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ALS Limited  
ABN 92 009 657 489

# CONDENSED INTERIM FINANCIAL REPORT

For the half year ended 30 September 2022



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# Condensed Interim Financial Report for the Half Year Ended 30 September 2022

## Contents

- Results for announcement to the market (including required Appendix 4D information)
- Directors' half year report
- Consolidated interim financial report for the half year ended 30 September 2022



## Results for announcement to the market

For the half year ended 30 September 2022

### Appendix 4D

(Previous corresponding period: half year ended 30 September 2021)

	\$M			
Revenue from ordinary activities	Up	16.7%	to	1,194.2
Revenue from underlying operations	Up	23.9%	to	1,267.9
Underlying net profit after tax * attributable to members	Up	29.3%	to	164.3
Profit from ordinary activities after tax attributable to members	Up	98.9%	to	147.4
Net profit for the period attributable to members	Up	98.9%	to	147.4

### Dividends

	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	20.3 cents	nil cents
Previous corresponding period	15.8 cents	4.7 cents

Record date for determining entitlements to the interim dividend: 25 November 2022

The dividend reinvestment plan (DRP) will remain suspended whilst the Company's on-market share buyback remains operative.

### Additional dividend information:

Details of dividends declared or paid during or subsequent to the half year ended 30 September 2022 are as follows:


Record date	Payment date	Type	Amount per ordinary share	Total dividend	Franked amount per ordinary share	Conduit foreign income per ordinary share
7 June 2022	4 July 2022	Final 2022	17.0 cents	\$82.2m	5.1 cents	11.9 cents
25 Nov 2022	16 Dec 2022	Interim 2023	20.3 cents	\$98.3m	nil cents	20.3 cents

### Other financial information:

	Current period	Previous corresponding period
Basic earnings per ordinary share	30.5 cents	15.4 cents
Basic underlying * earnings per ordinary share	34.0 cents	26.4 cents
Net tangible assets per ordinary share	(62.3) cents	(53.2) cents

\* Refer to page 5 of the attached Interim Financial Report for a reconciliation of Underlying net profit after tax to Statutory net profit after tax.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 September 2022 Interim Financial Report. The unqualified review report of the company's auditor, EY, is attached to this document and highlights no areas of dispute.

Sign here:  Date: 14/11/2022  
Michael Pearson, Company Secretary



## Directors' report

The directors present their report together with the condensed consolidated interim financial report for the half year ended 30 September 2022 and the auditor's review report thereon.

### Directors

The directors of the Company at any time during or since the end of the half year are:

**BRUCE PHILLIPS B Sc (Hons) (Geology)**  
**Chairman and Independent Non-Executive Director**

Appointed a director 2015 and appointed Chairman 2016.

**RAJ NARAN B Sc (Chemistry), B A (Mathematics)**  
**Managing Director and Chief Executive Officer**

Appointed Managing Director and Chief Executive Officer 2017.

**JOHN MULCAHY PhD, B E (Civil Eng) (Hons), FIE Aust**  
**Independent Non-Executive Director**

Appointed 2012.

**CHARLIE SARTAIN B Eng (Hons) (Mining), FAusIMM, FTSE**  
**Independent Non-Executive Director**

Appointed 2015.

**TONIANNE DWYER B Juris (Hons), LLB (Hons), GAICD**  
**Independent Non-Executive Director**

Appointed 2016.

**SIDDHARTHA KADIA PhD, MS (Biomedical Engineering), BE (Electronics)**  
**Independent Non-Executive Director**

Appointed 2019.

**LESLIE DESJARDINS B Industrial Admin, Finance (Kettering), MS Management (MIT)**  
**Independent Non-Executive Director**

Appointed 2019.



## Review and results of operations

### Financial performance

The Group delivered statutory Net Profit After Tax (NPAT) of \$147.4 million for the first half of financial year 2023 (H1 FY23), compared to the \$74.1 million recorded in the first half of financial year 2022 (H1 FY22). This increase is due to strong operating performance in the period and lower restructuring and other items<sup>1</sup>.

The Group delivered underlying<sup>1</sup> NPAT of \$164.3 million for H1 FY23, up 29.3% compared to the prior corresponding period (pcp) of \$127.1 million. Refer to page 5 for a reconciliation between statutory and underlying NPAT.

Revenue of \$1,267.9 million was up by 23.9% (23.3% at constant currency) compared to the \$1,023.3 million recorded in the pcp. This growth was primarily driven by the Group's two main divisions, Life Sciences and Commodities which maintained strong volume growth and price expansion. Growth in organic revenue was particularly strong for the Group, up 13.1% with scope growth contributing an additional 10.2%.

This strong revenue growth translated into underlying EBIT<sup>1</sup> growth of 28.0% compared to the pcp. This resulted in an underlying EBIT margin of 19.9%, an increase of 65 basis points (bps) compared to the pcp, with a strong contribution from the Commodities division.

Life Sciences delivered revenue growth of 23.8%, of which 6.8% was organic with all three businesses (Environmental, Food and Pharmaceutical) and key regions delivering positive organic growth. The division recorded an Underlying EBIT margin of 17.0%, down 99 bps compared to the pcp. The margin deterioration is a result of the challenging economic conditions, geopolitical issues and expected initial margin dilution from recent strategic acquisitions.

Commodities had a strong half, delivering organic revenue growth of 26.6%, primarily driven by Geochemistry and Metallurgy. The division delivered an underlying EBIT margin of 31.0%, an increase of 111 bps compared to the pcp as it benefited from continued commodity demand. Geochemistry sample volume growth of 17% compared to the pcp which, with further capacity expansion to meet sample volume growth, and pricing increases, delivered strong organic growth of 26.6% for the business.

Industrial organic revenue decreased by 1.3% with Asset Care delivering organic revenue decline of 6.7% and Tribology increasing by 5.6%. The division delivered an underlying EBIT margin of 8.3%, a decline of 108 bps. Asset Care was impacted by the closure of the US business. The Tribology margin was impacted by rising labour and consumable costs.

The Group continued to deliver strong net free cash flows (before capex spend) of \$229.4m in H1 FY23, an increase of \$31.6m compared to H1 FY22. 80% of underlying EBITDA<sup>1</sup> was converted to cash in the half, a solid performance given the strong level of organic growth in the period and typical seasonality of the business.

Capital expenditure was consistent with the prior period as the Group continues to capitalise on growth opportunities in Life Sciences and Commodities. The capex-to-revenue ratio was 4.5% in H1 FY23, a slight decrease over the prior period (H1 FY22: 5.5%). The majority of the investment was focused on expanding geographic presence, providing a platform for growth into attractive adjacent markets in the Life Sciences division and the Geochemistry business within the Minerals division.

The Group completed 8 acquisitions<sup>2</sup>, contributing approximately \$90 million of revenue on a full year basis at a total cost of approximately \$180 million. These opportunities were focused on expanding geographic presence, providing a platform for growth into attractive adjacent markets in the Life Sciences divisions and data analytics within the Commodities division.

The Group's balance sheet remains strong with the leverage ratio remaining at 1.9 times at 30 September 2022 (30 March 2022: 1.9 times) and 80% of drawn total debt fixed at an average rate of 2.96%. The Group had available liquidity of ~\$433 million, a 17.0x interest coverage and a weighted average debt maturity of 6.2 years. The balance sheet is able to support the acquisition strategy, which remains focused on value enhancing targets that fit with existing capabilities or expand into attractive adjacent markets.

In addition to acquisitions, the Group's capital management strategy includes the payment of dividends, targeting a payout ratio of 50% to 60% of underlying NPAT each period. Directors have declared a FY23 unfranked interim dividend of 20.3 cents per share payable on all ordinary shares (H1 FY22: 15.8 cents, partially franked to 30%), representing 60% of the underlying NPAT (H1 FY22: 60%). The dividend will be paid on 16 December 2022 on all shares registered in the Company's register at the close of business on 25 November 2022. The unfranked nature of the dividend was driven by lower Australian tax payments in H1 FY23, as a result of participation in the Australian Federal Government's Instant Asset Write Off Scheme. The existing \$100m share buy-back program remains active and as such, the Board has determined not to re-instate the dividend reinvestment plan (DRP).

<sup>1</sup> EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms restructuring and other Items and underlying EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are not subject to review procedures.

<sup>2</sup> As of November 2022



The Group's financial performance for the half year to 30 September 2022 is summarised as follows:

H1 FY23 \$m	Underlying results <sup>3</sup> (incl Nuvisan proportionately consolidated @ 49%)	49% of Nuvisan's Underlying results	Nuvisan Equity Share of Profit incl in Statutory results	Restructuring & other items <sup>3</sup>	Amortisation of intangibles	Statutory result
Revenue	1,267.9	(73.7)	-	-	-	1,194.2
EBITDA <sup>4</sup>	331.5	(16.3)	3.7	(9.6)	-	309.3
Depreciation & amortisation	(79.2)	7.5	-	-	(4.0)	(75.7)
EBIT <sup>4</sup>	252.3	(8.8)	3.7	(9.6)	(4.0)	233.6
Net interest expense	(20.6)	0.1	-	(1.1)	-	(21.6)
Tax expense	(66.7)	0.9	-	1.4	0.5	(63.9)
	165.0	(7.8)	3.7	(9.3)	(3.5)	148.1
Non-controlling interests	(0.7)	-	-	-	-	(0.7)
Net profit/(loss) after tax (NPAT)	164.3	(7.8)	3.7	(9.3)	(3.5)	147.4
Basic EPS (cents)	34.0					30.5
Diluted EPS (cents)	33.9					30.4

H1 FY22 \$m	Underlying results <sup>3</sup>	Restructuring & other items <sup>3</sup>	COVID-19 Subsidies & Grants net of Direct Costs <sup>3,5</sup>	Amortisation of intangibles	Statutory result
Revenue <sup>6</sup>	1,023.3	-	-	-	1,023.3
EBITDA <sup>4</sup>	259.7	(8.7)	(24.5)	-	226.5
FX losses transferred from FCTR		(26.9)	-	-	(26.9)
Depreciation & amortisation	(62.6)	-	-	(4.7)	(67.3)
EBIT <sup>4</sup>	197.1	(35.6)	(24.5)	(4.7)	132.3
Net interest expense	(19.4)	-	-	-	(19.4)
Tax expense	(49.7)	4.6	6.6	0.6	(37.9)
	128.0	(31.0)	(17.9)	(4.1)	75.0
Non-controlling interests	(0.9)	-	-	-	(0.9)
Net profit/(loss) after tax (NPAT)	127.1	(31.0)	(17.9)	(4.1)	74.1
Basic EPS (cents)	26.4				15.4
Diluted EPS (cents)	26.2				15.3

<sup>3</sup> The terms Underlying Results, Restructuring & Other Items and COVID-19 Subsidies & Grants are non-IFRS disclosures. These terms have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are not subject to review procedures. Refer to table on next page for details of restructuring & other items.

<sup>4</sup> EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms EBITDA and EBIT are non-IFRS disclosures and have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are not subject to review procedures.

<sup>5</sup> As disclosed in the FY22 results, the Group made the decision to repay government grants and subsidies received as part of the COVID-19 pandemic response in Australia, under the JobKeeper scheme, and in Canada under the Canada Emergency Wage Subsidy (CEWS) programme. JobKeeper (\$3.0 million) was repaid in H1 FY22. A provision was created for the CEWS repayment (\$21.5 million) at H1 FY22.

<sup>6</sup> Restated for AASB15, nil EBIT and EBITDA impact



Restructuring & other items	H1 FY23 \$M	H1 FY22 \$M
Greenfield start-up cost	1.9	1.0
Acquisition costs	3.2	1.4
Impairment of right-of-use asset and other site closures	0.4	1.4
SaaS development costs	2.9	-
FX losses transferred from FCTR	-	26.9
Other, including employee redundancy costs	1.2	4.9
	9.6	35.6

The Group has three reportable operating segments as at 30 September 2022: Life Sciences, Commodities, and Industrial.

Contributions from business segments are set out below.

Life Sciences Non-Statutory Financial Performance (incl Nuvisan) <sup>7</sup>	H1 FY23 \$M	H1 FY22 \$M	Variance
Revenue <sup>8</sup>	656.0	530.1	23.8%
Segment EBIT <sup>9</sup>	107.5	83.1	
Restructuring and other items <sup>9</sup>	3.7	12.0	
Underlying segment EBIT <sup>9</sup>	111.2	95.1	16.9%
Margin (underlying segment EBIT to revenue)	17.0%	17.9%	
Underlying segment EBITDA <sup>9</sup>	157.6	131.3	20.0%
Margin (underlying segment EBITDA to revenue)	24.0%	24.8%	

Life Sciences has continued to grow in a challenging economic environment, with total revenue increasing by 23.8%, with organic growth of 6.8%. The Pharmaceutical business delivered the largest organic growth of 17.9%. The growth in Pharmaceutical reflects continued investment and geographic expansion into key regions such as Latin America and Europe. The Environmental and Food business delivered meaningful organic growth of 5.7% and 4.1% respectively, in-line with Company expectations given the challenging market backdrop.

The division delivered an impressive 16.5% scope growth (the net of acquisitions and divestments) from recent acquisitions, primarily Nuvisan and HRL Holdings. Nuvisan remains a highly strategic acquisition which significantly expands the service offering and geographical footprint of ALS' pharmaceutical business. The HRL integration is well underway, and ALS will look to leverage global cross-selling opportunities from the acquired dairy and honey testing capabilities to our global food customers. Life Sciences maintains a promising pipeline of acquisition opportunities in food and pharmaceutical testing and will continue to assess opportunities to expand the existing service offering and geographic network.

The underlying EBIT margin of 17.0% was a decline of 99 bps compared to the pcp and was predominately a result of the economic conditions, geopolitical conflicts, and the expected initial margin dilution from strategic acquisitions. Excluding the impact from acquisitions, the core business (organic) margin was up 3 bps<sup>10</sup> compared to the pcp, which reflects the resilience of the Life Sciences business, the successful execution of a price management strategy, and its ability to manage supply chain and labour market challenges.

The long-term strategy for the Life Science division will see ALS become a global leader in:

1. Pharmaceutical testing through offering complete industry solutions from discovery to distribution
2. Food testing with a focus on end-market specialisation to grow higher margin testing and expand geographic presence
3. Environmental testing with a focus on growth through market share gains, scope diversification and commitment to emerging contaminants

<sup>7</sup> Life Sciences underlying results plus 49% of Nuvisan's revenue and expenses (non IFRS)

<sup>8</sup> 2022 revenue restated for AASB15, nil EBIT and EBITDA impact

<sup>9</sup> EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. Restructuring and Other Items and Underlying segment EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are not subject to review procedures.

<sup>10</sup> On a constant currency basis





Commodities Financial performance	H1 FY23 \$M	H1 FY22 \$M	Variance
Revenue	503.4	383.3	31.3%
Segment EBIT <sup>11</sup>	156.1	103.5	
Restructuring and other items <sup>11</sup>	-	11.1	
Underlying segment EBIT <sup>11</sup>	156.1	114.6	36.2%
Margin (underlying segment EBIT to revenue)	31.0%	29.9%	
Underlying segment EBITDA <sup>11</sup>	182.7	134.4	35.9%
Margin (underlying segment EBITDA to revenue)	36.3%	35.1%	

The Commodities division reported a strong result for H1 FY23 as it continued to benefit from overall commodity demand. Organic revenue increased by 26.6% in the half driven by strong activity from both major and junior mining clients. This translated into an underlying EBIT margin of 31.0%, a significant increase of 111 bps compared to the pcp.

Geochemistry saw sample volume increase by 17% (compared to pcp) and organic revenue growth of 31.4% driven by increase in capacity and overall price improvement, more than offsetting inflationary challenges. Both major (~60% of total volume) and junior miners (~40% of total volume) supported the overall growth in sample volumes despite softening capital markets. The overall industry remains at capacity with drilling equipment availability limited. There was sample volume growth in all major operating geographies, except for the Middle East, with the underlying EBIT margin increasing to 33.7%, up 37 bps from the pcp. Capacity was increased ~20% by the end of FY22 and continues to be adjusted in the current period to respond to market demand. Our flexible 'hub and spoke' model enables us to continue to adapt with overall market demand.

The Geochemistry group continues to grow its mine site production testing, which saw revenues increase by ~28% compared to the pcp. The development project pipeline remains strong with several new projects expected to come on-line in H2 FY23. Mine site production testing is a key growth area for the business.

Metallurgy also benefitted from the continued demand within the mining sector, growing underlying organic revenue by 31.8% compared to the pcp. The pipeline for new projects remains strong and helped to support the uplift in EBIT margin to 31.9%, up 540bps compared to the pcp.

Inspection increased organic revenue by 6.2% as global trading activity increased. However, the underlying EBIT margin decreased to 21.6%, a decrease of 158bps compared to the pcp, due to China's COVID-19 lockdown. Excluding the performance of China, margins were flat with the pcp.

Coal reported a 4.8% decline in organic revenue growth primarily due to a reduction in superintending volumes. This drove the decline of underlying EBIT margin to 7.5%, a decrease of 427bps from the pcp.

Structural drivers for the Commodities division remain strong with the long-term transition towards renewable energy expected to drive growth of base metal activity in the long-term.

<sup>11</sup> EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. Restructuring and Other Items and Underlying segment EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are not subject to review procedures.



Industrial Financial performance	H1 FY23 \$M	H1 FY22 \$M	Variance
Revenue	108.5	109.9	(1.3%)
Segment EBIT <sup>12</sup>	9.0	6.4	
Restructuring and other items <sup>12</sup>	-	3.9	
Underlying segment EBIT <sup>12</sup>	9.0	10.3	(12.6%)
Margin (underlying segment EBIT to revenue)	8.3%	9.4%	
Underlying segment EBITDA <sup>12</sup>	14.8	16.4	(9.8%)
Margin (underlying segment EBITDA to revenue)	13.6%	14.9%	

Industrial organic revenue declined by 1.3% in H1 FY23 with an underlying EBIT margin of 8.3%, a decline of 108 bps compared to the pcp.

Asset Care organic revenue decreased by 6.7% in the half following the closure of the business in USA. There was a minor improvement in underlying EBIT margin of 27 bps (compared to the pcp) to 6.3%. This was due to successful execution of the margin improvement plan.

Tribology organic revenue grew by 5.6% in H1 FY23 with growth achieved in key regions such as the Americas, however, the underlying EBIT margin declined by 476 bps (compared to the pcp) to 12.2%. Margins were impacted by rising labour and consumable costs.

The overall trading conditions for the Industrial division continue to show some positive signs with benefits flowing from contract price increases, procurement activities, and stabilisation of labour challenges.

<sup>12</sup> EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. Restructuring and Other Items and Underlying segment EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are not subject to review procedures.



## Events subsequent to balance date

### ASIC correspondence

Following the Company's public disclosures made in both February and April 2020 relating to the amendment of coal certificates without justification, ASIC has provided written correspondence dated the 25<sup>th</sup> of October, informing the Company that it has concluded the investigation and has decided that it will not take any enforcement action against ALS, its subsidiaries, or its current officers and employees.

### Acquisitions post balance date

Subsequent to 30 September 2022 the Group entered into the following asset and sale purchase agreements. These purchases are expected to be completed in the near term and are subject to normal terms and conditions precedent, some including regulatory approvals. The acquisitions and their expected purchase price are as follows:

Business Acquired	ALS Segment	Consideration \$M
Exploration Technologies Division of Earthlabs Inc	Commodities	34.0
Servicios de Ingenieria y Ambiente S.A.S.	Life Sciences	17.1
Invitek Molecular GmbH - 51% interest	Life Sciences	5.2

Other than the above-mentioned items, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

### Lead auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half year ended 30 September 2022.

### Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Bruce Phillips  
Chairman

Raj Naran  
Managing Director

Brisbane  
14 November 2022

Brisbane  
14 November 2022



## Consolidated interim statement of profit and loss and other comprehensive income

For the half year ended 30 September 2022

In millions of AUD	Note	30 Sep 2022	30 Sep 2021
Revenue <sup>13</sup>	6	1,194.2	1,023.3
Expenses		(890.6)	(801.4)
Other (expenses)/income	7	-	(24.5)
Share of profit of equity-accounted investees, net of tax		5.7	2.2
<b>Profit before financing cost, depreciation and amortisation</b>		309.3	199.6
Amortisation on right-of-use assets		(27.3)	(22.8)
Amortisation and depreciation		(48.4)	(44.5)
<b>Profit before net financing costs (EBIT)</b>		233.6	132.3
Finance income		2.0	0.4
Finance cost on loans and borrowings		(19.7)	(16.5)
Finance cost on lease liabilities		(3.9)	(3.3)
<b>Net financing costs</b>		(21.6)	(19.4)
<b>Profit before tax</b>		212.0	112.9
Income tax expense		(63.9)	(37.9)
<b>Profit for the period</b>		148.1	75.0
<b>Profit attributable to:</b>			
Equity holders of the Company		147.4	74.1
Non-controlling interest		0.7	0.9
<b>Profit for the period</b>		148.1	75.0
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to the profit and loss (net of tax)</i>			
Foreign exchange translation		102.2	66.5
Gain on hedge of net investments in foreign subsidiaries		(10.6)	(5.9)
(Loss)/Gain on cash flow hedges taken to equity, net of tax		(3.4)	0.3
<b>Other comprehensive income/(loss) for the period, net of tax</b>		88.2	60.9
<b>Total comprehensive income/(loss) for the period</b>		236.3	135.9
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the company		235.6	135.0
Non-controlling interest		0.7	0.9
<b>Total comprehensive income/(loss) for the period</b>		236.3	135.9
Basic earnings per share attributable to equity holders		30.50c	15.36c
Diluted earnings per share attributable to equity holders		30.38c	15.29c

The interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the interim financial report set out on pages 14 to 20.

<sup>13</sup> 30 Sep 2021 revenue restated for AASB 15, nil EBIT and EBITDA impact



## Consolidated interim balance sheet

As at 30 September 2022

In millions of AUD	Note	30 Sep 2022	31 Mar 2022
<b>Current Assets</b>			
Cash and cash equivalents		165.3	122.8
Trade and other receivables		463.5	386.6
Inventories		91.3	71.2
Other assets		54.1	61.3
<b>Total current assets<sup>14</sup></b>		<b>774.2</b>	<b>641.9</b>
<b>Non-current assets</b>			
Investment property		9.6	9.9
Investments accounted for using the equity method		246.2	240.9
Deferred tax assets		39.3	41.8
Property, plant and equipment		542.1	494.6
Right of use assets		229.5	198.8
Intangible assets		1,358.4	1,194.8
Other assets		21.0	21.5
<b>Total non-current assets</b>		<b>2,446.1</b>	<b>2,202.3</b>
<b>Total assets</b>		<b>3,220.3</b>	<b>2,844.2</b>
<b>Current Liabilities</b>			
Trade and other payables		309.2	310.8
Bank overdraft		0.1	-
Loans and borrowings	9	57.1	342.3
Employee benefits		73.1	67.2
Other liabilities		25.2	18.3
<b>Total current liabilities<sup>14</sup></b>		<b>464.7</b>	<b>738.6</b>
<b>Non-current liabilities</b>			
Loans and borrowings	9	1,380.0	895.3
Deferred tax liabilities		29.5	26.2
Employee benefits		9.1	8.0
Other liabilities		50.8	45.4
<b>Total non-current liabilities</b>		<b>1,469.4</b>	<b>974.9</b>
<b>Total liabilities</b>		<b>1,934.1</b>	<b>1,713.5</b>
<b>Net assets</b>		<b>1,286.2</b>	<b>1,130.7</b>
<b>Equity</b>			
Share capital		1,326.1	1,321.0
Reserves		(37.0)	(124.7)
Retained earnings		(14.2)	(76.2)
<b>Total equity attributable to equity holders of the company</b>		<b>1,274.9</b>	<b>1,120.1</b>
Non-controlling interest		11.3	10.6
<b>Total equity</b>		<b>1,286.2</b>	<b>1,130.7</b>

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 20.

<sup>14</sup> As at 31 March 2022, total current liabilities exceeded total current assets by \$96.7m. The deficit was primarily attributed to the July 2022 maturity of long-term notes totalling \$253.7m. In addition to the \$122.8m in cash, the Group also maintained undrawn committed bank facilities totalling \$382.3m as at 31 March 2022, that provided adequate liquidity necessary for the maturing July 2022 long term notes. Refer to note 9.



## Consolidated interim statement of changes in equity

For the half year ended 30 September 2022

In millions of AUD	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
<b>Balance 31 March 2022</b>	<b>1,321.0</b>	<b>(137.2)</b>	<b>3.3</b>	<b>9.2</b>	<b>(76.2)</b>	<b>1,120.1</b>	<b>10.6</b>	<b>1,130.7</b>
Profit for the period	-	-	-	-	147.4	147.4	0.7	148.1
Other comprehensive profit	-	91.5	(3.3)	-	-	88.2	-	88.2
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>91.5</b>	<b>(3.3)</b>	<b>-</b>	<b>147.4</b>	<b>235.6</b>	<b>0.7</b>	<b>236.3</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(82.2)	(82.2)	(0.2)	(82.4)
Share issued under dividend reinvestment plan (456,310 shares @ \$11.59 per share)	5.3	-	-	-	-	5.3	-	5.3
Equity-settled performance rights awarded and vested	(0.3)	-	-	(0.3)	(3.1)	(3.7)	-	(3.7)
<b>Total contributions and distributions to owners</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>(85.3)</b>	<b>(80.6)</b>	<b>(0.2)</b>	<b>(80.8)</b>
<b>Changes in ownership interests:</b>								
Acquisition of non-controlling interest without change in control	-	-	(0.1)	-	-	(0.1)	0.3	0.2
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	(0.1)	(0.1)
<b>Total changes in ownership interest</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>0.2</b>	<b>0.1</b>
<b>Total transactions with owners</b>	<b>5.0</b>	<b>-</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(85.3)</b>	<b>(80.7)</b>	<b>-</b>	<b>(80.7)</b>
Rounding	0.1	(0.1)	-	-	(0.1)	(0.1)	-	(0.1)
<b>Balance at 30 September 2022</b>	<b>1,326.1</b>	<b>(45.8)</b>	<b>(0.1)</b>	<b>8.9</b>	<b>(14.2)</b>	<b>1,274.9</b>	<b>11.3</b>	<b>1,286.2</b>
<b>Balance 31 March 2021</b>								
<b>Balance 31 March 2021</b>	<b>1,304.6</b>	<b>(144.5)</b>	<b>3.6</b>	<b>9.8</b>	<b>(104.5)</b>	<b>1,069.0</b>	<b>10.8</b>	<b>1,079.8</b>
Accounting policy change – SaaS implementation costs <sup>15</sup>	-	-	-	-	(10.3)	(10.3)	-	(10.3)
Restated balance 31 March 2021	<b>1,304.6</b>	<b>(144.5)</b>	<b>3.6</b>	<b>9.8</b>	<b>(114.8)</b>	<b>1,058.7</b>	<b>10.8</b>	<b>1,069.5</b>
Profit for the period	-	-	-	-	74.1	74.1	0.9	75.0
Other comprehensive profit	-	60.6	0.3	-	-	60.9	-	60.9
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>60.6</b>	<b>0.3</b>	<b>-</b>	<b>74.1</b>	<b>135.0</b>	<b>0.9</b>	<b>135.9</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(70.4)	(70.4)	(0.2)	(70.6)
Equity-settled performance rights awarded and vested	(0.1)	-	-	(3.4)	(4.8)	(8.3)	-	(8.3)
<b>Total contributions and distributions to owners</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>(75.2)</b>	<b>(78.7)</b>	<b>(0.2)</b>	<b>(78.9)</b>
<b>Changes in ownership interests:</b>								
Acquisition of non-controlling interest without change in control	-	-	-	-	-	-	0.2	0.2
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	(0.9)	(0.9)
<b>Total changes in ownership interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Total transactions with owners</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>(75.2)</b>	<b>(78.7)</b>	<b>(0.9)</b>	<b>(79.6)</b>
<b>Balance at 30 September 2021</b>	<b>1,304.5</b>	<b>(84.0)</b>	<b>3.9</b>	<b>6.4</b>	<b>(116.0)</b>	<b>1,114.8</b>	<b>10.9</b>	<b>1,125.7</b>

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 20.

<sup>15</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements.



## Consolidated interim statement of cash flows

For the half year ended 30 September 2022

In millions of AUD	30 Sep 2022	30 Sep 2021
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,270.7	1,118.9
Cash paid to suppliers and employees	(1,025.8)	(919.6)
Cash generated from operations	244.9	199.3
Interest paid	(22.4)	(19.8)
Interest received	2.0	0.4
Income taxes paid	(43.0)	(53.6)
<b>Net cash from operating activities</b>	<b>181.5</b>	<b>126.3</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(57.7)	(56.5)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	(114.1)	(5.3)
Deferred payments for acquisitions of controlled entities	(17.9)	(1.0)
Deferred proceeds from sale of controlled entities	18.3	-
Acquisition of minority interest equity	-	(0.9)
Loan repayments/(advances) from/(to) associates	1.4	(0.1)
Dividend from associate	7.7	1.4
Proceeds from sale of other non-current assets	1.7	0.7
<b>Net cash used in investing activities</b>	<b>(160.6)</b>	<b>(61.7)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	479.3	102.5
Repayment of borrowings	(360.5)	(93.9)
Right-of-use asset lease payments	(26.6)	(21.8)
Dividends paid	(77.2)	(70.6)
<b>Net cash from (used in)/from financing activities</b>	<b>15.0</b>	<b>(83.8)</b>
Net movement in cash and cash equivalents	35.9	(19.2)
Cash and cash equivalents at 1 April	122.8	168.6
Effect of exchange rate fluctuations on cash held	6.5	4.9
<b>Cash and cash equivalents at 30 September</b>	<b>165.2</b>	<b>154.3</b>

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 20.



## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2022

### 1. Reporting entity

ALS Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 30 September 2022 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 31 March 2022 is available upon request from the Company's registered office at Level 2, 299 Coronation Drive, Milton, QLD, 4064 or at [www.alsglobal.com](http://www.alsglobal.com).

### 2. Statement of compliance

The condensed consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2022. This condensed consolidated interim financial report was approved by the Board of Directors on 14 November 2022.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

### 3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statement as at and for the year ended 31 March 2022.

### 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 March 2022.

### 5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2022.

#### Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values. The fair value at 30 September 2022 of derivative assets held for risk management purposes, which are the Group's only financial instruments carried at fair value, was an asset of \$Nil (March 2022: \$4.8million) measured using Level 2 valuation techniques as defined in the fair value hierarchy. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

#### Fair value hierarchy

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.



## 6. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

### Disaggregation of revenue

Revenue is disaggregated by geographical location of customers.

In millions of AUD	30 Sep 2022	30 Sep 2021
Africa	30.8	21.9
Asia/Pacific	445.4	380.2
Europe and Middle East	244.8	239.2
Americas	473.2	382.0
<b>Total operations</b>	<b>1,194.2</b>	<b>1,023.3</b>

## 7. Other (expense)/income

In millions of AUD	30 Sep 2022	30 Sep 2021
Covid-19 subsidies & grants (repaid or payable)/received, net of costs	-	(24.5)
	-	<b>(24.5)</b>

During FY21 the Group received government grants and subsidies as part of the COVID-19 pandemic response, primarily in Australia under the JobKeeper program and in Canada under the Canada Emergency Wage Subsidy (CEWS) program. As disclosed in the FY22 results, the Group has elected to voluntarily repay these grants and subsidies, net of direct costs, to the relevant governments, with JobKeeper of \$3.0 million being repaid in H1 FY22. A provision was created for the CEWS repayment of \$21.5 million, to be repaid in H2 FY22 as soon as the mechanism to do so was agreed with the Canadian government.

## 8. Segment reporting

The Group has three reportable segments, as described below, representing three distinct strategic divisions each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Commodities** - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies and provides specialist services to the coal industry such as coal sampling, analysis and certification, formation evaluation services, and related analytical testing.
- **Life Sciences** - provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, and animal health testing matters.
- **Industrial** - provides the energy, resources, transportation and infrastructure sectors with asset care and tribology testing services.



## 8. Segment reporting (continued)

2022 In millions of AUD	Commodities Statutory	Life Sciences Non- Statutory <sup>16</sup>	Life Sciences 49% Nuvisan <sup>17</sup>	Life Sciences Statutory excl Nuvisan <sup>18</sup>	Industrial Statutory	Other Statutory <sup>19</sup>	Consolida- ted Non- Statutory <sup>20</sup>	Elimi- nating Nuvisan <sup>21</sup>	Consolidat- ed Statutory
Revenue	503.4	656.0	73.7	582.3	108.5	-	1,267.9	(73.7)	1,194.2
<i>Africa</i>	<i>30.8</i>	-	-	-	-	-	<i>30.8</i>	-	<i>30.8</i>
<i>Asia/Pacific</i>	<i>199.3</i>	<i>164.2</i>	-	<i>164.2</i>	<i>81.9</i>	-	<i>445.4</i>	-	<i>445.4</i>
<i>Europe &amp; Middle East</i>	<i>58.3</i>	<i>259.7</i>	<i>73.7</i>	<i>186.0</i>	<i>0.5</i>	-	<i>318.5</i>	<i>(73.7)</i>	<i>244.8</i>
<i>Americas</i>	<i>215.0</i>	<i>232.1</i>	-	<i>232.1</i>	<i>26.1</i>	-	<i>473.2</i>	-	<i>473.2</i>
Underlying EBITDA <sup>22</sup>	182.7	157.6	16.3	141.3	14.8	(23.6)	331.5	(12.6)	318.9
Amortisation on right-of-use assets	(12.1)	(18.6)	(5.6)	(13.0)	(2.2)	-	(32.9)	5.6	(27.3)
Depreciation and amortisation	(14.5)	(27.8)	(1.9)	(25.9)	(3.6)	(0.4)	(46.3)	1.9	(44.4)
Underlying EBIT <sup>22</sup>	156.1	111.2	8.8	102.4	9.0	(24.0)	252.3	(5.1)	247.2
Restructuring & other items <sup>22</sup>	-	(3.7)	(0.6)	(3.1)	-	(6.5)	(10.2)	0.6	(9.6)
Amortisation of intangibles	-	-	-	-	-	(4.0)	(4.0)	-	(4.0)
Segment EBIT	156.1	107.5	8.2	99.3	9.0	(34.5)	238.1	(4.5)	233.6
Net interest	(1.5)	(2.0)	(0.1)	(1.9)	(0.4)	(17.8)	(21.7)	0.1	(21.6)
Segment profit before income tax	154.6	105.5	8.1	97.4	8.6	(52.3)	216.4	(4.4)	212.0
Underlying EBIT margin	31.0%	17.0%	11.9%	17.6%	8.3%		19.9%		20.7%
Underlying EBITDA margin	36.3%	24.0%	22.1%	24.3%	13.6%		26.1%		26.7%
Segment assets	1,014.7	-	-	1,767.4	208.1	25.5	-	-	3,015.7
Cash and cash equivalents									165.3
Tax Assets									39.3
Total assets per the balance sheet									3,220.3
Segment liabilities	(237.2)	-	-	(374.7)	(66.3)	(7.9)	-	-	(686.1)
Loans, borrowings & bank overdraft									(1,193.3)
Tax liabilities									(54.7)
Total liabilities per the balance sheet									(1,934.1)

<sup>16</sup> Includes Life Sciences Statutory results plus 49% of Nuvisan's revenue and expenses, non-IFRS.

<sup>17</sup> 49% of Nuvisan's revenue and expenses.

<sup>18</sup> EBIT and EBITDA excludes the Group's share of profit in Nuvisan of \$3.7 million.

<sup>19</sup> Represents unallocated corporate costs. Net expenses of \$24.0 million comprise net foreign exchange gain of \$2.4 million and other corporate costs of \$26.4 million.

<sup>20</sup> Consolidated statutory results plus 49% of Nuvisan's revenue and expenses, excluding the Group's share of profit in Nuvisan of \$3.7 million, non-IFRS.

<sup>21</sup> 49% of Nuvisan's revenue and expense plus the Group's share of profit in Nuvisan of \$3.7 million.

<sup>22</sup> Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are not subject to review procedures. The terms Underlying and Restructuring & other items are defined in the Directors' report.



## 8. Segment reporting (continued)

2021 In millions of AUD	Commodities	Life Sciences	Industrial	Other <sup>23</sup>	Consolidated
Revenue	383.3	530.1	109.9	-	1,023.3
<i>Africa</i>	<i>21.9</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>21.9</i>
<i>Asia/Pacific</i>	<i>154.0</i>	<i>143.8</i>	<i>82.4</i>	<i>-</i>	<i>380.2</i>
<i>Europe &amp; Middle East</i>	<i>51.8</i>	<i>186.8</i>	<i>0.6</i>	<i>-</i>	<i>239.2</i>
<i>Americas</i>	<i>155.6</i>	<i>199.5</i>	<i>26.9</i>	<i>-</i>	<i>382.0</i>
Underlying EBITDA <sup>24</sup>	134.4	131.3	16.4	(22.4)	259.7
Amortisation on right-of-use assets	(7.9)	(12.4)	(2.4)	(0.1)	(22.8)
Depreciation and amortisation	(11.9)	(23.8)	(3.7)	(0.4)	(39.8)
Underlying EBIT <sup>24</sup>	114.6	95.1	10.3	(22.9)	197.1
Restructuring & other items <sup>24</sup>	(11.1)	(12.0)	(3.9)	(33.1)	(60.1)
Amortisation of intangibles	-	-	-	(4.7)	(4.7)
Segment EBIT <sup>24</sup>	103.5	83.1	6.4	(60.7)	132.3
Net interest	(0.9)	(2.0)	(0.4)	(16.1)	(19.4)
Segment profit before income tax	102.6	81.1	6.0	(76.8)	112.9
Underlying EBIT margin	29.9%	17.9%	9.4%		19.3%
Underlying EBITDA margin	35.1%	24.8%	14.9%		25.4%
Segment assets	830.1	1,344.1	205.5	40.4	2,420.1
Cash and cash equivalents					154.3
Tax Assets					39.1
Total assets per the balance sheet					2,613.5
Segment liabilities	(178.3)	(376.3)	(73.0)	(8.5)	(636.1)
Loans, borrowings & bank overdraft					(818.2)
Tax liabilities					(33.5)
Total liabilities per the balance sheet					(1,487.8)

<sup>23</sup> Represents unallocated corporate costs. Net expenses of \$22.9 million comprise net foreign exchange loss of \$0.3 million and other corporate costs of \$22.7 million.

<sup>24</sup> Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are not subject to review procedures. The terms Underlying and Restructuring & other items are defined in the Directors' report.



## 9. Loans and borrowings

In millions of AUD	30 Sep 2022	31 Mar 2022
<b>Current Liabilities</b>		
Long term notes	-	253.7
Bank loans	-	46.0
Lease liabilities	57.1	42.6
	<b>57.1</b>	<b>342.3</b>
<b>Non-current liabilities</b>		
Long term notes	829.8	521.8
Bank loans	363.5	202.9
Lease liabilities	186.7	170.6
	<b>1,380.0</b>	<b>895.3</b>

### Bank loans

The Group has entered into multi-currency revolving facilities totalling USD\$350.0 million. These multi-currency facilities are provided by a geographically diverse selection of banks including Australia and New Zealand Banking Group, Westpac Banking Corporation, Hong Kong and Shanghai Banking Corporation, JP Morgan, Bank of America, and Mizuho Bank.

These revolving facilities provide a strong level of liquidity to support the Group's growth strategy and ongoing global funding requirements. As of 30 September 2022, USD\$225.7 million (AUD\$349.3 million equivalent) remains undrawn in relation to these committed bank facilities.

The Group has also entered into bilateral EUR denominated loan arrangements totalling EUR110.0 million (AUD\$166.8 million equivalent) with Hong Kong and Shanghai Banking Corporation. These EUR denominated loans will mature in October 2023 (EUR79 million) and September 2024 (EUR31 million) respectively. As part of the broader capital management plan, these debt facilities will support the Group's FX strategy of aligning the debt currency profile with the cash flows of the operating businesses.

### Long term notes

The Company's controlled entities have previously issued long term, fixed rate notes to investors in the US Private Placement market which remain unpaid at balance date. All loan notes on issue have total fixed interest coupons ranging between 1.50% - 4.64% and bullet maturity dates repayable at various intervals between November 2030 and July 2034.

The Company's undrawn bank debt facilities will provide the Group with funding flexibility and additional liquidity to fund growth opportunities including acquisitions and will also be used for general corporate purposes.

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans and long-term notes at balance date is 3.0% (March 2022: 3.5%). The amount of fixed rate bank loans and long term notes at balance date is 80% of total amounts drawn, whereas 20% of bank loans and long term notes are variable rate instruments.

## 10. Investments accounted for using the equity method

The Group has a 49% shareholding in both Nuvisan GmbH and Nuvisan ICB GmbH (collectively Nuvisan), both pharmaceutical testing companies with operations in Germany and France. The Group's interest in Nuvisan is accounted for using the equity method in the consolidated financial statements. There have been no changes to the arrangement with Nuvisan since 31 March 2022. The Group's share of net profit for the period at 49% is \$3.7 million (2022: nil) and the Group received dividends of \$5.9 million (2022: nil).

## 11. Dividends

The following dividend was declared and paid by the Company during the half year:

In millions of AUD	30 Sep 2022	30 Sep 2021
Final 2022 dividend paid 4 July 2022 (5 July 2021)	82.2	70.4

Since 30 September 2022, directors have declared an unfranked interim dividend of 20.3 cents per share amounting to \$98.3 million payable on 16 December 2022. The dividend is payable on all ordinary shares registered in the Company's register at the close of business on 25 November 2022. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2022.

## 12. Share-based payments

### Performance-hurdle rights granted

The Group has granted performance-hurdle rights under its Long-Term Incentive (LTI) plan which is designed as a reward and retention tool for high performing personnel. Under the plan key employees may be granted conditional rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards).

The terms and conditions of LTI rights granted during the prior periods are set out below:

	Half year ended 30 Sep 2021
<b>Equity-settled</b>	
Date of grant	28 July 2021
Number of performance-hurdle rights	618,418
Weighted average fair value at date of grant of performance-hurdle rights	\$11.23
Testing date for performance hurdles	31 March 2024
Vesting date and testing date for service condition	1 July 2024
<b>Cash-settled</b>	
Date of grant	28 July 2021
Number of performance-hurdle rights	42,070
Weighted average fair value at date of grant of performance-hurdle rights	\$11.23
Testing date for performance hurdles	31 March 2024
Vesting date and testing date for service condition	1 July 2024

LTI performance rights in relation to FY23 will be issued in H2 FY23 and included within the full year financial report.

The fair value of services received in return for performance rights issued in the current period is based on the fair value of the rights granted measured using Binomial Tree (EPS, EBITDA and RoCE hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

Vesting conditions in relation to performance-hurdle rights issued in current period:

Employees must remain employed by the Group until vesting date. The rights vest only if underlying Earnings Per Share ("EPS"), relative underlying EBITDA margin, underlying Return on Capital Employed ("RoCE") or relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. Each employee's rights are subject to EPS, EBITDA, RoCE and TSR hurdles in equal measure.

### Service based rights granted (deferred STI compensation)

During the period the Group granted service-based rights under its Short-Term Incentive (STI) plan being deferred STI compensation. Employees achieving "outperformance" stretch targets during the year ended March 2022 were granted rights to ALS shares in July 2022 as deferred compensation for the "outperformance" component of their incentives. A total of 192,997 service-based rights were granted during the half year (2021: 98,591). An estimated accrual for the fair value of services received in return for these rights has been made at 30 September 2022.

As at 30 September 2022 there was a total of 288,631 service based rights on issue to employees of the Company relating to deferred STI compensation.

### Service based rights granted (share rights equity plan)

Certain non-KMP employees whom represent key organisational talent were previously granted rights to ALS shares in July 2019 as deferred compensation which vested in July 2021 at the end of the 2-year vesting period. As at 30 September 2022, nil service-based rights remain on issue under this program.

Vesting conditions in relation to service-based rights issued in current period:

Employees must remain employed by the Group until a vesting date (minimum 2 years from grant date). There are no other vesting conditions attached to the rights.

## 13. Business acquisitions

On 27 September 2022 the Group finalised the acquisition of the 100% interest in HRL Holdings Limited. The total purchase consideration of \$79.7 million was settled in cash, with no further contingent consideration payable. The acquired net tangible assets were \$7.0 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of \$61.8 million and customer relationships of \$10.9 million were recognised.

The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of HRL Holdings Limited for the period since acquisition. All acquired amounts were recorded on a provisional basis at 30 September 2022. Transaction costs of \$2.2 million have been expensed and are included in expenses in the statement of profit and loss and are part of operating cash flows in the statement of cash flow.

HRL Holdings Limited	2022 \$M
Property, plant and equipment	8.4
ROU assets	1.7
Trade and other receivables	4.1
Inventories	0.9
Cash and cash equivalents	0.9
Tax assets	1.3
Intangibles (software)	0.7
Trade and other payables	(2.8)
Lease Liabilities	(1.8)
Interest bearing loans and borrowings	(5.3)
Employee benefits	(1.1)
Net identifiable assets and liabilities	7.0
Intangibles on acquisition	72.7
Paid in cash	79.7
Cash (acquired)	(0.9)
Net cash outflow	78.8

## 14. Events subsequent to balance date

### ASIC correspondence

Following the Company's public disclosures made in both February and April 2020 relating to the amendment of coal certificates without justification, ASIC has provided written correspondence dated the 25th of October, informing the Company that it has concluded the investigation and has decided that it will not take any enforcement action against ALS, its subsidiaries, or its current officers and employees.

### Acquisitions post balance date

Subsequent to 30 September 2022 the Group entered into the following asset and sale purchase agreements. These purchases are expected to be completed in the near term and are subject to normal terms and conditions precedent, some including regulatory approvals. The acquisitions and their expected purchase price are as follows:

Business Acquired	ALS Segment	Consideration \$M
Exploration Technologies Division of Earthlabs Inc	Commodities	34.0
Servicios de Ingenieria y Ambiente S.A.S.	Life Sciences	17.1
Invitek Molecular GmbH - 51% interest	Life Sciences	5.2

Other than the above-mentioned items, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.



## Directors' declaration

In the opinion of the directors of ALS Limited ("the Company"):

1. The financial statements and notes set out on pages 14 to 20, are in accordance with the Corporations Act 2001 including:
  - a) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date: and
  - b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Bruce Phillips'.

Bruce Phillips  
Chairman

Brisbane  
14 November 2022

A handwritten signature in black ink, appearing to read 'Raj Naran'.

Raj Naran  
Managing Director

Brisbane  
14 November 2022



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## Independent auditor's review report to the members of ALS Limited

### Conclusion

We have reviewed the accompanying half-year financial report of ALS Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 September 2022, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Group as at 30 September 2022 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Brad Tozer  
Partner  
Brisbane  
14 November 2022





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## Auditor's Independence Declaration to the Directors of ALS Limited

As lead auditor for the review of the half year financial report of ALS Limited for the half-year ended 30 September 2022, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of ALS Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Brad Tozer".

Brad Tozer  
Partner  
14 November 2022