People Infrastructure Ltd

Appendix 4E and Consolidated Financial Statements

For the year ended 30 June 2021

ABN: 39 615 173 076

ASX Code: PPE

PEOPLE INFRASTRUCTURE LTD

Appendix 4E – Preliminary Final Report

for the year ended 30 June 2021

1. Report period ("current period"): Year ended 30 June 2021
   Previous corresponding period: Year ended 30 June 2020

2. Results for announcement to the market

	Up/Down	Movement %	FY 2021 $ '000	FY 2020 $ '000
Revenue from ordinary activities	Up	19.70	444,281	371,164
Profit after tax from ordinary activities attributable to Owners of People Infrastructure Ltd	Up	7.73	17,664	16,363

The growth in the business during 2021 reflected increased demand for staffing services in the sectors and locations in which the Group operates. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides and a bounce back to operating levels greater pre-COVID-19, but also the acquisition of eCareer and Illuminate on 29 January 2021, Swingshift on 31 March 2021 and Techforce Personnel Pty Ltd on 2 June 2021. The profit or loss for these entities are consolidated into the Group results from these dates. In particular, it is worth noting that the employment market in the information technology sector has been particularly strong in the second half of 2021.

Dividends

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking Credit
Dividends			
Financial year ended 30 June 2021			
Interim dividend	4.5	4.5	30%
Final dividend	6.0	6.0	30%
	10.5	10.5	30%
Financial year ended 30 June 2020			
Interim dividend	4.0	4.0	30%
Final dividend	4.5	4.5	30%
	8.5	8.5	30%

Final Dividend for 30 June 2021

Date the final 2021 dividend is payable:	1 October 2021
Record date to determine entitlements to the dividend:	6 September 2021
Date final dividend was declared:	26 August 2021

Note that the final dividend for financial year 30 June 2021 has not been provided for in the financial statements given it was declared on the 26 August 2021.

Interim Dividend for 31 December 2020

Date the interim 2021 dividend is payable:	31 March 2021
Record date to determine entitlements to the dividend:	5 March 2021
Date interim dividend was declared:	25 February 2021

Final Dividend for 30 June 2020

Date the final 2020 dividend was payable:	6 October 2020
Record date to determine entitlements to the dividend:	8 September 2020
Date final dividend was declared:	25 August 2020

Note that the final dividend for financial year 30 June 2020 has not been provided for in the financial statements given it was declared on the 25 August 2020.

Interim Dividend for 31 December 2019

Date the interim 2020 dividend is payable:	30 March 2020
Record date to determine entitlements to the dividend:	28 February 2020
Date interim dividend was declared:	14 February 2020

3. Dividend Re-investment plan

The Dividend Reinvestment Plan was in operation for the dividend paid during the period. Participating shareholders were entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price was at a 3% discount on the market price (calculated as the daily volume weighted average market price over the 10 trading days commencing on the second trading day following the relevant record date).

4. Net tangible assets per security

	30 June 2021 Amount per share (Cents)	30 June 2020 Amount per share (Cents)
Net tangible assets backing per ordinary share	(10.24)	5.50

Note that this calculation includes Right-of-Use Assets.

5. Entities over which control has been gained or lost during the period

The following entities entered the group during the financial period either through incorporation.

		Results included in the consolidated results relating to these entities for the period	
Name of Entity	**Date of Control**	**Revenue**	**Profit and loss after tax attributable to the Owners of People Infrastructure Ltd**
Incorporated entities			
PI ITG Admin Pty Ltd	2/07/2020	N/A	N/A
PeopleIn Nursing Pty Ltd **	2/12/2020	2,670,435	108,790
ECT4Health Pty Ltd	27/01/2021	112,220	19,416
Illuminate Search and Consulting Pty Ltd	29/01/2021	7,388,793	424,708
Halcyon Knights Ecareer Pty Ltd *	29/01/2021	9,841,125	154,490
Sixth Sense Investments Pty Ltd	29/01/2021	N/A	N/A
Contractor.com Pty Ltd	29/01/2021	N/A	N/A
Techforce Personnel Pty Ltd	3/06/2021	9,917,462	256,534

* Formerly Ecareer Pty Ltd
** Trading as Swingshift Nursing

The following entities left the group during the financial period as they were dormant and voluntarily wound up.

Name of Entity	Date of Deregistration	Results included in the consolidated results relating to these entities for the period	
		Revenue	**Profit and loss after tax**
Deregistered entities			
Supreme Nursing Global Pty Ltd	9/12/2020	Nil	Nil
Halcyon Knights New Zealand Ltd	6/04/2021	-	(24,738)
Sixth Sense Investments Pty Ltd	16/05/2021	Nil	26,316
Contractor.com Pty Ltd	16/05/2021	Nil	404,990

There was no loss of control of any entities during the period.

6. Details of Associates

On 11 March 2021, First People Group Pty Ltd, a subsidiary of People Infrastructure Ltd, entered into a shareholders agreement with Partners On Country Pty Ltd and On Country People Pty Ltd. Partners On Country Pty Ltd is a being a joint venture company of which First People Group Pty Ltd owns 50%. This investment is accounted for by using the equity method.

Name of entity	Country of Incorp - oration	Ownership interest held by the Group		Nature of relationship	Measurement method	Share of operating profits, net of tax	
		30 June 2021	**30 June 2020**			**30 June 2021**	**30 June 2020**
Partners on Country Pty Ltd	Australia	50%	-	Joint Venture	Equity method	(6,059)	-

Additional supporting information supporting Appendix 4E disclosure requirements can be found in the Director's report and the consolidated statements for the year ended 30 June 2020. This report is based on the consolidated financial statements for the year ended 30 June 2021 which have been audited by BDO.

This report is made in accordance with a resolution of the directors and is signed off on behalf of the Directors.

Glen Richards
Chair

26 August 2021

People Infrastructure Ltd

and its controlled entities

Financial Report

For the year ended 30 June 2021

ACN 615 173 076

Corporate Information

AUSTRALIAN BUSINESS NUMBER
ABN 39 615 173 076

DIRECTORS
Glen Richards
Elizabeth Savage
Declan Sherman
Thomas Reardon

COMPANY SECRETARY
Jane Prior

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Directors' Report

For the year ended 30 June 2021

The Directors of People Infrastructure Ltd present their report together with the financial statements of the consolidated entity, being People Infrastructure Ltd ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2021.

Principal activities

The principal activities of the Group during the financial period were the provision of staffing, business services and operational services. Services provided by the Group include workforce management, recruiting, on-boarding, contracting, rostering, timesheet management, payroll, and workplace health and safety management.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

Overview

People Infrastructure operates under three main industry sectors being Health and Community Care, Information Technology and Industrial and Specialist Services.

Health and Community Care

People Infrastructure continued to be a leader in providing staffing services to healthcare facilities across Australia. People Infrastructure is one of, if not the largest provider of Agency nurses on the eastern seaboard of Australia. This business rebounded to pre-Covid levels during the year and also benefited from the provision of Nurses to Covid-19 testing centres, vaccination centres and hotel quarantine facilities.

People Infrastructure is the leader in the provision of staffing services to the community care sectors in Australia. People Infrastructure is the largest provider of Support Workers to Disability and Child Protection service providers in Australia. People Infrastructure's staffing operations grew during the year as a result of growing its services to disability accommodation providers as well as residential child protection providers. Sporadic lockdowns relating to Covid-19 continue to impact this business on a temporary basis.

Information Technology

People Infrastructure is one of the largest providers of IT staffing services to the private sector in Australia and intends to continue to significantly grow within the technology sector in the future. Notwithstanding the impact of Covid-19, this continues to be a high growth sector of the Australian and international economy, driven by growth in IT companies as product and service providers and also by growth in utilisation of IT services by businesses across the economy. There is also significant employee mobility due to an ever changing IT ecosystem providing increased demand for recruitment services.

People Infrastructure completed the transaction of prominent Sydney based IT staffing firms eCareer and Illuminate during the year. This acquisition is complimentary to People Infrastructure's existing Technology Staffing brands and provides an entrenched market position within the NSW market for further cultivation by People Infrastructure.

Industrial and Specialist Services

People Infrastructure continues to be a leader in providing industrial staffing services to small, medium and large corporates across Australia. During year, People Infrastructure saw strong growth in the food processing and mining sectors and continued strong demand from government clients and civil construction. Furthermore, during the year, the specialist services business demonstrated a strong rebound from the Covid-19 impacts, especially in the childcare and hospitality business units.

Directors' Report (cont.)

For the year ended 30 June 2021

Review of operations and financial results (cont.)

Financial Results

The revenue of the Group for the financial period was $444,280,505 (2020: $371,163,903), representing an increase of 20%. The profit before income tax expense of the Group for the financial period was $26,750,204 (2020: $21,923,506). The profit of the Group for the financial period after providing for income tax amounted to $17,730,729 (2020: $16,396,195), representing an increase of 8.14%. The growth in the business during 2021 reflected increased demand for staffing services in the sectors and locations in which the Group operates. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides and a bounce back to operating levels greater pre-COVID-19, but also the acquisition of eCareer and Illuminate on 29 January 2021, Swingshift on 31 March 2021 and Techforce Personnel Pty Ltd on 2 June 2021. The profit or loss for these entities are consolidated into the Group results from these dates. In particular, it is worth noting that the employment market in the information technology sector has been particularly strong in the second half of 2021.

EBITDA and NPATA is how the board and management assess the performance of the Group. This is further adjusted by normalisation adjustments being non-recurring expenses and non-cash expenses including costs associated with acquisitions, fair value movement in equity investments and contingent considerations, costs of employee options and performance rights and the associated tax deduction of these expenses. The directors believe that this presentation is useful to investors to understand the Group results also as it shows how the Group would have performed had these types of transactions not occurred.

All normalisation adjustments in the calculation of the normalised NPAT, EBITDA and Operating Cashflows are unaudited.

The following reconciles statutory profit before tax to EBITDA and normalised EBITDA.

	30 June 2021	30 June 2020
	$	$
Statutory Profit Before Tax	**26,750,204**	**21,923,506**
Depreciation and amortisation	6,733,507	6,597,692
Finance costs	1,548,488	2,291,510
EBITDA	**35,032,199**	**30,812,708**
Normalisation adjustments:		
Acquisition costs	593,505	156,603
Performance rights costs	190,913	83,201
Write off of Warrawong Office Fitout on relocation	217,888	-
Fair value movement in contingent consideration[1]	944,861	(2,863,261)
Non-controlling interests	(67,168)	-
Share based payments expense	1,137,141	465,913
Normalised EBITDA	**38,049,339**	**28,655,164**

[1] This represents non-cash expense of $944,781 which is the fair value adjustment of the contingent consideration that will be settled via the issue of People Infrastructure shares (i.e. not cash) with respect to the acquisition of Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited.

Directors' Report (cont.)

For the year ended 30 June 2021

Review of operations and financial results (cont.)

Financial Results (cont.)

Normalised net profit after taxation and before amortisation (NPATA) which represents the statutory NPAT adjusted for one off expenses including costs associated with acquisitions, costs of employee options and performance rights and the associated tax deduction of these expenses and amortisation.

	30 June 2021	30 June 2020
	$	$
Statutory NPAT	**17,730,729**	**16,396,195**
Acquisition costs	593,505	156,603
Performance rights costs	190,913	83,201
Write off of Warrawong Office Fitout on relocation	217,888	-
Fair value movement in contingent consideration	944,861	(2,863,261)
Non-controlling interests	(67,168)	-
Share based payments expense	1,137,141	465,913
Tax adjustment	118,701	31,321
Normalised NPAT	**21,866,570**	**14,269,972**
Amortisation expense of intangible assets	4,131,730	3,928,804
Normalised NPATA	**24,998,300**	**18,198,776**

Operating cash flow was positive throughout the period resulting in $7,582,631 (2020: $27,128,847) in net cash provided by operating activities. The following table shows the normalised cashflows from operations.

	30 June 2021	30 June 2020
	$	$
Statutory Operating Cashflows	**7,582,631**	**27,128,847**
Covid-19 related tax deferrals 2020 to 2021		
GST deferrals	5,748,679	(5,748,679)
Payroll tax deferrals	371,403	(2,018,883)
Income tax instalments re FY20	1,168,550	(1,168,550)
Change from quarterly to monthly superannuation payments	2,553,243	-
Purchase price consideration for acquisitions	447,041	1,447,515
Acquisition costs	593,505	156,603
Performance rights costs	190,913	83,201
Normalised Operating Cashflows	**18,655,965**	**19,880,054**

Operating cashflow was reduced due to the repayment during the year of income taxes, payroll taxes, and GST which were all deferred as part of the Covid-19 government assistance regulations during last financial year.

Capital expenditure on plant and equipment and intangibles of $1,302,898 (2020: $1,108,852) was at a similar level to the prior year with the largest outflow from investing activities surrounding the acquisitions. Net outflows from financing activities of $2,061,436 related to the net result of repayment of borrowings and the additional capital received during the period from an additional commercial bill. Additionally, fully franked dividends totalling $7,050,708 were paid during the year (2020: $5,179,063).

Directors' Report (cont.)
For the year ended 30 June 2021

Review of operations and financial results (cont.)

Financial Results (cont.)

The Group balance sheet has strengthened overall by $17,829,194, with net assets at $114,602,465 (2020: $96,773,271). This is mainly reflective of retained earnings during the year and the acquisitions that were completed during the year.

People Infrastructure Ltd had $38,971,281 (excluding lease liabilities) in total debt at 30 June 2021 and $13,721,681 in cash at 30 June 2021. The utilisation of People Infrastructure's lending facilities increased during June 2021 with the acquisition of Techforce Personnel Pty Ltd which utilises a working capital facility and also the Group borrowings $10,720,000 to fund part of the acquisition. Note that the working capital facility wasn't utilised during the year as a result of the strong cash position of the Group. The net debt position at 30 June 2021 was $25,249,600 (2020: $7,209,156 net cash position), excluding lease liabilities.

Covid-19 Impact

Covid-19 had an impact on workforces globally, not previously seen in the last 50 years. The welfare of People Infrastructure's employees is at all times an absolute priority to the business and from the outset of the spread of Covid-19, People Infrastructure worked extensively with its clients to implement comprehensive preventative measures consistent with government advice to protect its employees against the potential spread of Covid-19. The work performed by People Infrastructure employees in some cases is of a critical nature and once again in some cases involves close contact, with people infected by Covid-19.

From a business perspective, whilst Covid-19 created increased volatility in parts of our staffing business, over the course of the last year the business has generally returned to normal. The lockdowns that we continue to experience across Australia impact a portion of our clients and in different ways. Some clients have seen increased demand for new services and some clients have seen business activity been restricted. This has had an impact on demand for our services, however the impact is far smaller than the initial wave of Covid-19 had on our business.

The great majority of People Infrastructure's clients are large corporations, government or government backed organisations and not-for-profits who are well positioned to manage the impact of Covid-19 and continue to utilise People Infrastructure workforce solutions. We provide a critical service to these organisations and demand from our clients for most of our business has largely returned to pre Covid-19 levels.

As a result of a short period of reduced demand for our employees' services, People Infrastructure reduced the work hours of a number of its employees. We also made the decision to not permanently reduce its workforce but to apply for Jobkeeper in order to keep employing those individuals.

People Infrastructure's focus since the onset of Covid-19 has been on retaining our talent to support continuity of operations and enable ongoing growth. Government subsidies received by People Infrastructure have ensured that in relation to our internal staff:

- Net headcount has been retained throughout the Covid-19 period;
- Creation of new jobs to replace departures;
- Stood down staff remained connected with the business and have all since returned to pre Covid-19 hours;
- Carried roles during the period to enable continuity in customer service delivery;
- Retention of staff to support rebound and future growth; and
- Expansion into new service lines.

Directors' Report (cont.)
For the year ended 30 June 2021

Covid-19 Impact (cont.)

In relation to our Associates (field staff), People Infrastructure's focus has been on maintaining on-hire workforce pools to meet client service requirements and delivering consistency of staffing to our clients.
Government subsidies received by People Infrastructure have ensured:

- Associates' employment was retained during the government subsidy period which has enabled a positive rebound across all operating verticals;
- Passing on of government subsidies to clients impacted by Covid-19;
- Allowed stood down Associates (primarily casual staff) to remain connected with People Infrastructure and its clients;
- Enabled training and upskilling of Associate workforces during the period; and
- Created new roles.

Approximately 1,350 People Infrastructure employees received Jobkeeper. The following provides details of the monies received for Jobkeeper:

	$
Payments made to employees in the field	10,156,760
Payments made to internal employees	3,272,726
Total jobkeeper payment	13,429,486

Future Prospects and Outlook

People Infrastructure has seen a significant rebound in its business during the year and expects the strong momentum to continue into FY2022. We note that employment market is particularly strong with unemployment at 4.9% and employment being 1.3% above pre Covid-19 levels.. The diversity of our clients, low client concentration and the critical nature of many of the services that our clients provide means that our core business is resilient even in times of economic uncertainty. Our strategy has always focused on growing our business in sectors that have long term demand for their products and services and with clients that are able to withstand volatility in their business. As a result of this People Infrastructure is well placed to continue to generate strong earnings even in a volatile economic environment.

Furthermore, People Infrastructure has continued to focus on numerous growth initiatives including; internally generated new business units (Homecare and Facilities Maintenance), making strategic hires which will further support organic growth in the business and undertake acquisitions activities. The Group will continue to proactively seek acquisitions which fit a disciplined criterion and can generate significant upside through being part of People Infrastructure Group.

Conversely, People Infrastructure's economic performance and future prospects are subject to a number of risks which may impact its business which include a downturn in the employment market, increase in competition, a change in the regulatory environment, reliance on key personnel, reliance on its industrial agreements, change in how on-costs or benefits are assessed for its employees, change in client circumstances or technology risks. Whilst it believes that none of these risks are particularly significant at this point in time, to the extent there is any change in these risks it may impact the business.

People Infrastructure has also considered the impact of global climate change on its business and has concluded it does not pose a significant risk to its operations. Clients that People Infrastructure service predominantly operate in sectors that are unlikely to be directly impacted by climate change. People Infrastructure does service certain clients who may be impacted by climate change but do not expect an adverse impact on these clients' operations to have a material impact on People Infrastructure.

Directors' Report (cont.)

For the year ended 30 June 2021

Significant changes in state of affairs

In August 2020 1,065,890 shares were issued in settlement of contingent consideration relating to a historical acquisition.

In November 2020, March 2021 and May 2021 755,510 shares were issued due to the performance rights being satisfied and 640,000 due to options being exercised. The shares were issued to numerous employees, including related entities of key management personnel of the Group. The shares related to options and performance rights which have been issued historically over a 5 year period.

In June 2021 57,195 shares were issued as part settlement for the acquisition of Techforce Personnel Pty Ltd.

There was an issue of 390,929 shares under the dividend reinvestment plan during the period.

There have been no other significant changes in the state of affairs during the financial year that could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

	2021 $	2020 $
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2020 of 4.5 cents per share (2019: 4.5 cents) paid on 6 October 2020	4,155,624	3,258,183
Interim fully franked dividend relating to 31 December 2020 of 4.5 cents per share (2019: 4.0 cents) paid on 31 March 2021	4,082,087	2,936,939
	8,237,711	6,195,122

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $5,558,641 (6.0 cents per fully paid share) to be paid on 1 October 2021 out of retained earnings at 30 June 2021. This dividend is expected to be fully franked.

Directors' Report (cont.)

For the year ended 30 June 2021

Unissued Shares under option

Unissued ordinary shares of People Infrastructure Ltd under option at the date of this report are:

	Date options granted	Expiry date	Exercise price of shares	Number under option
TR Options	14 October 2017	14 October 2021	$1.00	340,000
Options (Tranche 4)	11 June 2021	11 July 2026	$4.37	343,170
Performance Rights (Tranche 1) – executive directors	22 November 2017	22 November 2021	$0.00	250,000
Performance Rights (Tranche 2) – other employees	22 November 2017	22 November 2021	$0.00	185,830
Performance Rights (Tranche 4) – executive directors	26 November 2018	26 November 2022	$0.00	119,374
Performance Rights (Tranche 6) – other employees	15 May 2019	15 May 2022	$0.00	16,000
Performance Rights (Tranche 8) – other employees	31 May 2019	31 May 2022	$0.00	66,184
Performance Rights (Tranche 9) – other employees	28 October 2019	26 November 2023	$0.00	80,000
Performance Rights (Tranche 10) – executive directors	26 November 2019	26 November 2023	$0.00	47,154
Performance Rights (Tranche 12) – other employees	30 July 2020	30 July 2024	$0.00	63,000
Performance Rights (Tranche 13) – KMP	31 August 2020	31 August 2021	$0.00	47,066
Performance Rights (Tranche 14) – other employees	31 August 2020	31 August 2021	$0.00	63,834
Performance Rights (Tranche 15) – other employees	31 January 2021	31 January 2022	$0.00	4,386
Performance Rights (Tranche 16) – other employees	1 September 2019	1 September 2023	$0.00	10,163
Performance Rights (Tranche 17, 18 and 20) – other employees	31 January 2021	31 January 2022	$0.00	13,829
Performance Rights (Tranche 19) – other employees	13 January 2021	31 January 2022	$0.00	37,651
Performance Rights (Tranche 21, 22 and 23) – other employees	30 April 2021	30 April 2022	$0.00	123,318
Performance Rights (Tranche 24) – other employees	11 June 2021	31 August 2026	$0.00	343,170
Total under option				**2,154,129**

All unissued shares are ordinary shares of the Company and are measured at fair value on the date granted.

All options/performance rights expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the options/performance rights is conditional on a number of items. These conditions are set out in Note 19.

Further details about share-based payments to directors and KMP are included in the remuneration report. Performance rights (Tranches 2, 6, 8, 9, 12, 14 to 24) and Options (Tranche 4) were granted to staff members who are not KMP and hence are not disclosed in the remuneration report.

755,510 shares were issued as a result of the exercise of performance rights at an exercise price of nil and 640,000 shares were issued as a result of the exercise of options at an exercise price of $1. These are from Tranches 1, 2, 4, 6, 8 and 16. Refer to Note 18 for details.

Directors' Report (cont.)

For the year ended 30 June 2021

Events arising since the end of the reporting year

On 30 July 2021 the acquisition of Vision Surveys (QLD) Pty Ltd completed. Vision Surveys (Qld) is a multi-discipline surveying business servicing metropolitan and regional Queensland, with a focus on large infrastructure projects, construction and residential development and buildings and is complementary to People Infrastructure's existing Industrial and Specialist Services business. Refer to Note 9 for further details.

On 3 August 2021, the Group entered into an Employee Share Trust Deed. The Trust was established to be an "employee share trust" as defined in sub-section 130-85(4) of the *Income Tax Assessment Act 1997 (Cth)*. The sole purpose of the trust is to acquire, hold and transferring shares for the benefit of participants in the Company's Performance Rights Plans and any Future Plans on the terms of the trust deed, to enable the Company to attract, retain and motivate eligible employees.

A fully franked dividend of 6.0 cents per share was declared on 26 August 2021.

The lockdowns in New South Wales and Victoria have resulted in increased volatility in the last 6 weeks.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Indemnities given to, and Insurance premiums paid for, auditor and officers Insurance of officers

During the year, the Group paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

No indemnification has been provided to the auditor.

Non-audit services

During the year BDO, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit and risk committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

Directors' Report (cont.)

For the year ended 30 June 2021

Non-audit services (cont.)

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit and risk committee to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, BDO, and its network firms for audit and non-audit services provided during the year are set out below:

	2021
	$
Services other than audit and review of financial statements:	
- Taxation compliance services	118,160
- Corporate services	40,398
Total non-audit services	158,558
Audit and review of financial statements	230,800
Total paid to BDO Audit Pty Ltd and related entities	389,358
Paid to BDO network firms overseas	
- Overseas subsidiary taxation compliance services	12,741
- Overseas subsidiary audit compliance services	17,953
	30,694
Total paid to BDO and network firms	420,052

Remuneration report - audited

Remuneration Policy

The remuneration policy of People Infrastructure Ltd has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated Group's financial results. The Board of People Infrastructure Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

– The remuneration policy has been developed by the board.

– All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

– Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.

– Incentives paid in the form of options or performance rights are intended to align the interests of the directors and Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

Directors' Report (cont.)

For the year ended 30 June 2021

Remuneration Policy (cont.)

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which was 9.5% during the period, of the individual's average weekly ordinary time earnings (AWOTE).

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP are paid a percentage of between 24%-50% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, duties and responsibilities. Under Rule 19.5 of the Company's Constitution the total amount given to all non-executive directors for their services as directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. As detailed in the Company's Prospectus dated 20 October 2017 this amount has been fixed by the Company at $400,000 per annum.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options or performance rights granted under the arrangement do not carry dividend or voting rights. Each option or performance right is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and their values are determined using the Monte Carlo or Black Scholes methodology, depending on whether market conditions are attached to them.

In addition, the Board's remuneration policy prohibits directors and KMP from using People Infrastructure Ltd shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, People Infrastructure Ltd bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports are obtained from organisations such as Standard & Poor's.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. To achieve this aim, share based payments are issued to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy has been effective in increasing shareholder wealth since listing in 2017.

Directors' Report (cont.)

For the year ended 30 June 2021

Relationship between Remuneration Policy and Company Performance (cont.)

The following table shows the gross revenue, profits and dividends since listing, as well as the share prices at the end of the respective financial periods. Analysis of the actual figures shows an increase in profits each period. The improvement in the Group's performance since listing has been reflected in the Company's share price with an increase since the entity listed. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall upwards trend in shareholder wealth since listing.

	31 December 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
	6 months	12 months	12 months	12 months	12 months
	$	$	$	$	$
Revenue	106,673,853	219,400,642	278,138,843	371,163,903	444,280,505
Net profit after tax	1,982,378	5,170,863	9,693,783	16,396,195	17,730,729
Share price at year-end	1.36	1.60	3.34	2.00	4.59
Dividends paid/declared	nil	0.040	0.085	0.085	0.105
Basic EPS	6.26	10.81	14.92	21.60	19.27

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group, specifically the incorporation of performance rights based on the achievement of earnings per share targets, share price targets and continued employment with the Group. Performance rights payments vest where the Group earnings per share returns is greater than 10%-15% from the prior year. This condition provides management with a performance target which focuses upon organic sales growth utilising existing Group resources.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

Directors' Report (cont.)

For the year ended 30 June 2021

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the Group.

Group KMP	Position Held as at 30 June 2021	Contract Details (Duration and Termination)	Annual Base Salary	Director Fees
Glen Richards	Non-Executive Director and Chairman	No service contracts	-	$100,000
Elizabeth Savage	Non-Executive Director	No service contracts	-	$65,000
Declan Sherman	Executive Director and Interim Group Chief Executive Officer	13 weeks' notice period	$330,000	$50,000
Thomas Reardon	Executive Director and Divisional Chief Executive Officer	13 weeks' notice period	$300,000	$50,000
David Cuda *	Group Chief Executive Officer	4 weeks' notice period	$350,000	-
Megan Just	Group Chief Financial Officer	4 weeks' notice period	$270,000	-

* David Cuda ceased employment on 19 March 2021.

Employment Details of Members of Key Management Personnel

The employment terms and conditions of the Interim Group Chief Executive Officer and Divisional Chief Executive Officer are formalised in contracts of employment.

Terms of employment require that the relevant Group entity provide an executive contracted person with a minimum of 13 weeks' notice prior to termination of contract. Termination payments of between 25%–50% of their salary are generally payable. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 13 weeks' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

The employment terms and conditions of the Group Chief Executive Officer and Group Chief Financial Officer are formalised in contracts of employment.

Terms of employment require that the relevant Group entity provide an executive contracted person with a minimum of 4 weeks' notice prior to termination of contract. Termination payments are generally not payable but is at the discretion of the board of directors. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 4 weeks' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-executive directors have been issued appointment letters but do not have a formal contract of employment. There is no termination notice period stipulated in these letters.

Changes in Directors and Executives during the year

From the 1 July 2020, the Group Chief Financial Officer have been deemed a KMP. This designation has been effective from this date as a result of changes to responsibilities and structure within the group from this date.

On 19 March 2021, the Group Chief Executive Officer David Cuda ceased employment with the Group and the Executive Director Declan Sherman assumed the role as Interim Chief Executive Officer.

There have been no other changes in directors and executives during the year or subsequent to the end of the reporting period.

Remuneration Expense Details for the Year Ended 30 June 2021

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Directors' Report (cont.)

For the year ended 30 June 2021

Table of Benefits and Payments for the Year Ended 30 June 2021

		Short-term Benefits				Post-employment Benefits	Long-term Benefits		Equity-settled Share-based Payments		Termination Benefits	Total	Portion of remuneration performance related
		Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary[6]	Other[7]	Super-annuation	Incentive Plans	LSL	Shares	Options/ Performance Rights			
		$	$	$	$	$	$	$	$	$	$	$	%
Group KMP													
Glen Richards	2021	100,000	-	-	-	-	-	-	-	-	-	100,000	-
	2020	87,500	-	-	-	-	-	-	-	-	-	87,500	-
Elizabeth Savage	2021	65,004	-	-	-	-	-	-	-	-	-	65,004	-
	2020	44,864	-	-	-	-	-	-	-	-	-	44,864	-
Declan Sherman	2021	384,384[1]	-	-	10,449	36,445	-	5,949	-	56,702	-	493,929	11.48
	2020	346,538[1]	120,000[2]	-	-	32,227	-	4,829	-	38,241	-	541,835	29.20
Thomas Reardon	2021	355,392[1]	-	22,564	7,679	33,763	-	6,822	-	87,432	-	513,652	17.02
	2020	335,577[1]	70,000[2]	-	-	31,240	-	6,841	-	91,696	-	535,354	30.20
David Cuda [4]	2021	261,154	-	15,934	113,097	24,810	-	93,336	-	-	-	508,331	-
Megan Just [5]	2021	234,808	-	-	17,293	21,905	-	540	-	101,209	-	375,755	26.93
Total KMP	2021	1,400,742	-	38,498	148,518	116,923	-	106,647	-	245,343	-	2,056,671	11.93
	2020	814,479[3]	190,000	-	-	63,467	-	11,670	-	129,937	-	1,209,552	10.74

[1] Includes $50,000 relating to director fees.
[2] This bonus was paid on the 1 December 2019 in relation to the year ended 30 June 2019.
[3] All directors took a reduction in salaries and fees for the period of 1 April 2020 to 30 June 2020 at the onset of Covid-19.
[4] David Cuda became a KMP from the 1 July 2020 and therefore there are no disclosures for 2020. Mr Cuda resigned from the Group on 19 March 2021 and therefore these are for payments up to that date.
[5] Megan Just became a KMP from the 1 July 2020 and therefore there are no disclosures for 2020.
[6] Motor vehicle reportable fringe benefit
[7] Increment in annual leave provision or in the case of D Cuda annual leave payout on termination.

Directors' Report (cont.)

For the year ended 30 June 2021

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

Cash and Performance-related Bonuses

The cash and performance-based bonuses granted as remuneration during the year ended 30 June 2021 (in relation to the performance for the year ended 30 June 2020) to KMP are as follows:

	Remuneration Type	Total Opportunity $	Awarded %	Forfeited %
Group KMP				
Declan Sherman	Cash bonus	200,000	-	100%
Thomas Reardon	Cash bonus	200,000	-	100%
David Cuda	Cash bonus	200,000	-	100%
Megan Just	Cash bonus	13,500	-	100%

The cash bonus KPIs were set and assessed based on individual and business wide performance criteria and the level of achievement of those objectives during the performance year. The board uses their discretion to make a decision on determining the amount of the bonus payment.

No bonuses were paid in relation to the year ended 30 June 2020 as a result of the onset of COVID-19 and the uncertainty of the impact on the Group.

Share-based Payments

The terms and conditions relating to options granted as remuneration during the year to KMP are as follows:

	Remuneration Type	Grant Date	Grant Value $	Vested/Paid during Year % #	Forfeited during Year %	Remaining as Unvested %	Expiry Date for Vesting or Payment
Group KMP							
Megan Just	Performance Rights (Tranche 13)	31/08/2020	110,603	-	-	100%	31/08/2021

The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments for the year ended 30 June 2021.

Performance Rights - Tranche 13

These Performance Rights vest equally over the Vesting Period from 31 August 2020 to 31 August 2021. The only condition to having their Performance Rights vest is that the relevant participant must remain employed by the People Infrastructure Ltd Group at the time of vesting.

All performance rights entitle the holder to one ordinary share in People Infrastructure Ltd for each right exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

Directors' Report (cont.)

For the year ended 30 June 2021

Options and Performance Rights Granted as Remuneration

		Grant Details			Exercised		Lapsed / Forfeited ##				Vested	Unvested
	Balance at Beginning of Year	Issue Date	No.	Value #	Share Price	No.	No.	Balance at End of Year	Exercisable	Unexercisable	Total at End of Year	Total at End of Year
				$	$			No.	No.	No.	No.	No.
Group KMP												
Glen Richards	200,000	22/11/2017	-	-	3.35	200,000	-	-	-	-	-	-
Elizabeth Savage	100,000	22/11/2017	-	-	3.53	100,000	-	-	-	-	-	-
Declan Sherman	250,000	22/11/2017	-	-	3.70	125,000	-	125,000	-	125,000	-	125,000
Declan Sherman	89,531	26/11/2018	-	-	3.62	29,844	-	59,687	-	59,687	-	59,687
Declan Sherman	31,437	26/11/2019	-	-	3.62	7,860	-	23,577	-	23,577	-	23,577
Thomas Reardon	680,000	14/10/2017	-	-	3.39	340,000	-	340,000	-	340,000	-	340,000
Thomas Reardon	250,000	22/11/2017	-	-	3.70	125,000	-	125,000	-	125,000	-	125,000
Thomas Reardon	89,531	26/11/2018	-	-	3.62	29,844	-	59,687	-	59,687	-	59,687
Thomas Reardon	31,437	26/11/2019	-	-	3.62	7,860	-	23,577	-	23,577	-	23,577
David Cuda	187,500	26/11/2018	-	-	3.62	62,500	125,000	-	-	-	-	-
David Cuda	171,480	31/05/2019	-	-	2.93	87,500	83,980	-	-	-	-	-
David Cuda	1,200,000	03/01/2020	-	-	-	-	1,200,000	-	-	-	-	-
Megan Just	-	31/08/2020	47,065	110,603	-	-	-	47,065	-	47,065	-	47,065
	3,280,916		47,065	110,603		1,115,408	1,408,980	803,593	-	803,593	-	803,593

The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

These performance rights were forfeited on the resignation of David Cuda.

Directors' Report (cont.)

For the year ended 30 June 2021

Description of Options/Rights Issued as Remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

	TR Options - Tranche 1	TR Options - Tranche 2	NED Options	Performance Rights - Tranche 1	Performance Rights - Tranche 4	Performance Rights - Tranche 10	Performance Rights - Tranche 13
Grant date	14/10/2017	14/10/2017	22/11/2017	22/11/2017	26/11/2018	26/11/2019	31/08/2020
Number of options	340,000	340,000	300,000	1,000,000	238,750	62,874	47,065
Vesting period end	50% 14/10/2020 50% 14/10/2021	50% 14/10/2020 50% 14/10/2021	22/11/2018	25% each year 22/11/2018, 2019, 2020, 2021	25% each year 22/11/2019, 2020, 2021, 2022	25% each year 26/11/2020, 2021, 2022, 2023	31/08/2021
Share price at grant date	$1.00	$1.00	$1.00	$1.00	$1.93	$3.25	$2.80
Option life	50% 3 years 50% 4 years	50% 3 years 50% 4 years	1 year	4 years	4 years	4 years	1 year
Fair value at grant date	50% $0.2636 50% $0.2857	50% $0.2636 50% $0.2857	$0.1755	25% $0.2810, 25% $0.2530, 25% $0.1970, 25% $0.1560	25% $0.9003, 25% $0.6273, 25% $0.4946, 25% $0.4395	25% $1.488, 25% $1.031, 25% $0.828, 25% $0.692	100% $2.35
Exercise price at grant date	$1.00	$1.00	$1.00	$0.00	$0.00	$0.00	$0.00
Exercisable from	50% 14/10/2020 50% 14/10/2021	50% 14/10/2020 50% 14/10/2021	22/11/2018	At end of each vesting period	At end of each vesting period	At end of each vesting period	At end of the vesting period
Exercisable to	30 days after the exercise date	30 days after the exercise date	22/11/2020	30 days after the exercise date	30 days after the exercise date	30 days after the exercise date	30 days after the exercise date

Option values at grant date were determined using the Monte Carlo method for those with market conditions and Black Scholes method for those without.

Details relating to service and performance criteria required for vesting have been provided in the Cash Bonuses, Performance-related Bonuses and Share-based Payments table on page 16.

Directors' Report (cont.)

For the year ended 30 June 2021

KMP Shareholdings

The number of ordinary shares in People Infrastructure Ltd held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year #	Balance at End of Year
Glen Richards	1,057,282	-	200,000	-	1,257,282
Elizabeth Savage	23,821	-	100,000	708	124,529
Declan Sherman	7,234,816	-	162,704	-	7,397,520
Thomas Reardon	3,326,948	-	502,704	-	3,829,652
David Cuda	115,830	-	150,000	(17,000)	248,830
Megan Just	-	-	-	-	-
	11,758,697	-	1,115,408	(16,292)	12,857,813

These are amounts acquired or disposed at arm's length.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

END OF AUDITED REMUNERATION REPORT.

Directors' information

The following persons were Directors of People Infrastructure Ltd during the financial year and up to the date of this report, unless otherwise stated:

Dr Glen Richards Appointed 18 October 2017

Non-Executive Director and Chairman

Qualifications: B.V.Sc.(Hons), M.Sc., F.A.I.C.D.

Equity Holdings: Shares: 1,257,282

Glen has over 27 years' experience in the retail and professional services sectors with extensive operational experience in fast growing companies, especially in health care and allied health sectors. Glen was the founding Managing Director of Greencross Limited and Co-Founder of Mammoth Pet Holdings Pty Ltd, prior to its merger with Greencross Limited in 2014. He is currently Chairman of Healthia Limited, Naturo Pty Ltd and Cardionexus Holdings Pty Ltd, and a non-executive director of Adventure Holdings Australia Pty Ltd. Glen is also a shareholder, advisor and mentor of a number of innovative technology companies.

Directorships of other listed companies in the last 3 years: Greencross Limited (from 26 April 2007 to 26 February 2020, noting that Greencross Limited was removed from the official list 27 February 2020), Regeneus Ltd (from 11 April 2015 to 4 June 2020), 1300Smiles Limited (from May 2015 to 23 November 2017) and Healthia Limited (from 10 May 2018).

Directors' Report (cont.)

For the year ended 30 June 2021

Directors' information (cont.)

Elizabeth Savage Appointed 18 October 2017

Non-Executive Director

Qualifications: BEng (Hons), MSc, MAICD

Equity Holdings: Shares: 124,529

Liz is a full-time Company Director with extensive commercial leadership and strategic development experience. Previously, Liz held C-suite commercial roles in international businesses in UK, Europe and Australia, including as Business Development Director of easyJet and Chief Commercial Officer of Virgin Australia.

Liz is currently a Non-Executive Director of Intrepid Group (& The Intrepid Foundation), Auckland International Airport and North Queensland Airports.

Directorships of other listed companies in the last 3 years: Auckland International Airport Ltd (from 24 October 2019), Mantra Group Limited (from 18 November 2016 to 31 May 2019, noting that Mantra Group Limited was removed from the official list on 1 June 2019).

Declan Sherman Appointed 5 October 2016

Executive Director and Chief Executive Officer

Qualifications: B.Comm (Hons), Finance

Equity Holdings: Shares: 7,397,520 Performance Rights: 208,264

Declan commenced with People Infrastructure in 2015 and has been Managing Director of the Company since 2016. Declan has a distinguished history in financial services and operational consulting. In 2010, Declan founded Everlight Capital in New York, a leading boutique consulting and investment firm operating throughout the Americas. Between 1999 and 2010, Declan worked in the private equity and investment banking divisions of Macquarie Group in both Sydney and in New York.

Directorships of other listed companies in the last 3 years: None

Thomas Reardon Appointed 9 January 2017

Executive Director and Divisional Chief Executive Officer

Qualifications: BBus

Equity Holdings: Shares: 3,829,652, Options: 340,000, Performance Rights: 208,264

Tom is an Executive Director of People Infrastructure and is Divisional Leader of the General Staffing and Specialist Services Division. Tom commenced with AWX in 2003, became a director in 2006 and proceeded to significantly grow the business into a leading labour hire and workforce management Group in Australia. He is recognised throughout Australia as a leader in the workforce management sector. Tom has been responsible for major growth and also launched other workforce brands including Mobilise, Tribe and Timberwolf, which have grown to be successful labour hire brands of People Infrastructure.

Directorships of other listed companies in the last 3 years: None

Directors' Report (cont.)

For the year ended 30 June 2021

Company Secretary

Kim Bradley-Ware Appointed 26 November 2019, Resigned 6 April 2021

Company Secretary

Qualifications: BCom, LLB, CPA

Kim is an experienced corporate governance professional with more than 20 years financial, commercial and company secretarial experience gained in private practice and in-house roles.

Jane Prior Appointed 6 April 2021

Company Secretary

Qualifications: BA/LLB

Jane holds a Bachelor of Laws and Bachelor of Arts from the University of Queensland and is admitted as a solicitor of the Supreme Courts of Queensland and New South Wales. Jane has worked in law firms in Brisbane and London, in house and has been a company secretary of listed companies for over a decade.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings		**Audit and Risk Committee**		**Nomination and Remuneration Committee**	
	Held+	Attended	Held+	Attended	Held+	Attended
Glen Richards	12	12	4	4	5	5
Elizabeth Savage	12	12	4	4	5	5
Declan Sherman	12	12	4	4	5	5
Thomas Reardon	12	12	-	-	-	-

+ Held and eligible to attend.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22 and forms part of this Directors' Report.

Signed in accordance with the resolution of the Board of Directors.

Glen Richards

Chairman

Dated this 26th day of August 2021

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF PEOPLE INFRASTRUCTURE LTD

As lead auditor of People Infrastructure Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of People Infrastructure Ltd and the entities it controlled during the year.

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Revenue from contracts with customers and other revenue	2	444,280,505	371,163,903
Other income	3	94,366	3,050,312
Employee benefits expense		(395,933,239)	(329,654,553)
Occupancy expenses		(1,247,782)	(931,232)
Depreciation and amortisation expense		(6,733,507)	(6,597,692)
Other expenses		(12,155,592)	(12,815,722)
Finance costs		(1,548,488)	(2,291,510)
Share of profit of equity-accounted investees, net of tax	10(b)	(6,059)	-
Profit before income tax expense		26,750,204	21,923,506
Income tax expense	6	(9,019,475)	(5,527,311)
Profit for the period		**17,730,729**	**16,396,195**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax		(4,406)	(33,544)
		(4,406)	(33,544)
Total comprehensive income for the period		**17,726,323**	**16,362,651**
Profit for the period is attributable to:			
Owners of People Infrastructure Ltd		17,663,561	16,396,195
Non-controlling interests		67,168	-
		17,730,729	**16,396,195**
Total comprehensive income for the period is attributable to:			
Owners of People Infrastructure Ltd		17,659,155	16,362,651
Non-controlling interests		67,168	-
		17,726,323	**16,362,651**
Basic earnings per share attributable to the shareholders of People Infrastructure Ltd			
Basic earnings per share (cents per share)	5	19.27	21.60
Diluted earnings per share attributable to the shareholders of People Infrastructure Ltd			
Diluted earnings per share (cents per share)	5	18.43	20.45

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

Consolidated Statement of Financial Position
As at 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Current assets			
Cash and cash equivalents	7	13,721,681	31,464,965
Trade and other receivables	11	75,978,424	41,192,837
Other current assets		1,680,363	1,466,252
Total current assets		**91,380,468**	**74,124,054**
Non-current assets			
Trade and other receivables	11	17,210	-
Investment in Joint Venture	10 (b)	(6,009)	-
Property, plant and equipment	12	9,061,076	6,233,153
Intangible assets	13	116,947,834	87,458,716
Total non-current assets		**126,020,111**	**93,691,869**
Total assets		**217,400,579**	**167,815,923**
Current liabilities			
Trade and other payables	14	33,736,303	30,848,720
Contingent consideration	15	6,877,665	2,230,416
Financial liabilities	16	18,330,732	5,736,777
Current tax liabilities		3,252,121	1,271,674
Employee benefits	17	4,533,842	3,167,265
Total current liabilities		**66,730,663**	**43,254,852**
Non-current liabilities			
Contingent consideration	15	1,952,837	3,720,483
Financial liabilities	16	28,639,997	20,893,983
Deferred tax liabilities	6 (d)	4,828,542	2,656,581
Employee benefits	17	646,075	516,753
Total non-current liabilities		**36,067,451**	**27,787,800**
Total liabilities		**102,798,114**	**71,042,652**
Net assets		**114,602,465**	**96,773,271**
Equity			
Share capital	18	83,131,730	78,230,119
Retained earnings		26,944,859	17,519,008
Reserves		2,156,879	1,024,144
		112,233,468	96,773,271
Non-controlling interests	10 (c)	2,368,997	-
Total equity		**114,602,465**	**96,773,271**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		475,406,211	405,537,546
Payments to suppliers and employees		(455,044,666)	(369,026,489)
Interest received		8,833	11,468
Finance costs paid		(1,548,488)	(2,291,510)
Income taxes paid		(11,239,259)	(7,102,168)
Net cash provided by operating activities	8 (a)	**7,582,631**	**27,128,847**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		9,649	7,300
Purchase of property, plant and equipment		(808,992)	(726,436)
Purchase of intangible assets		(493,906)	(382,416)
Purchase of subsidiaries (net of cash acquired)	9	(21,996,785)	(12,349,994)
Net cash (used in)/provided by investing activities		**(23,290,034)**	**(13,451,546)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		10,720,000	310,000
Repayments of borrowings		(4,492,480)	(13,507,633)
Repayments of lease liabilities		(1,878,248)	(1,878,910)
Proceeds from share issue		640,000	17,600,000
Equity transaction costs		-	(844,907)
Dividends paid		(7,050,708)	(5,179,063)
Net cash used in financing activities		**(2,061,436)**	**(3,500,513)**
Net change in cash and cash equivalents held		**(17,768,839)**	**10,176,788**
Effects of foreign exchange on Cash		25,555	(40,162)
Cash and cash equivalents at beginning of financial period		31,464,965	21,328,339
Cash and cash equivalents at end of financial period	7	**13,721,681**	**31,464,965**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Share capital $	Retained earnings $	Shared option reserve $	Foreign currency reserve $	Other reserves $	Total $	Non-controlling interests $	Total Equity $
Balance at 1 July 2020	78,230,119	17,519,008	1,013,573	(59,872)	70,443	96,773,271	-	96,773,271
Profit for the period	-	17,663,561	-	-	-	17,663,561	67,168	17,730,729
Other comprehensive loss for the period	-	-	-	(4,406)	-	(4,406)	-	(4,406)
Total comprehensive loss for the period	-	17,663,561	-	(4,406)	-	17,659,155	67,168	17,726,323
Transactions with owners, in their capacity as owners								
Issue of share capital	3,714,609	-	-	-	-	3,714,609	-	3,714,609
Dividends reinvested	1,187,002	-	-	-	-	1,187,002	-	1,187,002
Dividends paid	-	(8,237,710)	-	-	-	(8,237,710)	-	(8,237,710)
Employee share-based payment options	-	-	1,137,141	-	-	1,137,141	-	1,137,141
Non-controlling interest on acquisition of subsidiary – refer to note 9	-	-	-	-	-	-	2,301,829	2,301,829
	4,901,611	(8,237,710)	1,137,141	-	-	(2,198,958)	2,301,829	102,871
Balance at 30 June 2021	**83,131,730**	**26,944,859**	**2,150,714**	**(64,278)**	**70,443**	**112,233,468**	**2,368,997**	**114,602,465**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Share capital $	Retained earnings $	Shared option reserve $	Foreign currency reserve $	Other reserves $	Total Equity $
Balance at 1 July 2019	60,205,498	7,317,935	547,660	(26,328)	70,443	68,115,208
Profit for the period	-	16,396,195	-	-	-	16,396,195
Other comprehensive loss for the period	-	-	-	(33,544)	-	(33,544)
Total comprehensive loss for the period	-	16,396,195	-	(33,544)	-	16,362,651
Transactions with owners, in their capacity as owners						
Issue of share capital	17,600,000	-	-	-	-	17,600,000
Share issue transaction costs, net of tax	(591,438)	-	-	-	-	(591,438)
Dividends reinvested	1,016,059	-	-	-	-	1,016,059
Dividends paid	-	(6,195,122)	-	-	-	(6,195,122)
Employee share-based payment options	-	-	465,913	-	-	465,913
	18,024,621	(6,195,122)	465,913	-	-	12,295,412
Balance at 30 June 2020	**78,230,119**	**17,519,008**	**1,013,573**	**(59,872)**	**70,443**	**96,773,271**

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

Notes to the Financial Statements for the year ended 30 June 2021

About this report

The financial statements of People Infrastructure Ltd for the year ended 30 June 2021 covers the Consolidated Entity consisting of People Infrastructure Ltd and its controlled entities (together referred to as the "Group") as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

People Infrastructure Ltd is a Public Company, incorporated and domiciled in Australia.

The principal activities of the Group during the financial period were the provision of workforce management, contracted staffing, recruitment and human resources outsourcing services. Services provided by the Group include recruiting, on-boarding, contracting, rostering, timesheet management, payroll, and workplace health and safety management.

There have been no significant changes in the nature of these activities during the period.

The consolidated general-purpose financial report of the Group for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 26 August 2021. The Directors have the power to amend and reissue the financial report. 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;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB and IFRS that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2020. Refer to note 30 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective, except for those described in Note 30 and 31. Refer to Note 30 for details on standards not early adopted.

The financial statements have been prepared on a historical cost basis, except for contingent consideration which has been measured at fair value. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 6: Income taxes	Page 34
Note 9: Acquisition of businesses / intangible assets	Page 40
Note 10 (b): Interests in other entities	Page 46
Note 10 (c): Interests in other entities	Page 47
Note 11: Trade receivables	Page 48
Note 12: Property, plant and equipment	Page 48
Note 13: Intangible assets	Page 53
Note 17: Employee benefits	Page 59
Note 19: Share based payments	Page 61
Note 24: Leases	Page 74

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Basis of consolidation

Subsidiaries are all those entities over which the Company has control. The Group controls an entity when the Group is exposed, or has the 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 de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Australian Dollars ($AUD) are translated into $AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Other accounting policies

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

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Group's operations that is important to its future performance.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 1: Segment Information

AASB 8 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance. As a result, the Group segments the business into three divisions, Industrial and Specialist Services, Technology and Health and Community. There is no material difference between the segmentation of the Group's turnover by division. The Group's operations comprise one class of business, that of qualified, professional and skilled recruitment. The Group's CEO, which is regarded as the chief operating decision maker, uses Earnings before Tax, Interest, Depreciation and Amortisation (EBITDA) by segment as its measure of profit in internal reports, rather than net profit after tax (NPAT). The Group's CEO considers EBITDA for the purpose of making decisions about allocating resources. The Group does not report items below EBITDA by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 23.

	Revenue		EBITDA	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	$	$	$	$
Industrial and Specialist Services	251,174,772	206,735,621	16,704,020	16,446,029
Health and Community	132,697,893	113,709,266	16,688,991	15,162,022
Technology	60,374,266	49,884,231	8,341,028	7,069,398
Unallocated	33,574	834,785	(6,701,840)	(7,864,741)
Total	444,280,505	371,163,903	35,032,199	30,812,708

Unallocated relates to holding and head companies and the administration company which encompasses the costs of the corporate services function.

Reconciliation of EBITDA to Statutory Profit after tax

	30 June 2021	30 June 2020
	$	$
EBITDA	35,032,199	30,812,708
Income tax expense	(9,019,475)	(5,527,311)
Depreciation and amortisation	(6,733,507)	(6,597,692)
Finance costs	(1,548,488)	(2,291,510)
Statutory profit after tax	17,730,729	16,396,195

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's CEO monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 11. The increase in net trade receivables in relation to Industrial and Specialist Services is largely due to the acquisition of Techforce Personnel.

	Net trade receivables	
	30 June 2021	30 June 2020
	$	$
Industrial and Specialist Services	48,305,487	23,562,172
Health and Community	11,423,011	3,546,256
Technology	8,958,412	2,682,384
Total	68,686,910	29,790,812

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 2: Revenue and other revenue

	30 June 2021 $	30 June 2020 $
Revenue from contracts with customers		
Recognised at a point in time		
Contract hire revenue	395,662,173	326,262,616
Planting revenue	4,462,835	5,617,089
Managed services revenue	1,496,213	2,696,036
Recruitment revenue	15,788,911	13,914,055
Consultancy and other sales revenue	3,058,983	2,831,015
	420,469,115	351,320,811
Recognised over time		
Project managed services revenue	9,216,258	7,970,889
Total revenue from contracts with customers	**429,685,373**	**359,291,700**
Other revenue		
Government subsidies	14,595,132	11,872,203
Total other revenue	**14,595,132**	**11,872,203**
Total revenue and other revenue	**444,280,505**	**371,163,903**

The above table depicts the disaggregation of revenue from customers in that it reflects the different product lines from which revenue is generated based on the natures of the service being provided. Additionally, it segregates those services performed at a point in time and those performed over time and also described below.

Government subsidies

As a result of the Covid-19 pandemic, governments have responded with various stimulus packages, to provide relief to companies and individuals, to ensure business and employment continuity. The most significant to the Group was the receipt of Jobkeeper and the gross receipts are contained within government subsidies above. The payments to employees and other on-costs related to Jobkeeper are contained within employee benefits expense.

Recognition and measurement

The Group is in the business of providing contracted staffing and human resources outsourcing services. Services provided by the Group include recruiting, on-boarding, rostering, timesheet management, payroll, and workplace health and safety management. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Contract Hire

The Group has determined that revenue from the provision of contract hire is to be recognised when the temporary workers are provided to the client and their time is invoiced to the client. AASB 15 contains a practical expedient that allows revenue to be recognised when the entity has the right to invoice if the amount invoiced corresponds directly with the performance completed to date. This is the case with contract hire revenue.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 2: Revenue and other revenue (cont.)

Recognition and measurement

Other services revenue, including:

Planting

Similar to contract hire revenue, invoicing of planting revenue reflects the performance completed to date. Once plants have been planted an invoice is issued reflecting that performance obligation. Therefore, the practical expedient has again been applied and revenue is recognised at the time of invoicing.

Managed services

Similarly, to contract hire the performance obligations under maintenance contracts are satisfied concurrently with the issuing of the invoice and therefore revenue is recognised at that point in time.

Recruitment revenue

Performance obligations associated with recruitment revenue are satisfied when an individual is permanently placed with a client. Therefore, the performance obligation is satisfied upon the individual commencing employment with the client.

Project managed services

The contracts associated with managed services fall into two types of performance obligations, being projects and managed services. With project managed services performance obligations, a continual assessment of the performance obligation is made, and revenue is only recognised at the point when the performance obligation is satisfied. Therefore, there may be a contract asset recognised on the statement of financial position relating to these contracts.

Variable consideration and warranties

Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties.

Government subsidies

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidy will be received, and the Group will comply with all of the attached conditions. The Group have adopted the gross method of accounting for government subsidies. Therefore, the government subsidies reflected in other revenue is the gross receipts. The expenditure in relation to satisfying the requirements of obtaining these subsidies are included in expenses. The most significant receipt during the period was for various Government Stimulus as a result of the Covid-19 pandemic, including Jobkeeper. The payments passed through to employees is reflected in salaries and wages. Cashflows are reflected in receipts from customers for the monies received from the various government departments and payments to suppliers and employees for the payments to employees.

Note 3: Other Income

	30 June 2021 $	30 June 2020 $
Gain on fair value of contingent consideration	-	2,863,261
Rental income	600	29,491
Rental discounts	84,933	146,092
Interest revenue – third parties	8,833	11,468
	94,366	**3,050,312**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 4: Expenses

	30 June 2021 $	30 June 2020 $
Employee benefits expense include:		
Defined contribution superannuation expense	28,792,428	23,812,762
Share-based payments expense	1,137,141	465,913
Depreciation and amortisation expense		
Depreciation expense - plant and equipment	2,601,777	2,668,888
Amortisation expense - intangibles	4,131,730	3,928,804
	6,733,507	**6,597,692**
Other expenses include:		
Loss on fair value of contingent consideration *	944,861	-
Impairment (write back) / expense - receivables	(111,960)	282,786
Net loss on disposal of property, plant and equipment	230,290	15,371
Occupancy expenses include:		
Expenses relating to leases of low-value assets	148,881	161,131
Expenses relating to short-term property leases	181,131	150,155
Finance costs include:		
Interest on lease liabilities	373,804	350,213
Interest on borrowing facilities	842,526	1,682,015

* This represents non-cash expense of $944,861 which is the fair value adjustment of the contingent consideration to be paid in People Infrastructure shares with respect to the acquisition of Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited. In the prior year this was included in Other Income as it was a non-cash income.

Recognition and measurement

Post-employment benefits plans

The Group provides post-employment benefits through defined contribution plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 5: Earnings per share

	30 June 2021 $	30 June 2020 $
Profit attributable to the shareholders of People Infrastructure Ltd:		
Profit	17,663,561	16,396,195
Weighted average number of ordinary shares used in the calculation of basic profit per share	91,670,201	75,910,949
Adjustments for calculation of diluted earnings per share:		
Options	4,171,989	4,258,404
Weighted average number of ordinary shares used in the calculation of diluted profit per share	95,842,190	80,169,353

Information concerning the classification of securities

Options

Options and performance rights granted to employees under the People Infrastructure Ltd Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required TSR and EPS growth hurdles would have been met based on the Company's performance up to the reporting date, and to the extent to which they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 18.

Note 6: Income taxes

	30 June 2021 $	30 June 2020 $
(a) The components of income tax expense comprise:		
Current tax	10,666,311	5,343,610
Deferred tax	(2,100,530)	525,931
Over/(under) provision in respect of prior years	453,694	(342,230)
	9,019,475	**5,527,311**
(b) Reconciliation prima facie income tax on the profit is reconciled to the income tax expense as follows:		
Prima facie tax expense on loss before income tax at 30%	8,025,061	6,577,052
Tax effect of:		
- non-deductible entertainment	78,166	83,310
- non-deductible share-based payments	341,142	139,774
- other non-deductible expenses	15,522	16,116
- other non-assessable items	(177,568)	(87,733)
- fair value of contingent consideration	283,458	(858,978)
- over/(under) provision in respect of prior years	453,694	(342,230)
Income tax expense attributable to the Group	**9,019,475**	**5,527,311**
The applicable weighted average effective tax rates are:	**33.72%**	**25.21%**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 6: Income taxes (cont.)

(c) Franking Account	30 June 2021 $	30 June 2020 $
The balance of the franking account at year end adjusted for franking credits or debits arising from payment of the provision for income tax or receipt of dividends receivable at the end of the reporting date based on a tax rate of 30%	**21,753,727**	**14,101,664**

(d) Deferred taxes

	Opening Balance	Recognised in Profit or loss	Recognised on Acquisition	Recognised in Equity	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2021							
Provision for doubtful debts	210,166	(169,420)	51,538	-	92,284	92,284	-
Provision for long service leave	338,184	38,640	76,964	-	453,788	453,788	-
Provision for annual leave	767,021	195,936	137,230	-	1,100,187	1,100,187	-
Accrued expenses	1,962,611	(528,191)	535,015	-	1,969,435	1,969,435	-
Amortisation of intangibles	103,833	(70,151)	-	-	33,682	33,682	-
Candidate database	483,081	119,645	(893,226)	-	(290,500)	-	290,500
Blackhole expenses	94,286	(49,806)	-	-	44,480	44,480	-
Borrowing costs	18,660	177	-	-	18,837	18,837	-
Share issue costs	542,956	(194,129)	-	-	348,827	348,827	-
Lease liability	1,262,976	577,454	559,404	-	2,399,834	2,399,834	-
Accrued income	(2,290,976)	609,400	(108,007)	-	(1,789,583)	-	(1,789,583)
Government subsidy receivable	(1,126,800)	1,126,800	-	-	-	-	-
Equipment leases	(622)	(138,608)	-	-	(139,230)	-	(139,230)
Right of use assets	(1,094,178)	(372,744)	(536,342)	-	(2,003,264)	-	(2,003,264)
Customer relationships	(2,534,052)	951,744	(2,661,632)	-	(4,243,940)	-	(4,243,940)
Brand names	(1,391,060)	-	(1,433,435)	-	(2,824,495)	-	(2,824,498)
Workers compensation receivable	(2,667)	1,965	-	-	(702)	-	(702)
Equity accounted investments	-	1,818	-	-	1,818	-	1,818
TOTAL	**(2,656,581)**	**2,100,530**	**(4,272,491)**	**-**	**(4,828,542)**	**6,461,354**	**(11,289,896)**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 6: Income taxes (cont.)

(d) Deferred taxes (cont.)

	Opening Balance (Restated)	Recognised in Profit or loss	Recognised in Equity	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2020						
Provision for doubtful debts	122,465	87,701	-	210,166	210,166	-
Provision for long service leave	274,078	64,106	-	338,184	338,184	-
Provision for annual leave	661,361	105,660	-	767,021	767,021	-
Accrued expenses	1,356,953	605,658	-	1,962,611	1,962,611	-
Amortisation of intangibles	66,485	37,348	-	103,833	103,833	-
Candidate database	332,335	150,746	-	483,081	483,081	-
Blackhole expenses	156,511	(62,225)	-	94,286	94,286	-
Borrowing costs	-	18,660	-	18,660	18,660	-
Share issue costs	483,616	(194,129)	253,469	542,956	542,956	-
Lease liability	1,554,994	(292,018)	-	1,262,976	1,262,976	-
Accrued income	(1,635,042)	(655,934)	-	(2,290,976)	-	(2,290,976)
Government subsidy receivable	-	(1,126,800)	-	(1,126,800)	-	(1,126,800)
Equipment leases	-	(622)	-	(622)	-	(622)
Right of use assets	(1,415,455)	321,277	-	(1,094,178)	-	(1,094,178)
Customer relationships	(3,028,818)	494,766	-	(2,534,052)	-	(2,534,052)
Brand names	(1,292,841)	(98,219)	-	(1,391,060)	-	(1,391,060)
Workers compensation receivable	(20,761)	18,094	-	(2,667)	-	(2,667)
TOTAL	**(2,384,119)**	**(525,931)**	**253,469**	**(2,656,581)**	**5,783,774**	**(8,440,355)**

Key judgements

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 6: Income taxes (cont.)

Recognition and measurement

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled

People Infrastructure Ltd and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial period. People Infrastructure Ltd is the head entity in the tax consolidated Group. These entities are taxed as a single entity. The stand-alone taxpayer/separate taxpayer within a Group approach has been used to allocate current income tax expense and deferred tax expense to wholly owned subsidiaries that form part of the tax consolidated Group. People Infrastructure Ltd has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated Group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial period. The amounts receivable/payable under tax funding arrangements is due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

The Group notified the Australian Taxation Office that it had formed an income tax consolidated Group to apply from 6 October 2016.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 7: Cash and cash equivalents

	2021 $	2020 $
Cash on hand	710	730
Cash at bank	13,720,971	31,464,235
	13,721,681	**31,464,965**

Cash at bank bear floating interest rates between 0.01% and 0.85% (2020: 0.01% and 1.85%).

Reconciliation of Cash		
The above figures are reconciled to the cash at the end of the financial period as shown in the consolidated statement of cashflows as follows:		
Cash at bank and in hand	**13,721,681**	**31,464,965**

Recognition and measurement

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 8: Cash flow information

	2021 $	2020 $
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax		
Profit after income tax	17,730,729	16,396,195
Non-cash flows in profit:		
Depreciation and amortisation	6,733,507	6,597,692
Bad and doubtful debts	(111,960)	282,786
Net loss on disposal of property, plant and equipment	230,290	15,371
Lease reassessment	65,286	(202,938)
Fair value adjustment on contingent consideration	944,861	(2,863,261)
Share of loss of equity-accounted investees, net of tax	6,059	-
Share based payments expense	1,137,141	465,913
Changes in assets and liabilities:		
Change in trade and other receivables	(11,283,432)	(1,205,211)
Change in net deferred taxes	(2,100,419)	402,690
Change in other assets	174,611	(345,530)
Change in trade and other payables	(6,557,211)	9,163,488
Change in income taxes payable	(119,364)	(1,977,546)
Change in employee benefits	732,533	399,198
Net cash provided by operating activities	**7,582,631**	**27,128,847**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 8: Cash flow information (cont.)

(b) Non-cash financing and investing activities

Non-cash acquisitions of plant and equipment through leases of $44,690 (2020: $265,251) occurred during the year.
Dividends satisfied by the issue of shares under the dividend reinvestment plan – see note 18.
Options and shares issued to employees under the employee options plan and employee share scheme for no cash consideration – see note 18.

(c) Cash and Non-Cash Movements in Liabilities arising from Financing Activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities.

	2020	Net cash flows	Non-cash changes: Acquisition of leased assets	Non-cash changes: On Acquisition	2021
Borrowings	$	$	$	$	$
Credit cards	76,547	1,064	-	-	77,611
Working capital facility	-	(646,228)	-	11,156,524	10,510,296
Commercial bills	21,510,690	6,872,684	-	-	28,383,374
Lease liabilities	5,043,523	(1,878,248)	2,796,860	2,037,313	7,999,448
	26,630,760	**4,349,272**	**2,796,860**	**13,193,837**	**46,970,729**

	2019	Net cash flows	Non-cash changes: Acquisition of leased assets	Non-cash changes: On Acquisition	2020
Borrowings	$	$	$	$	$
Credit cards	16,445	52,918	-	7,184	76,547
Working capital facility	9,713,255	(9,713,255)	-	-	-
Commercial bills	25,047,986	(3,537,296)	-	-	21,510,690
Lease liabilities	6,071,658	(1,878,910)	654,635	196,140	5,043,523
	40,849,344	**(15,076,543)**	**654,635**	**203,324**	**26,630,760**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses

eCareer Employment Services Pty Ltd and Illuminate Search and Consulting Pty Ltd

On the 29 January 2021, 100% of the shares in the holding companies of eCareer Employment Services Pty Ltd and Illuminate Search and Consulting Pty Ltd (together "the Business") were acquired. The purpose of the acquisition was to expand the Information Technology sector of the Group. It is complimentary to the existing Victorian and Queensland focused technology staffing businesses. The Business was first established in 1999 and is a leading technology staffing firm focused on the NSW market, with Victorian operations. The Business is primarily a provider of on-hire technology contracting personnel to NSW Government and blue-chip corporates in the banking, finance and insurance sectors. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	29 January 2021
Purchase consideration	**$**
Cash consideration	8,329,113
Total consideration	**8,329,113**
Assets and liabilities acquired:	
Cash and cash equivalents	3,271,618
Trade and other receivables	1,251,108
Other current assets	143,715
Property, plant and equipment	891,814
Deferred tax assets	129,374
Trade and other payables	(1,883,857)
Employee entitlements	(307,560)
Current tax liabilities	(46,408)
Financial liabilities	(841,312)
Fair value of assets and liabilities acquired	2,608,492
Identifiable assets acquired	
Brand names	326,094
Customer relationships	1,697,472
Deferred tax liability	(607,070)
Total identifiable assets acquired and liabilities assumed	4,024,988
Goodwill on acquisition	**4,304,125**
Cashflows on acquisition	
Cash consideration	8,329,113
Cash acquired	(3,271,618)
Total cash outflows on acquisition	**5,057,495**
Results included in the consolidated results relating to eCareer and Illuminate for the year	
Revenue	17,229,918
Profit and loss after tax	579,198
Results had eCareer and Illuminate been part of the consolidated group for the full year	
Revenue	40,969,529
Profit and loss after tax	1,306,767

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses (cont.)

Swingshift Nurses

On the 29 March 2021, the business of Australian Nursing Agency Pty Ltd trading as Swingshift Nurses was acquired. The purpose of the acquisition was to complement the existing Victorian nursing staffing business. The business is well established in the Victorian market and will facilitate further growth into the mental health market. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	29 March 2021
Purchase consideration	**$**
Cash consideration	3,100,000
Total consideration	**3,100,000**
Assets and liabilities acquired:	
Property, plant and equipment	217,184
Software	1,574
Employee entitlements	(49,386)
Financial liabilities	(155,800)
Fair value of assets and liabilities acquired	13,572
Identifiable assets acquired	
Brand names	315,445
Customer relationships	1,362,588
Deferred tax liability	(503,411)
Total identifiable assets acquired and liabilities assumed	1,188,194
Goodwill on acquisition	**1,911,806**
Cashflows on acquisition	
Cash consideration	3,100,000
Total cash outflows on acquisition	**3,100,000**
Results included in the consolidated results relating to Swingshift Nurses for the year	
Revenue	2,670,435
Profit and loss after tax	108,790

Given this was an acquisition of the business rather than the shares in the company we are unable to provide results had Swingshift formed part of the group for the full year.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses (cont.)

Techforce Personnel Pty Ltd

On the 2 June 2021, 79.25% of the shares in Techforce Personnel Pty Ltd was acquired. Techforce Personnel is highly complementary to the Group's current industrial services business, focussed on Western Australia and South Australia, being two states where the Group does not currently have a meaningful presence. Additionally, the aim is to increase the Group's service to existing national clients. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	2 June 2021
Purchase consideration	**$**
Cash consideration	13,615,415
Share issue consideration	250,000
Contingent consideration	4,759,351
Total consideration	**18,624,766**
Assets and liabilities acquired:	
Cash and cash equivalents	226,125
Trade and other receivables	22,156,347
Other current assets	245,117
Property, plant and equipment	1,048,390
Deferred tax assets	586,428
Trade and other payables	(7,560,936)
Employee entitlements	(406,420)
Current tax liabilities	(2,053,405)
Financial liabilities	(12,196,725)
Fair value of assets and liabilities acquired	2,044,921
Identifiable assets acquired	
Brand names	4,136,574
Customer relationships	5,812,046
Candidate database	2,977,421
Deferred tax liability	(3,877,812)
Total identifiable assets acquired and liabilities assumed	11,093,150
Non-controlling interest of 20.75%	**2,301,829**
Goodwill on acquisition	**9,833,445**
Cashflows on acquisition	
Cash consideration	13,615,415
Cash acquired	(226,125)
Total cash outflows on acquisition	**13,389,290**
Results included in the consolidated results relating to Techforce Personnel Pty Ltd for the year	
Revenue	9,917,462
Profit after tax is attributable to:	
Owners of People Infrastructure Ltd	256,534
Non-controlling interest	67,168
	323,702

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses (cont.)

Techforce Personnel Pty Ltd (cont.)

Results had Techforce Personnel Pty Ltd been part of the consolidated group for the full year	
Revenue	87,188,429
Profit after tax is attributable to:	
Owners of People Infrastructure Ltd	3,427,612
Non-controlling interest	897,450
	4,325,063

Provisional accounting has been applied given how recent this acquisition is. The finalisation of the review of reconciliations and valuations of identified assets is still being completed given the recent completion of this transaction.

Subsequent to the end of the reporting period acquisitions

Vision Surveys (QLD) Pty Ltd

On the 30 July 2021, 100% of the shares of Vision Surveys (QLD) Pty Ltd were acquired. Vision Surveys (Qld) is a multi-discipline surveying business servicing metropolitan and regional Queensland, with a focus on large infrastructure projects, construction and residential development and buildings and is complementary to People Infrastructure's existing Industrial and Specialist Services business. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	30 July 2021
Purchase consideration	**$**
Cash consideration	4,630,795
Share issue consideration	1,675,002
Contingent consideration	4,184,069
Total consideration	**10,489,866**
Assets and liabilities acquired:	
Cash and cash equivalents	149,833
Trade and other receivables	1,694,347
Other current assets	301,460
Property, plant and equipment	1,328,911
Deferred tax assets	179,018
Trade and other payables	(801,385)
Employee entitlements	(662,141)
Current tax liabilities	(195,113)
Financial liabilities	(1,212,143)
Fair value of assets and liabilities acquired	**782,787**
Identifiable assets acquired	
Brand names	102,483
Customer relationships	1,714,602
Candidate database	
Deferred tax liability	(545,126)
Total identifiable assets acquired and liabilities assumed	**2,054,746**
Goodwill on acquisition	**8,435,120**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses (cont.)

Vision Surveys (QLD) Pty Ltd (cont.)

	30 July 2021
Cashflows on acquisition	**$**
Cash consideration	4,630,795
Cash acquired	(149,833)
Total cash outflows on acquisition	**4,480,962**

Provisional accounting has been applied given how recent this acquisition is. Cashflows have not been presented as there have been none to date. The consideration has been reflected above.

Summary of cashflows of acquisitions

	2021	2020
	$	**$**
Cash paid for subsidiaries acquired (net of cash acquired)		
Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd	-	(1,100,000)
Victorian Nursing Specialists Pty Ltd	-	(250,000)
Halcyon Knights Group	-	(553,086)
First Choice Care Pty Ltd	-	(10,446,908)
SMC Refrigeration, Airconditioning & Electrical Pty Ltd	(300,000)	-
ECT4Health Pty Ltd	(150,000)	-
eCareer Employment Services Pty Ltd and Illuminate Search and Consulting Pty Ltd	(5,057,495)	-
Swingshift	(3,100,000)	-
Techforce Personnel Pty Ltd	(13,389,290)	-
Total cash paid for subsidiaries acquired (net of cash acquired)	**(21,996,785)**	**(12,349,994)**

The cashflows in the 2020 financial year includes the payment of contingent consideration and working capital adjustments relating to acquisitions made in the prior period under the original contract.

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share- based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 9: Acquisition of businesses (cont.)

Recognition and measurement (cont.)

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent Consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

Key judgements and estimations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 15).

Note 10: Interests in other entities

(a) Material Subsidiaries

The group's principal subsidiaries at 30 June 2021 are set out below. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. The country of incorporation or registration is also their principal place of business.

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group		Ownership interest held non-controlling interests	
		2021	2020	2021	2020
AWX Pty Ltd	Australia	100%	100%	-	-
Mobilise Group Pty Ltd	Australia	100%	100%	-	-
Tribe Workforce Solutions Pty Ltd	Australia	100%	100%	-	-
Timberwolf Planting Pty Ltd	Australia	100%	100%	-	-
The Recruitment Company Ltd	New Zealand	100%	100%	-	-
Expect A Star Services Pty Ltd	Australia	100%	100%	-	-
Techforce Personnel Pty Ltd	Australia	79.25%	-	20.75%	-
Edmen Community Staffing Solutions Pty Ltd	Australia	100%	100%	-	-
NNA Homecare Services Pty Ltd	Australia	100%	100%	-	-
Network Nursing Agency Pty Ltd	Australia	100%	100%	-	-
Australian Healthcare Academy Pty Ltd	Australia	100%	100%	-	-
Victorian Nurse Specialists Pty Ltd	Australia	100%	100%	-	-
Carestaff Nursing Services Pty Ltd	Australia	100%	100%	-	-
First Choice Care Pty Ltd	Australia	100%	100%	-	-
PeopleIn Nursing Pty Ltd	Australia	100%	-	-	-
ECT4Health Pty Ltd	Australia	100%	-	-	-

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 10: Interests in other entities (cont.)

(a) Material Subsidiaries (cont.)

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group		Ownership interest held non-controlling interests	
		2021	2020	2021	2020
Project Partners Corporation Pty Ltd	Australia	100%	100%	-	-
Halcyon Knights Pty Ltd	Australia	100%	100%	-	-
Halcyon Knights QLD Pty Ltd	Australia	100%	100%	-	-
Halcyon Knights Commercial and Contracting Pty Ltd	Australia	100%	100%	-	-
Halcyon Knights Pte Ltd	Singapore	100%	100%	-	-
Illuminate Search and Consulting Pty Ltd	Australia	100%	-	-	-
Halcyon Knights eCareer Pty Ltd (formerly eCareer Pty Ltd)	Australia	100%	-	-	-

(b) Interests in joint venture

Set out below are the joint ventures of the group as at 30 June 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of Incorp - oration	Ownership interest held by the group		Nature of relationship	Measurement method	Carrying amount	
		2021	2020			2021	2020
Partners On Country Pty Ltd	Australia	50%	-	Joint Venture	Equity method	(6,009)	-
						(6,009)	**-**

Partners On Country Pty Ltd is the joint venture company which provides labour hire services to third parties. The company holds a Supply Nation Registration enabling contracts with Indigenous businesses to be sought and supplied.

(i) Reconciliation of carrying value for joint venture

	2021 $	2020 $
Reconciliation of carrying amounts		
Opening balance 1 July 2020	-	-
Initial investment in entity – cash	50	-
Share of operating profits	(6,059)	-
Closing balance 30 June 2021	**(6,009)**	**-**

Key judgements

Through the shareholder agreement, People Infrastructure Ltd is guaranteed one seat on the board of Partners On Country and participates in all significant financial and operating decisions. The group has therefore determined that it has significant influence over this entity. However, it has been determined that control does not exist as the shareholder agreement sets out guidelines on decision making which stipulates that all shareholders have a board representation and the board has equal representation and responsible for the operations and financial decision making.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 10: Interests in other entities (cont.)

(c) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Techforce Personnel Pty Ltd	
	2021	**2020**
	$	**$**
Summarised Statement of financial position		
ASSETS		
Current assets	22,402,527	-
Non-current assets	1,889,220	-
Total assets	24,291,747	-
LIABILITIES		
Current liabilities	21,305,110	-
Non-current liabilities	618,013	-
Total liabilities	21,923,123	-
Net assets	**2,368,624**	**-**
Accumulated NCI	2,368,997	-
Summarised Statement of Comprehensive Income		
Revenue	9,814,721	-
Profit for the period	323,702	-
Other comprehensive income	-	
Total comprehensive income	**323,702**	**-**
Profit allocated to NCI	67,168	-
Dividends paid to NCI	-	-

Note that no cashflows have been disclosed as the entities was acquired on the 3 June 2021 and therefore the cashflows relevant for this reporting period are not significant to understanding the group cashflows.

On 3 June 2021, the group acquired 79.25% of the issued shares of Techforce Personnel Pty Ltd. Refer to Note 9 for details of this acquisition. No other transactions have occurred with non-controlling interests

Key judgements

Through the shareholder agreement, People Infrastructure Ltd has two seats on the board and the non-controlling interest has one seat. All significant decisions are to be of unanimous agreement. The Techforce board has approved a delegation of authority and the People Infrastructure Ltd board has provided details of the reporting and what significant financial and operating decisions must be escalated. The group has therefore determined that it has control over this entity.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 11: Trade and other receivables

	2021	2020
Current	**$**	**$**
Trade receivables	68,994,524	30,491,367
Allowance for impairment of receivables	(307,614)	(700,555)
	68,686,910	29,790,812
Contract assets	5,965,278	7,636,586
Government subsidies receivable	-	3,756,000
Other debtors	1,326,236	9,439
	75,978,424	**41,192,837**
Non-Current		
Trade receivables	17,210	-
	17,210	**-**

Refer to Note 21 for disclosures surrounding credit risk.

Recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Debt instruments at amortised cost are financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables.

Contract assets

Refer to Note 2 for details on the recognition of revenue relating to project managed services. At the end of the reporting period a contract asset exists which relates to the services rendered which exceeds payments received.

Impairment

AASB 9 requires the Group to record an allowance for expected credit losses (ECL's) for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Refer to Note 21(b) for details on the expected loss rate percentage and ageing of receivables.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Key judgements and estimates

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, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 11: Trade and other receivables (cont.)

As a result of Covid-19 further analysis was performed this year of trade receivables. A review for each of the entities and the significant debtors was performed to assess whether they have been paying within terms, whether they have raised cashflow issues with the Group and if they have advised of significant impacts to them as a result of Covid-19. For those which have raised concerns we increased the provision for impairment accordingly.

Movement in provision for impairment

	2021 $	2020 $
Opening balance	(700,555)	(408,218)
Balance at acquisition	(171,793)	-
Charge for the year	111,960	(282,786)
Amounts written off / (recovered)	452,774	(9,551)
Closing balance	**(307,614)**	**(700,555)**

Note 12: Property, plant and equipment

	2021 $	2020 $
Property improvements		
At cost	1,044,233	1,060,868
Accumulated depreciation	(376,122)	(484,372)
	668,111	**576,496**
Vehicles		
At cost	1,049,677	721,190
Accumulated depreciation	(746,417)	(498,771)
	303,260	**222,419**
Plant and equipment		
At cost	187,496	147,624
Accumulated depreciation	(140,125)	(110,334)
	47,371	**37,290**
Office furniture and equipment		
At cost	2,986,996	3,418,246
Accumulated depreciation	(2,086,311)	(2,405,409)
	900,685	**1,012,837**
Right-of-use asset - equipment		
At cost	1,138,653	1,200,487
Accumulated depreciation	(674,552)	(463,635)
	464,101	**736,852**
Right-of-use asset – property		
At cost	11,498,935	8,936,194
Accumulated depreciation	(4,821,387)	(5,288,935)
	6,677,548	**3,647,259**
Total property, plant and equipment	**9,061,076**	**6,233,153**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 12: Property, plant and equipment (cont.)

Right-of-use assets

The Group has determined that it has two classes of right-to-use assets those relating to equipment and those relating to property. Refer to Note 24 for further details on leases.

Recognition and measurement

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 12: Property, plant and equipment (cont.)

Movements in carrying amount

2021	Property improvement	Vehicles	Plant and equipment	Office equipment	Right of use asset - equipment	Right of use asset - property	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	576,496	222,419	37,290	1,012,837	736,852	3,647,259	6,233,153
Transfers intangibles (software)	-	-	-	(126,183)	-	-	(126,183)
Lease reassessments	-	-	-	-	-	237,514	237,514
Foreign exchange movements	(11)	44	-	(1,567)	-	(28,373)	(29,907)
Additions – through business combinations	75,626	25,450	-	138,004	-	1,954,822	2,193,902
Additions – through ordinary course	234,014	170,294	30,091	374,593	44,690	2,713,670	3,567,352
Disposals	(142,093)	(24,160)	-	(163,468)	(83,257)	-	(412,978)
Depreciation expense	(75,921)	(90,787)	(20,010)	(333,531)	(234,184)	(1,847,344)	(2,601,777)
Carrying amount at the end of the year	**668,111**	**303,260**	**47,371**	**900,685**	**464,101**	**6,677,548**	**9,061,076**

2020	Property improvement	Vehicles	Plant and equipment	Office equipment	Right of use asset - equipment	Right of use asset - property	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	372,380	278,291	40,833	934,563	650,040	4,723,938	7,000,045
Transfers between classes	-	(3,404)	-	-	69,885	(66,481)	-
Lease reassessments	-	-	-	-	24,325	(515,189)	(490,864)
Foreign exchange movements	(124)	(392)	-	(1,355)	-	4,199	2,328
Additions – through business combinations	106,255	7,620	8,304	34,407	-	235,222	391,808
Additions – through ordinary course	171,839	49,783	7,284	498,631	221,554	1,195,187	2,144,278
Disposals	-	(33,864)	-	(2,085)	(4,744)	(104,861)	(145,554)
Depreciation expense	(73,854)	(75,615)	(19,131)	(451,324)	(224,208)	(1,824,756)	(2,668,888)
Carrying amount at the end of the year	**576,496**	**222,419**	**37,290**	**1,012,837**	**736,852**	**3,647,259**	**6,233,153**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 12: Property, plant and equipment (cont.)

Depreciation

The depreciable amount of all fixed assets is depreciated on either a straight-line or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

Property improvements	5 – 40 years
Vehicles	5 – 8 years
Plant and equipment	5 – 20 years
Office furniture and fittings	3 – 17 years
Right of use asset - equipment	5 – 8 years
Right of use asset - property	1 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. 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 the carrying amount. These gains or losses are included in profit or loss.

Impairment

At the end of each reporting period the Group assesses whether there is any indication that property, plant and equipment assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset’s carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Key judgements

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. Actual results may vary from time to time as a result of this being an estimate of useful life.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 13: Intangible assets

	2021 $	2020 $
Goodwill – at cost (Refer to Note 9)	**89,355,381**	**72,977,230**
Brand names – at cost	**9,414,982**	**4,636,869**
Customer relationships		
Cost	23,407,306	14,535,200
Accumulated amortisation	(9,260,839)	(6,087,361)
	14,146,467	**8,447,839**
Candidate database		
Cost	5,516,946	2,539,525
Accumulated depreciation	(2,432,170)	(1,923,223)
	3,084,776	**616,302**
Mobile application software		
Cost	458,359	458,359
Accumulated amortisation	(329,101)	(237,051)
	129,258	**221,308**
Website		
Cost	169,706	162,373
Accumulated amortisation	(137,007)	(126,065)
	32,699	**36,308**
Software		
Cost	2,247,049	1,553,449
Accumulated amortisation	(1,486,393)	(1,053,474)
	760,656	**499,975**
Patents and trademarks		
Cost	32,156	31,256
Accumulated amortisation	(8,541)	(8,371)
	23,615	**22,885**
Total intangible assets	**116,947,834**	**87,458,716**

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Brand names

Brand names are measured initially at their cost of acquisition. Brand names are an indefinite useful life intangible asset as there is no expiry date associated with the underlying assets in terms of its generation of future economic benefits to the Group and are therefore tested for impairment annually. The carrying amount of brand names is supported by a value in use calculation of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 13: Intangible assets (cont.)

Movements in carrying amount

2021	Goodwill	Brand names	Customer relationships	Candidate database	Mobile application software	Website	Software	Patents and trademarks	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2020	72,977,230	4,636,869	8,447,839	616,302	221,308	36,308	499,975	22,885	87,458,716
Additions through business combinations (Refer Note 9)	16,378,151	4,778,113	8,872,107	2,977,420	-	-	1,574	-	33,007,365
Transfer from plant and equipment	-	-	-	-	-	-	126,183	-	126,183
Foreign exchange movements	-	-	-	-	-	-	(54)	-	(54)
Additions	-	-	-	-	-	7,333	485,672	900	493,905
Disposals	-	-	-	-	-	-	(6,551)	-	(6,551)
Amortisation expense	-	-	(3,173,479)	(508,946)	(92,050)	(10,942)	(346,143)	(170)	(4,131,730)
Balance at 30 June 2021	**89,355,381**	**9,414,982**	**14,146,467**	**3,084,776**	**129,258**	**32,699**	**760,656**	**23,615**	**116,947,834**

2020	Goodwill	Brand names	Customer relationships	Candidate database	Mobile application software	Website	Software	Patents and trademarks	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2019 (reported)	63,896,778	4,309,470	8,552,700	1,025,480	222,266	16,262	529,479	21,213	78,573,648
Adjustments to business combinations	(839,595)	-	1,581,450	-	-	-	-	-	741,855
Balance at 1 July 2019 (restated)	63,057,183	4,309,470	10,134,150	1,025,480	222,266	16,262	529,479	21,213	79,315,503
Additions through business combinations (Refer Note 9)	9,920,047*	327,399	1,216,808	225,703	-	-	-	-	11,689,957
Foreign exchange movements	-	-	-	-	-	-	(455)	-	(455)
Additions	-	-	-	-	82,824	27,167	271,625	1,700	383,316
Disposals	-	-	-	-	-	(801)	-	-	(801)
Amortisation expense	-	-	(2,903,119)	(634,881)	(83,782)	(6,320)	(300,674)	(28)	(3,928,804)
Balance at 30 June 2020	**72,977,230**	**4,636,869**	**8,447,839**	**616,302**	**221,308**	**36,308**	**499,975**	**22,885**	**87,458,716**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 13: Intangible assets (cont.)

Impairment tests for goodwill and brand names

The Group tests whether goodwill and brand names have suffered any impairment on an annual basis. Intangible assets with indefinite useful lives are monitored by management based on three CGU's. The three CGU's which have been identified are industrial and specialist services, information technology and health and community care.

The following table sets out the goodwill allocation and key assumptions used in performing the value-in-use calculations:

2021	**Industrial and Specialist Services**	**Information Technology**	**Health and Community Care**	**Total**
Goodwill	15,770,735	27,438,420	46,146,226	89,355,381
Brand names	5,386,074	1,900,121	2,128,787	9,414,982
Sales volume (% annual growth rate)	2.75%	2.75%	2.75%	
Budgeted earnings before interest and tax	4.24%	10.90%	10.23%	
Long term growth rate	2.75%	2.75%	2.75%	
Pre-tax discount rate	15.23%	15.23%	15.23%	

2020	**General Staffing and Specialist Services**	**Information Technology**	**Health and Community Care**	**Total**
Goodwill	5,758,515	23,134,295,	44,084,420	72,977,230
Brand names	1,249,500	1,574,026	1,813,342	4,636,868
Sales volume (% annual growth rate)	2.75%	2.75%	2.75%	
Budgeted earnings before interest and tax	3.82%	14.17%	15.36%	
Long term growth rate	2.75%	2.75%	2.75%	
Pre-tax discount rate	15.74%	15.74%	15.74%	

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

Sales volume (% annual growth rate)	Industry average and CPI
Budgeted earnings before interest and tax	Growth rates from the current year and budgeted growth rates.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budgeted period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Based on the weighted average costs of capital.

The assumptions used in determining value in use calculations are based on the current results that each of the CGU's are currently performing at and takes into account that impact of Covid-19 in the earlier part of the year and the recovery that each of the CGU's is presenting. The budgeted earnings before interest and tax is based on an average rate between the current year and the budget. The budget has been determined taking into account the impact of Covid-19 to date and the current status of the Group at June 2021 which shows that a recovery to pre-Covid-19 results.

Sensitivity analysis

A 1% decrease in the long term growth rate to 1.75%, used in the value-in-use calculations does not result in an impairment across any of the cash generating units. Similarly a 1% increase in the pre-tax discount rate to 16.74% does not result in an impairment across any of the cash generating units.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 13: Intangible assets (cont.)

Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cashflow projections based on financial budgets approved by management covering a one-year period.

Cashflows beyond the one-year period are extrapolated using the estimated growth rates stated above. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

Key Judgement: Cash Generating Units (CGU)

Since the acquisition of the founding two business (AWX and Edmen), there has been significant restructuring of the Group. This included moving business units from Edmen to AWX and streamlining corporate overheads and staffing to the People Infrastructure Ltd level rather than at subsidiary level. Despite the additional acquisitions and the establishment of a corporate services division, management have determined that the three CGU's identified in the prior year are still relevant for the current year. Accordingly impairment assessments have been done for each of those CGU's. These CGU's have been identified as the smallest identifiable Group of assets that generate cash inflows which are independent of other Groups of assets.

In the current year there has been no reallocations of Goodwill between CGU's.

Other intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Customer relationships and candidate database are amortised straight line over their expected future lives. The estimated useful lives of customer relationships and candidate database are 5 years.

Mobile Application Software has been classified as an intangible asset with a finite life. It is amortised on a straight-line basis over the expected useful life of the software. The life is 4-5 years.

Impairment of assets – with finite lives

Customer relationships, candidate database, mobile application software and website assets all have a finite life.

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 14: Trade and other payables

	2021	2020
	$	$
Current		
Trade payables	22,141,185	16,156,168
Accrued expenses	4,331,975	4,814,505
GST payable	5,348,985	8,908,549
Other payables	1,914,158	969,498
	33,736,303	**30,848,720**

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7 to 30-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

Note 15: Contingent Consideration

	2021	2020
	$	$
Current		
Contingent consideration	6,877,665	2,230,416
	6,877,665	**2,230,416**
Non-current		
Contingent consideration	1,952,837	3,720,483
	1,952,837	**3,720,483**
Total contingent consideration	**8,830,502**	**5,950,899**

During the business combination of the Halcyon Group and Techforce Personnel Pty Ltd, AASB 3 Business Combination required the recognition of contingent consideration. The contingent consideration relates to amounts payable under the purchase contracts should certain conditions be met. The conditions surround the EBITDA or profit of the Halcyon Knights Group for the 3 years post acquisition with the current year and next year remaining outstanding. For the Techforce Personnel Pty Ltd acquisition it relates to some holdback items which are dependent on the outcome specific items under the contract and are to be resolved within 4 months of the completion of the acquisition.

During the reporting period the first payment relating to the Halcyon Group acquisition was settled via a share issue. The remaining contingent consideration relating to the Halcyon Group will also be settled by a share issue in a further two tranches. It has been classified as a financial liability as there is a variable number of shares to be issued on settlement. The second of the three possible payments is due subsequent to the audited financial results of 30 June 2021 and therefore this component has been classified as current.

All of the Techforce Personnel Pty Ltd contingent consideration has been classified as current given it is to be settled in cash within the next 12 months.

A fair value loss of $944,861 (2020: gain $2,863,261) was reflected in the profit and loss for the year ended 30 June 2021.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 16: Financial liabilities

	2021 $	2020 $
Current		
Credit cards	77,611	76,547
Working capital facility	10,510,296	-
Commercial bills	4,941,316	3,847,316
Lease liabilities	2,801,509	1,812,914
Total current borrowings	**18,330,732**	**5,736,777**
Non-current		
Commercial bills	23,442,058	17,663,374
Lease liabilities	5,197,939	3,230,609
Total non-current borrowings	**28,639,997**	**20,893,983**
Total borrowings	**46,970,729**	**26,630,760**

Lease liabilities

Lease liabilities have been recognised with regards to right-to-use assets relating to property and equipment. Refer to note 31 for further details on the recognition and measurement.

Recognition and measurement

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A borrowing is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

Facilities

2021	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	473,500	77,611	395,889
Working capital facility	30,000,000	10,510,296	19,489,704
Commercial bills	28,383,374	28,383,374	-
	58,856,874	**38,971,281**	**19,885,593**

2020	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	433,500	76,547	356,953
Working capital facility	18,000,000	-	18,000,000
Commercial bills	21,510,690	21,510,690	-
	39,944,190	**21,587,237**	**18,356,953**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 16: Financial liabilities (cont.)

Security

St George Bank provided the above facilities and as a result has first registered general security over the assets and undertaking of the Group.

Covenants

The following covenants have been imposed by St George Bank:

- Interest Cover Ratio – not less than 3.0 times;
- Financial Debt/EBITDA Ratio – less than 3x from 30 June 2021.

These covenants were not breached during the reporting period.

Note 17: Employee benefits

	2021 $	2020 $
Current		
Annual leave	3,667,290	2,556,738
Long services leave	866,552	610,527
	4,533,842	**3,167,265**
Non-current		
Long service leave	646,075	516,753
	646,075	**516,753**

Recognition and measurement

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Key judgements and estimations – leave entitlements

Management judgement is applied in determining the key assumptions use in the calculation of the liability for leave provisions at reporting date. These are future increases in salaries and wages, future on-cost rates, experience of employee departures and period of service and discount rates.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 18: Share capital

	2021 $	2020 $
92,644,020 (2020: 89,646,996) fully paid ordinary shares	83,131,731	78,230,119

Ordinary shares participate in dividends and the proceeds on winding up of People Infrastructure Ltd in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and People Infrastructure Ltd does not have a limited amount of authorised capital.

Ordinary Shares

	2021 Number	2020 Number	2021 $	2020 $
At the beginning of the period	89,646,996	72,404,030	78,230,119	60,205,498
Dividends reinvested [1]	390,929	335,605	1,187,003	1,016,059
Issue of shares on vesting of options [2]	1,483,010	907,361	640,000	-
Contingent consideration equity settled[3]	1,065,890	-	2,824,609	-
Equity settled acquisition[3]	57,195	-	250,000	-
Issue of ordinary shares under a capital raising [3]	-	16,000,000	-	17,600,000
Costs to issue shares	-	-	-	(844,907)
Recognition of deferred tax on shares issue costs	-	-	-	253,469
At reporting date	**92,644,020**	**89,646,996**	**83,131,731**	**78,230,119**

[1] Dividends reinvested 6 October 2020 and 31 March 2021 (2020: 2 October 2019 and 30 March 2020).
[2] Issue of shares on vesting of options 21 September 2020, 14 October 2020, 6, 17 and 26 November 2020, 31 March 2021, 15 May 2021 and 31 May 2021 (2020: 22 and 26 November 2019).
[3] Issue of ordinary shares 26 August 2021 and 2 June 2021 (2020: 17 April 2020 and 18 May 2020).

Options and performance rights

Information relating to the People Infrastructure employee options plan and share scheme, including details of options and performance rights issued, exercised and lapsed during the financial year and options and performance rights outstanding at the end of the report period, is set out in note 19.

Capital management

The capital of the Group is managed to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern.

The Group's capital comprises equity as shown in the Consolidated Statement of Financial Position. There are no externally imposed capital requirements.

Management manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the Group during the reporting period.

Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 18: Share capital (cont.)

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 3% discount to the market price.

Dividends

	2021 $	2020 $
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2020 of 4.5 cents per share (2019: 4.5 cents) paid on 6 October 2020	4,082,086	3,258,183
Interim fully franked dividend relating to 31 December 2020 of 4.5 cents per share (2020: 4.0 cents) paid on 31 March 2021	4,155,624	2,936,939
	8,237,710	6,195,122
Dividends satisfied by the issue of shares under the dividend reinvestment plan during the year	1,187,002	1,016,059
Dividends not recognised at the end of the reporting period		
Since year end the directors have recommended the payment of a final dividend of 6.0 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 1 October 2021 out of retained earnings at 30 June 2021, but not recognised as a liability at year end, is:	5,558,641	4,034,115
Franked dividends		
The final dividend recommended after 30 June 2021 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2021.		
Franking credits available for subsequent reporting periods based on a tax rate of 30%	21,753,727	12,891,430

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Note 19: Share-based payments

The following share-based payment arrangements existed at 30 June 2021.

Shares

During the year ended 30 June 2021, 755,510 (2020: 907,361) shares were issued to directors and employees as a result of performance rights achieving their conditions and being eligible for exercising and 640,000 shares were issued to directors as a result of then exercising their options at $1. The weighted average shares price at the exercise date was $3.56 (2020: $3.28).

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Options and Performance Rights

The following summarised the options and performance rights granted under the plan.

30 June 2021	Performance Rights	Options	Weighted average exercise price
	No.	No.	$
Outstanding at beginning of the period	3,241,579	980,000	0.22
Exercised	(755,510)	(640,000)	-
Forfeited	(1,762,910)	-	-
Granted	747,800	343,170	-
Outstanding at year-end	1,470,959	683,170	0.21
Exercisable at year-end	-	343,170	0.08

30 June 2020	Performance Rights	Options	Weighted average exercise price
	No.	No.	$
Outstanding at beginning of the period	3,107,508	980,000	0.26
Exercised	(907,361)	-	-
Forfeited	(321,442)	-	-
Granted	1,362,874	-	-
Outstanding at year-end	3,241,579	980,000	0.22
Exercisable at year-end	-	300,000	0.06

No options or performance rights expired during the periods covered by the above tables.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Unissued ordinary shares of People Infrastructure Ltd under option at the end of the reporting period are:

	Date options granted	Expiry date	Exercise price of shares	Number under option 30 June 2021	Number under option 30 June 2020
TR Options	14 October 2017	14 October 2020	$1.00	-	340,000
TR Options	14 October 2017	14 October 2021	$1.00	340,000	340,000
NED Options	22 November 2017	22 November 2020	$1.00	-	300,000
Options (Tranche 4)	11 June 2021	11 July 2026	$4.37	343,170	-
Total Options				**683,170**	**980,000**
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	$0.00	250,000	500,000
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	$0.00	185,830	554,163
Performance Rights (Tranche 4)	26 November 2018	26 November 2022	$0.00	119,374	179,062
Performance Rights (Tranche 5)	26 November 2018	26 November 2022	$0.00	-	187,500
Performance Rights (Tranche 6)	15 May 2019	15 May 2023	$0.00	16,000	24,000
Performance Rights (Tranche 7)	31 May 2019	31 May 2023	$0.00	-	262,500
Performance Rights (Tranche 8)	31 May 2019	31 May 2022	$0.00	66,184	171,480
Performance Rights (Tranche 9)	28 October 2019	26 November 2023	$0.00	80,000	100,000
Performance Rights (Tranche 10)	26 November 2019	26 November 2023	$0.00	47,154	62,874
Performance Rights (Tranche 11)	3 January 2020	30 January 2024	$0.00	-	1,200,000
Performance Rights (Tranche 12)	30 July 2020	30 July 2024	$0.00	63,000	-
Performance Rights (Tranche 13)	31 August 2020	31 August 2021	$0.00	47,066	-
Performance Rights (Tranche 14)	31 August 2020	31 August 2021	$0.00	63,834	-
Performance Rights (Tranche 15)	31 January 2021	31 January 2022	$0.00	4,386	-
Performance Rights (Tranche 16)	1 September 2019	1 September 2023	$0.00	10,163	-
Performance Rights (Tranche 17, 18 and 20)	31 January 2021	31 January 2022	$0.00	13,829	-
Performance Rights (Tranche 19)	13 January 2021	31 January 2022	$0.00	37,651	-
Performance Rights (Tranche 21, 22 and 23)	30 April 2021	30 April 2022	$0.00	123,318	-
Performance Rights (Tranche 24)	11 June 2021	31 August 2026	$0.00	343,170	-
Total Performance Rights				**1,470,989**	**3,241,579**
Total under option				**2,154,129**	**4,221,579**

The weighted average remaining contractual life of options and performance rights outstanding at the end of the reporting period is 2.7 years for options and 2.0 years for performance rights (2020: 0.7 years for options and 2.6 years for performance rights).

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Terms and Conditions of options and performance rights

TR Options

The options have vesting conditions attached to them and expire 30 days after they become exercisable. 50% of the options in any given Vesting Period will vest if FY18 EBITDA is equal or greater than $12m and FY19 EPS growth is greater than or equal to 15%. 50% of these options were exercised during the current financial period.

Options – Tranche 4

This options were granted during the year as part of an acquisition. They are exercisable by the relevant holder from grant date until the earlier of:

(a) the date that is 61 calendar months (5 years and 1 month) after the grant date; and
(b) the date that the holder ceases to be an employee of the group, unless the eligible participant is a good leaver.

The exercise of these options is not subject to any vesting conditions.

Performance Rights – Tranche 1 to 10, 12, 16

These Performance Rights vest equally over a three or four year period (each a Vesting Period). 50% of the Performance Rights in any given Vesting Period will vest if CAGR of total shareholder return and earnings per share growth (Growth Metric), over the relevant Vesting Period, is greater than 10% or 15% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 12% or 15%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

Performance Rights – Tranche 13, 14, 15, 17 - 23

These Performance Rights vest equally over a one or two or three year period (each a Vesting Period). There are no performance conditions attached to these performance rights. In order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

Performance Rights – Tranche 24

These Performance Rights vest equally over a three year period (each a Vesting Period) with the first vesting period expiring on the 31 May 2024. The rights comprise three tranches with three lots within each tranche. The rights vest subject to vesting conditions pertaining to each tranche. The trances operate independently of each other such that rights can vest in one trance independently of those in another. The entitlement to rights is cumulative, that is it is possible to receive rights from Tranche One in addition to Tranche Two and/or Three. There are no market vesting conditions attached to these rights. The non-market performance hurdles are summarised in the following table and relate to the results of Techforce Personnel entities:

		Cumulative EBITDA Targets ($)		
	# per Lot	**Tranche 1 1 June 2021 to 31 May 2024**	**Tranche 2 1 June 2021 to 31 May 2025**	**Tranche 3 1 June 2021 to 31 May 2026**
Lot 1	38,130	25,487,000	35,735,700	47,009,270
Lot 2	38,130	27,953,625	40,196,669	54,276,169
Lot 3	38,130	30,576,000	45,091,200	62,509,440

Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as a part of employee benefit expenses were as follows:

	2021 $	2020 $
Options and performance rights issued under employee share plan	1,137,141	465,913

These amounts have been recognised in equity in the Consolidated Statement of Financial Position as follows:

	2021 $	2020 $
Share capital	-	-
Share based payment reserve	2,150,714	1,013,573

Fair value of performance rights granted

The assessed fair value at granted date of performance rights granted during the year ended 30 June 2021 are disclosed on the following page. The fair value at grant date is independently determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the performance right, the impact of dilution (where material), the share price at grant date and expected price volatility of the underling share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Fair value of performance rights granted (cont.)

The following principal assumptions were used in the valuation of options and performance rights granted during the year ended 30 June 2021:

	Grant date	Number of options	Vesting period end	Share price at grant date	Volatility	Option life	Dividend yield	Fair value at grant date	Exercise price at grant date	Exercisable from	Exercisable to
Performance Rights - Tranche 12	30/07/2020	63,000	33% 30/07/2022 33% 30/07/2023 33% 30/07/2024	$1.95	40%	4 years	Continuous	33% $1.058, 33% $0.823, 33% $0.654	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 13	31/08/2020	47,066	100% 31/08/2021	$2.35	n/a	1 year	n/a	100% $2.35	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 14	31/08/2020	63,834	100% 31/08/2021	$2.35	n/a	1 year	n/a	100% $2.35	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 15, 17, 18 and 20	31/01/2021	22,601	100% 31/01/2022	$3.42	n/a	1 year	n/a	100% $3.42	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 16	18/10/2019	15,244	33% 01/09/2021 33% 01/09/2022 33% 01/09/2023	$3.28	40%	4 years	Continuous	33% $1.930, 33% $1.380, 33% $1.056	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 19	13/01/2021	37,651	100% 31/01/2022	$3.42	n/a	1 year	n/a	100% $3.42	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 21, 22 and 23	30/04/2021	123,318	100% 30/04/2022	$3.40	n/a	1 year	n/a	100% $3.40	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights -Tranche 24	11/06/2021	343,170	33% 31/05/2024 33% 31/05/2025 33% 31/05/2026	$4.82	55% and 53%	5 years	Continuous	33% $4.52, 33% $4.41 33% $4.28	$0.00	At end of each vesting period	30 days after the exercise date
Options – Tranche 4	11/06/2021	343,170	11/07/2026	$4.82	53%	5 years, 1 month	Continuous	$1.91	$4.371	11/06/2021	11/07/2026

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 19: Share-based payments (cont.)

Recognition and measurement

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Key estimates – share-based payments

The Group uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees. The estimates include volatility, risk-free rates and consideration of satisfaction of performance criteria for recipients of equity instruments. Options were issued as outlined above and the cost of these rights represents the valuation and the accounting impact of prior issuances and determinations remains unchanged.

Note 20: Financial assets and financial liabilities

Categories of financial assets and financial liabilities

	2021 $	2020 $
Financial assets at amortised cost		
Cash and cash equivalents	13,721,681	31,464,965
Trade and other receivables	75,995,634	41,192,837
Total financial assets	**89,717,315**	**72,657,802**
Financial liabilities at amortised cost		
Trade and other payables	33,736,303	30,848,720
Credit cards	77,611	76,547
Working capital facility	10,510,296	-
Commercial bills	28,383,374	21,510,690
Lease liabilities	7,999,448	5,043,523
	80,707,032	57,479,480
Financial liabilities at fair value through the profit and loss		
Contingent consideration	8,830,502	5,950,899
	8,830,502	5,950,899
Total financial liabilities	**89,537,534**	**63,430,379**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 20: Financial assets and financial liabilities (cont.)

Borrowings at amortised cost

The current interest rate on the commercial bills is 1.90% (2020: 3.81% to 3.98%) at 30 June 2021. A new bill was entered into during the current financial year to fund the acquisitions. The bills have a maturity dates ranging from October 2023 through to June 2026. These bills rollover on a 3-monthly basis and are reduced with quarterly payments with the exception of $5,500,000 which is interest only. This bill is due for repayment in full by August 2023. The other commercial bills are fully repayable within 5 years of the original drawdown date. They are all held with St George Bank. Refer to Note 16 for further details around security provided.

For details on the repayment periods and interest rates for lease liabilities refer to Note 24.

Borrowings at fair value through the profit and loss

Contingent consideration was payable on a number of the acquisitions during the current financial year. These are contingent on the EBITDA or gross profit of the entity or group of entities acquired reaching stipulated amounts. The probability of the relevant entities achieving the maximum EBITDA has been assessed as high and that the earn outs will be payable; the contingent consideration valuations reflect this assessed probability.

The first tranche of the contingent consideration for the acquisition of the Halcyon Knights Group was settled during the year by the issued of shares in People Infrastructure Ltd for $2,824,609. A fair value loss of $944,861 (2020: gain $2,863,261) was reflected in the profit and loss for the year ended 30 June 2021.

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables
- credit cards
- working capital facility

Note 21: Financial risk management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and borrowings.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 21: Financial risk management (cont.)

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The Group's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	2021	2020
	$	$
Cash and cash equivalents	13,721,681	31,464,965
Trade and other receivables	75,995,634	41,192,837
	89,717,315	**72,657,802**

Credit risk is reviewed regularly by the Board through the monthly board reporting.

Bank deposits are held with the following parties:

	2021	2020
	$	$
St George Bank	8,457,090	17,585,542
Australian and New Zealand Banking Group Limited	1,217,749	4,594,612
National Australia Bank Limited	2,979,671	7,013,470
Westpac Banking Corporation	141,662	2,125,004
OCBC Bank Singapore	679,682	145,608
Bank SA	245,117	-
Cash on hand	710	729
	13,721,681	**31,464,965**

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are past due but not impaired to be good.

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is nil.

The Group's trade receivables and contract assets are subject to the expected credit loss model. 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.

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 expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2021 and the corresponding historical credit loss 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. The Group has not identified any major factors which impact the sales of services and therefore hasn't adjusted the historical loss rates based on expected changes in things like the GDP or unemployment rate. The impacts of Covid-19 have been taken into account by assessing the largest outstanding debtors for each of the entities within the group and taking into account whether they have been paying within terms, whether they have raised cashflow issues with the Group and if they have advised of significant impacts to them as a result of Covid-19. For those which have raised concerns we increased the provision for impairment accordingly.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 21: Financial risk management (cont.)

(b) Credit risk (cont.)

On that basis, the loss allowance as at 30 June 2021 was determined as follows for trade receivables:

30 June 2021	Expected loss rate %	Gross Carrying Amount $	Loss allowance $
Not more than 4 months	-	68,521,107	21,082
More than 4 months but not more than 6 months	45%	263,445	76,559
More than 6 months but not more than 1 year	45%	209,972	209,973
More than 1 year	85%	-	-
		68,994,524	307,614
30 June 2020			
Not more than 4 months	-	28,994,000	96,529
More than 4 months but not more than 6 months	45%	1,081,481	307,499
More than 6 months but not more than 1 year	45%	142,548	64,147
More than 1 year	85%	273,338	232,380
		30,491,367	700,555

There have been some debtors identified in the current period which are less than 4 months old however they have been provided for as they have gone into liquidation. No provision for loss allowance has been raised on the contract assets as this is generally converted to trade receivables within 1-2 weeks of recognition.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board.

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities is $24,649,805 at 30 June 2021 (2020: $30,869,202).

Maturity analysis – Financial liabilities

Consolidated	Carrying Amount	Contractual Cash flows	within 1 year	1 – 5 years	5 years +
2021	$	$	$	$	$
Trade and other payables	33,736,303	33,736,303	33,736,303	-	-
Credit cards	77,611	77,611	77,611	-	-
Contingent consideration	8,830,502	9,594,766	7,213,980	2,380,786	-
Working capital facility	10,510,296	10,510,296	10,510,296	-	-
Commercial bills	28,383,374	30,291,514	6,433,462	23,858,052	-
Lease liabilities	7,999,448	8,958,368	2,758,697	5,611,612	588,059
2020					
Trade and other payables	30,848,720	30,848,720	30,848,720	-	-
Credit cards	76,547	76,547	76,547	-	-
Contingent consideration	5,950,899	8,097,206	2,872,206	5,225,000	-
Working capital facility	-	-	-	-	-
Commercial bills	21,510,690	24,286,168	4,469,156	19,817,012	-
Lease liabilities	5,043,523	5,681,736	1,790,047	3,387,642	504,047

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 21: Financial risk management (cont.)

(d) Currency risk

The Australian dollar (AUD) is the functional currency of the Group and as a result currency exposure arising from the transactions and balances in currencies other than the AUD.

The Group's potential currency exposures comprise:

- The Recruitment Company is a subsidiary based in New Zealand. Therefore, this Company's functional currency is New Zealand Dollars (NZD). The results for the Company are converted to AUD for consolidation and reporting purposes. Given the entity is a very small part of the operations of the Group as a whole this exposure is very minor.
- The Halcyon Knights Pte Ltd is a subsidiary based in Singapore. Therefore, this Company's functional currency is Singapore Dollars (SGD). The results for the Company are converted to AUD for consolidation and reporting purposes. Given the entity is a very small part of the operations of the Group as a whole this exposure is very minor.

(e) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Group does not have any material exposure to market risk other than as set out below.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk refer to the tables below:

Consolidated	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
2021	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	13,721,681	-	-	13,721,681	0.04%
Trade and other receivables	-	-	75,995,634	75,995,634	n/a
Total financial assets	**13,721,681**	**-**	**75,995,634**	**89,717,315**	
Financial liabilities					
Trade and other payables	-	-	33,736,303	33,736,303	n/a
Credit cards	-	77,611	-	77,611	Nil
Contingent consideration	-	-	8,830,502	8,830,502	n/a
Working capital facility	10,510,296	-	-	10,510,296	1.25%
Commercial bills	28,383,374	-	-	28,383,374	2.32%
Lease liabilities	-	7,999,448	-	7,999,448	5.73%
Total financial liabilities	**38,893,670**	**8,077,059**	**42,566,805**	**89,537,534**	

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 21: Financial risk management (cont.)

(e) Market risk (cont.)

Consolidated	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
2020	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	31,464,965	-	-	31,464,965	0.04%
Trade and other receivables	-	-	41,192,837	41,192,837	n/a
Total financial assets	**31,464,965**	**-**	**41,192,837**	**72,657,802**	
Financial liabilities					
Trade and other payables	-	-	30,848,720	30,848,720	n/a
Credit cards	-	76,547	-	76,547	Nil
Contingent consideration	-	-	5,950,899	5,950,899	n/a
Working capital facility	-	-	-	-	5.68%
Commercial bills	21,510,690	-	-	21,510,690	4.85%
Lease liabilities	-	5,043,523	-	5,043,523	6.31%
Total financial liabilities	**21,510,690**	**5,120,070**	**36,799,619**	**63,430,379**	

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks. A 1% change in the interest rate would impact the profit or loss by $146,617 (2020: $(99,543).

Foreign Exchange Risk

Foreign exchange risk (FX risk) arises principally from cash and cash equivalents. The objective of FX risk management is to manage and control FX risk exposures within acceptable parameters while optimising the return. The Group has cash and cash equivalents in NZD and SGD. The balance at the 30 June 2021 was NZD 947,801 (2020: NZD 2,007,485) and SGD 687,090 (2020: SGD 139,434). Due to the small amount of exposure the impact on profit has not been disclosed.

Note 22: Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value of a significant portion of all financial assets and financial liabilities approximate their fair values due to their short-term nature and for borrowings with longer terms as a result of them having floating interest rates.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 22: Fair value measurement (cont.)

Financial Liabilities at fair value through the profit and loss 2021	Level 1	Level 2	Level 3
Contingent consideration	-	-	8,830,502
Total Financial Liabilities	**-**	**-**	**8,830,502**

Financial Liabilities at fair value through the profit and loss 2020	Level 1	Level 2	Level 3
Contingent consideration	-	-	5,950,899
Total Financial Liabilities	**-**	**-**	**5,950,899**

There were no transfers between the levels of fair value hierarchy during the year ended 30 June 2021. There were no other financial assets or liabilities valued at fair value at 30 June 2021 and 2020.

The following table summarised the quantitate information about the significant unobservable inputs used in level 3 fair value measurements of contingent consideration.

30 June 2021

Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs to fair value
EBITDA achieved	Nil to $3,000,000	If expected EBITDA was the maximum achievable then the fair value would increase by $102,781.
Risk-adjusted discount rate	2.05%	A change in the discount rate by 100 bps would increase/decrease the fair value by $27,559.

30 June 2020

Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs to fair value
EBITDA achieved	Nil to $3,000,000	If expected EBITDA was the maximum achievable then the fair value would increase by $196,000.
Conditions achieved	Nil to $1,800,000	If conditions are 100% satisfied then the fair value would increase by $1,800,000.
Risk-adjusted discount rate	5.11%	A change in the discount rate by 100 bps would increase/decrease the fair value by $65,500.

Reconciliation of Level 3 fair value movements	Contingent Consideration
Opening balance at 1 July 2019	10,164,160
Repayments	(1,350,000)
Gains and losses recognised in profit or loss	(2,863,261)
Closing balance at 30 June 2020	5,950,899
Recognition on acquisition / funding	4,759,351
Repayments	(2,824,609)
Gains and losses recognised in profit or loss	944,861
Closing balance at 30 June 2021	8,830,502

Contingent consideration

The fair value of contingent consideration related to the acquisition of the Halcyon Knights Group and Techforce Personnel Pty Ltd is estimated using a present value technique. The value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting. During the year the expected contingent consideration was adjusted based on agreed targets and expected share price at the date of payment.

During the year the first tranche of the contingent consideration for the Halcyon Knights Group was settled.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 23: Events arising since the end of the reporting period

On 30 July 2021 the acquisition of Vision Surveys (QLD) Pty Ltd completed. Vision Surveys (Qld) is a multi-discipline surveying business servicing metropolitan and regional Queensland, with a focus on large infrastructure projects, construction and residential development and buildings and is complementary to People Infrastructure's existing Industrial and Specialist Services business. Refer to Note 9 for further details.

On 3 August 2021, the Group entered into an Employee Share Trust Deed. The Trust was established to be an "employee share trust" as defined in sub-section 130-85(4) of the *Income Tax Assessment Act 1997 (Cth)*. The sole purpose of the trust is to acquire, hold and transferring shares for the benefit of participants in the Company's Performance Rights Plans and any Future Plans on the terms of the trust deed, to enable the Company to attract, retain and motivate eligible employees.

A dividend of 6.0 cents per share was declared on 26 August 2021.

The lockdowns in New South Wales and Victoria have resulted in increased volatility in the last 6 weeks.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 24: Leases

(a) Real estate leases

The Group leases land and buildings for its office space. The leases of office space typically run for a period of 2 - 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in consumer price index. Some also require the Group to make payments that relate to the property costs (outgoings); these amounts are generally determined annually.

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new lease to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. There has been no significant extensions excluded from the lease liabilities.

(b) Equipment leases

The Group leases vehicles and equipment, with lease terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group monitors the use of these vehicles and equipment and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets. As at 30 June 2021, the Group has nil amount payable under the residual guarantees.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 24: Leases (cont.)

(c) Short-term and low value asset leases

The amount of lease commitments for short-term and low value assets not recognised on statement of financial position:

	2021 $	2020 $
Low value assets payable:		
- not later than 12 months	69,179	122,152
- between 12 months and 5 years	153,442	217,638
	222,621	339,790
Short term property leases payable:		
- not later than 12 months	-	22,638
- between 12 months and 5 years	-	-
	-	22,638

Short term property leases have terms of less than 12 months.

Recognition and measurement

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 the 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 period 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 operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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 the 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. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life to the right-of-use or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 24: Leases (cont.)

Recognition and measurement (cont.)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably curtained to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the righto-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognised right-of-use assets and lease liabilities for short-term leases of equipment or property that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Key judgements and estimations

In determining both the right of use asset and the lease liability certain estimates and judgements were made. These included the following:

- Where options to extend existed each lease was assessed individually, and the likelihood of extension was applied. If it was considered that the lease would be terminated, then it was treated as such otherwise the option period was taken into account.
- There were no residual guarantees contained in any of the lease agreements.
- Increments to lease payments were fixed amounts and these fixed payments and increments were taken into account in the measurement of the right of use asset and lease liability.
- No impairments were identified as each of the right of use assets were allocated to a CGU and these are impairment assessed based on value in use. No impairments to these CGU's have been identified.
- The Group determined that the appropriate discount rate to calculate the right of use assets and liabilities was the Group's current incremental borrowing rate.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 25: Contingent assets and contingent liabilities

The Group has a significant casual workforce given the nature of its business. Therefore, when the Federal Court decision in WorkPac Pty Ltd v Rossato [2020] FCAFC 84 was released the outcomes were reviewed for its potential application to the Group. With the Fair Work Act including a new definition around a casual employee this has given the Group greater clarity around what the courts would define a casual worker and pointed to circumstances where there was a firm advance commitment from the employer and as a result the employee had an expectation of continuing and indefinite work.

Management has performed a review of its businesses and how they engage with their casual employees and has determined that the outcomes of this case have limited implications for the People Infrastructure Group primarily as there is no firm advance commitment to our casual workers and there is no expectation on behalf of the worker of continuing and indefinite work. However, given the broad application and the significant number of casuals that People Infrastructure engage there is a potential that an obligation may arise in the future should the courts judgement be more broadly interpreted.

On 4 August 2021, the High Court overturned the full court decision and ordered that Mr Rossato was a casual employee for the purposes of ss85, 95 and 106 of the Fair Work Act 2009 (Cth). Therefore, this decision as removed any possible contingent liability which may have existed.

The Group has no other contingent assets and no contingent liabilities.

Note 26: Auditor's Remuneration

	2021 $	2020 $
Audit services		
Amounts paid/payable to BDO for audit or review of the financial statements for the entity or any entity in the Group:		
- Current year	230,800	197,000
Non-audit services		
Amounts paid/payable to BDO or related entities of BDO for non-audit services performed for the entity or any entity in the Group as follows:		
- Taxation services	118,160	89,545
- Corporate services	40,398	5,005
- Corporate finance services	-	7,313
Total BDO Audit Pty Ltd and related entities	**389,358**	**298,863**
BDO Network Firms		
- Overseas subsidiary taxation compliance services	12,741	2,967
- Overseas subsidiary audit compliance services	17,953	-
	30,694	2,967
	420,052	**301,830**

Note 27: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent entity

The parent entity is People Infrastructure Ltd, which is incorporated in Australia.

Subsidiaries and associates

Interests in subsidiaries and associates are disclosed in Note 10: Investments in other entities.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 27: Related party transactions (cont.)

Key Management Personnel

	2021 $	2020 $
Short-term employee benefits (including annual leave accruals)	1,587,758	1,004,479
Long-term employee benefits – long service leave	106,646	11,670
Post-employment benefits – superannuation	116,922	63,467
Share-based payments	245,342	129,937
Total key management personnel (KMP) compensation	**2,056,668**	**1,209,552**

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 19. Note that for the first time the Group Chief Financial Officer have been included in the KMP disclosures.

The following related party transactions occurred with entities related to the directors:

	2021	2020
Shares Issued – On Market *	**No.**	**No.**
Directors		
Glen Richards	-	257,282
Elizabeth Savage	708	3,596
Thomas Reardon	-	211,171
Shares Issued – Exercise of Options/Performance Rights **	**No.**	**No.**
Directors		
Glen Richards	200,000	-
Elizabeth Savage	100,000	-
Declan Sherman	162,704	158,844
Thomas Reardon	502,704	158,844
Executives		
David Cuda	150,000	-
Shares Disposed *		
Directors		
Declan Sherman	-	(1,000,000)
Executives		
David Cuda	(17,000)	-
Options or Performance Rights Issued		
Directors		
Declan Sherman	-	31,437
Thomas Reardon	-	31,437
Executives		
Megan Just	47,065	-

* These shares issues/disposals, including dividends reinvested were as a result of on market share acquisitions and disposals at arm's length.
** These shares were issued as a result of performance rights meeting their conditions.

There were no other transactions with other related parties during the period.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 28: Parent entity information

The Corporations Act 2001 requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity (People Infrastructure Ltd). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group accounting policy. The financial information for the parent entity, People Infrastructure Ltd, has been prepared on the same basis as the consolidated financial statements.

	2021 $	2020 $
Statement of financial position		
ASSETS		
Current assets	144,541	2,554,042
Non-current assets	109,381,347	131,086,370
Total assets	109,525,888	133,640,412
LIABILITIES		
Current liabilities	1,372,066	1,347,543
Non-current liabilities	10,470,215	52,049,393
Total liabilities	11,842,281	53,396,936
EQUITY		
Issued capital	83,131,730	78,230,118
Reserves	2,150,714	1,013,573
Retained earnings	12,401,163	999,784
Total equity	**97,683,607**	**80,243,475**
Statement of profit or loss and other comprehensive income		
Other revenue	7,700,001	12,601,107
Other income	2,296	-
Other expenses	(333,517)	(189,709)
Finance costs	(7)	(1,947)
Share based payments expense	(1,137,141)	-
Profit before income tax expense	**6,231,632**	**12,409,451**
Income tax expense	(2,642,214)	(5,442,019)
Profit for the year	**3,589,418**	**6,967,432**
Other comprehensive income	-	-
Total comprehensive income	**3,589,418**	**6,967,432**

Guarantees

Under the terms of the Secured Financing Facility entered in with St George Bank, People Infrastructure Ltd has provided certain guarantees in relation to the arrangements between the Financier and the borrowing entities. These guarantees relate primarily to payment performance.

There are cross guarantees given by People Infrastructure Ltd and other subsidiaries as described in note 29. No deficiencies of assets exist in any of these companies.

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 29: Deed of cross guarantee

People Infrastructure Ltd and all subsidiaries listed in note 10, with the exception of The Recruitment Company, Halcyon Knights New Zealand Ltd, Halcyon Knights Pte Ltd, Techforce Personnel Pty Ltd and Techforce Personnel Services Pty Ltd, are parties to a deed of cross guarantee under which each Company guarantees the debts of others. The deed was entered into on the 23 June 2017 and the new entities either incorporated or acquired subsequent to that date were added on the 26 June 2019. The entities acquired or incorporated during the prior financial year were added on the 30 July 2020 and for the current year 17 June 2021. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

a. Consolidated statement of profit or loss and other comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'Closed Group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by People Infrastructure Ltd, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2021 of the Closed Group.

	2021 $	2020 $
Statement of profit or loss and other comprehensive income		
Revenue	427,845,534	336,292,192
Other income	72,478	3,049,734
Employee benefits expense	(381,248,118)	(300,425,816)
Occupancy expenses	(1,232,714)	(843,055)
Depreciation and amortisation expense	(6,535,115)	(6,326,296)
Other expenses	(12,150,900)	(11,012,112)
Finance costs	(1,457,881)	(2,232,184)
Share of profit of equity-accounted investees, net of tax	(6,059)	-
Profit before income tax expense	25,287,225	18,502,462
Income tax expense	(8,237,863)	(4,700,421)
Profit for the period	**17,049,362**	**13,802,041**
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive profit / (loss) for the period	**17,049,362**	**13,802,041**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**6,149,149**	**138,432**
Profit for the period	17,049,362	13,802,041
Retained earnings at the end of the financial year	**23,198,511**	**13,940,473**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 29: Deed of cross guarantee (cont.)

b. Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2021 of the Closed Group.

	2021 $	2020 $
CURRENT ASSETS		
Cash and cash equivalents	11,207,509	26,578,589
Trade and other receivables	52,745,952	38,416,321
Other current assets	1,613,184	1,345,588
TOTAL CURRENT ASSETS	**65,566,646**	**66,340,498**
NON-CURRENT ASSETS		
Trade and other receivables	1,038,752	1,207,396
Financial assets	(6,109)	-
Property, plant and equipment	7,522,515	5,252,882
Intangible assets	116,939,531	87,441,158
TOTAL NON-CURRENT ASSETS	**125,494,689**	**93,901,436**
TOTAL ASSETS	**191,061,335**	**160,241,934**
CURRENT LIABILITIES		
Trade and other payables	26,088,810	27,890,251
Contingent consideration	6,877,665	2,230,416
Financial liabilities	6,150,811	5,501,499
Current tax liabilities	1,223,626	1,299,165
Employee benefits	3,994,227	2,763,416
TOTAL CURRENT LIABILITIES	**44,335,139**	**39,684,747**
NON-CURRENT LIABILITIES		
Contingent consideration	1,952,837	3,720,483
Financial liabilities	27,716,487	20,334,778
Deferred tax liabilities	5,516,060	2,749,999
Employee benefits	592,377	469,488
TOTAL NON-CURRENT LIABILITIES	**35,777,761**	**27,274,748**
TOTAL LIABILITIES	**80,112,900**	**66,959,495**
NET ASSETS	**110,948,435**	**93,282,439**
EQUITY		
Share capital	83,128,657	78,226,838
Retained earnings	23,198,511	13,940,473
Reserves	2,252,270	1,115,128
	108,579,438	93,282,439
Non-controlling interest	2,368,997	-
TOTAL EQUITY	**110,948,435**	**93,282,439**

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 30: Other accounting policies

GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- foreign currency translation reserve: comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into Australian Dollars.

- share based payments reserve: records items recognised as expenses on valuation of employee share options.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

New and amended standards and interpretations not yet adopted

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021.

From managements review of the new Australian Accounting Standards and Interpretations issued not yet adopted there is no significant impacts on the financial performance or position of the Group envisaged.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the Group for the current or prior. There have been no changes in the accounting policies from that disclosed in the 30 June 2020 financial statements.

Note 31: Change in accounting policies

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Notes to the Financial Statements for the year ended 30 June 2021 (cont.)

Note 32: Covid-19

Covid-19 had an impact on workforces globally, not previously seen in the last 50 years. From a business perspective, whilst the first wave of Covid-19 created increased volatility in parts of our staffing business it was only a short-term impact and the business returned to a more normalised operating level by the middle of 2020. The second wave of Covid-19 that Victoria experienced had a significant impact on our Halcyon Knights Information Technology business which is Melbourne headquartered which lasted through until November 2020.

Ongoing lockdowns relating to Covid-19 do have an impact on how we function and how our clients function but the impact is much less pronounced than previous lockdowns. The great majority of People Infrastructure's clients are large corporations, government or government backed organisations and not-for-profits who are well positioned to manage the impact of Covid-19 and continue to utilise People Infrastructure workforce solutions. We provide a critical service to these organisations and demand from our clients for most of our business is largely unchanged.

People Infrastructure made the decision to not permanently reduce its workforce but to apply for Jobkeeper in order to keep employing those individuals.

People Infrastructure's focus since the onset of Covid-19 has been on retaining our talent to support continuity of operations and enable ongoing growth. Government subsidies received by People Infrastructure have ensured that in relation to our internal staff:

- Net headcount has been retained throughout the Covid-19 period;
- Creation of new jobs to replace departures;
- Stood down staff remained connected with the business and have all since returned to pre Covid-19 hours;
- Carried roles during the period to enable continuity in customer service delivery;
- Retention of staff to support rebound and future growth; and Expansion into new service lines.

In relation to our Associates (field staff), People Infrastructure's focus has been on maintaining on-hire workforce pools to meet client service requirements and delivering consistency of staffing to our clients.

Government subsidies received by People Infrastructure have ensured:

- Associate's employment was retained during the government subsidy period which has enabled a positive rebound across all operating verticals;
- Passing on of government subsidies to clients impacted by Covid-19;
- Allowed stood down Associates (primarily casual staff) to remain connected with People Infrastructure and its clients;
- Enabled training and upskilling of Associate workforces during the period; and
- Created new roles.

Senior Management also chose to forego the award of short and long term incentives in recognition of the sacrifices made by its employees and the benefit of certain government subsidies that were received during the 2020 financial year.

People Infrastructure has seen a significant rebound in its business since the initial impact of the Covid-19 lockdown and received a strong profit contribution from each division in particular in the second half of FY2021. The diversity of our clients, low client concentration and the critical nature of many of the services that our clients provide means that our core business is resilient even in times of economic uncertainty.

Directors' Declaration

For the year ended 30 June 2021

1. In the opinion of the Directors of People Infrastructure Ltd (the 'Company'):

   a. The consolidated financial statements and notes of People Infrastructure Ltd are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the financial position as at 30 June 2021 and of its performance for the period ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), which as stated in notes to the financial statements constitutes compliance with International Financial Reporting Standards and the Corporations Regulations 2001; and

   b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

   c. At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 29 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 29.

2. The directors have been given the declarations by the Interim Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

Glen F Richards

Glen Richards

Chairman

Dated this 26th day of August 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of People Infrastructure Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of People Infrastructure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Impairment of goodwill and intangible assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 13 - Intangible Assets. The group has recognised intangible assets as a result of both historic acquisitions over a number of years and business acquisitions in the current year. The impairment assessment of the Group's intangible asset balances incorporated significant judgment in respect of factors such as discount rates, revenue growth and cost assumptions. This was determined to be a key audit matter due to amounts involved being material, the inherent subjectivity associated with critical judgements being made in relation to forecast future revenue and costs, discount rates and terminal growth.	Our procedures, amongst others, included: • Evaluation of the methodology applied by the group in determining the cash generating units (CGU). • Assessment of the Group's value in use model by reference to budgets and future plans. • Performance of tests over the mathematical accuracy of the model and underlying calculations. • Challenging of the key assumptions, including forecast growth rates by comparison to historical results, business trends, and economic and industry forecasts, and evaluation of the discount rates used by assessing the cost of capital for each CGU. • Sensitivity analysis on the key financial assumptions in the model. These included revenue forecasts, revenue multipliers used in the terminal year of the cash flows and the discount rates applied. • Assessing the adequacy of the Group's disclosures.

Acquisition of subsidiaries

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 9 – Acquisition of Subsidiaries During the 2021 financial year the Group acquired a number of entities. The audit of the accounting for business combinations is a key audit matter due to the significant judgement and complexity involved in determining the fair value of identifiable intangible assets and the purchase price.	Our procedures, amongst others, included: • Reviewing the acquisition agreements to understand the key terms and conditions, and ensuring the accounting for the acquisitions was consistent with the agreements. • Evaluating the assumptions and methodology in Management's determination of the fair value of assets and liabilities acquired. • Assessing the adequacy of the Group's disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of People Infrastructure Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 26 August 2021

SHAREHOLDER INFORMATION AS AT 19 AUGUST 2021

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

1. In accordance with the 4th edition ASX Corporate Governance Council's Principles and Recommendations, the 2021 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: https://www.peopleinfrastructure.com. The Corporate Governance Statement sets out the extent to which People Infrastructure Ltd has followed the ASX Corporate Governance Council's Recommendations during the 2021 financial year.

2. Substantial shareholders

The number of securities held by substantial shareholders and their associates (as reported to the ASX) are set out below:

Fully paid Ordinary Shares

Name	Number	%
IDSInvest Pty Ltd and Declan Andrew Sherman	7,258,120	7.99%
Andnatco AWX Pty Ltd and Andrew Peter Brosnan	6,058,323	6.76%
AP Brosnan Pty Ltd and Mark Dennis Reiken	6,078,999	6.78%
QVG Capital Pty Ltd	5,680,767	6.22%
Perennial Value Management Limited	5,585,372	6.03%

3. Number of security holders and securities on issue

People Infrastructure Ltd has issued the following securities:

(a) 92,644,020 fully paid ordinary shares held by 6,270 shareholders;

(b) 340,000 unlisted $1.00 options held by 1 option holder and 343,170 unlisted $4.371 options held by 1 option holder; and

(c) 1,470,956 performance rights held by 44 performance rights holders.

4. Voting rights

Ordinary shares

In accordance with the People Infrastructure Ltd Constitution, and subject to any rights or restrictions attached to any class of shares, at a meeting of members the voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Options

Option holders do not have any voting rights on the options held by them.

5. Distribution of security holders

(a) Quoted securities

Category	Fully paid Ordinary shares			
	Holders	%	Shares	%
1 - 1,000	2,394	38.18	1,188,976	1.28
1,001 - 5,000	2,368	37.77	5,993,040	6.47
5,001 - 10,000	804	12.82	6,021,760	6.50
10,001 - 100,000	651	10.83	14,140,862	15.26
100,001 and over	53	0.85	65,299,382	70.48
Total	**6,270**	**100.00**	**92,644,020**	**100.00**

SHAREHOLDER INFORMATION AS AT 19 AUGUST 2021 (CONT.)

5. Distribution of security holders (cont.)

(b) Unquoted securities

Category	Options		
	Holders	Number	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	2	683,170	100
Total	**2**	**683,170**	**100**

6. Unmarketable parcel of shares

There are no unmarketable parcels held as at 19 August 2021.

7. Twenty largest shareholders of quoted equity securities

Fully paid ordinary shares

Details of the 20 largest shareholders by registered shareholding are:

	Name	No. of shares	% IC
1	NATIONAL NOMINEES LIMITED	10,753,169	11.61
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,123,015	8.77
3	CITICORP NOMINEES PTY LIMITED	7,762,098	8.38
4	IDSINVEST PTY LTD	7,242,676	7.82
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,980,596	7.53
6	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	3,261,277	3.52
7	NAMBAWAN INVESTMENTS PTY LTD	2,949,461	3.18
8	BNP PARIBAS NOMS PTY LTD	1,909,991	2.06
9	UBS NOMINEES PTY LTD	1,352,990	1.46
10	BNP PARIBAS NOMINEES PTY LTD	1,243,820	1.34
11	ANDNATCO AWX PTY LTD	1,225,951	1.32
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,018,152	1.10
13	BROSPHARM PTY LTD	984,977	1.06
14	WAM INDUSTRIES PTY LTD	861,189	0.93
15	GF & LH RICHARDS SUPER PTY LTD	603,641	0.65
16	SIMON BLACK PROMOTIONS PTY LTD	525,000	0.57
17	CS FOURTH NOMINEES PTY LIMITED	495,049	0.53
18	PENKLIS INVESTMENTS PTY LTD	468,025	0.51
19	RYAN GROWTH PTY LTD	459,477	0.50
20	SANDHURST TRUSTEES LTD	354,957	0.38
	Total	**58,575,511**	**63.23**
	Balance of register	**34,068,509**	**36.77**
	Grand total	**92,644,020**	**100.00**

SHAREHOLDER INFORMATION AS AT 19 AUGUST 2021 (CONT.)

8. A list of other stock exchanges on which any of the Company's securities are quoted.

People Infrastructure Ltd securities are only listed on the ASX.

9. There are no restricted securities or securities subject to voluntary escrow that are on issue.

10. Unquoted securities

Options

683,170 unlisted options have been issued to 2 option holders and remain unexercised. Details of holders of 20% or more of the options are as follows:

Name	Number	%
Thomas Reardon	340,000	49.77
Justin McNicol	343,170	50.23

11. On market buy-back

There is no current on market buy-back.

12. Statement regarding use of cash and assets.

During the period between 1 July 2020 and 30 June 2021, People Infrastructure Ltd has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the prospectus dated 20 October 2019.