

APM Wins Functional Assessments Contract in UK and Business Update

26 May 2023

- **Contract Award: APM wins A\$720 million contract to deliver Functional Assessment Services in London, South-East and East Anglia region over five years**
- **Financial Update: 2023 Underlying NPATA expected to be in a range of A\$175 million to A\$180 million; 2HFY23 cash conversion above 80% and Net Leverage in line with half year**
- **Board Update: Appointment of Nev Power as Lead Independent Non-Executive Director and Ben Wyatt, Independent Non-Executive Director appointed to the Remuneration and Nomination Committee**

APM Human Services International Limited (ASX: APM; 'APM' or 'the Company'), a leading provider of Human Services globally, announced today that it has been confirmed as the successful bidder for a new contract in the United Kingdom ("UK"), further executing on its strategy to drive organic growth through contract awards. In addition, the Company provides a financial update on FY23 and internal Board and Committee appointments.

APM expands its breadth and depth of business in the UK

APM has been confirmed as the successful bidder to deliver Functional Assessment Services ("FAS") on behalf of the Department for Work and Pensions ("DWP") in the London, South-East and East Anglia region. These services provide an assessment of the functional impact of disability and illness on an individual's daily life and their needs as a result of their health conditions.

The contract has a total value of \$720 million (£384 million¹) during the initial 5-year contract period and is expected to commence in 2024, with an option for an additional two-year contract extension.

Mobilisation of the new FAS contract will require an investment in capital expenditure and working capital in FY23 and FY24 before contract commencement.

¹ GBP exchange rate of 0.53 as at 25 May 2023

Market and Financial Update

APM continues to make positive progress in executing its strategy with the key priorities being the delivery of market leading service provision across the business; the integration of the Equus acquisition and continued growth in North America; the mobilisation of new contracts and the increase of the average tenure of key contracts; growth in Allied Health and Wellbeing businesses and expanding APM's presence across the National Disability Insurance Scheme (NDIS) market in Australia.

APM continues to increase its average tenure across key programs through new contract awards, re-tenders and extensions, with the base tenure excluding future options being more than 3 years across its largest contracts.

FY23 underlying NPATA is expected to be in a range between \$175 million and \$180 million. FY23 earnings growth is impacted by lower client flow into Employment Services Programs, a shortage of qualified allied health professionals, and higher interest costs.

In addition to the FAS contract mobilisation, the Company continues to mobilise the North American Ontario Employment Services and Job Corps contracts which were announced in March 2023.

The Company confirms 2HFY23 cash conversion is expected to be greater than 80%².

At 30 June 2023, the Company expects net leverage to be in-line with the half-year.

Board Update

To further evolve the Board Governance of the Company, Nev Power, Independent Non-Executive Director, has been appointed by the Board as the Lead Independent Director in addition to his existing role as Member of the Remuneration and Nomination Committee.

In addition, Ben Wyatt, Independent Non-Executive Director, has been appointed by the Board to APM's Remuneration and Nomination Committee. Ben's appointment will result in the composition of that Committee being a balance of Independent and Non-Executive Directors.

Commenting on the Functional Assessment Services award in the UK, APM Group CEO, Michael Anghie said:

"We look forward to partnering with the Department of Work and Pensions to deliver these important Functional Assessment Services.

APM is one of the leading health service providers in Australia delivering Assessment Services across a wide range of sectors including Health, Disability and Aged Care.

The opportunity to deliver Functional Assessment Services demonstrates the strength of our local service delivery team, our reputation for service excellence, and our ability to leverage APM's expertise across regions and markets.

The contract win continues the trend of APM executing its strategy and diversifying its business globally both geographically and in terms of service and revenue models."

² Cash conversion calculated using 2HFY23 underlying operating cash before interest and tax over underlying 2HFY23 EBITDA.

Commenting on the Financial Update and APM’s Markets, APM Group CEO, Michael Anghie said:

“We continue to execute well on our strategy delivering strong growth globally despite the more challenging market conditions reflecting the quality of our leadership and people and the resilience of our business.

We are committed to providing our clients with high quality services and to the continued execution of our growth strategy. This includes organic growth in existing programs and services as well as winning and mobilising new contracts. Furthermore, APM continues to assess strategic acquisitions that fit with our core businesses globally as they arise.

Our continued geographic and service diversification builds resilience and establishes a global Human Services platform that is positioned for long-term growth, as demonstrated by our continued strong performance. Despite low unemployment levels, there is an increasing number of people globally outside of employment services programs who are underemployed or who remain outside of the labour market for health-related reasons or disability, resulting in increasing numbers of long term unemployed. Based on historic experience and forward government budget estimates, we anticipate increased client flow into employment programs in due course.

Another pillar of our diversification strategy includes continuing to scale our portfolio of services provided under the NDIS. While NDIS support services are currently a relatively small part of APM’s business, we believe there is significant opportunity for growth. We support the Australian Government’s proposed reform of the NDIS, which is critical to provide better support services for people with disability. We serve more than 35,000 participants across our registered provider of support services and will continue to invest in expanding the depth and breadth of our service offering, providing high quality services for NDIS participants.”

Commenting on the Board Structure, Megan Wynne, Executive Chairman, APM said:

“As per our commitment upon listing, we continue to evolve our governance structure. Nev and Ben have extensive commercial experience, and as listed public company directors. We value their insight and strategic guidance as independent board members, and now in their additional roles supporting APM and its future.”

- Ends -

Authorised for release by the Board of APM Human Services International Limited.

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About APM

Founded in 1994 in Perth, Western Australia, APM is an international health and human services provider. Our purpose of “Enabling Better Lives” is at the core of everything we do. Around the globe, the services we provide make a positive and lasting social impact as we develop trusted partnerships with individuals, families, communities, local and national governments, and businesses at every level.

Each financial year, APM supports more than 2 million people of all ages and stages of life from over 1,500 sites spanning 11 countries (Australia, United Kingdom, Canada, United States of America, New Zealand, Germany, Switzerland, Sweden, Spain, Singapore, and South Korea). APM’s more than 14,000 team members work to enhance community health and wellbeing, delivering services to clients that include assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

For further information please visit: <https://apm.net.au>