



APM Human Services International Limited 2022 AGM report

ASX code	APM
Meeting date	27 October 2022
Type of meeting	Hybrid
Monitor	John Ferguson
Pre AGM-meeting	Teleconference: Megan Wynne, Nev Power, Tim Sullivan, Peter Torre and Matt Cooper

Meeting Statistics

Number of holdings represented by ASA	1
Number of shares represented by ASA	2000
Value of shares represented by ASA	\$8,560.00
Total number attending meeting	NA
Market capitalisation	\$3.1 billion
ASA open proxies voted	as per VI Report

The inaugural AGM opened with an up-beat Welcome to Country. All five overseas Board directors were in attendance and the meeting proceeded with professional efficiency.

Executive Chair Megan Wynne provided a compelling narrative of how the company fulfills its key purpose: “enabling better lives”. Many of APM’s work force have lived experience in the various service fields, giving the company a high level of authenticity and reputational appeal.

Private equity player Madison Dearborn Partners (MDP) has been central to APM’s rapid expansion into overseas markets via its 30.4% holding. Its Relationship Deed (IPO Prospectus p237) drew two questions from the ASA. The first related to the non-independent structure of the Board and the subsequent level of influence MDP has on Board deliberations. The question was framed around independent NEDs making a greater contribution, for example chairing each of its three committees. Mr. Nev Power took the question and indicated current arrangements are working well, hence no need for change.

The second sought specific information about what the company’s Sell-Down Assistance would look like, when MDP decided to dispose of its shares, and how small retail investors would be placed. CEO Michael Anghie took the question and made reference to ASX announcements and small retail investors having a buying opportunity.

Resolutions about the awarding of performance rights drew comment from the ASA about the use of fair value methodology in determining the number of free shares on offer. The use of face value is preferred because fair value artificially inflates the number of rights on offer. Here, it resulted in an extra 8% bonus on top of a generous bonus, which is unjustified and not in line with major ASX companies.

The ASA prefers the use of statutory EPS as a more trustworthy way to describe EPS growth rather than underlying EPS, where losses due to poor management decisions can be glossed over and executive pay packets remain unchanged. This is particularly pertinent for APM given its recent acquisition spree and \$1.968b of intangible assets on its books. The bulk of these assets (\$1.6b) is goodwill subject to future rolling annual impairment testing for write-downs/write-offs. A question was put to Mr. Tim Sullivan (chair of Remuneration and Nomination committee) how any possible losses would show up in the executive remuneration package. He referenced the high bar set with Relative TSR as a moderating influence.

All meeting resolutions were comfortably carried. Board members were very proactive in introducing themselves and engaging in conversation.

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