

27 February 2023

APM continues to grow in H1 FY23 by delivering on its strategy

APM Human Services International Limited (ASX: APM; 'APM' or 'the Company') is pleased to announce its results for the six months ended 31 December 2022 ('H1 FY23'), a period in which the Company continued to execute its strategy to deliver growth in revenue and earnings.

Key H1 FY23 highlights (vs H1 FY22):

- **Revenue up 39% to \$853.7 million**
- **Statutory NPATA¹ of \$74.5 million**
- **Underlying EBITDA up 21% to \$167.4 million**
- **Underlying NPATA² up 11% to \$85.4 million**
- **Underlying operating cashflow of \$99.3 million reflected investment in new contracts and expansion**
- **Fully franked interim dividend of 5.0 cents per share declared**

Commenting on the H1 FY23 result, APM Group CEO Michael Anghie said:

"The first half of the 2023 financial year saw our global team support more than 2 million people across 11 countries delivering on our purpose of 'Enabling Better Lives'.

"During the half, we were awarded new contracts across all of our services; continued to integrate acquisitions whilst organically growing revenue; acquired additional strategically compelling businesses; and put in place Australia's first Social Loan linked corporate debt facility.

"A combination of organic and inorganic growth underpinned our financial performance in the first half. Revenue was up 39% to \$853.7 million, underlying EBITDA was up 21% to \$167.4 million, and underlying NPATA was up 11% to \$85.4 million. These results reflect the increased diversification of APM's global platform and enhanced business resilience.

"We continued to deliver on our strategy, pursuing new opportunities and winning market share. In July 2022 we commenced the delivery of the Workforce Australia program with APM operating 13% of all contracts under this key Australian employment services program. In December 2022 the Canadian Rehabilitation Services and Vocational Assistance Program [RSVAP] for veterans commenced ahead of schedule. Also, key contracts were extended with the Australian Disability Employment Services [DES] contract extended to 30 June 2025 and the UK Work and Health Program extended for two years.

¹ Net profit after tax and before amortisation of customer contracts

² Net profit after tax and before amortisation of customer contracts adjusted for one-off non-recurring expenses associated with advisory fees and corporate development costs

"In addition to the organic growth delivered in the first half, we completed the acquisition of Equus, expanding our North American presence in this important geography. We also acquired Springday and Everyday Independence in Australia, the former enhancing our digital health offering and the latter broadening our Allied Health and NDIS business. We appreciate that it's not just enough to buy a business and we need to successfully integrate and add value. This is something APM does well as demonstrated by the organic growth previously acquired businesses have achieved under our ownership."

Diversification underpins strong growth in revenue and earnings

APM experienced considerable growth on H1 FY22, with Group revenue up 39% to \$853.7 million and underlying NPATA up 11% to \$85.4 million in H1 FY23.

APM continued to diversify its business globally through contract awards and increased market share driving organic growth, and through strategic acquisitions. This is demonstrated by the Company's increasing presence in North America which now contributes 36% of revenue and growth in its consumer choice Health, Disability and Aged Care businesses.

Strong revenue growth in Australia and New Zealand, supports increased investment

Revenue was up 22% to \$389.4 million, while underlying NPATA was down 21% to \$43.8 million as the Company mobilised the new Workforce Australia contract that scaled during the half. APM continues to invest in the optimisation of the Health, Disability and Aged Care businesses and in corporate functions to support the growth across the broader APM Group. The first half NPATA decline was attributable to the continued investment in our Health, Disability and Aged Care businesses and increased interest costs and additional taxes.

The Workforce Australia contract commenced in H1 FY23, having transitioned from jobactive, and continues to mature with outcome fees expected to build in H2 FY23 given current market conditions.

In H1 FY23 in DES, APM increased its market share through continued performance, client attraction and reallocation.

APM continues to invest to optimise the depth and breadth of its service offerings across Health, Disability and Aged Care, with a focus on high quality community care.

Strong growth in North America

Revenue was \$225.7 million compared to \$98.3 million in H1 FY22, with underlying NPATA growing from \$4.2 million to \$12.9 million.

The growth achieved in APM's North American businesses was driven by the Ontario employment program in Canada, a full half's contribution from DWFS in the US and two-month contribution from Equus. The next phase of the Ontario Employment Transformation Program in Canada is on track with the York contract to commence in April. The RSVAP veterans contract in Canada commenced in January and is performing in-line with expectations.

The integration of Equus is progressing well, with the business successfully transitioning to APM's ownership and winning important rebids. The North American region will continue to grow in H2 FY23 with a full six-month contribution of Equus and new contracts.

Growth in Rest of the World

Revenue of \$238.5 million was up 21%, with underlying NPATA of \$28.6 million, up 67%. Growth was driven through the UK Restart Scheme which is delivering good outcomes despite tempering caseload volumes and our Justice and Health businesses continue to perform well. Growth was achieved in Europe as Sweden prepares for employment market reform. APM's pro-bono services to assist refugees from Ukraine to resettle in Germany has now supported over 3,700 people.

Should current labour market conditions prevail, the Company anticipates lower client flows into the Restart Scheme in the second half. APM remains ready to support the UK Government's stated focus to increase employment participation rates in the working age population. Pleasingly, the Company was recently awarded the national roll out of the new National Citizens Service (NCS) contract.

Prudent balance sheet and liquidity position support growth initiatives

Underlying operating cash flow was \$99.3 million reflecting the Company's working capital investment in contracts including Workforce Australia, the Restart Scheme and RSVAP in Canada, which will see increasing cash receipts from H2 FY23, and the working capital investment in Equus.

Net debt (including lease liabilities) as at 31 December was \$878.3 million following the completion of the acquisition of Equus.

In July 2022, APM replaced its Term Loan B facilities ("TLB Facility") with a revolving multi-currency debt facility. This facility was Australia's first corporate social loan. Pricing of the new facility is at lower margins than the TLB Facility. In December 2022, APM increased its funding capacity by adding a further \$200 million to its revolving multi-currency debt facility.

Declaration of interim dividend

The Board of APM has declared an interim fully franked dividend of 5 cents per share, representing a 54% payout of underlying NPATA generated in H1 FY23. The Record Date of this dividend is 10 March 2023 and Payment Date is 29 March 2023.

Commenting on APM's growth outlook, Mr Anghie said:

"APM is well positioned for growth and to navigate market conditions as they evolve. Our achievements, organic and inorganic, over the past six months have further strengthened APM's strong global platform, diversified revenue mix and geographies, and enabled investment to underpin new contracts coming on stream.

"The market fundamentals driving increased requirement for APM's services remain attractive. Structural changes in labour markets and a heightened focus by Governments on workforce participation; increased policy focus in human services including veterans, disability, ageing and homelessness, combined with a greater focus on both physical and mental health and wellbeing; and an increased focus by Governments on Provider efficiency, effectiveness and quality service provision; all play to APM's strengths.

"In Australia, the second half will see the Health, Disability and Aged Care businesses continue to grow as we build scale to become a leading provider in the NDIS market and invest in operational improvements across this business given the recent acquisitions; the Workforce Australia contract mature; and DES contribution grow post client reallocation. We will see a 5 month contribution from Everyday Independence. Rest of World will see the commencement of the new National Citizen Service contract offset by a softer H2 contribution from the Restart Scheme. In North America, the RSVAP contract in Canada serving veterans has now commenced and we will have a full six-month contribution from Equus. We will continue to pursue our pipeline of new market opportunities.

"Based on current market conditions, we expect a H2 FY23 earnings skew of 54% in line with FY22. Our goal to deliver a sustainable medium-term annual profit growth rate in the mid-teens remains our focus and we are well placed to achieve this."

H1 FY23 results investor briefing to be held at 11:00am AEDT / 8:00am AWST today

Participants can register for the conference and lodge questions in advance by navigating to:

- Webcast registration page:
<https://edge.media-server.com/mmc/p/b8jjsz3u>
- Conference call registration page:
<https://register.vevent.com/register/BI8564b0e1753145449aa6d30d14fd6a11>

Registered participants will receive their dial in number upon registration, and can lodge advanced questions up to one hour before the webcast..

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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 human services provider with the purpose of "Enabling Better Lives".

Each financial year, APM supports more than 2 million people of all ages and stages of life through its service offerings that include assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

With 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 across the early childhood, youth, employment, insurance, justice, veterans, disability, and aged care sectors.

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