be $140.4 million as at 30 June 2022 (2021: $60.8 million). If the key inputs into the models were a reasonably possible 5% higher, the carrying amount would be $155.2 million as at 30 June 2022 (2021: $75.8 million).

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

Refund liabilities (clawback)

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

(e) Revenue recognition – other income

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

5 Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Note	2022 $'000	For the Period ended 2021 $'000
Included in other (losses) / gains:			
Unrealised foreign exchange (loss)		(27,189)	12,801
Realised foreign exchange gain		(15)	-
Gain on derivative		17,463	-
		(9,741)	**12,801**
Included in other income:			
Gain on settlement of supplier agreements*		763	13,516
Gain on disposal of fixed assets		30	478
Other		1,801	3,320
		2,594	**17,314**
Included in people costs:			
Salaries and wages expense		(658,303)	(509,272)
Subcontractor costs		(132,210)	(99,870)
Share-based payments expense		(10,766)	(748)
		(801,279)	**(609,890)**
Included in administration:			
Consulting fees		(17,426)	(18,466)
Licence costs		(17,480)	(13,460)
Training, development and recruitment costs		(9,179)	(5,494)
Information technology costs		(6,435)	(3,339)
Other		(5,219)	(3,283)
		(55,739)	**(44,042)**
Included in occupancy expenses:			
Short-term and low-value lease payments		(16,249)	(5,118)
Other occupancy-related costs		(28,367)	(18,800)
		(44,616)	**(23,918)**
Included in other operating costs:			
Insurance		(5,448)	(5,285)
Impairment of right-of-use assets		-	(3,015)
Printing, postage, storage & stationery		(5,302)	(3,797)
Subscriptions - other		(1,743)	(1,772)
ASX listing costs		(36,326)	-
Other operating costs		(747)	(2,981)
		(49,566)	**(16,850)**

* This relates to the novation of a Justice contract back to the UK Ministry of Justice on 25 June 2021.

5 Material profit or loss items (continued)

	Note	2022 $'000	For the Period ended 2021 $'000
Included in			
Depreciation of property, plant and equipment	**13**	(23,190)	(15,961)
Depreciation of right-of-use assets	**12**	(43,954)	(34,569)
Amortisation of acquired service agreement contracts		(51,689)	(50,785)
Amortisation of licences & software		(3,531)	(1,865)
		(122,364)	**(103,180)**

6 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income tax expense

	2022 $'000	For the Period ended 2021 $'000
Current Tax		
Current tax on profit for the year	33,924	33,568
Adjustments for current tax of prior periods	(13,087)	239
Total current tax expense	**20,837**	**33,807**
Deferred		
Increase in deferred tax assets	(17,927)	(14,106)
Decrease in deferred tax liabilities	(14,765)	(9,103)
Total deferred tax (expense)	**(32,692)**	**(23,209)**
Income tax expense	**(11,855)**	**10,598**

Significant estimates

Adjustments for current tax of prior periods includes a $12.5 million tax benefit for IFRS 15 accrued revenue meeting the definition of a WIP amount asset under Australian tax legislation. This was identified as part of completing the allocable cost amount calculations following the restructure of the Australian Tax Consolidated Group in June 2020. The Group considered it to be a reasonable approach where it was probable that any deduction would be allowed, in estimating the quantum of a potential deduction when preparing the FY21 financial statements, given the high level of uncertainty at that point. Following receiving tax advice during FY22, the Group revised its estimate based on the new level of information provided, and as a result this benefit has been treated as an over/under in the current year.

6 Income tax expense (continued)

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

	2022 $'000	For the Period ended 2021 $'000
Profit from continuing operations before income tax expense	28,880	8,679
Tax at the Australian tax rate of 30.0% (2021: 30%)	8,664	2,604
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	48	262
Employee option plan	3,230	224
Interest accrued to preference shareholders	8,490	21,803
Previously unrecognised tax losses now recouped to reduce deferred tax expense	(12,662)	(10,600)
Previously unrecognised tax losses now recouped to reduce current tax expense	(5,248)	(10,695)
Other differences	(4,223)	-
	(4,399)	**3,598**
Difference in overseas tax rates	2,933	7,239
Adjustments for current tax of prior periods	(13,087)	(239)
Income tax (benefit)/expense	**(11,855)**	**10,598**

(c) Tax losses

	30 June 2022 $'000	30 June 2021 $'000
Unused tax losses for which no deferred tax asset has been recognised	20,134	62,343
Potential tax benefit	**6,040**	**18,703**

6 Income tax expense (continued)

(d) Deferred tax balances

(i) Deferred tax assets

	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Provisions	14,470	7,129
Accruals	3,628	7,955
Tax losses	14,271	6,857
Lease liabilities	12,483	15,420
Capital raising	12,751	-
Property, plant and equipment	5,305	-
Foreign exchange gains and losses	7,529	-
Other	2,550	4,093
Total deferred tax assets	**72,988**	**41,454**
Set-off of deferred tax liabilities pursuant to set-off provisions	(52,532)	(26,879)
Net deferred tax assets	**20,455**	**14,575**

This table comprises of the temporary differences attributable to:

Movements	Provisions $'000	Accruals $'000	Tax losses $'000	Lease liabilities $'000	Capital raising $'000	Property plant & equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 9 March 2020	-	-	-	-	-	-	-	-	-
Acquisition of controlled entities	6,125	3,016	-	12,919	-	-	-	5,288	27,348
(Charged)/ credited to profit or loss	1,004	4,939	6,857	2,501	-	-	-	(1,195)	14,106
At 30 June 2021	**7,129**	**7,955**	**6,857**	**15,420**	**-**	**-**	**-**	**4,093**	**41,454**

Movements	Provisions $'000	Accruals $'000	Tax losses $'000	Lease liabilities $'000	Capital raising $'000	Property plant & equipment $'000	Foreign exchange gains and losses $'000	Other $'000	Total $'000
At 1 July 2021	7,129	7,955	6,857	15,420	-	-	-	4,093	41,454
Acquisition of controlled entities	4,338	563	-	3,357	65	-	-	1,062	9,385
(Charged)/ credited directly to equity	-	-	-	-	4,221	-	-	-	4,221
(Charged)/ credited to profit or loss	3,003	(4,890)	7,415	(6,294)	8,465	5,305	7,529	(2,605)	17,927
At 30 June 2022	**14,470**	**3,628**	**14,721**	**12,483**	**12,751**	**5,305**	**7,529**	**2,055**	**72,987**

6 Income tax expense (continued)

(d) Deferred tax balances (continued)

(ii) Deferred tax liabilities

	2022 $'000	2021 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	(77,599)	(89,819)
Property, plant and equipment	(785)	1,781
Right-of-use assets	(11,685)	(14,911)
Prepayments	(540)	(210)
Accrued income	(18,752)	(22,435)
Other	(9,107)	(236)
Total deferred tax liabilities	**(118,468)**	**(125,830)**
Set-off of deferred tax liabilities pursuant to set-off provisions	52,532	26,879
Net deferred tax liabilities	**(65,936)**	**(98,951)**

This table comprises of the temporary differences attributable to:

Movements	Intangible assets $'000	Property plant & equipment $'000	Right-of-use assets $'000	Prepayments $'000	Accrued income $'000	Other $'000	Total $'000
At 9 March 2020	-	-	-	-	-	-	-
Acquisition of controlled entities	(105,503)	(7)	(12,919)	(146)	(16,358)	-	(134,933)
(Charged)/ credited to profit or loss	15,684	1,788	(1,992)	(64)	(6,077)	(236)	9,103
At 30 June 2021	**(89,819)**	**1,781**	**(14,911)**	**(210)**	**(22,435)**	**(236)**	**(125,830)**

Movements	Intangible assets $'000	Property plant & equipment $'000	Right-of-use assets $'000	Prepayments $'000	Accrued income $'000	Other $'000	Total $'000
At 1 July 2021	**(89,819)**	**1,781**	**(14,911)**	**(210)**	**(22,435)**	**(236)**	**(125,830)**
Acquisition of controlled entities	(3,749)	-	(3,453)	-	(21)	(179)	(7,402)
(Charged)/ credited to profit or loss	15,969	(2,566)	6,679	(330)	3,704	(8,692)	14,764
At 30 June 2022	**(77,599)**	**(785)**	**(11,685)**	**(540)**	**(18,752)**	**(9,107)**	**(118,468)**

6 Income tax expense (continued)

(d) Deferred tax balances (continued)

The deferred tax assets include an amount of $14.4 million (2021: $6.9 million) which relates to carried-forward tax losses of Ingeus UK Limited. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved budget for the subsidiary. The subsidiary has generated taxable income during the 2023 year and expects to do so in the future. The losses can be carried forward indefinitely and have no expiry date.

Offsetting within tax

APM Human Services International Limited and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Members of the Group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report. Members of the tax consolidated Group have entered into a tax funding agreement. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

Current taxes

The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

6 Income tax expense (continued)

(e) Recognition and measurement – deferred tax liabilities

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

APM Human Services International Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Key judgements

Deferred tax asset and liability recognition

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses. Deferred tax assets are based on tax laws (and tax rates) that have been enacted or substantively enacted at the balance date.

Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same tax authority and the same taxable entity, the projected future taxable income of these taxable entities and after taking account of specific risk factors that are expected to affect the recovery of these assets.

Tax balances

Tax balances are based on management's best estimate and interpretation of the tax legislation in a number of jurisdictions. This treatment can be subject to changes due to modification to legislation or differences in interpretation by authorities. Where the amount of tax payable or recoverable includes some uncertainty, the Group recognises amounts based on management's best estimate of the most likely outcome.

7 Net finance costs

	2022 $'000	For the Period ended 2021 $'000
Bank interest income	(105)	(200)
Interest expense on lease liability	5,479	3,193
Shareholder loan interest	28,300	72,678
Bank interest expense	33,002	55,739
Loss on Debt Extinguishment (i)	24,663	-
Other finance costs	3,810	1,495
	95,149	132,905

(i) Refer to notes 1(a) and 16 for further detail on the non-cash loss on debt extinguishment.

8 Earnings per share

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

	2022 $'000
Net profit after tax for the year	40,735
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings/(loss) per share	40,735

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

	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	575,560

Diluted earnings per share is computed by dividing net profit after tax attributable to the Company by the weighted-average number of ordinary shares outstanding adjusted to give effect to potentially dilutive securities. The LTIP performance rights issued to Executive Directors and certain key employees are contingently issuable ordinary shares. As the conditions attached to the LTIP performance rights have not been met at the reporting date, the number of contingently issuable ordinary shares (3,226,034 performance rights) is not included in the denominator of the diluted EPS calculation.

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

9 Cash and cash equivalents

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

	30 June 2022 $'000	30 June 2021 $'000
Cash at bank and in hand	171,392	106,781
	171,392	**106,781**

Recognition and measurement – cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand and deposits held on call with banks.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. Cash at bank and on deposit is held with banks and financial institutions with investment grade credit ratings. Refer to note 20(a) for credit risk disclosures.

10 Trade and other receivables

	30 June 2022 $'000	30 June 2021 $'000
Trade receivables from contracts with customers	109,024	81,554
Loss allowance (see note 20(a))	(3,464)	(1,736)
	105,560	**79,818**
Other receivables	9,358	7,659
	114,918	**87,477**

Recognition and measurement – trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 20.

11 Prepayments

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

Current	30 June 2022 $'000	30 June 2021 $'000
Cost incurred to fulfill a contract	18,180	12,233
Insurance	5,351	1,570
Rent and rates	6,274	1,342
Licence Fees and subscriptions	7,375	4,199
Other	1,295	490
	38,475	**19,834**

Non-current	**2022 $'000**	**2021 $'000**
Cost incurred to fulfill a contract	9,413	1,402
	9,413	**1,402**

Costs incurred to fulfill a contract

This is relating to the asset that was recognised by the Group in relation to costs to fulfil short-term Communities & Assessment and Employment Services contracts (See note 4(b)).

It is the incremental costs of obtaining a contract and is recognised as an asset. Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained. Incurred costs recognised as an asset are amortised on a basis consistent with the transfer of goods or services to which the asset relates.

12 Leases

Group as lessee

The Group leases leasehold properties and plant and equipment. The lease terms vary and can include escalation clauses, renewal or purchase options and termination rights. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right-of-use assets

Set out below are the carrying amounts of the right-of-use assets and the movements during the year.

Period ended 30 June 2021	**Leasehold properties $'000**	**Plant and equipment $'000**	**Total $'000**
At Cost	121,605	8,113	129,718
Accumulated depreciation and impairment	(46,196)	(7,842)	(54,038)
Net book amount	**75,409**	**271**	**75,680**
Movement			
At 9 March 2020	-	-	-
Acquisition of controlled entities	51,153	8,113	59,266
Additions	70,492	-	70,492
Depreciation	(32,666)	(1,903)	(34,569)
Impairment	(191)	(2,824)	(3,015)
Disposals	(6,627)	-	(6,627)
Other, including foreign exchange movements	(6,752)	(3,115)	(9,867)
Net book amount at the end of the period	**75,409**	**271**	**75,680**

Year ended 30 June 2022	**Leasehold properties $'000**	**Plant and equipment $'000**	**Total $'000**
At Cost	156,552	8,113	164,665
Accumulated depreciation and impairment	(76,058)	(8,113)	(84,171)
Net book amount	**80,494**	**-**	**80,494**
Movement			
At 1 July 2021	**75,409**	**271**	**75,680**
Acquisition of controlled entities	21,114	-	21,114
Additions	28,247	-	28,247
Depreciation	(43,683)	(271)	(43,954)
Reversal of impairment	1,218	-	1,218
Disposals	(1,359)	-	(1,359)
Other, including foreign exchange movements	(452)	-	(452)
Net book amount at the end of the year	**80,494**	**-**	**80,494**

12 Leases (continued)

Lease liability

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

Movement	2022 $'000	2021 $'000
At beginning of year / period	**81,885**	-
Acquisition of controlled entities	21,114	59,266
Additions	27,040	70,492
Accretion of interest	5,479	3,193
Lease payments	(44,907)	(43,817)
Other including foreign exchange movements	(2,697)	(7,249)
At end of year / period	**87,914**	**81,885**

Lease-related expenses

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

	Note	2022 $'000	2021 $'000
Depreciation of right-of-use-assets	**5**	43,954	34,569
Impairment of right-of-use-assets	**5**	-	3,015
Interest on lease liabilities	**7**	5,479	3,193
Short-term and low-value lease payments (including in occupancy-related expenses)		16,249	5,118
Total amount recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income		**65,682**	**45,895**

Total cash outflow for leases was $82.9 million ($50.4 million).

(a) Recognition and measurement - leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the year of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to use the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

12 Leases (continued)

(a) Recognition and measurement – leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the lease liability is measured at the present (discounted) value of the future lease payments that are not paid as at the commencement date. The lease liability is remeasured when there is a change in the future lease payments arising from an index or rate change or if the Group changes an assessment of whether it will exercise an extension or termination option. When the liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset or is recorded in the profit or loss if the carrying amount of the asset has been reduced to zero.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

(b) Key judgements and estimates

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Dilapidation provision

The Group is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements (refer to note 18). These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

13 Property, plant and equipment

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Period ended 30 June 2021			
At cost	40,097	6,209	46,306
Accumulated depreciation	(12,133)	(3,828)	(15,961)
Net book amount	**27,964**	**2,381**	**30,345**
Movement			
As at 9 March 2020	-	-	-
Acquisition of controlled entities	26,401	6,794	33,195
Additions	13,716	551	14,267
Disposals	(202)	(375)	(577)
Depreciation	(12,133)	(3,828)	(15,961)
Translation differences	182	(761)	(579)
Net book amount at the end of the period	**27,964**	**2,381**	**30,345**

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Year ended 30 June 2022			
At cost	52,409	42,371	94,780
Accumulated depreciation	(25,912)	(13,239)	(39,151)
Net book amount	**26,497**	**29,132**	**55,629**
Movement			
As at 1 July 2021	27,964	2,381	30,345
Acquisition of controlled entities	2,677	4,576	7,253
Additions	12,073	27,173	39,246
Disposals	(1,194)	(440)	(1,634)
Reclassification between categories	(2,444)	5,745	3,301
Depreciation	(13,779)	(9,411)	(23,190)
Translation differences	1,200	(892)	308
Net book amount at the end of the year	**26,497**	**29,132**	**55,629**

13 Property, plant and equipment (continued)

Recognition and measurement - property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

- Plant and equipment - 10% to 67%
- Leasehold improvements - 20% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

14 Intangible assets

	Goodwill $'000	Service agreements/ relationships $'000	Brand $'000	Licences & software $'000	Total $'000
Period ended 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**
Movement					
At 9 March 2020	-	-	-	-	-
Acquisition of controlled entities	1,367,057	350,000	57,000	1,073	1,775,130
Additions	-	-	-	7,041	7,041
Amortisation	-	(50,785)	-	(1,865)	(52,650)
Translation differences	-	-	-	90	90
Net book amount at the end of the year	**1,367,057**	**299,215**	**57,000**	**6,339**	**1,729,611**
Year ended 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**
Movement					
At 1 July 2021	1,367,057	299,215	57,000	6,339	1,729,611
Acquisition of controlled entities	233,012	22,593	9,990	279	265,874
Additions	-	-	-	26,909	26,909
Amortisation	-	(51,689)	-	(3,531)	(55,220)
Translation differences	128	615	-	489	1,232
Net book amount at the end of the year	**1,600,197**	**270,734**	**66,990**	**30,485**	**1,968,406**

(a) Recognition and measurement - goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

14 Intangible assets (continued)

(a) Recognition and measurement (continued)

Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Brand

Brand on acquisitions of subsidiaries is included in intangible assets. Brand is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of brand relating to the entity sold.

Service agreements/relationships

Service agreements and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at each financial period-end. Intangible assets with indefinite lives such as brand are tested for impairment in the same way as goodwill.

The useful lives of intangible assets are as follows:

- Service agreements / relationships - Up to 20 years
- Licence and software - Up to 3 years

(b) Key judgements

Assessment of impairment of goodwill and brand

The Group assesses whether goodwill and brand have suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on the higher of fair value less cost to sell or value-in-use calculations which require the use of assumptions.

Valuation and amortisation of intangible assets - service agreements/relationships

The service agreements / relationships were all acquired as part of business combinations or contract novations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives. Fair value was determined using the multi-period excess earnings method, using projected post-tax cashflows, discounted at an appropriate discount rate.

14 Intangible assets (continued)

(b) Key judgements (continued)

Assessment of useful life of brand

The Group assesses whether the APM brand has a finite or indefinite useful life. The Group's well-established position in the industry, commitment to continued brand maintenance, and high probability of the Group providing services beyond current contract periods supports an indefinite life assessment.

(c) Impairment tests for goodwill and brand

Goodwill and brand are monitored by management at the country or cash general unit (CGU) level.

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

Year ended 30 June 2022		Goodwill $'000	Brand $'000	Total $'000
	Australia	1,344,599	66,990	1,411,589
	New Zealand	26,000	-	26,000
	Korea	48,000	-	48,000
	Singapore	23,000	-	23,000
	UK	75,697	-	75,697
	Germany	4,000	-	4,000
	Sweden	6,160	-	6,160
	Switzerland	2,000	-	2,000
	Canada	47,000	-	47,000
	USA	23,741	-	23,471
Total		**1,600,197**	**66,990**	**1,667,187**

Period ended 30 June 2021		Goodwill $'000	Brand $'000	Total $'000
	Australia	1,135,095	57,000	1,192,095
	New Zealand	26,000	-	26,000
	Korea	48,000	-	48,000
	Singapore	23,000	-	23,000
	UK	75,697	-	75,697
	Germany	4,000	-	4,000
	Switzerland	2,000	-	2,000
	Canada	47,000	-	47,000
	USA	6,265	-	6,265
Total		**1,367,057**	**57,000**	**1,424,057**

The Group tests whether goodwill and brand have suffered any impairment on an annual basis. For the 2022 reporting period, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering the next 12-month period. Cash flows beyond the 12-month period are extrapolated using the estimated long term industry growth rates stated below. These long term industry growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill and brand allocated to them:

14 Intangible assets (continued)

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

Year ended 30 June 22	Australia %	NZ %	Singapore %	UK %	Germany %	Sweden %	Switzerland %	Canada %	USA %
Long-term industry growth rate (%)	3.23%	2.51%	1.60%	2.75%	2.75%	2.75%	2.08%	2.73%	2.64%
Discount rate (%)*	8.50%	9.50%	9.00%	7.00%	7.50%	7.50%	7.00%	9.00%	8.00%

Period ended 30 June 21	Australia %	NZ %	Singapore %	UK %	Germany %		Switzerland %	Canada %	USA %
Long-term industry growth rate (%)	3.50%	2.50%	3.00%	3.00%	3.00%		2.50%	3.00%	3.00%
Discount rate (%)*	8.50%	9.50%	8.50%	11.00%	9.50%		9.50%	8.50%	8.50%

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

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Long-term industry growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Significant estimate impact of possible changes in key assumptions

The directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed their recoverable amounts. In this respect, directors and management have considered and assessed the following reasonably possible changes:

- Long-term industry growth rate - 1% decrease
- Pre-tax discount rate - 1% increase
- Revenue forecast - 10% decrease

15 Trade and other payables

	30 June 2022	30 June 2021
	$'000	**$'000**
Trade and other payables	70,880	52,548
Accrued expenses	87,925	61,956
	158,805	**114,504**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

16 Interest bearing liabilities

	2022 $'000	2021 $'000
Current		
Bank loans	7,715	-
Lease liabilities	38,008	31,536
	45,723	**31,536**
Non Current:		
Bank loans	594,935	707,446
Lease liabilities	49,906	50,349
	644,841	**757,795**
Total interest-bearing liabilities	**690,564**	**789,331**

16 Interest bearing liabilities (continued)

Bank loans

On 2 July 2021, the Group refinanced its first and second lien term loan facility to an all first lien multi-currency facility comprising a $380.0 million AUD Term Loan and a $368.3 million (US$275 million) USD Term Loan. The refinancing of these facilities was considered to be qualitative modifications, with a $24.7 million non-cash loss incurred on extinguishment, inclusive of costs incurred, included in net finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (refer to notes 1(a) and 7). Proceeds from the issue of new shares as part of the IPO on 12 November 2021, were used to immediately repay $160.0 million of the USD Term Loan.

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

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

On 4 July 2022, the Group refinanced its Term Loan B debt facilities with an Australian dollar A$840 million syndicated multi-currency revolving corporate facility. The new facility replaces APM's USD component of the Term B facility. The new facility funding costs are at an average of 210 basis points above BBSY at current levels of net debt, and is fully revolving.

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. Many IBOR around the world are undergoing reforms and benchmark interest rates are being replaced with alternative reference rates (ARRs). The Group has a first lien term facility whereby the USD Term Loan references the 1M USD LIBOR. The carrying amount of the borrowing as at 30 June 2022 is US$156 million and was refinanced in July 2022. The contractual terms include a fallback clause designed to address the situation where USD LIBOR is unavailable, which requires replacement with SOFR (Secured Overnight Financing Rate) and applicable adjustments. For further information, refer to note 24.

16 Interest bearing liabilities (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

17 Shareholder loans

The shareholder loans were accounted for as a full extinguishment on the date of the IPO through the issuance of equity instruments. These shareholder loans were derecognised from the Consolidated Statement of Financial Position on 12 November 2021, and the fair value of the equity instruments issued recognised in equity as contributed equity (refer to note 19(a)(i)). The value of the shareholder loans at the date of the IPO was $994.9 million.

	30 June 2022 $'000	30 June 2021 $'000
Non-current		
Unsecured:		
Non-redeemable preference shares (i)	-	965,538
	-	**965,538**

17 Shareholder loans (continued)

(i) Non redeemable preference shares

Prior to the IPO the shareholder's investment in the company was in the form of Series A Shares and Series B Shares. Each Series A share accrued a discretionary 8% yield per annum compounded semi-annually. There were no mandatory or required distributions. The Series A shares were not required to be repurchased or redeemed by the company, and they were convertible into a variable number of shares at the end of 15 years based on the fair value of the ordinary shares at the time of conversion, the key determinant as to why they are treated as a liability on the Consolidated Statement of Financial Position.

18 Provisions

	30 June 2022 $'000	30 June 2021 $'000
Current:		
Employee entitlements	33,123	21,056
Clawback provision	1,161	3,443
Dilapidation provision	1,771	1,243
Other current provisions	5,532	2,873
	41,587	**28,615**
Non Current:		
Employee entitlements	6,639	6,410
Clawback provision	11,955	2,434
Dilapidation provision	12,391	4,689
Other provisions	3,817	6,742
	34,802	**20,275**
	76,389	**48,890**

(a) Recognition and measurement - provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

(i) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Statement of Financial Position.

18 Provisions (continued)

(a) Recognition and measurement (continued)

(i) Employee entitlements (continued)

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Post-employment obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Information about individual provisions and significant estimates

Dilapidation provision

The Group operates from leased premises and is required to return most of its premises to a pre-lease condition at the end of the lease or on vacating the premises, whichever is earlier. The Group fully provides for the cost of any dilapidations based on an estimate of the value of the work required as if the premises were vacated on the balance date. This provision is re-estimated each period.

Clawback provision

The Group has a number of contracts that involve upfront payment prior to service delivery. In some cases, an adjustment to this payment is required based on actual results after certain periods of time based on outcomes achieved. Where it is considered highly probable that funds will be required to be returned in future a provision is recognised. This provision is re-estimated during the life of each relevant contract.

18 Provisions (continued)

(b) Information about individual provisions and significant estimates (continued)

Movements in provisions

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

2022	Employee entitlements $'000	Clawback provision $'000	Make good provision $'000	Other provisions $'000	Total $'000
Carrying amount at start of year	27,466	5,877	6,051	9,496	48,890
Acquired through business combination	8,259	121	2,758	2,945	14,083
Charged/(credited) to profit or loss	22,520	12,015	15,550	1,825	51,910
Capitalised to consolidated statement of financial position	-	-	(9,915)	-	(9,915)
Utilised	(18,483)	(4,896)	(282)	(4,918)	(28,579)
Carrying amount at end of year	**39,762**	**13,117**	**14,162**	**9,348**	**76,389**

2021	Employee entitlements $'000	Clawback provision $'000	Make good provision $'000	Other provisions $'000	Total $'000
Carrying amount at 9 March 2020	-	-	-	-	-
Acquired through business combination	23,503	1,697	7,676	7,267	40,143
Charged/(credited) to profit or loss	19,319	4,438	(69)	4,578	28,266
Capitalised to consolidated statement of financial position	-	-	1,718	-	1,718
Utilised	(15,356)	(258)	(3,274)	(2,349)	(21,237)
Carrying amount at 30 June 2021	**27,466**	**5,877**	**6,051**	**9,496**	**48,890**

19 Equity

(a) Share capital	30 June 2022 Shares	30 June 2022 $'000	30 June 2021 Shares	30 June 2021 $'000
Ordinary shares				
Fully paid	917,181,946	1,449,630	46,988,682	47,345
	917,181,946	**1,449,630**	**46,988,682**	**47,345**

(i) Movements in ordinary shares:

	Number of shares (thousands)	Total $'000
Ordinary shares		
At 9 March 2020	-	-
Movement in ordinary shares on issue	46,989	47,345
Balance 30 June 2021	**46,989**	**47,345**

Ordinary shares	**Note**	**Number of Shares (thousands)**	**Total $'000**
At 30 June 2021* (restated)		469,887	47,345
Movement in ordinary shares on issue pre-IPO* (restated)		516	432
Settlement of shareholder loans on IPO		280,256	994,907
Conversion of incentive shares on IPO		51,469	18,777
New ordinary shares issued at IPO, net of costs (restated)		95,493	330,605
Employee share gift offer on IPO		1,000	3,553
Acquisition of subsidiary - ESA	**3**	12,575	36,592
Acquisition of subsidiary - MyIntegra	**3**	5,986	17,419
Balance 30 June 2022		**917,182**	**1,449,630**

* On 12 November 2021, as part of the IPO, the Group effected a 1 for 10 share split to all ordinary shareholders. All share information has been retrospectively adjusted.

(ii) Terms and conditions

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

19 Equity (continued)

(b) Other reserves

	Share- based payments $'000	Foreign currency translation $'000	Put Option Reserve $'000	Transactions with NCI $'000	Total other reserves $'000
At 9 March 2020	-	-	-	-	-
Share-based payment expenses	747	-	-	-	747
Currency translation differences	-	(2,600)	-	-	(2,600)
At 30 June 2021	**747**	**(2,600)**	**-**	**-**	**(1,853)**

	Share- based payments $'000	Foreign currency translation $'000	Put Option Reserve $'000	Transactions with NCI $'000	Total other reserves $'000
At 1 July 2021	**747**	**(2,600)**	**-**	-	**(1,853)**
Share-based payment expenses	10,766	-	-	-	10,766
Transfer of reserves	(11,239)	-	-	-	(11,239)
Put option interests in Lifecare shares	-	-	(14,429)	-	(14,429)
Adjustment to ownership interests	-	-	-	2,689	2,689
NCI on acquisition of subsidiary	-	-	-	-	-
Currency translation differences	-	1,968	-	-	1,968
At 30 June 2022	**274**	**(632)**	**(14,429)**	**2,689**	**(12,098)**

(i) Nature and purpose of other reserves

Share-based payments

The Group operates an equity-settled, share-based compensation plan to grant shares to its employees. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense in other comprehensive income with a corresponding increase in other reserves over the vesting period.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

20 Financial instruments and risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current period profit and loss information has been included where relevant to add further context.

(a) Credit risk

Potential concentrations of credit risk consist mainly of cash and cash equivalents, investments and trade debtors.

(i) Impairment of financial assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets

Trade receivables comprise of a number of customers, dispersed across different geographical areas. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Given the majority of the Group's revenue-generating contracts are with government departments and corporate entities with very low credit risk, and the Group's history of write-offs of trade receivables and contract assets is also very low, the expected credit losses were considered to be insignificant.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Customer credit risk is managed by established policies, procedures and controls relating to customer credit risk management. The Group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation.

At 30 June 2022, the Group did not consider there to be any significant concentration of risk that had not been adequately insured or provided for.

(ii) Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

20 Financial instruments and risk management (continued)

(a) Credit risk (continued)

(iii) Significant estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The Group's exposure to bad debts is not significant and default rates have historically been very low. Trade receivables are written off when there is no reasonable expectation of recovery, which may be indicated by the debtor failing to engage in a payment plan or the debtor failing to make timely contractual payments.

(b) Fair value of financial instruments

At 30 June 2022, the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities.

At 30 June 2022, the fair value for the bank loan is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest. The fair value of the bank loans is $602.7 million.

(c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group manages liquidity by monitoring forecast cash flows and ensuring adequate cash levels are maintained.

During the financial year ended 30 June 2022, the Group generated net cash from operating activities of $217.1 million and profit before tax, depreciation, amortisation and interest of $246.4 million.

The directors have prepared the consolidated financial statements on a going concern basis in the belief that the Group will realise its assets and settle its liabilities and commitments in the normal course of the business and for at least the amounts stated in the consolidated financial statements.

20 Financial instruments and risk management (continued)

(c) Liquidity risk management (continued)

(i) Maturities of financial liabilities

The following table analyses the Group's financial liabilities, including lease liabilities, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	70,880	-	-	-	70,880	**70,880**
Borrowings	35,939	37,476	645,667	-	719,082	**602,651**
Deferred consideration	9,567	10,276	10,032	-	29,875	**29,875**
Put option	-	14,429	-	-	14,429	**14,429**
Lease liabilities	40,559	27,589	22,373	194	90,715	**87,914**
Total	**156,945**	**89,770**	**678,072**	**194**	**924,981**	**805,749**
30 June 2021						
Trade and other payables	52,548	-	-	-	52,548	**52,548**
Borrowings	44,714	44,714	131,880	749,398	970,706	**707,446**
Deferred consideration	-	1,737	-	-	1,737	**1,737**
Put option	-	-	-	-	-	**-**
Shareholder loans	-	-	-	965,538	965,538	**965,538**
Lease liabilities	31,536	28,917	13,968	8,506	82,927	**81,885**
Total	**128,798**	**75,368**	**145,848**	**1,723,442**	**2,073,456**	**1,809,154**

(d) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk is from long-term borrowings with variable rate components, which exposes the Group to cash flow interest rate risk. The Group policy is to review this exposure closely leveraging off natural hedges. The Group is currently not entered into any floating-to-fixed interest rate swaps to mitigate the interest rate risk on the variable rates. During 2022, the Group's borrowings at variable rate were denominated in Australian and US Dollars.

(e) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency), the Group's external bank debt denominated in USD, and the Group's net investments in foreign subsidiaries.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including:

20 Financial instruments and risk management (continued)

(e) Foreign exchange risk (continued)

Forward foreign exchange contracts to hedge the exchange rate risk arising on loans.

The foreign exchange forward contracts are not designated as hedging instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 12 months.

Exposure

The Group's material exposure to foreign currency risk at the end of the reporting year / period was as follows:

Year ended 30 June 2022	USD $'000	GBP $'000	CAD $'000
Financial assets			
Cash and cash equivalents	12,007	44,587	23,337
Trade and other receivables	41,849	23,300	4,074
Derivative – Foreign exchange forwards	17,463	-	-
Financial liabilities			
Trade and other payables	(683)	(32,210)	(11,108)
Interest-bearing loans and borrowings	(234,319)	(31,359)	(2,370)

Period ended 30 June 2021	USD $'000	GBP $'000	CAD $'000
Financial assets			
Cash and cash equivalents	7,122	19,303	10,999
Trade and other receivables	15,371	9,382	6,453
Financial liabilities			
Trade and other payables	(5,499)	(26,009)	(8,812)
Interest-bearing loans and borrowings	(90,039)	(12,047)	(3,165)

Sensitivity

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the Group's foreign exchange risk exposures existing at the balance date. The following exchange rates have been used in performing the sensitivity analysis:

30 June 2022	USD	GBP	CAD
Actual	0.6889	0.5671	0.8885
+10% (Weaken)	0.7578	0.6238	0.9774
-10% (Strengthen)	0.6200	0.5104	0.7997

30 June 2021	USD	GBP	CAD
Actual	0.7518	0.5429	0.9318
+10% (Weaken)	0.8270	0.5972	1.0250
-10% (Strengthen)	0.6766	0.4886	0.8386

20 Financial instruments and risk management (continued)

(e) Foreign exchange risk (continued)

The impact on profit and equity is estimated by applying the hypothetical changes in the foreign currency exchange rates to the balance of financial instruments at the reporting date.

At 30 June 2022, had the Australian dollar moved against the US dollar and British Pound, as illustrated in the table above, with all other variables held constant, the Group's profit after tax and equity would have been affected by the change in value of its financial assets and financial liabilities as shown in the table below:

	USD $'000	GBP $'000	CAD $'000
Year ended 30 June 2022			
Exchange rate increase			
+10%: weaken - profit/(loss)	14,399	(2,837)	(1,485)
+10%: weaken - increase/(decrease) equity	(350)	860	(229)
Exchange rate decrease			
-10%: strength - profit/(loss)	(17,579)	3,468	1,815
-10%: strength - increase/(decrease) equity	2,357	(1,051)	630

	USD $'000	GBP $'000	CAD $'000
Period ended 30 June 2021			
Exchange rate increase			
+10%: weaken - profit/(loss)	7,188	(2,099)	(700)
+10%: weaken - increase/(decrease) equity	(1,849)	(4,174)	(18)
Exchange rate decrease			
-10%: strength - profit/(loss)	(8,770)	2,566	855
-10%: strength - increase/(decrease) equity	2,260	5,102	22

20 Financial instruments and risk management (continued)

(f) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Fair value hierarchy	**2022 $'000**	**2021 $'000**
Financial assets			
Fair value through profit and loss			
Derivative - foreign currency forwards	Level 2	17,463	-
		17,463	-
Financial liabilities			
Fair value through profit and loss			
Deferred consideration	Level 2	29,875	1,737
Other financial liabilities not measured at fair value			
Put option	Level 3	14,429	-
		44,304	1,737

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For the foreign currency forwards, the valuation technique used to determine fair value is by using the present value of future cash flows based on the forward exchange rates at the balance sheet date.

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition. The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

For foreign currency forwards, the valuation techniques is by using the present value of future cash flows based on the forward exchange rates at the reporting date.

For deferred consideration, the fair value is measured using option pricing models (i.e. Black-Scholes model) and management best estimates which are based on management forecasts.

21 Related party disclosures

(a) Parent entities

APM Human Services International Limited is the ultimate parent of the Group.

(b) Interests in other entities

Interests in other entities are set out in note 30.

(c) The directors of APM Human Services International Limited during the financial year were:

Megan Wynne
Michael Anghie
Timothy P. Sullivan
Elizabeth Q. Betten
William E. Ritchie
Robert Melia
Simone Blank
Neville Power

21 Related party disclosures (continued)

(d) Related party transactions (continued)

Vendor details are as follows:

Early Start Australia

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

MyIntegra

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

Mobility

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

23 Cash flow information

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

	Note	2022 $'000	For the Period 2021 $'000
Profit/(loss) after tax for the year / period		40,735	(1,919)
Adjustments for:			
Depreciation and amortisation		122,365	103,180
Net loss/(gain) on sale of fixed assets	**5**	(30)	2,589
Employee benefits expense - share-based payments		10,766	747
Expected credit losses		1,728	167
Shareholder loan interest		28,300	72,678
Interest - lease liabilities		5,479	3,193
Net bank interest classified as financing cash flows		33,002	55,739
Loss on debt extinguishment		24,663	
Share of profits of associates		(5)	(51)
Net exchange differences		27,189	(12,814)
Actuarial losses		114	-
Reversal of impairment of right-of-use assets		(1,218)	
Gain on foreign exchange forwards		(17,463)	-
Onerous contract expense		909	-
Financing component - Revenue		3,005	-
Make goods expense		(163)	-
Change in operating assets and liabilities, net of effects from acquisition of controlled entities:			
Increase in receivables		(120,054)	(40,935)
Increase in payables		45,178	35,856
Decrease/(increase) in deferred revenue		61,362	(23,375)
(Increase)/decrease in income taxes payable		(8,675)	23,876
Increase in provisions and other liabilities		25,496	14,818
(Decrease)/increase in prepayments		(26,652)	13,894
Decrease in deferred tax liabilities		(38,894)	(28,644)
Net cash inflow from operating activities		**217,136**	**218,999**

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets - note 12;
- unpaid interest on the shareholder loans - note 7;
- partial settlement of a business combination through the issue of shares - note 3; and
- loss on extinguishment of debt – note 23 (c).

23 Cash flow information (continued)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	2022 $'000	2021 $'000
Cash and cash equivalents (note 9)	171,392	106,781
Borrowings (note 16)	(602,651)	(707,446)
Lease liabilities (note 16 and 12)	(87,914)	(81,885)
Shareholder loans (note 17)	-	(965,538)
Net debt	**(519,173)**	**(1,648,088)**
Cash and liquid investments	171,392	106,781
Gross debt - fixed interest rates	-	(965,538)
Gross debt - variable interest rates	(690,565)	(789,331)
Net debt	**(519,173)**	**(1,648,088)**

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Leases $'000	Sub-total $'000	Cash $'000	Total $'000
Gross debt as at 9 March 2020	-	-	-	-	-	-
Cash flows	(715,246)	-	43,817	(671,429)	106,781	(564,648)
Other non-cash movements						
Acquisition of controlled entities	-	-	(59,266)	(59,266)	-	(59,266)
Issue of Series A shares	-	(892,860)	-	(892,860)	-	(892,860)
New leases	-	-	(70,492)	(70,492)	-	(70,492)
Foreign exchange adjustments	7,800	-	7,249	15,049	-	15,049
Other changes (i)	-	(72,678)	(3,193)	(75,871)	-	(75,871)
Gross debt as at 30 June 2021	**(707,446)**	**(965,538)**	**(81,885)**	**(1,754,869)**	**106,781**	**(1,648,088)**

23 Cash flow information (continued)

(c) Net debt reconciliation (continued)

	Liabilities from financing activities				Other assets	
	Borrowings $'000	Shareholder loans $'000	Leases $'000	Sub-total $'000	Cash $'000	Total $'000
Gross debt as at 30 June 2021	(707,446)	(965,538)	(81,885)	(1,754,869)	106,781	(1,648,088)
Cash flows	185,978	-	44,907	230,885	64,611	295,496
Other non-cash movements						
Loan interest accrued	(33,002)	-	-	(33,002)	-	(33,002)
Full extinguishment on the date of the IPO through issuance of equity instruments	-	993,838	-	993,838	-	993,838
New leases	-	-	(27,040)	(27,040)	-	(27,040)
Acquisitions - finance leases and operating lease incentives	-	-	(21,114)	(21,114)	-	(21,114)
Shareholder loans interest	-	(28,300)	-	(28,300)	-	(28,300)
Loss on debt extinguishment	(24,832)	-	-	(24,832)	-	(24,832)
Foreign exchange adjustments	(22,543)	-	2,697	(19,846)	-	(19,846)
Other changes (i)	(806)	-	(5,479)	(6,285)	-	(6,285)
Gross debt as at 30 June 2022	**(602,651)**	**-**	**(87,914)**	**(690,565)**	**171,392**	**(519,173)**

(i) Other changes include non-cash accrued interest expense on the shareholder loans, and the non-cash accretion of interest on the leases.

24 Events occurring after the reporting period

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

On 26 August 2022 the Directors resolved to pay dividends totalling $388.3 million from subsidiary companies to APM Human Services International Limited.

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

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

25 Derivatives

The Group has the following derivative financial instruments in the consolidated statement of financial position:

	30 June 2022	30 June 2021
Current assets	**$'000**	**$'000**
Foreign currency forwards - held for trading	17,463	-

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

26 Other liabilities

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

Current	**30 June 2022 $'000**	**30 June 2021 $'000**
Earn out payable (deferred consideration)	7,861	-
Deferred consideration	1,706	-
	9,567	**-**
Non-current	**2022 $'000**	**2021 $'000**
Earn out payable (deferred consideration)	20,308	1,737
Put option	14,429	-
Others	2,408	2,408
	37,145	**4,145**

26 Other liabilities (continued)

Deferred consideration

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

(i) Integrated Care Pty Ltd and Early Start Australia Pty Ltd

The deferred consideration is an earn-out payment payable by the issue of up to a maximum number of 20,000,000 ordinary shares in APM, contingent upon MyIntegra (see note 3(e)) and ESA (see note 3(d)) meeting underlying EBITDA hurdles over a subsequent 3-year period. These hurdles include underlying EBITDA of $15.2 million for the year ended 30 June 2023, $29.1 million for the year ended 30 June 2024, and $50.1 million for the year ended 30 June 2025.

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

(ii) Clustera Sverige AB

The deferred consideration is an earn-out payable in cash, contingent upon Clustera meeting the total revenue hurdle by the end of 31 December 2022 of SEK 77 million (AUD11.5 million equivalent). It is assumed that the hurdle will be met based on the forecasted total revenue up to 31 December 2022. The fair value of the deferred consideration arrangement is classified as other current liabilities on the Consolidated Statement of Financial Position.

Put option liability

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

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

APM has determined that the risks and rewards relating to the units held by non-controlling unitholders in the Lifecare Group remain with the non-controlling unitholders. As a result, a non-controlling interest has been recognised on acquisition of the Lifecare Group. The put option with non-controlling unitholders results in a financial liability for the APM Group. The put option liability has been recognised at fair value at the date of acquisition of the Lifecare Group and has been recognised in the put option reserve. Interest expense and subsequent changes in the put option liability are recognised in the put option reserve. The fair value of the put option recognised at 4 January 2022 was $14.4 million.

Measurement

The Lifecare put option has been measured at its fair value upon initial recognition, which is based on management's estimate of the present value of the expected outflows for the remaining units. This has been estimated referencing historical settlement calculations, whereby the individual practice units' EBITDA is utilised to determine the enterprise value of the individual practice. The enterprise value is calculated using historical multiples utilised when acquiring outstanding units.

The financial liability is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that is used to discount the estimated redemption amount at initial recognition.

26 Other liabilities (continued)

The Group recognises an interest expense using the effective interest rate from initial recognition to the exercise or lapse of the option.

27 Commitments

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

28 Contingent liabilities

Various entities in the Group have in the normal course of business issued $18.7 million of guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

30 Interests in other entities

The Group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
APM Human Services International Limited	Australia		
APM Human Services Pty Ltd	Australia	100%	100%
APM Global Holdings Pty Ltd	Australia	100%	100%
International APM Group Pty Ltd	Australia	100%	100%
Advanced Personnel Management Investments Pty Ltd	Australia	100%	100%
Advanced Personnel Management Holdings Pty Ltd	Australia	100%	100%
Advanced Personnel Management Group Pty Ltd	Australia	100%	100%
Advanced Personnel Management International Pty Ltd	Australia	100%	100%
Advanced Personnel Management Global Pty Ltd	Australia	100%	100%
APM Training Services Pty Ltd	Australia	100%	100%
Serendipity (WA) Pty Ltd	Australia	100%	100%
Workcare Australia Pty Ltd	Australia	100%	100%
APM NZ Holdings Limited	New Zealand	100%	100%
APM Workcare Limited	New Zealand	100%	100%
Pelim Ltd	New Zealand	100%	100%
Te Tautoko Nga Tangata Limited	New Zealand	100%	100%
APM Employment Limited	New Zealand	100%	100%
APM Integrated Care Ltd	New Zealand	100%	100%
APM UK Holdings Limited	United Kingdom	100%	100%
Advanced Personnel Management Holdings (UK) Limited	United Kingdom	100%	100%
Advanced Personnel Management Group (UK) Limited	United Kingdom	100%	100%
APM Disability Consultancy Limited	United Kingdom	100%	100%
APM Learning and Education Alliance Limited	United Kingdom	100%	100%
Advanced Personnel Management (UK) Limited	United Kingdom	100%	100%
IPA Personnel Limited	United Kingdom	100%	100%
Ability Insight Limited (formerly Podclass Limited)	United Kingdom	100%	100%
Management Consultancy International Pty Ltd	Australia	100%	100%
Ingeus Australia Holdings Pty Ltd	Australia	100%	100%
Ingeus Australia Investments Pty Ltd	Australia	100%	100%
Ingeus Pty Ltd	Australia	100%	100%
Ingeus Australia Pty Ltd	Australia	100%	100%
Ingeus Victoria Pty Ltd	Australia	100%	100%
Ross Innovative Employment Solutions	United States	100%	100%
DB Grant Associates	United States	100%	100%
Dynamic Educational Systems, Inc	United States	100%	-
Kaiser Group (DE), LLC	United States	100%	-
Dynamic Workforce Solutions, LLC	United States	100%	-
Dynamic Workforce Solutions – Texas, LLC	United States	100%	-

Name of entity	Place of business / country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
WCG Holdings Ltd	Canada	100%	100%
WCG Investments Ltd	Canada	100%	100%
WCG International Consultants Ltd	Canada	100%	100%
Ingeus Pte. Ltd	Singapore	100%	100%
Ingeus Co. Ltd	South Korea	100%	100%
Ingeus Europe Limited	United Kingdom	100%	100%
Ingeus UK Limited	United Kingdom	100%	100%
Invisage Limited	United Kingdom	100%	100%
Ingeus Scotland Limited	United Kingdom	100%	100%
ITL Training Limited	United Kingdom	100%	100%
The Reducing Reoffending Partnership Ltd	United Kingdom	100%	100%
Derbyshire Leicestershire Nottinghamshire & Rutland Community Rehabilitation Company Ltd	United Kingdom	100%	100%
The Staffordshire and West Midlands Community Rehabilitation Company Ltd	United Kingdom	100%	100%
CNLR Horizons Limited	United Kingdom	100%	100%
Ingeus GmbH	Germany	100%	100%
Ingeus AG	Switzerland	100%	100%
Ingeus S.L.	Spain	51%	51%
Konekt Pty Limited	Australia	100%	100%
Konektiva Pty Limited	Australia	100%	100%
Konekt Workplace Health Solutions Pty Ltd	Australia	100%	100%
Konekt Employment Pty Ltd	Australia	100%	100%
Konekt International Pty Ltd	Australia	100%	100%
Konekt Australia Pty Ltd	Australia	100%	100%
FBG Group Pty Ltd	Australia	100%	100%
SRC Solutions Pty Ltd	Australia	100%	100%
Communicorp Group Pty Ltd	Australia	100%	100%
Busiflow Nominees Pty Ltd	Australia	100%	100%
Innovative Training & Recruitment Pty Ltd	Australia	100%	100%
MCI Institute Pty Ltd	Australia	100%	100%
APM Mobility Holdings Pty Ltd	Australia	100%	-
Mobility Australia Pty Ltd	Australia	60%	-
Mobility Holdings Pty Ltd	Australia	60%	-
APM MyIntegra Holdings Pty Ltd	Australia	100%	-
Integrated Care Pty Ltd	Australia	100%	-
Integra Plan Management Pty Ltd	Australia	100%	-
Integra Choice and Control Pty Ltd	Australia	100%	-
Integra Supported Accommodation Pty Ltd	Australia	100%	-
Generation Health Pty Ltd	Australia	100%	-
The Interact Group Pty Ltd	Australia	100%	-
APM ESA Holdings Pty Ltd	Australia	100%	-
Early Start Australia Pty Ltd	Australia	100%	-
Boost Therapy Pty Ltd	Australia	100%	-

Name of entity	Place of business / country of incorporation	Ownership % held by the Group 30 June 2022	Ownership % held by the Group 30 June 2021
Beststart Clinic Pty Ltd	Australia	100%	-
OT For Kids NT Pty Ltd	Australia	100%	-
Gateway Therapies Pty Ltd	Australia	100%	-
APM Lifecare Trusco Pty Ltd	Australia	100%	-
APM Ontrac Pty Ltd	Australia	100%	-
APM Lifecare Pty Ltd	Australia	100%	-
Clustera Sverige AB	Sweden	100%	-
APM Work Health Pty Ltd	Australia	80%	-
Biosymm Pty Ltd	Australia	80%	-
Finafrere Pty Ltd	Australia	64%	-

On 31 March 2022 the Group acquired Biosymm Pty Ltd ("Biosymm") and Finafrere Pty Ltd ("Finafrere"), refer to note 3. On 30 June 2022 the Group sold 20% of the shares in each company to members of the Biosymm and Finafrere management team. Resulting ownership interests of the Group are 80% (Biosymm Pty Ltd) and 64% (Finafrere Pty Ltd) as at 30 June 2022.

31 Auditors' remuneration

Auditors of the Group

	2022 $	For the Period ended 2021 $
Fees to PwC (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	1,415,262	609,000
Fees for other assurance and agreed-upon procedures services	38,760	25,500
Fees for other services		
Tax compliance services	14,280	33,660
Other*	2,344,884	36,320
	3,813,186	**704,480**
Fees to other overseas network firms of PwC (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	678,000	506,271
Fees for other services		
Tax compliance services	-	40,357
Other	-	25,761
	678,000	**572,389**
Total services provided by PwC	**4,491,186**	**1,276,869**

*Other fees include ASX listing costs and related services.

32 Summary of significant accounting policies

(i) New and amended standards adopted by the Group

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates ("IBORs") has become a priority for global regulators. Many IBOR around the world are undergoing reforms and benchmark interest rates are being replaced with alternative reference rates ("ARRs"). The Group has a first lien term facility whereby the USD Term Loan references the 1M USD LIBOR. The carrying amount of the borrowing as at 30 June 2022 is USD$156 million and matures in June 2026. The contractual terms include a fallback clause designed to address the situation where USD LIBOR is unavailable, which requires replacement with SOFR ("Secured Overnight Financing Rate") and applicable adjustments.

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

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

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group.