ALS Limited

Appendix 4E

Full year report for the Year Ending 31 March 2022

(the previous corresponding period is the Year Ended 31 March 2021)

Results for announcement to the market

				$A millions
Revenues from ordinary activities	Up	19.7%	to	2,108.5
Revenues from underlying operations	Up	23.9%	to	2,182.3
Underlying net profit after tax * from continuing operations attributable to members	Up	42.1%	to	264.2
Net profit from ordinary activities after tax * attributable to equity holders	Up	12.3%	to	190.5
Net profit for the period * attributable to equity holders	Up	12.3%	to	190.5
Basic underlying * earnings per share attributable to members	Up	42.1%	to	54.7¢
Basic earnings per share	Up	12.2%	to	39.5¢
Total dividend per share for the year (partly franked)	Up	42.0%	at	32.8¢

ALS Limited (ASX Code: ALQ) today announced an underlying net profit after tax from continuing operations of $264.2 million for FY2022. The result was 42.1% higher than the $185.9 million comparative underlying net profit after tax earned in the previous corresponding period (pcp).

The FY2022 statutory result from all operations was a net profit after tax attributable to equity holders of the Company of $190.5 million, compared with a net profit of $169.6 million recorded in FY2021.

* *Refer to page 7 of the attached Annual Financial Statements for a reconciliation of Underlying net profit after tax to Statutory net profit after tax.*

Dividend Disclosures

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	17.0¢	5.1¢
Interim dividend	15.8¢	4.7¢
Date the final dividend (distribution) is payable		**4 July 2022**
+Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)		**7 June 2022**
DRP election date		**8 June 2022**

Dividend - Amount per security

		Amount per security	Amount per security of conduit foreign income
Final dividend:	Current year	17.0¢	11.9¢
	Previous year	14.6¢	4.4¢
Interim dividend:	Current year	15.8¢	11.1¢
	Previous year	8.5¢	-

Total final dividend (distribution) on all securities

	Current period $A millions	Previous corresponding period - $A millions
+Ordinary securities *(each class separately)*	82.2	70.4
Preference +securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**82.2**	**70.4**

The 2022 final dividend will be franked to 30%. Future dividends will be franked at the maximum level possible. The Company's dividend reinvestment plan will again operate for the final dividend, at a price representing a nil discount to the volume weighted average price for the period 9 June to 15 June 2022.

NTA backing

	Current period	Previous corresponding Period *(restated)*
Net tangible asset backing per ordinary security ^	($0.54)	($0.54)

^ *Net Tangible Assets (NTA) are calculated excluding the Group's right-of-use assets (ROU) assets.*

Audit

The report is based on the attached accounts which have been audited.

Signature: Date: 25 May 2022

Print name: **Michael Pearson**
Company Secretary

right solutions.
right partner.

ALS Limited
ABN 92 009 657 489

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

Contents

Directors' report

For the year ended 31 March 2022

The Directors present their report together with the financial report of the Group, comprising ALS Limited ("the Company") and its subsidiaries, for the year ended 31 March 2022 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

BRUCE PHILLIPS
B Sc (Hons) (Geology)
Chairman and Independent Non-Executive Director
Age 67

Bruce Phillips was appointed a Non-Executive Director of the Company on 1 August 2015 and became Chairman on 26 July 2016 following the 2016 Annual General Meeting. Bruce is a qualified geophysicist with more than 40 years of technical, financial and managerial experience in the energy sector.

He founded Australian Worldwide Exploration Limited (now Mitsui) in 1997 and was its Managing Director until his retirement in 2007. He re-joined as a Non-Executive Director in 2009 and held the position of Chairman until his retirement from the Board in November 2017. He was previously Chairman of Platinum Capital Limited (October 2009 – June 2015) and a Non-Executive Director of AGL Energy Limited (August 2007 – September 2016) and Sunshine Gas Limited. In January 2019 Bruce was appointed as a Non-Executive Director and Chairman of Karoon Energy Limited.

He is a member of the People Committee and Chairman of the Nomination Committee.

RAJ NARAN
B Sc (Chemistry), B A (Mathematics)
Managing Director and
Chief Executive Officer
Age 60

Appointed Managing Director and Chief Executive Officer on 20 July 2017.

Raj founded e-Lab Analytical Inc which operated an environmental analytical testing business in Texas and Michigan until it was acquired by the Group in 2007. He was appointed to lead ALS USA Environmental business at that time and grew his role over the subsequent years to lead the global Life Sciences Division until his appointment to CEO in 2017.

JOHN MULCAHY
PhD, B E (Civil Eng) (Hons), FIE Aust
Independent Non-Executive Director Age 72

John Mulcahy was appointed a Non-Executive Director of the Company in 2012. He is Chairman of Mirvac Group Limited (appointed November 2009 and Chair September 2013) and Orix Australia Corporation Limited, an unlisted public company (appointed March 2016), and Deputy Chairman of GWA Group Limited (appointed November 2010). He is also a current Non-Executive Director of various Zurich Australia Insurance subsidiaries. John was previously a director and Chairman of Coffey International Limited (September 2009 – January 2016). He is a former Guardian of the Future Fund of Australia and former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to Suncorp, John held a number of senior executive roles at the Commonwealth Bank and Lend Lease Corporation.

He is a member of the People Committee, the Audit and Risk Committee and the Nomination Committee.

CHARLIE SARTAIN
B Eng (Hons) (Mining),
FAusIMM, FTSE
Independent Non-Executive Director Age 61

Charlie Sartain was appointed a Non-Executive Director of the Company on 1 February 2015. He spent more than 30 years with MIM Holdings and then Xstrata plc after it acquired MIM. He led Xstrata's global copper business as Chief Executive of Xstrata Copper for nine years from 2004 and prior to that held senior executive positions with the company in Latin America and Australia.

Charlie is currently a Non-Executive Director of OZ Minerals Limited, Chairman of the Advisory Board of the Sustainable Minerals Institute at the University of Queensland, and Chairman of the Board of Wesley Medical Research Ltd. His previous roles included Chairman of the International Copper Association, a Member of the Department of Foreign Affairs and Trade's Council on Australian Latin American Relations and a Director of Xstrata Schweiz Limited. He also served as a Non-Executive Director of Austin Engineering

Limited, Goldcorp Inc., Newmont Corporation and as a two-term Member of the Senate of the University of Queensland. He was awarded an Honorary Doctorate in Engineering by the University of Queensland in 2019.

He is Chairman of the Sustainability and Innovation Committee, and member of the Audit and Risk Committee and Nomination Committee.

TONIANNE DWYER
B Juris (Hons), LLB (Hons), GAICD
Independent Non-Executive Director Age 59

Tonianne Dwyer was appointed a Non-Executive Director of the Company on 1 July 2016. She has significant experience as a company director and executive working in finance, corporate strategy and mergers and acquisitions across a variety of sectors and international markets.

She is an internationally experienced independent company director, having had a 25-year executive career in investment banking during which she held roles with Hambros Bank Limited and Société General in the UK and Europe.

Tonianne currently holds non-executive directorships on ASX-listed companies OZ Minerals Limited (appointed March 2017), DEXUS Property Group and DEXUS Wholesale Property Fund (appointed August 2011) and Incitec Pivot Limited (appointed May 2021). She is Deputy Chancellor of the Senate of the University of Queensland and is on the Board of the Sir John Monash Foundation.

She is Chair of the People Committee and a member of the Sustainability and Innovation Committee and the Nomination Committee.

SIDDHARTHA KADIA
Ph.D. Biomedical Engineering, B.E., Electronics and Telecommunication
Independent Non-Executive Director Age 52

Siddhartha Kadia was appointed a Non-Executive Director of the Company in January 2019. Siddhartha was formerly President and CEO of EAG Laboratories, a global scientific testing company headquartered in San Diego. He has also been a Director of USA-listed companies Newport Corporation (NSDQ: NEWP) and Volcano Corporation (NSDQ: VOLC). He is currently a Non-Executive Director of BioSkryb Inc, Nuvasive, Inc (appointed February 2021) and other US-based companies including Isoplexis, ATS (Applied Technical Services), Sequredx and Berkely Lights until his appointment as CEO in March 2022. Prior to EAG, Siddhartha served as President of the Life Sciences Division at Life Technologies Corporation (NSDQ: LIFE), a publicly traded Life Sciences tools company. Siddhartha was also a management consultant at McKinsey & Company where his work focused on various life sciences and healthcare related engagements.

Siddhartha has a PhD in Biomedical Engineering from Johns Hopkins School of Medicine. Siddhartha has lived and worked in the US, Japan, China and India and has more than 20 years of international experience as a company director, executive and technical leader in the Life Sciences and TIC (testing, inspection and certification) sectors.

He is a member of the Sustainability and Innovation Committee, the People Committee and the Nomination Committee.

LESLIE DESJARDINS
B. Industrial Admin, Finance (Kettering), MS. Business (MIT)
Independent Non-Executive Director Age 62

Leslie Desjardins was appointed a Non-Executive Director of the Company on 21 November 2019. She has a background as a CFO and senior financial and governance professional in a range of large multinational and global businesses.

She has extensive commercial and financial governance expertise with large multinational public companies in North America, Canada and Australia each with extensive global operations. Her areas of expertise include CFO level executive and financial strategic leadership, M&A, corporate finance and treasury, governance, financial and tax compliance and enterprise risk management.

Ms Desjardins is currently a Director, Audit Committee Chair, CSR/Risk Committee member with Ansell Limited. Previously, she served as a Board Director and Audit Committee member with AptarGroup.

During her executive career, Ms Desjardins served as Executive VP and CFO at Amcor Limited, a global leader in packaging of food, beverage, pharmaceutical and tobacco products. Prior to Amcor Ltd, Ms Desjardins served in financial and corporate strategic positions with General Motors Corporation, including Chief Financial Officer GM Holden Australia, Controller GM North America, Executive Director Manufacturing Finance and Director GM North America Strategy and Planning.

Ms Desjardins holds a Master of Science, Business with Massachusetts Institute of Technology, Sloan and a Bachelor of Industrial Administration, Finance with Kettering University.

She is the Chair of the Audit and Risk Committee and a member of the Nomination Committee.

COMPANY SECRETARY

MICHAEL PEARSON
LLB, B A, GAICD, GCIS, Dip Inv Rel (AIRA)

Michael Pearson is a member of the Governance Institute, Australian Institute of Company Directors and Queensland Law Society. Mr Pearson is an experienced lawyer and corporate governance professional with almost 20 years of experience as a Company Secretary and General Counsel with other ASX listed companies such as Cardno Limited and the Aveo Group.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting:

- environmental monitoring;
- food and pharmaceutical quality assurance;
- mining and mineral exploration;
- commodity certification;
- equipment maintenance; and
- asset care operations.

During the year the Group expanded and diversified its technical service capabilities through acquisitions in Australia for geochemistry testing, in Europe for environmental and pharmaceutical testing, and in contract research and clinical testing through the acquisition of a 49% stake in Nuvisan based in Germany.

Otherwise, there were no significant changes in the nature of the activities of the Group during the year.

REVIEW OF RESULTS AND OPERATIONS

Group business summary

The Group aims to be a leading provider of services to clients across the broad range of industry sectors covered within the Principal Activities in the previous section and is committed to maintaining the strong and sustainable growth strategies which have made it a successful, global company. The Group seeks to build strong partnerships with clients by delivering cost-effective solutions backed by the best quality, service, and technical capability.

The Group delivered a strong result for the financial year ending 31 March 2022 (FY22), with FY22 underlying[1] Net Profit After Tax (NPAT) at the top-end of the upgraded guidance. The Group has delivered strong organic growth, margin accretion and made highly strategic acquisitions during the period and has emerged from the COVID-19 pandemic in an even stronger position.

FY22 also marks the successful completion of the Group's five-year strategic plan which included reaching financial targets of $2 billion in revenue, $400 million in underlying[1] Earnings Before Interest and Tax (EBIT) and a mid-single-digit organic growth rate. In addition, the Group also maintained a strong cash conversion greater than 90%, and improved returns on invested capital to 20.1%. Pleasingly, all strategic priorities were exceeded despite the impact of the COVID-19 pandemic, demonstrating the strength and resilience of the Group's business model and management team.

As part of the FY22 results, the Group has announced its commitment to achieve carbon neutrality[2] in FY23, a 6% reduction in carbon intensity[3], and a greater than 90% reliance on renewable electricity across ALS global operations. The Group's longer-term target is to achieve a 40% reduction in carbon intensity[2] by 2030 and to develop a roadmap this financial year that will achieve net zero[1] carbon emissions. These commitments are an important part of our sustainability agenda and demonstrate our commitment to playing a critical role to achieving a low-carbon future.

The Life Sciences division demonstrated strong performance with double-digit revenue growth achieved across all three businesses in key regions. EBIT[1] margin expansion was driven by the strong increase in volume, process optimisation and automation, and efficiency gains on invested capital. Acquisition contributions from both the 49% stake in Nuvisan and Investiga were in-line with the business plan.

The Commodities division achieved a strong revenue growth and underlying EBIT[1] margin expansion, riding the positive commodity cycle. In particular, Geochemistry delivered an excellent result, with an additional 15% capacity being delivered during FY22. This new capacity together with the benefit of the 'hub and spoke' model captured the strong growth in sample volume. The acquisition of MinAnalytical Laboratory Services Australia Pty Ltd in December 2021 also delivered additional processing capacity.

The Industrial division delivered a minor increase in revenue, but was operationally impacted by the COVID-19 pandemic, global supply-chain disruption, and temporary entry-level labour sourcing shortage. The trading environment is gradually improving following the opening of state borders in Australia, the gradual implementation of price increases, and initial benefits from procurement initiatives.

The Group is confident that the quality of its assets, its operating model, and its disciplined strategic focus will see it continue to increase market share, deliver strong earnings growth and returns for shareholders.

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[1] The terms 'underlying' and 'EBIT' are non-IFRS and unaudited.

[2] Scope 1 and 2 emissions

3 Scope 1 and 2 emissions per mAUD revenue on a FY20 baseline

Financial performance

The Group's financial performance for the year to 31 March 2022 is summarised as follows:

2022 ($m)	Underlying results (incl Nuvisan proportionately consolidated @ 49%)[4]	49% of Nuvisan's Underlying results	Nuvisan Equity Share of Profit incl in Statutory results (note 2i)	Restructuring & other items[4]	COVID-19 Subsidies & Grants[5] net of Direct Costs[4]	Amortisation of intangibles[4]	Statutory result
Revenue	2,182.3	(73.8)	-	-	-	-	**2,108.5**
EBITDA[6]	547.2	(19.1)	4.9	(22.4)	(23.4)	-	**487.2**
FX losses transferred from FCTR	-	-	-	(26.9)	-	-	**(26.9)**
Depreciation & amortisation	(137.8)	8.5	-	-	-	(9.6)	**(138.9)**
EBIT[6]	409.4	(10.6)	4.9	(49.3)	(23.4)	(9.6)	**321.4**
Net Interest expense	(37.9)	0.2	-	(1.3)	-	-	**(39.0)**
Tax expense	(105.6)	2.0	-	5.9	6.3	1.2	**(90.2)**
	265.9	(8.4)	4.9	(44.7)	(17.1)	(8.4)	**192.2**
Non-controlling interests	(1.7)	-	-	-	-	-	**(1.7)**
Net profit / (loss) after tax (NPAT)	264.2	(8.4)	4.9	(44.7)	(17.1)	(8.4)	**190.5**
Basic EPS (cents)	54.7						**39.5**
Diluted EPS (cents)	54.5						**39.3**

2021 ($m)	Underlying results[4]	Restructuring & other items[4,7]	COVID-19 Subsidies & Grants net of Direct Costs[4]	Amortisation of intangibles[4]	Statutory result[7]
Revenue	1,761.4	–	–	–	**1,761.4**
EBITDA[6]	425.1	(33.6)	25.4	–	**416.9**
Depreciation & amortisation	(123.7)	–	–	(8.9)	**(132.6)**
EBIT[6]	301.4	(33.6)	25.4	(8.9)	**284.3**
Net Interest expense	(40.0)	–	–	–	**(40.0)**
Tax expense	(74.0)	7.2	(7.5)	1.1	**(73.2)**
	187.4	(26.4)	17.9	(7.8)	**171.1**
Non-controlling interests	(1.5)	–	–	–	**(1.5)**
Net profit / (loss) after tax (NPAT)	185.9	(26.4)	17.9	(7.8)	**169.6**
Basic EPS (cents)	38.5	–	–	–	**35.2**
Diluted EPS (cents)	38.4	–	–	–	**35.0**

4 The terms 'Underlying results', 'Restructuring & other Items', 'COVID-19 Subsidies & Grants net of Direct Costs' and 'Amortisation of intangibles' 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 unaudited. Refer to table on next page for details of restructuring & other items.

5 As disclosed in the FY 21 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. During FY 22 the Group repaid and expensed to the profit and loss account net JobKeeper of $3.0 million and net CEWS of $20.4 million, after deducting costs associated with the repayment.

6 EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. These 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 unaudited.

7 Refer to note 7a and 7b.

The Group achieved revenue of $2,182.3 million, up 23.9% compared to $1,761.4 million recorded in the prior corresponding period (pcp). Organic revenue growth contributed 18.1% to the uplift, with acquisition growth contributing 6.7%, and a negative FX impact of -0.9% due to appreciation of the Australian dollar against main currencies during FY22. The revenue growth was primarily driven by the Group's two main divisions, Life Sciences and Commodities.

Despite the challenging environment in FY22, the Group delivered an underlying EBIT margin of 18.8%, an improvement of 164 basis points (bps) compared to the pcp. The improved underlying EBIT margin is driven by a combination of volumes and price increase, efficiency gains on invested capital and improved procurement practices.

The Group delivered a full-year statutory NPAT of $190.5 million, compared to the $169.6 million recorded in the pcp (restated). The increase of $20.9 million in NPAT reported in FY22 is primarily due to the net effect of businesses' strong underlying results.

On an underlying basis, the Group recorded NPAT of $264.2 million, up 42.1% compared to $185.9 million reported in the pcp, a strong outcome despite global supply-chain disruption, inflation headwinds and labour sourcing shortage.

The Group's overall operational capital expenditure increased in FY22 by 47% to $118.9 million compared to pcp, with spending targeted on key growth opportunities in Life Sciences and Commodities. The capex-to-revenue ratio was 5.4% in FY22 of which 3.6% linked to growth capex and 1.8% for maintenance capex. The majority of the capex was focused on providing process automation and improving efficiency in the Life Sciences division and expanding capacity of the Geochemistry business within the Commodities division.

The Group leverage ratio was at 1.9 times as at 31 March 2022 (31 March 2021: 1.6 times) with available liquidity of $431.7 million, including $382.3 million of undrawn bank facilities. The strong balance sheet and adequate liquidity is available to support the acquisition strategy, which remains focused on accretive targets primarily in the food and pharmaceutical markets.

Based on the strong performance delivered by the Group and its strong balance sheet as of March 2022, the Directors have declared a partly franked final dividend for the year of 17.0 cents per share, 30% franked (2021: 14.6 cents, 70% franked). Together with the interim dividend of 15.8 cents per share (30% franked), the total partly franked dividend for the year will be 32.8 cents per share, up 42.0% on the pcp (2021: 23.1 cents), representing a combined dividend payout ratio of 60.0% of underlying net profit after tax. The dividends will be paid on the 4th of July 2022 on all shares registered in the Company's register at the close of business on the 7th of June 2022.

The share buy-back program ended in December 2021 with 21.8 million shares (4.3% of the original base) bought back on market for an overall consideration of $153.4 million, at an average share price of $7.04. The DRP remains active for eligible shareholders who choose to participate, at a price representing a nil discount to the volume weighted average share price for the period from 9 June to 15 June 2022. The DRP will be funded by the issuance of new shares.

Restructuring & Other items	2022 ($m)	2021[8] ($m)
Greenfield start-up cost	2.5	2.8
Acquisition costs	8.0	2.7
Impairment of right-of-use asset and other site closures	2.2	13.6
SaaS system development	1.9	4.2
FX losses transferred from FCTR as part of an internal corporate loan restructure	26.9	-
Other, including employee redundancy costs	7.8	10.3
	49.3	33.6

Restructuring and other items presented above, reduced to $23.6 million on a like for like basis excluding the $26.9 million non-cash FX impact associated with an internal corporate loan restructure undertaken in FY22.

Divisional reviews

The Group has three reportable operating segments as of 31 March 2022: Life Sciences, Commodities, and Industrial.

Life Sciences

The Life Sciences division provides analytical testing and sampling services and remote monitoring for the Environmental, Food, Pharmaceutical, and Consumer Product markets. It is a leader in global comprehensive analytical testing, demonstrating expertise in microbiological, physical, and chemical testing services.

Life Sciences Non-Statutory - Financial performance (incl Nuvisan)[9]	2022 ($m)	2021 ($m)	Variance
Revenue	1,154.6	930.0	**24.2%**
Segment EBIT[10]	181.5	154.9	
Restructuring and other items[10]	13.3	(4.3)	
Underlying segment EBIT[10]	194.8	150.6	**29.3%**
Margin (underlying segment EBIT to revenue)	16.9%	16.2%	
Underlying segment EBITDA[10]	276.5	222.4	**24.3%**
Margin (underlying segment EBITDA to revenue)	23.9%	23.9%	

The Life Sciences division finished the year with a strong organic revenue growth of 13.4%. All three businesses (Environmental, Food and Pharmaceutical) in key regions (Americas, APAC and Europe) achieved double-digit organic revenue growth.

The division delivered 11.5% scope revenue growth (the net of acquisitions and divestments) mainly driven by recent acquisitions in Investiga and Nuvisan. ALS completed the acquisition of a 49% stake in Nuvisan in October 2021. Nuvisan is a Germany and France-based business focused on contract research and development market in the pharmaceutical industry and complements ALS' pharmaceutical service offering and footprint. The Group expects the acquisition to create significant value to ALS in the pharmaceutical value chain. Both acquisitions have performed in-line with their business plans.

Life Sciences is focused on continuing to deliver strong revenue growth across Environmental, Pharmaceutical and Food business. The division maintains a promising pipeline of acquisition opportunities, particularly in the Pharmaceutical and Food sectors and will continue to evaluate opportunities to expand existing service offerings and geographic footprint.

The division delivered an underlying EBIT margin of 16.9% in FY22, which was an expansion of 68 bps compared to the pcp despite the global supply-chain disruption and inflation headwinds. This solid performance was driven by a strong increase in volume, process optimisation and automation, and efficiency gains on invested capital.

Commodities

The Commodities division is a leading full-service provider of testing services for the global mining industry in four key business streams – Geochemistry, Metallurgy, Inspection, and Coal Quality – with an extensive client base of explorers, miners, and traders.

Its testing and consulting services cover the entire resource lifecycle from exploration, feasibility, optimisation, production, design, development through to trade and rehabilitation.

The division's strategy is to ensure all its business streams are equipped with the technical expertise and operational capacity required to provide its clients with a suite of integrated services throughout market cycles.

8 *Refer notes 7a and 7b.*

9 *Life Sciences underlying results plus 49% of Nuvisan's revenue and expenses (non IFRS).*

10 *EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms EBIT, EBITDA, 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 unaudited.*

Commodities - Financial performance	2022 ($m)	2021 ($m)	Variance
Revenue	819.1	624.8	**31.1%**
Segment EBIT[11]	233.4	179.8	
Restructuring and other items[11]	11.6	(7.3)	
Underlying segment EBIT[11]	245.0	172.5	**42.0%**
Margin (underlying segment EBIT to revenue)	29.9%	27.6%	
Underlying segment EBITDA[11]	287.9	210.4	**36.8%**
Margin (underlying segment EBITDA to revenue)	35.1%	33.7%	

The Commodities division closed the year with strong organic revenue growth of 31.1% as it continued to benefit from the positive commodity cycle.

The division delivered an underlying EBIT margin of 29.9%, an increase of 230 bps vs pcp, a result of strong cost-base management and increased efficiencies.

The Geochemistry business experienced substantial sample volume increase (32% vs pcp), supported by both major and junior miners. This volume increase and an increase in testing-intensive base metal volumes, as well as price improvements to mitigate cost inflation resulted in FY22 organic revenue growth of 41.8% vs pcp.

Geochemistry capacity was increased by 15% at end of FY22 with a further ~5% expansion from the acquisition of MinAnalytical (acquired in December 2021). This acquisition has enabled ALS Geochemistry to expand its range of capacity and technological service offerings for clients. MinAnalytical supports our strategy to grow mine site testing, and now with Chrysos photon-assay technology available to clients in some markets. Both the increase in capacity and service offering across the global 'hub and spoke' model is capturing the strong growth in the sample volume. The business delivered an underlying EBIT margin of 33.2%, an increase of 241 bps vs pcp.

Metallurgy grew underlying organic revenue by 23.7% vs pcp driven by the strong mining sector activity in the critical metals or energy and battery metals, with support by strong commodity prices from traditional revenue sources. Strong cost management and increased efficiencies improved the underlying EBIT margin to 29.3%, an increase of 557 bps vs pcp.

The Inspection business closed the year with an organic revenue growth of 2.6% following increased global trading activities. However, the underlying EBIT margin decreased to 22.7%, a decline of 469 bps vs pcp. The underlying EBIT margin erosion was primarily driven by global supply-chain costs disruption and COVID-19 outbreaks.

The Coal business posted an organic revenue decline of 17.8% in FY22 due to a reduction in superintending volume. This drove the decline of the underlying EBIT margin to 9.3%, a decrease of 578 bps. The business continues to focus strategically on service diversification and operational improvements particularly in the growing production (mine site) testing.

Together, the Coal and Inspection businesses contributed $102.5 million revenue and $16.4 million of EBIT in FY22.

Industrial

The Industrial division is a leading provider of diagnostic testing and engineering solutions for the energy, resources, transportation, and infrastructure sectors. The division's international client base includes asset owners, operators, constructors, and equipment manufacturers in the power, petrochemical, mining, minerals processing, water, infrastructure, and transportation industries. It is comprised of two complementary business streams: Asset Care and Tribology.

Industrial - Financial performance	2022 ($m)	2021 ($m)	Variance
Revenue	208.6	206.6	**1.0%**
Segment EBIT[11]	12.8	12.5	
Restructuring and other items[11]	4.2	8.0	
Underlying segment EBIT[11]	17.0	20.5	**(17.1)%**
Margin (underlying segment EBIT to revenue)	8.1%	9.9%	
Underlying segment EBITDA[11]	29.1	33.3	**(12.6)%**
Margin (underlying segment EBITDA to revenue)	14.0%	16.1%	

Industrial division organic revenue increased by 1.4% vs pcp and an underlying EBIT margin of 8.1%, a decline of 177 bps compared to the pcp. The underlying EBIT

[11] *EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms EBIT, EBITDA, 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 unaudited.*

margin was 8.1%, as both Asset Care and Tribology suffered margin compression due to COVID-19 challenges.

The Asset Care business was impacted throughout the year by COVID-19 related challenges such as border closures in Australia and closure of a business in the USA. The business had an organic revenue decline of 1.5%, and delivered an underlying EBIT margin of 4.7%, a decrease of 112 bps compared to the pcp.

The Tribology business organic revenue increased by 7.9% in FY22 with all regions performing well. However, the underlying EBIT margin declined by 405 bps compared to the pcp to 15.4%. Margins were impacted by temporary entry level labour sourcing shortages and increased operating costs.

The trading environment is gradually improving following the opening of the state borders in Australia, the gradual implementation of price increases, and the initial benefits from procurement initiatives.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year are:

	Cents per share	Franked amount (cents)	Total $m
Ordinary dividends declared and paid during the year:			
Final 2021, paid 05 Jul 2021	14.6	10.2	70.4
Interim 2022, paid 17 Dec 2021	15.8	4.7	76.2
Total amount			146.6
Ordinary dividend declared after the end of the financial year:			
Final 2022, to be paid 04 Jul 2022	17.0	5.1	82.2

The financial effect of the Final 2022 dividend does not impact the financial statements for the year ended 31 March 2022 and will be recognised in subsequent financial reports. The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30.0%.

DEBT PROFILE

The Group's policy of ensuring a diversity of funding sources and maturities is a key element of its management of refinancing and liquidity risks and is reflected in the following table:

In millions of AUD

Source	Maturity	Drawn	Facility Limit
Bank facilities EUR	Oct 2022	46.0	46.0
Bank facilities EUR	Oct 2023	117.2	117.2
Bank facilities USD	May 2024	40.0	267.0
Bank facilities USD	May 2026	45.0	200.3
Local facilities	Various	0.7	0.7
US Private Placement Market	July 2022	253.7	253.7
US Private Placement Market	Nov 2030	276.1	276.1
US Private Placement Market	Jul 2034	245.7	245.7
		1,024.4	**1,406.7**

The Group is party to multi-currency, revolving debt facility agreements with six banks totalling USD$350.0 million, and a separate bullet maturity fixed rate EUR110.0 million bank facility.

As previously announced to the ASX in March 2022, the Group has successfully placed new long-term US Private Placement (USPP) senior notes totalling AUD$268.9m million to be funded in July 2022. The new USPP issuance comprised of three tranches each of 10 years tenor, denominated in USD$140.0 million, AUD$50.0 million and CAD$30.0 million. The mix of currencies sought via the new issuance allows the Group's global cash flows and operating assets mix to be appropriately balanced by funding in similarly denominated debt. The majority of the new USPP funds will be applied to refinance the existing USPP notes (AUD$253.7 million) that will mature in July 2022.

Following the issuance of the new USPP notes in July 2022, the revised weighted average debt maturity for the Group is expected to be 6.9 years. The weighted average interest rate attaching to all group borrowings as at 31 March 2022 is 2.9%.

FINANCIAL POSITION

The major changes in the Group's financial position during the year (refer to summarised balance sheet below) were the result of:

- expansion and diversification of technical service capabilities through a 49% stake in the pharmaceutical services business Nuvisan in Europe for a total consideration of $226.7 million, which is equity accounted as a non-controlled investment;
- an increase in external loans and borrowings totalling $269.9 million, to fund investments in new business acquisitions and CAPEX, to generate strong levels of organic growth; and
- total cash dividend payments to shareholders and minority interests of $131.3 million, together with new shares issued via the DRP program totalling $16.6 million.

The summary effect during the reporting period was:

- an increase in net debt (excluding lease liabilities) of $288.0 million; and
- an increase in investments of $223.3 million; and
- total equity increased by a net $61.2 million.

The Group remains committed to its strategy of maintaining a strong balance sheet throughout economic cycles as evidenced by the gearing of 44.4% (2021: 36.5%) and leverage of 1.9 times (2021: 1.6 times) as noted in the following table:

In millions of AUD		**Consolidated**	
	Note*	**2022**	**2021[12]**
Trade and other receivables	*2a*	386.6	338.1
Inventories	*2c*	71.2	64.4
Other current assets	*2h*	61.3	40.0
Trade and other payables	*2d*	(310.8)	(245.0)
Total working capital		208.3	197.5
Cash and cash equivalents	*3a*	122.8	168.6
Loans and borrowings (excluding leases)	*3d*	(1,024.4)	(782.2)
Net debt		(901.6)	(613.6)
Property, plant and equipment	*2e*	494.6	454.2
Right-of-use assets		198.8	177.1
Intangible assets	*2g*	1,194.8	1,151.0
Net deferred tax assets	*6b*	15.6	18.0
Investments		240.9	17.6
Other assets		31.4	39.8
Employee benefits		(75.2)	(70.4)
Other liabilities		(63.7)	(116.2)
Lease liabilities		(213.2)	(185.5)
		1,824.0	1,485.6
Net assets		1,130.7	1,069.5
Total equity		1,130.7	1,069.5
Gearing: Net debt to Net debt + Equity		*44.4%*	*36.5%*

* *References are to Notes to the Financial Statements*

CASH FLOW

Cash conversion measured as cash generated from operations (before interest and taxes paid) vs Underlying EBITDA[13] was 93%. Underlying EBITDA[13] times interest cover was 15.3 times (2021: 11.4 times).

Capital expenditure of $118.9 million, acquisitions of $291.6 million, and dividends paid to shareholders and minority interests of $131.3 million drove investing and financing outflows during FY22.

In millions of AUD	**Consolidated**	
	2022	**2021[12]**
Underlying operating EBIT[13]	409.4	297.2
Depreciation & amortisation	137.8	123.7
Amortisation on ROU	(53.4)	(44.6)
Interest on ROU	(7.3)	(7.2)
Underlying EBITDA[13] (pre-IFRS16 basis)	486.5	369.1
Nuvisan Underlying EBITDA[13] adjusted for ROU Lease Assets and net of dividends received	(12.7)	-
	473.8	369.1
Working capital	(37.7)	0.6
Other	4.7	6.1
Cash flow before CAPEX	440.8	375.8
Cash Conversion	93%	102%
Cash flow before CAPEX	440.8	375.8
One-offs (cash basis)	(45.6)	7.3
ROU Payments	52.3	50.2
Treasury Shares	(11.0)	(2.7)
Other	(4.6)	(6.1)
Liquidity Hedge	-	(50.8)
Cash generated from operations	431.9	373.7
Net Interest & Taxes Paid	(145.1)	(107.9)
Net cash from operating activities	286.8	265.8
Net cash from investing activities	(405.9)	(120.5)
Net cash from financing activities	77.4	(379.9)
Net movement in cash and cash equivalents	(41.7)	(234.6)
Cash and cash equivalents at 1 April	168.6	423.9
Effect of exchange rate fluctuations on cash held	(4.1)	(20.7)
Cash and cash equivalents at 31 March	122.8	168.6
Leverage: *Net debt to Underlying EBITDA[13]*	*1.9 times*	*1.6 times*
Interest cover: *Underlying EBITDA[13] to Net finance expense (loans & borrowings)*	*15.3*	*11.4*

[12] *Refer to note 7a and 7b for details.*

[13] *Underlying EBIT = Earnings before interest and tax. Underlying EBITDA = Underlying earnings before interest, tax, depreciation, and amortisation. The calculation of Underlying EBIT and EBITDA is non-IFRS and unaudited.*

MATERIAL BUSINESS RISKS

The Group has an enterprise-wide risk management framework that is structured to ensure its material business risks and controls are captured, assessed and regularly reviewed in a consistent manner.

The key material business risks and associated mitigation controls identified include:

- The Group is exposed to financial risks such as liquidity risk, interest rate risk, foreign exchange risk, and credit risk (counterparty exposure). Group treasury and cash management policies are in place to mitigate these risks, and key indicators are monitored monthly including gearing and leverage ratios, interest cover by EBITDA, minimum liquidity reserves, weighted average debt maturity, and earnings at risk.

- The Group's success is dependent upon attracting and retaining staff in key technical and management roles. The Group mitigates this risk by striving to be an employer of choice, implementing its organisational development programs, monitoring, and benchmarking its employee remuneration and benefits, career progression and succession planning, with oversight by the Board People Committee.

- The Commodities business stream operates in a cyclical resources sector with fluctuations in commodity prices and global demand. The Group mitigates this risk by ensuring the Group has a diverse testing and inspection service offering across a range of industry sectors and geographies including mine site testing services. Other controls include a business model that allows for scalability of services, an increase in operating mine site client locations, a disciplined focus on operational costs, and close monitoring of economic trends.

- ALS has a reliance on IT systems and infrastructure to manage and store its data. Significant actions were taken throughout the year to mitigate cyber risk. This includes testing back-up systems and redundant servers located at offsite data centres, updating disaster recovery plans, delivering cyber security awareness training to employees, improvements in monitoring the network, and having information management policies and procedures in place.

- ALS operates across several industries that have inherent safety risks. The Group mitigates this risk by making "safety is a priority" a core value of the Group. Management have implemented a robust safety management system, employed significant HSE resources, and through their strong leadership are developing a culture of safety within their businesses, overseen by the Board Sustainability and Innovation Committee.

- The Group is a market leader in testing and inspection services. A loss of reputation due to poor quality service would erode market share. This risk is mitigated by implementing robust quality control policy and procedures, requiring its businesses to obtain third party accreditation to international quality standards where available, and investing in custom built laboratory information management systems.

- Climate change has widespread economic and social consequences that brings both risks and opportunities to the Group's business. Outlined below is the Group's key disclosure statement according to TCFD (the Task Force on Climate-related Financial Disclosures). Further information on the Group's response to climate change can be found in the Sustainability Report for 2022, a copy of which is available on the Group's website.

- The geographical footprint of the Group makes it subject to numerous legal and regulatory obligations. Management have implemented a compliance program and a whistle-blower policy that aims to identify, understand and meet these obligations. Specific compliance programs aimed at raising awareness of legal and regulatory obligations (such as those relating to bribery and corruption, sanctions, and privacy and data protection) and the controls needing to be adhered to to ensure compliance, are documented in Group policies. Online and in-person training to raise awareness and understanding of obligations and reinforce compliance, together with annual compliance sign-off by relevant managers.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Group is committed to reducing its carbon emissions. We are conscious of the threat of climate change to our communities and our businesses. We have reviewed the recommendations of the G20 Financial Stability Board's industry-led task force: The Task Force on Climate-related Financial Disclosures (TCFD) which assesses climate-related risks and opportunities. The TCFD has developed a set of voluntary recommendations for companies to disclose information on how they oversee and manage climate-related risks and opportunities. The Group supports these recommendations and we are committed to providing stakeholders with information in relation to how we are managing climate change risks. We also follow closely the recent developments of the newly created International Sustainability Standards Board (ISSB), which has issued on 31 March 2022 an exposure draft with general sustainability-related disclosure requirements and another exposure draft for other specific climate-related disclosure requirements.

Each year the Group will review and revise its climate strategy and associated metrics and targets based on new information as it comes to hand.

Governance

The Board's role

Governance of climate change is the responsibility of the Board which oversees the response to climate change risks and opportunities through the Board sub-committees including the Sustainability and Innovation Committee, the Audit and Risk Committee, and People Committee.

Sustainability and Innovation Committee

The purpose of the Sustainability and Innovation Committee is to provide oversight, on behalf of the Board, of the strategies, standards, processes, and practices intended to effectively manage environment, society and governance performance risks. Specifically, the Committee is to:

- Consider the social, environmental, and ethical impact of the Group's activities.
- Assess and recommend to the Board, the approval of the annual Sustainability Report.
- Review and recommend to the Board, the approval of the Group Climate Change Strategic Plan.
- Monitor the progress of business stream specific plans against the Group Climate Change Strategic Plan.
- Review and recommend to the Board for approval, the Group's short, medium, and long-term emissions targets, and goals.
- Review the company's performance against its sustainability scorecard including specific carbon intensity targets.

Audit and Risk Committee

The Audit and Risk Committee provides oversight over the Group's risk profile, policies, and management, including the key strategic and financial risks identified during the annual material business risk review process. Climate change is treated as a material business risk and its related risks and opportunities are incorporated into ALS's broader corporate strategy, planning, and risk management. The Committee is responsible for:

- Reviewing estimates and judgements needed to apply to key accounting standards including valuations, impairments and depreciation rates for assets that may be impacted by climate change.
- Monitoring external audit activities (for both financial and sustainability assurance).
- Reviewing the business strategy and the impact on the financial planning process by using climate-related scenario analysis. Key impacts to consider include operating costs and revenues, capital expenditures and capital allocation, acquisitions or divestments, and access to capital.
- Reviewing the company's disclosure requirements specific to the impact of climate change on the company's financial statements, including oversight of TCFD reporting.

People Committee

The People Committee supports the Board in relation to the determination of remuneration policy, the adoption of incentive plans, and various governance responsibilities related to remuneration of its senior executives. The Committee will review performance metrics to ensure these reward executives fairly and responsibly including for the effective management of Environmental Social Governance (ESG) risks such as climate change.

For further information on the Board and its sub-committees, please refer to the company's Corporate Governance Statement which can be found on the Group's website at: *https://www.alsglobal.com/en/myals/investors/corporate-governance*

Management's role

ALS's CEO and Executive Leadership Team are accountable for the Group's actions and commitments to embed climate change into risk management and business strategy. New and emerging risks, including those relating to climate change are monitored periodically by an Executive Risk Management Committee, with changes to the material business risk register reported to the Board as required. Executive General Managers of each business stream are responsible for identifying, managing, and reporting upon climate risks within their business area and implementing appropriate risk treatments where risks exceed a defined risk appetite. The Group's operations management team is responsible for energy efficiency and greenhouse gas emissions at each of the Group's site locations, targeting innovation opportunities to reduce its carbon emissions. A dedicated Group Sustainability Manager oversees the sustainability actions conducted in each business, and through regular monthly meetings with a network of HSE Lead Managers, ensures effective communication and collaboration of best practice initiatives across the Group.

Strategy

ALS's climate change strategy is focussed on managing climate-related risks, identifying opportunities, and reducing emissions. The Group takes a proactive approach to managing climate-related risks and opportunities throughout the Group and prioritise those projects that achieve real emissions reduction and generate long term financial and carbon reduction benefits to the company.

In FY21, the Group set targets to reduce Scope 1 and 2 emissions by 40% by 2030 using 2020 emissions as the baseline year. The Group's performance against this target, broken down by division, is outlined in the 2022 Sustainability Report. The Group is pleased to report that for FY22 it achieved a 19% reduction in carbon intensity by implementing innovative actions such as installing 10 new solar PV systems (generating 854 kW of renewable energy), further increasing the use of electric and hybrid vehicles across its fleet, replacing more than 6600 conventional lights with LED, and purchasing 10% of global electricity needs from approved renewable energy sources.

The Group's Climate Change Strategic Plan outlines six key themes to target short- and medium-term initiatives that support its longer-term goals. The Group will seek to reduce demand on resources, improve its operational efficiency, invest in renewable energy, embed sustainable procurement frameworks, enhance the efficiency of its assets, and where mitigation measures are not available or practical, offset its carbon footprint. The Group is excited about its future endeavours to combat climate change. In FY22 the Group executed green bonds under a new USPP funding arrangement, committing $30 million to complete its green initiatives and projects across ALS.

Outlined in the table on the following pages are the Group's key climate-related risks and opportunities. These risks and opportunities are not listed in order of significance and are not intended to be exhaustive. They represent the most significant risks and opportunities identified during FY22 stemming from a review of Group strategic plans and risk registers, and discussions with senior management. This process confirmed that at present, there are no material short-term climate-related risks for the Group. The majority of ALS's climate related risks have been deemed to potentially impact the business in the medium to longer term. Opportunities identified relate primarily to leveraging ALS's existing capabilities as a service provider to service new and adjacent markets that will continue to emerge as a result of the transition to a low carbon economy.

Scenario Analysis

According to TCFD, global warming scenarios analysis helps organisations to better understand how the physical and transition risks and opportunities of climate change might impact the business over time. The International Energy Agency (IEA) and United Nations Intergovernmental Panel on Climate Change's (IPCC) meta-scenarios provide an overall context to assist in the development of company specific scenarios. In FY22 The Group undertook a detailed assessment of its climate-related risks and opportunities in partnership with The Climate Service (TCS) and AON. Climate modelling was conducted to identify the financial impact of climate change on ALS' s largest 150 site locations (representing over 85% of the Group's total asset values), the key hazards which can be expected to impact the business and the timeframe for when they impact. Modelling included physical risks, transition risks, and opportunities using three separate scenarios:

Scenario RCP 2.6 "Very Low Emissions"

This scenario assumes that emissions peak early and then fall due to the active removal of greenhouse gases from the atmosphere. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 0.9 to 2.3℃.

Scenario RCP 4.5 "Low Emissions"

This scenario implies coordinated action to limit greenhouse gas emissions to achieve a global temperature warming limit of approximately 2 degrees Celsius. It is a stabilization scenario where total radiative forcing is stabilized before 2100 by employment of a range of technologies and strategies for reducing greenhouse gas emissions. Within this scenario itself, it is estimated that end-of-century increases in global mean surface temperature will be in the range of 1.7 to 3.2℃.

Scenario RCP 8.5 "High Emissions"

This scenario assumes that no major global effort to limit greenhouse gas emissions will go into effect. RCP 8.5 is characterized by increasing greenhouse gas emissions over time representative for scenarios in the literature that lead to high greenhouse gas concentration levels. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 3.2 to 5.4℃.

The TCFD classifies risks and opportunities by:

- Physical Risks – these are risks stemming from the direct impact of climate change on the Group's physical environment through, for example, resource availability, supply chain disruptions, or damage to assets from severe weather. These risks can be chronic or acute.

- Transition Risks – these relate to a wide set of changes in policy, law, markets, technology, and prices that are necessary to achieve the transition to a low-carbon economy.
- Climate-related Opportunities – these include benefits to mitigate and adapt to climate change such as resource efficiency and cost savings, development of new products and services, accessing new markets, and building resilience along the supply chain.

Results from the Group's scenario modelling indicated that for Physical Risks, temperature extremes followed by coastal flooding were the two most significant risks identified. Modelling utilized temperature and precipitation data from the Coupled Model Intercomparison Project (CMIP), established in 1995 by the World Climate Research Programme (WCRP). The hazard metric used for coastal flooding was the localized annual probability of the historical 100-year flood event.

For Transition Risks, carbon pricing and market risk were the two most significant risks identified from the assessment. These transition risks related to policies and regulations that may impose a carbon price through carbon taxes or emissions trading, and changes in supply and demand for the Group's products and services in the marketplace. TCS utilized carbon price projections from the underlying data of the Shared Socioeconomic Pathways (SSPs) models used by the IPCC. For scenario RCP8.5, modelling used a carbon price based on the Shared Socioeconomic Pathways scenario SSP3-60, which assumes high challenges to both adaptation and mitigation. The price varies across five regions and through time, with the range of values being approximately \$8/ton to \$82/ton by 2100. Mid-century prices are estimated at \$29/ton. For each location, modelling assigned a likely carbon price, and used GHG emissions data for each site location to calculate the carbon pricing risk. For scenario RCP 4.5, modelling used a carbon price based on the Shared Socioeconomic Pathways scenario SSP3-45. Prices range from approximately \$8/ton to \$440/ton in 2100. Mid-century prices are estimated at \$65/ton. Carbon pricing used in the modelling under scenario RCP 2.6 range from \$0 in the 2020s to \$1,200/ton in the 2090's, with mid-century prices estimated to be \$111/ton in 2040's, \$184/ton in 2050's, and \$248/ton in the 2060's.

Outputs from TCS risk modelling reflect the overall expected annual financial impact to operating expenses, capital expenditures, and business interruption/reduced production. Modelling also quantified a number of opportunities relating to climate change, with the most significant opportunities related to Products and Services, Energy Sources, and Resource Efficiencies. In FY2023, the risk and opportunity outputs from TCS will be further workshopped with the ALS Finance and Sustainability Teams to stress test the key financial statements for the ALS Group.

Risk management

The Groups' Risk Register documents both the risks and opportunities to the businesses relating to climate change. Key risks identified in the register include:

More frequent extreme weather events that impact the Group's business and/or supply chain (potential infrastructure damage or impact to sample flows).

Adverse impact on workforce wellbeing during heat and weather events.

Poor management of energy consumption and greenhouse gas emissions could lead to increased costs and regulatory fines.

Testing markets for thermal coal are unlikely to see growth in the mid-to longer term.

Some of these risks will be offset by future opportunities that will benefit ALS's operations as a result of climate change. These include the demand for the Group's services potentially increasing in:

- testing water contamination after a flood;
- measuring air quality after fires; and
- geochemical testing of new resources such as lithium for use in battery technology.

The table below presents a snapshot of the risks and opportunities taken from the Group Climate Change Risk Register.

Risk	Description	Risk Type	Potential Impact	Management Response/Mitigation
Impacts of increasing energy, fuel and carbon costs.	Increased operation costs due to increase in electricity, gaseous and liquid fuel prices.	Transition: Market, Policy	Decreased profitability from contracts in energy intensive service lines. Time horizon: Medium to long-term.	Implementation of policies and programs to reduce energy usage and carbon emissions, encourage renewable energies, and change employee behaviours.
Exposure to extreme weather events.	Severe weather events impacting site locations, supplier's locations, or the delivery of contractual obligations. For example, significant disruption to site operations, or health and safety impact to staff.	Physical: Acute and chronic, Legal.	Inability to achieve contractual schedules due to adverse and severe weather events. Field staff health and safety impacted. Increased insurance premiums. Time horizon: Medium to long-term	Continue to assess contractual arrangements with respect to acute and chronic weather events to ensure appropriate mitigation measures are in place. Conduct Nat/Cat modelling and asset valuations for key ALS site locations. Revise business resilience and HSE plans.
Exposure to Fossil Fuel and thermal coal markets.	Transition to a low carbon economy leads to reduced demand for Oil and Gas, and thermal coal testing services.	Transition: Policy, Market, Reputation.	Reputational risks arise from ALS's continual exposure to the Coal and Oil and Gas sectors. Time horizon: Medium-term	Continue to monitor demand forecasts for thermal coal. Diversify portfolio of testing services. Use the scenario analysis as signposts for change.

Opportunity	Description	TCFD opportunity type	Potential growth to business	Management response
Extreme weather events	Increasing demand for services in Life Sciences. Added pressure on the environment will mean stricter enforcement of government regulation.	Regulation	Testing water contamination after a flood and measuring air quality after fires. Increase in demand for general environmental testing services for industry.	Strengthen existing and establish new relationships with key customers. Leverage ALS's capability and broaden its service offerings.
Demand for alternate energy sources.	Transition to a low carbon economy is driving demand for base metals (copper) and precious metals (e.g., lithium, zinc) critical for battery and other new technologies.	Products/ Markets	Testing of new resources such as lithium, plus opportunity to leverage existing service capabilities.	Strengthen existing and establish new relationships with key customers Leverage ALS's capability and broaden its service offerings.

Greenhouse Gases (GHG)

The Group emits greenhouse gases both directly and indirectly. It gathers a range of scope 1 and 2 CO_2 emission data from all its businesses and has commenced the collection of partial scope 3 data. The Group continues to extend the scope of its emissions data capture and improve its data collection process. In FY22, the main sources of the Groups' emissions were:

- Electricity: 47,800 tonnes
- Heating, ovens and furnaces: 30,000 tonnes
- Transport: 14,500 tonnes

All of the Group's greenhouse gas emissions data can be found in the 2022 Sustainability Report which is available on the company website.

Metrics and Targets

The Group continues to evolve its climate-related metrics and targets. The aim is to establish metrics and targets that are relevant and reliable, and that will drive performance and transparency against its climate-related goals. During FY22, the Group met its annual target of a 6% reduction in carbon intensity as part of its long-term goal for 40% reduction in carbon intensity by 2030. The Group also took the opportunity to develop ambitious goals for FY23 and beyond which included:

- A further 6% reduction in carbon intensity for FY23 against baseline of 2020 for scope 1 & 2 emissions across all Business Streams
- At least 90% of all electricity consumed by ALS site locations to be sourced from renewable energy for FY23
- Achieve carbon neutrality for the ALS Group for its scope 1 & 2 emissions for FY23.

The Groups main sources of Scope 1 (direct) emissions include emissions from the use of natural gas for heating buildings, transport fuel, and LPG for operating its ample ovens and furnaces, while Scope 2 (indirect) emissions are those associated with electricity use. Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in ALS's value chain. We measure and report on Scope 1 and Scope 2 greenhouse gas emissions in line with the greenhouse gas protocol. The Group's historical greenhouse gas emissions are outlined in the 2022 Sustainability Report.

During FY22, the Group continued work to better understand its Scope 3 emissions. This work will continue in FY23 with development of a Scope 3 emissions inventory. The Group will also progress work on determining boundaries and identifying key areas to address as a priority.

The Executive Management Team's performance is linked to a short-term incentive remuneration program. Key performance indicators have been set for the CEO and all Executive General Managers that include targets for reduction in greenhouse gas emissions aligning with the company's climate change strategic plan.

STATE OF AFFAIRS

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification in the Life Sciences division. Specifically, the Group expanded and diversified its technical service capabilities through acquisitions in environmental and pharmaceutical testing in Europe, geochemistry testing in Australia, and in contract research and clinical testing through the acquisition of a 49% state in Nuvisan, based in Germany.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

A letter from the chairman – unaudited

Dear Shareholders

On behalf of the ALS Limited Board (the "Board"), I am pleased to present our remuneration report outlining the remuneration of the Group's Key Management Personnel ("KMP").

Our remuneration report has been refreshed this year to reflect feedback from stakeholders, improve its readability and further elaborate on the connection between remuneration and company performance. The Board has endeavoured to ensure the detailed level of disclosures, which stakeholders have come to expect, has been retained.

While an Australian listed company, ALS is a truly global business with the majority of our workforce, clients and operations located outside of Australia, including many of our Senior Executives and Board members. As we compete globally for talent and market share, the Board reviews our remuneration framework to ensure an appropriate balance which allows us to effectively compete to attract, motivate and retain key talent both at home in Australia and in the markets we serve around the world.

ALS' underlying performance in FY22

ALS delivered a record performance in FY22.

Revenue from operations (up 23.9%) and underlying net profit after tax (UNPAT) (up 42.1%) both grew strongly. UNPAT was at the top end of the revised upward guidance issued in March 2022. Dividends to shareholders increased 42.0% and the share price rose 38.4%. These results were driven by:

- strong growth in volume and efficiency gains in Life Sciences and Geochemistry;
- sustained focus on maintaining a strong balance sheet while also completing several strategic acquisitions; and
- maintaining a focus on our people, safety and sustainable execution.

We remain very positive about the future of ALS, bolstered by a new five-year strategic plan, tenable opportunity for growth and clear focus on sustainability, including the acceleration of our commitment to, and pace of, achieving reduced carbon emissions, carbon neutrality and the continuing investment in a comprehensive ESG program.

FY22 Remuneration Outcomes

Fixed Remuneration

There was no increase to the CEO's fixed remuneration in FY22.

The CFO and GM Life Sciences EMEA received increases to their fixed remuneration (effective from 1 April 2021) of 2.5% and 9.5% respectively as an independent market-based remuneration benchmarking exercise indicated fixed remuneration was not sufficiently competitive.

Short Term Incentives

Our very strong performance against the Financial, Strategy and ESG KPIs, resulted in commensurate STI vesting outcomes for the KMP for FY22 ranging between 90% and 100% of maximum. Outperformance against financial targets, particularly underlying EBIT and NPAT in Geochemistry, Life Sciences and at corporate level, very strong cash and debt management, strong safety and sustainability outcomes and consistent progress against key non-financial strategic objectives drove this deserved STI outcome.

Long Term Incentives

As a result of sustained performance against each of the four performance hurdles over the three-year performance period, the 2019 LTI Awards will vest at 100%. Achievement at this level of target performance reflects a balanced and consistently strong performance against EPS, relative EBITDA (versus peers), relative TSR and ROCE performance measures, each of which was scored at the full 25% level.

Changes for FY23

In recognition of the increased scale and scope of the ALS global business, and in support of our refreshed 5-year strategic plan, the company will reorganise in FY23 to realign the Life Sciences business streams into global market segments, consolidate smaller businesses to optimize performance and investment, and will appoint a Chief Strategy Officer and Chief Technology Officer reporting to the CEO. This reorganisation will better align leadership and resources to drive the strategic plan, promote growth and innovation and develop leadership capability.

To reflect the increased scope of their roles as we move to a more globally aligned structure, and in recognition of continued market demand for senior executives in the industry internationally, and benchmarking in US, Europe and Australia against relevant industry and geographic peers, the Board has approved the following changes to our KMP remuneration framework to take effect in FY23:

- For the CEO, no fixed remuneration increase in FY23 but an increase in STI opportunity from 60% to 70% at target and an increase in LTI opportunity from 100% to 150%.
- For other Executive KMP, increases in fixed remuneration ranging from 3% to 15% and an increase in LTI opportunity from 60% to 110%. There will be no change to STI opportunities which will remain at 60% at target.

The Board believes these changes will align executives with shareholders by rewarding long-term value creation whilst providing more market aligned incentive opportunities supporting the retention of our talented team.

In addition, the Board continues to review both STI and LTI targets to ensure that they remain challenging and are aligned to the strategic objectives of ALS.

Finally, Non-executive Director (NED) retainer fees have been increased by 5%, noting the last increase was made in 2019, and a common fee structure among each of the respective Board committees has also been implemented, resulting in some individual adjustment to directors' committee participation fees. Due to the increased complexity of the global business, and the associated workload of directors, the size of the board will be increased by one director during FY23. Along with prudent overlapping of NEDs associated with board succession plans, we will therefore be seeking shareholder approval at the 2022 Annual General Meeting to increase the NED fee cap pool from $1,650,000 to $1,897,500.

Thank you for your ongoing support of ALS and supporting our remuneration practices as our unique business continues its growth and evolution. We look forward to engaging with you at our 2022 Annual General Meeting.

Yours faithfully,

Bruce Phillips

Chairman

Remuneration report – audited

OUR GLOBAL BUSINESS AND KEY MANAGEMENT PERSONNEL

ALS has evolved to be a truly global business. Although listed on the ASX and headquartered in Brisbane, Australia, we now operate in over 70 countries with a total of over 18,000 staff worldwide.

The graphic below shows our locations and an approximate breakdown of the Group's revenue by region and the location of our staff.

Table 1 below sets out the details of each KMP in FY22:

Name	Position	Term as KMP in 2021-22	Location
Non-Executive Directors			
Bruce Phillips	Chairman of the Board/ Member of People Committee / Chair of Nominations Committee	Full Year	Australia
John Mulcahy	Member of Audit and Risk Committee / Member of People Committee / Member of Nominations Committee	Full Year	Australia
Charlie Sartain	Chair of Sustainability and Innovation Committee / Member of Audit and Risk Committee / Member of Nominations Committee	Full Year	Australia
Tonianne Dwyer	Chair of People Committee / Member of Sustainability and Innovation Committee / Member of Nominations Committee	Full Year	Australia
Siddhartha Kadia	Member of Sustainability and Innovation Committee / Member of People Committee / Member of Nominations Committee	Full Year	USA
Leslie Desjardins	Chair of the Audit and Risk Committee / Member of Nominations Committee	Full Year	USA
Executives			
Raj Naran	Managing Director and Chief Executive Officer	Full Year	USA
Bruce McDonald	General Manager, Geochemistry	Full Year	Canada
Andreas Jonsson	General Manager, Life Sciences EMEA	Full Year	Sweden
Tim Kilmister	General Manager, Life Sciences APAC	Full Year	Australia
Luis Damasceno	Chief Financial Officer	Full Year	USA
Former Executives			
Kristen Walsh	Former General Manager, Industrial	Ceased 8 October 2021	

TABLE 1

SNAPSHOT OF FY22

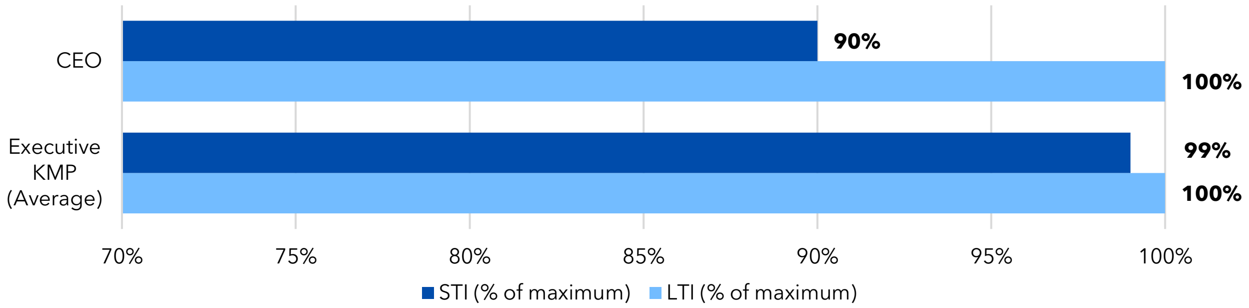
Organisational performance

Revenue	**$2,108.5m**	**↑ 19.7%**
Underlying* EPS	**54.7c**	**↑ 42.1%**
Underlying* EBIT	**$409.4m**	**↑ 35.8%**
Underlying* EBIT margin	**18.8%**	**↑ 9.9%**
Underlying* NPAT	**$264.2m**	**↑ 42.1%**
Dividends per share	**32.8c**	**↑ 42.0%**

* *The term 'Underlying' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.*

Executive variable remuneration outcomes

The below Table summarises the variable remuneration outcomes for the CEO and all Executives (on average) vesting during FY22.



Actual Pay of Executives in FY22

Table 2 below lists Total Fixed Renumeration (TFR) and other remuneration actually received by all Continuing Executives in relation to the financial year ending March 2022.

This information differs from that provided in the statutory remuneration Table 21 disclosed later in this report, which shows the accounting expense of remuneration in respect of each year, determined in accordance with accounting standards rather than the value of remuneration (including LTI grants that vested) received during the year.

FY22 Remuneration actually received and due (non-IFRS & non-audited):

In AUD Directors:	TFR and allowances	STI[(a)]	Termination benefits	Total cash payments received	Equity vested during year[(b)]	Total remuneration received
Executive director:						
Raj Naran [(c)]	1,573,786	803,047	-	2,376,833	1,599,563	3,976,396
Continuing Executives:						
Bruce McDonald [(c)]	692,291	426,334	-	1,118,624	554,232	1,672,856
Andreas Jonsson [(c)]	608,069	346,743	-	954,812	282,816	1,237,628
Tim Kilmister	520,000	322,129	-	842,129	333,970	1,176,099
Luis Damasceno [(c)]	731,411	440,776	-	1,172,187	378,698	1,550,885
Total All Continuing Executives	**4,125,557**	**2,339,029**	**-**	**6,464,586**	**3,149,279**	**9,613,865**

TABLE 2

(a) Accrued STI cash component which is paid following the end of the financial year to which it relates.

(b) Performance Rights are granted annually under the LTI Plan to Executives. The amounts above represent the value of Performance Rights granted in 2018 which vested on 1 July 2021 during the year. It is calculated as the number of shares allocated to Executives multiplied by the $12.86 closing market price of ALS Limited shares on the vesting date. Deferred service rights are granted annually under the STI Plan to Executives. The amounts above represent the value of Service Rights granted in 2019 which vested on 1 April 2021 during the year. It is calculated as the number of shares allocated to Executives multiplied by the $9.84 closing market price of ALS Limited shares on the vesting date.

(c) Raj Naran, Luis Damasceno, Bruce McDonald and Andreas Jonsson are employed outside Australia. Relevant portions of their salaries, STIs and pension benefits have been converted into Australian dollars above using applicable average FX rates. In relation to Andreas Jonsson, an additional amount of $237,525 was paid (not included above) representing statutory social security obligations in Sweden.

Changes to Executive Remuneration Framework

As foreshadowed in last year's remuneration report, the below elements of the Executive Remuneration Framework were adjusted in FY22 to ensure its continued effectiveness and competitiveness:

Element	Change and Objective
STI Deferral	Mandatory deferral of STI has increased to require 1/3 of all KMP STI outcomes to be deferred into Service Rights, vesting after 2 years subject to continued employment. Previously, deferral only applied to any 'outperformance' component earned on an Executive's STI.
MSR	A mandatory Minimum Shareholding Requirement has been introduced for Executives, to be achieved within five years to further align Executive's interests with the shareholder experience.
ESG KPI	For FY22, Executive's scorecards introduced a weighted specific ESG component to better align them with the Group's Environmental & Sustainability, Social & People and Governance & Culture related goals. The measures included in this component were quantifiable and more detail is included in Table 6.
STI & LTI Opportunities	During FY20 the Group completed an external review of its Executive Remuneration Framework to ensure it remains effective and appropriate for ALS as it expanded into a larger and increasingly more global business. The review identified that the Group's variable remuneration opportunity for its Executives was below market for similar sized companies in our industry and geographies, with the STI opportunities not changed since FY13, when ALS was less than half the size it is now. The uncertainty presented by the COVID-19 pandemic and its potential impact on the Group's prospects led the board to defer these opportunity increases for FY21, as well as apply other short-term remuneration reductions. To ensure continued competitiveness of remuneration in the following FY22, changes were made as follows: • target and maximum STI opportunities for all Executives (excluding the CEO) increased to 60% and 90% of TFR respectively; and • CEO's maximum LTI opportunity increased to 100% of TFR and to 60% of TFR for all other Executives. With effect from FY23 STI and LTI opportunities will be increased as highlighted in the Chairman's letter.

TABLE 3

EXECUTIVE REMUNERATION FRAMEWORK

Our remuneration strategy

ALS Group Vision

To be the global leader in the discipline of scientific analysis in pursuit of a better world for all. Our goal is to use the power of testing to solve complex challenges, serve clients with data-driven insights for a safer and healthier world, and to provide a workplace that enables our diverse staff the opportunity for growth and positive engagement a safe, inclusive environment to achieve sustainable growth and shareholder value creation.

Translated into Group Strategy and developed into group structure, plans and policies:

Group Strategy

The Group's five-year Strategic Plan drives all activities in the business. Each year an annual business plan is prepared for each Business Unit which examines the components that will need to be achieved during the year; and longer-term goals are recalibrated and adjusted as required.

The Group's five-year Strategic Plan is translated to the remuneration strategy that will assist the Group in achieving its financial and other business goals

Executive Reward Strategy

- Transparent link to individual performance and tied to strategic outcomes.

  Set at 1 April each year and reviewed annually in response to internal and external changes to ensure the benefits of Executive motivation, attraction and retention are achieved.
- Reasonable, fair and equitable while providing a sustainable platform for growth.

Delivered through the Fixed and Variable (STI and LTI) remuneration components

Fixed Remuneration

Executives are paid a salary plus superannuation / pension benefits (based on local laws) (collectively, **TFR**) which is not performance tested. Executives may also receive other allowances.

TFR reflects an Executive's unique qualities (role, responsibilities, experience, location, internal relativities etc) and is reviewed annually to ensure competitiveness in a tight global talent market.

STI KPIs reward financial, operational, strategic, ESG and HSE outcomes:

Short Term Incentive (STI)

- Annual plan providing Executives the opportunity to earn STI subject to performance indicators (**KPIs**), where awards are paid 2/3 in cash and 1/3 in deferred to service rights.
- Each Executive has a tailored set of financial and non-financial KPIs set for their role.
- The Group achieving a minimum NPAT target acts as a gateway to any STI becoming payable, after which individual achievement of a minimum financial threshold value acts as a gateway for achievement of any non-financial KPI's.

The LTI is contingent on multiple performance measures to ensure sustainable performance and aligns key executives' financial outcomes with Shareholder interests over the long term:

Long Term Incentives (LTI)

- Grant of performance rights each year, vesting based on the Group's 3-year performance.
- Four equally-weighted Hurdles are tested: (1) EPS Growth; (2) TSR (relative against ASX 100 peers); (3) EBITDA Margin (relative against industry peers); and (4) ROCE.

Remuneration is designed to align executive reward to growth in shareholder value:

Alignment with Shareholders

STI Financial KPIs incentivise financial growth against last year's performance to pay out at target, while Non-Financial KPIs are aligned with operational and/or strategic objectives aimed at creating long-term shareholder value.

Use of four equally weighted LTI Hurdles (two relative and two absolute) with performance assessed over a 3-year performance period promotes sustainable performance, with global and local peer performance comparisons for balanced assessment.

Remuneration partly received in equity with 2- and 3-year vesting windows combined with mandatory shareholding requirement for retention and to align Executives with shareholder experience.

Strengthened through robust governance and operational risk management:

Governance & Risk Management

- A Board of Independent Directors (advised by Board Committees and specialist advisors) has full discretion over all reward components and final remuneration outcomes.
- Specific risk-focused elements play crucial roles in Executive remuneration, including (1) STI deferral and variable remuneration clawback provisions for Malus and Code of Conduct circumstances; (2) specific Code of Conduct KPIs in the STI; and (3) financial gateway ensuring affordability of the STI.

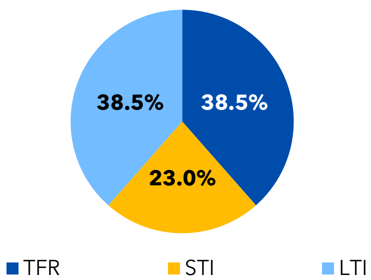
For an illustration of ALS' remuneration, see the "Governance Structure' section.

TABLE 4

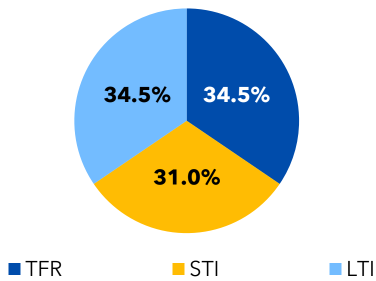
Remuneration mix

The following graphs show the target and maximum remuneration mix of the CEO and Other Executives (on average) in FY22:

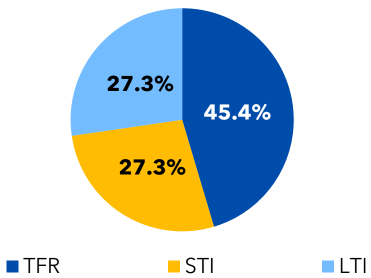
CEO
Target Remuneration



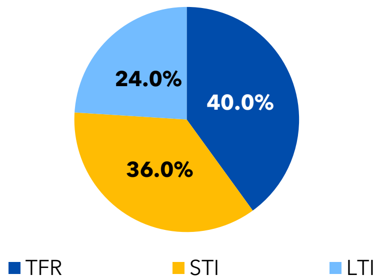
CEO
Maximum Remuneration



Other KMP
Target Remuneration



Other KMP
Maximum Remuneration



THE LINK BETWEEN PERFORMANCE AND REWARD

Organisational performance

As detailed in in the Chairman's letter, in FY22 the Group delivered a record result with underlying Net Profit After Tax (UNPAT) at the top-end of the upgraded guidance. The Group has delivered strong organic growth, margin accretion and made highly strategic acquisitions during the period and has emerged from the COVID-19 pandemic in an even stronger position.

The financial data in respect of the current and previous four financial years, and its relationship to Executive pay, is set out below:

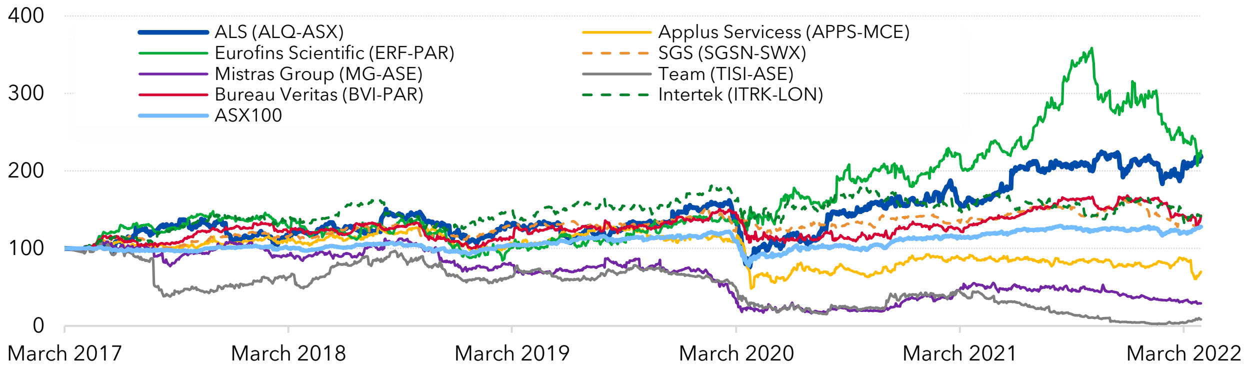
Measure of financial performance	Fluctuation in financial performance is reflected in Executives' pay via:	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Underlying profit* attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial Hurdles	264.2	185.9	188.8	181.0	142.2
Profit / (loss) attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial Hurdles	190.5	149.0	127.8	152.6	51.8
Dividends paid or payable	LTI TSR Hurdle	158.4	111.4	84.9	109.3	84.4
Share price at balance date	LTI TSR Hurdle	$13.40	$9.68	$5.56	$7.59	$7.42

** Underlying profit is a non-IFRS disclosure and is unaudited.* ***TABLE 5***

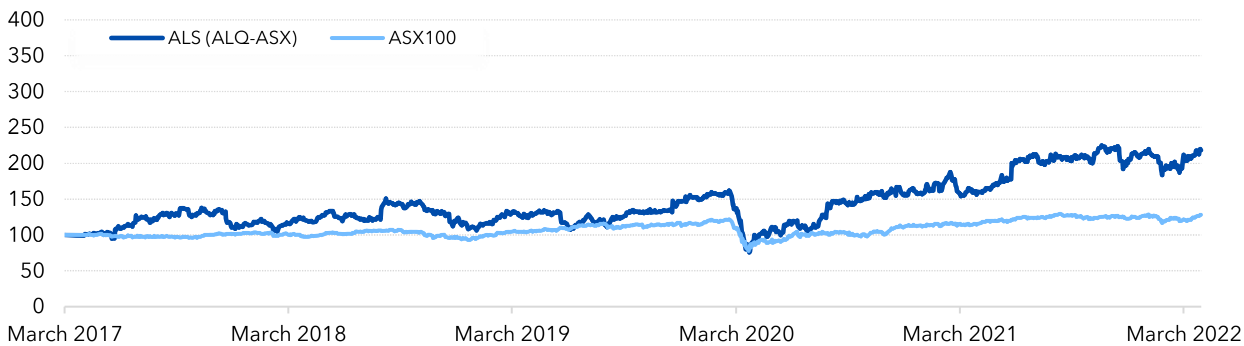
To assist with understanding how our shareholders' continued investment in ALS has performed relative to other options open to them, the chart below shows ALS' share price performance versus:

1. Global listed competitors of ALS in the testing, inspection and certification industry; and
2. The ASX 100 – being the comparator group for the purposes of testing the LTI's rTSR Hurdle.

ALQ share price vs peers (rebased to 100, commencing 1 April 2017)



ALQ share price vs ASX100 (rebased to 100, commencing 1 April 2017)



FY22 STI outcomes

The CEO's STI outcome for FY22 was 90% of maximum opportunity and the average outcome across the other Executives was 99%. Executives' KPI achievements are broken down in more detail in Table 6 below. See Table 7 for the STI outcomes in overall monetary and percentage terms.

Before confirming STI outcomes, the Board confirmed that both the Group's minimum Underlying NPAT gateway ($189.6.m) and individual Threshold Financial KPIs had been achieved for all KMP.

<table>
<tr><th rowspan="3"></th><th rowspan="3">Component</th><th rowspan="3">Details of the measures used in each component</th><th rowspan="3">Weighting (% of STI opportunity)</th><th rowspan="3">Applicable to:</th><th colspan="3">Achievements</th><th rowspan="3">Outcome for Shareholders</th><th rowspan="3">Vesting Outcome</th></tr>
<tr><th>Threshold</th><th>Target</th><th>Outper-formance</th></tr>
<tr><th>-10%</th><th></th><th>+10%</th></tr>
<tr><td rowspan="5">Financial</td><td rowspan="4">Group / Business Unit performance</td><td rowspan="4">For Executive KMP, the financial hurdles are set within the Executive's sphere of control. The performance KPIs for FY22 were:
• For the CEO and CFO - overall Group Underlying NPAT results.
• For other Executive KMP – to ensure a group impact as well as focus on the areas within the Executive's sphere of control, performance measures were split between Group Underlying NPAT and Underlying EBIT of their respective business unit.</td><td rowspan="4">50% (CEO and CFO)
55% (other Executive KMP)</td><td>Group</td><td colspan="3"></td><td rowspan="4">UNPAT of $264.2m strongly exceeded UNPAT target of $210.7m reflecting 19.7% revenue growth, margin improvement and strong overall performance</td><td rowspan="4">CEO:
50% / 50%
Others (average):
55% / 55%</td></tr>
<tr><td>Geochemistry</td><td colspan="3"></td></tr>
<tr><td>Life Sciences APAC</td><td colspan="3"></td></tr>
<tr><td>Life Sciences EMEA</td><td colspan="3"></td></tr>
<tr><td>Other Financial measures</td><td>Additional financial measures in the scorecard focus Executives on individual financial objectives, including improvement in:
• Return on Sales
• Total employment cost management
• Cash management with days sales outstanding and debt management</td><td>5% (CEO and Other Executive KMP)
10% (CFO)</td><td>Group</td><td colspan="3">Mostly achieved
FY22 164bps EBIT improvement in ROS
3 day reduction in DSO to 49 days</td><td>Leverage sustained at 1.9X reflecting focus on margin improvement and strong cash management / debtor management overall.</td><td>CEO:
4% / 5%
Others (average):
4% / 5%
CFO:
5% / 5%</td></tr>
</table>

Strategy	Executive KMP were also assessed against their contribution to and performance against ALS's strategic goals. This included: • The development of the Group's post-COVID strategy • A culture of agility and innovation (e.g., new services, new testing techniques) and nurturing growth. • Aligning our M&A Strategy & pipeline to the updated Corporate strategic plan, post-COVID environment and ongoing asset portfolio.	20%	Group	**Mostly Achieved** Development of 5 year strategic plan New COVID-19 related testing methods developed COVID-19 waste water testing Multiple acquisitions completed in Europe and Australia including Nuvisan.	Completion of a new 5-year strategic plan to drive growth and shareholder returns. Significant strategic acquisitions completed which broaden our service offering and provide a platform for future growth. Our culture of agility and innovation enables ALS to quickly respond to service opportunities, dynamic supply chains and competitive labour markets.	CEO: 14% / 20% Others (average): 20% / 20%
ESG	Recently incorporated, this component focuses Executive KMP on objectives in connection with the Group's sustainability goals. This included: • Reducing our carbon intensity • Furthering our sustainability plan • Increase gender representation • Succession planning • Modern slavery incident reduction (in our workforce and through our supply chain) • OHS positive performance indicators • Risk management	25% (CEO and CFO) 20% (other Executive KMP)	Group	**Achieved** Reduced carbon intensity by 19% (for scope 1 & 2 GHG). Developed a strategy to reach carbon neutrality in FY2023 (for scope 1 & 2 GHG). Expanded R.I.S.E. gender equity working group into EMEA and North America. Advanced succession planning for all CEO direct reports. Reduced TRIFR by 23%. Revised and updated the Group Material Business Risk Register. Increased female representation in Directors and Senior Management groups Implemented a 'Women in Leadership' mentoring program	Focus on ESG measures continues to underpin our culture and the long term sustainability of our business. Notably, we exceeded achievement of carbon emission reduction targets and enhanced the Sustainability Plan, increased gender representation and extended succession planning. Strong risk management was reflected in no significant or material issues.	CEO: 22% / 25% Others (average): 20% / 20%

TABLE 6

Table 7 below illustrates the STI outcomes above for each Executive in overall monetary and percentage terms.

	Total cash STI included in remuneration	**Total deferred equity STI awarded**	**Total STI awarded**	**Total STI awarded vs TFR and allowances received**	**Total STI awarded vs max STI opportunity**	**Total STI forfeited vs max STI opportunity**
Executive	**$[(a)]**	**$[(b)]**	**$**	**%[(c)]**	**%**	**%[(d)]**
Raj Naran	803,047	344,163	1,147,210	73%	90%	10%
Bruce McDonald	426,334	182,714	609,048	88%	100%	0%
Andreas Jonsson	346,743	148,604	495,347	81%	98%	2%
Tim Kilmister	322,129	138,055	460,184	88%	98%	2%
Luis Damasceno	440,776	188,904	629,680	86%	100%	0%
Former Executive	**$[(a)]**	**$[(b)]**	**$**	**%**	**%**	**%[(c)]**
Kristen Walsh [(e)]	-	–	-	0%	0%	100%

TABLE 7

(a) Amounts included in remuneration for the financial year represent the STI cash components which vested in the financial year based on the achievement of personal goals and satisfaction of specified performance criteria.

(b) STI announced to be paid in Service Rights to be granted in FY23. These values are included in the values of share-based awards in Table 21 and the remuneration mixes detailed previously and Financial Statements note 8a for details.

(c) TFR includes pension fund contributions and travel allowances and excludes statutory social security amounts paid on behalf of Andreas Jonsson.

(d) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year.

(e) Kristen Walsh ceased employment with the Group on 8 October 2021.

2019 LTI Award vesting outcomes

Achievements against each of the Hurdles for the 2019 LTI award assessed over the 2019-2022 performance period is set out in more detail below.

Hurdle and weighting	Achievement Details	Vesting %
EPS Growth **25%**	Vesting under this Hurdle required a minimum threshold of a 6% p.a increase for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for a 10% p.a. or higher increase (straight line vesting in between). The compound annual growth rate in the Group's diluted underlying EPS over the three-year period to March 2022 was 13.9% p.a. (from 37.0 cents to 54.7 cents). This outcome is above the maximum target threshold of a 10.0% per annum increase resulting in maximum vesting.	25%
EBITDA Margin **25%**	Vesting under this Hurdle required a minimum threshold of 50th percentile performance against the TIC industry peer comparator group for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for 75th percentile. or higher performance (straight line vesting in between). The underlying EBITDA margin achieved by the Group over the three-year period to March 2022 was 23.28 per cent. As shown below, this placed the Group at the 85.7th percentile and ranked 2nd within the comparator group which is above the maximum target threshold of the 75th percentile resulting in maximum vesting.	25%

Company	Currency	Cumulative underlying[(a)] EBITDA (m)	Cumulative Revenue (m)	EBITDA Margin %	Rank	Percentile
Eurofins	EUR	4,197	16,789	25.005	1	100%
ALS	AUD	1,350	5,798	23.28%	2	85.7%
SGS	CHF	4,191	18,609	22.52%	3	71.4%
Intertek	GBP	1,861	8,515	21.86%	4	57.1%
Bureau Veritas	EUR	2,768	14,682	18.85%	5	42.9%
Core Laboratories	USD	287	1,626	17.66%	6	28.6%
Applus	EUR	745	5,112	14.58%	7	14.3%
Mistras	USD	188	2,019	9.33%	8	-

Hurdle and weighting	Achievement Details	Vesting %
rTSR **25%**	Vesting under this Hurdle required a minimum threshold of 50th percentile performance against the ASX 100 comparator group for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for 75th percentile. or higher performance (straight line vesting in between). ALS's return to shareholder performance over the three-year period to March 2022 relative to the ASX 100 comparator group was at the 83.8th percentile which is above the maximum target threshold of the 75th percentile resulting in maximum vesting.	25%
ROCE **25%**	Vesting under this Hurdle required a minimum threshold of an 11% ROCE during the performance period for any Performance Rights to vest, with maximum vesting of 25% achieved for a 16% or higher ROCE (straight line vesting in between). The Group's ROCE over the three-year period to March 2022 was calculated as 18.1% which is above the maximum target threshold of 16% resulting in maximum vesting.	25%
Total:		**100%**

TABLE 8

(a) Cumulative underlying EBITDA for peer companies includes government subsidies. Cumulative underlying EBITDA for ALS excludes government subsidies, noting ALS elected to return all government subsidies that had been received during early COVID-19 relief measures.

Historical vesting outcomes for incentives

Table 9 below lists the historical vesting outcomes of incentives at ALS in recent financial years (each ending 31 March):

	2022	2021	2020	2019	2018
STI[b]	97%	69%	48%	83%	65%
LTI[a] [b]	100%	97%	75%	86%	75%

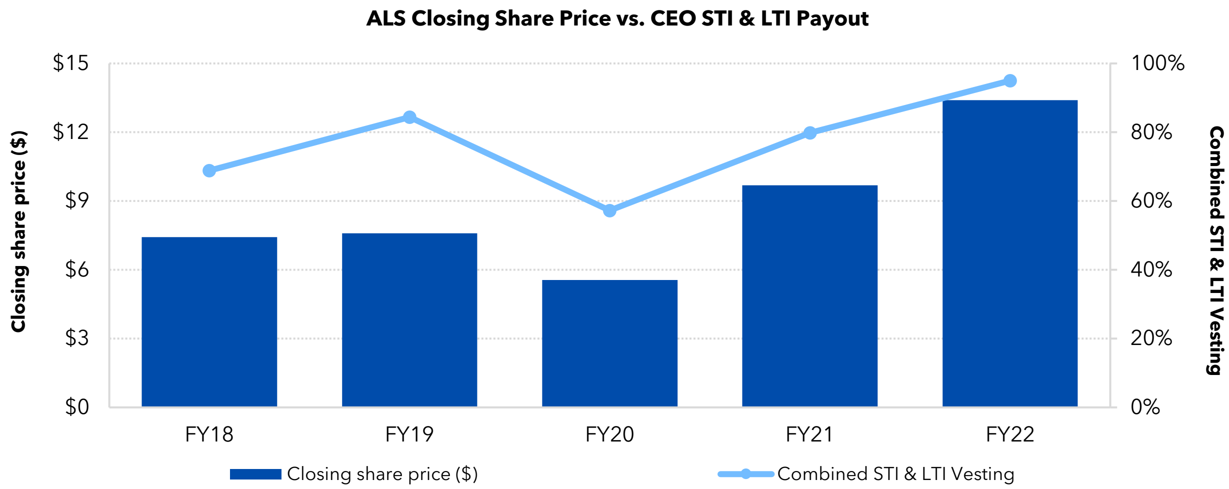
TABLE 9

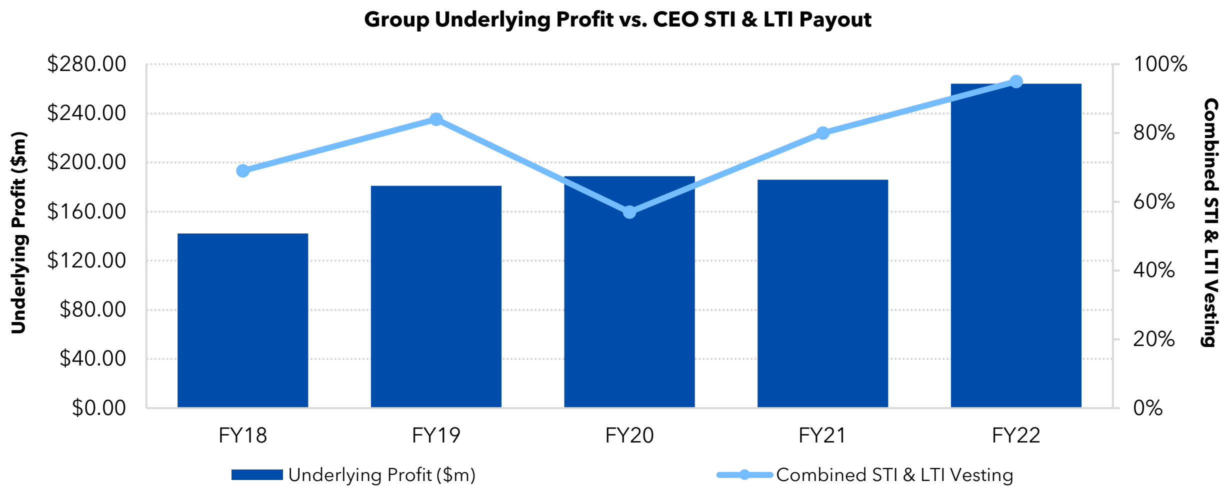
(a) This is the outcome of the grant that vested in the particular year.
(b) Outcomes expressed as a percentage of maximum opportunity at the time of grant.

LINK BETWEEN PERFORMANCE, REMUNERATION OUTCOMES AND SHAREHOLDER WEALTH

It is appropriate for remuneration outcomes to reflect the underlying shareholder wealth generated and ALS' business performance.

In considering whether the Executive Remuneration Framework remains aligned with the shareholder experience, the Board considers various key drivers of organisational performance and shareholder wealth. In particular, ALS' share price performance and level of STI and LTI vesting versus ALS's Underlying NPAT (which underpins STI outcomes) show a strong correlation with organisational performance translating to increased shareholder wealth. This is illustrated in the graphs below.





SHORT TERM INCENTIVE PLAN

As part of their variable remuneration Executives are invited to participate in an annual Short Term Incentive Plan (**STI**), which is contingent on the achievement of specified key performance indicators (**KPI**) as well as the 'Gateway' conditions set by the Board for the financial year. After a number of temporary changes to the structure of the STI were made in FY21 on account of the unknown COVID-19 pandemic impacts on the Group, this year's STI has returned to a more traditional structure operated in previous years.

Summary of terms

What is the purpose of the STI?

The STI is intended to incentivise and potentially reward Executives for their individual performance in driving key organisational strategies each year. The Board considers the STI to be both:

- a driver of shareholder wealth by incentivising Executives to focus on the day-to-day practices and behaviours that translate to longer term organisational growth and sustainability; and
- a key component of a competitive remuneration package for ALS' Executives.

What is the opportunity and how are STI outcomes measured?

KPIs are generally set based on the following opportunity levels (with linear outcomes for performance between levels). Certain Non-Financial/Strategic KPIs are assessed on less formulaic targets but with the same principles as to performance levels applied.

Level	Details	Opportunity
Threshold	The minimum performance to be achieved for any STI payment to be earned. Achievement at Threshold results in payment of Individual KPIs only.	30% of TFR for the CEO 27% of TFR for Other Executives
Target	The budgeted performance which is intended to be challenging and require achievement in excess of performance from the prior year. Achievement at Target results in 100% of STI quantum at Target.	60% of TFR
Outperformance	Significant achievement beyond target performance, for which maximum STI payments may be earned. Achievement at Outperformance results in 150% of STI quantum at Target.	90% of TFR (i.e. 150% of Target)

How are STI payments delivered?

Two thirds of any STI payment earned by an Executive is delivered to them in cash at a date determined by the Board after the end of the financial year.

One third of any STI payment earned is delivered in **Service Rights** – being rights to Shares vesting following a two-year deferral period. The Executive must be still employed on 1 July two years hence for Service Rights to vest (2024 in the case of the FY22 STI) to receive the Shares (see note 8a of the Financial statements for further details).

The number or Service Rights granted to an Executive is determined by dividing their deferred STI payment by the volume weighted average price of Shares determined appropriate by the Board at that time.

What about for overseas Executives?

Where an individual Executive's country of assignment has legislation that would prevent allocation of Shares, their deferred STI payment would instead be held by ALS as cash deferred for the same two-year period.

What were the gateway condition(s)?	The Group overall must have met or exceeded an Underlying NPAT threshold before the STI is paid. The threshold is set by the Board each year based on their evaluation of circumstances and conditions impacting the Company's performance, with the intention of ensuring a threshold that is fair and representative of shareholder and company expectations for sustainable growth and pay for performance. Exceptions may be made by the Board where an individual Executive has achieved an outstanding financial result but the Group's gateway has not been achieved. For FY22, the Board set the Underlying NPAT gateway as $189.6m, being 90% of the FY22 Underlying NPAT target of $210.7m. Regardless, no STI payments are paid for Non-Financial/Strategic KPIs unless at least Threshold performance is achieved against an Executive's Financial KPI.
What KPIs were used to assess performance?	Scorecards in FY22 comprised a mix of Financial and Non-Financial/Strategic KPIs as set out in Table 6, with an emphasis on financial and strategic targets. As in previous years the STI is heavily weighted to financial performance, however this year a specific ESG category and metrics were included to increase Executive engagement in outcomes tied to the Group's sustainability related goals.

TABLE 10

LONG TERM INCENTIVE PLAN

As part of their variable remuneration, Executives are invited each year to participate in a Long-Term Incentive Plan. The following table sets out the terms of the LTI plan issued during FY22 for the performance period 1 April 2021 to 31 March 2024.

Summary of terms of the 2021 LTI Award

What is the purpose of the LTI?	The LTI is intended to reward Executives for collectively driving superior organisational performance that is expected to translate to long term and sustained growth in shareholder wealth. It is an important component of remuneration at ALS as its quantum and longer performance period serves to attract, motivate and retain high-performing and often internationally based Executive talent (where market practice is for large long term grants of equity) while aligning their interests with shareholders through equity-based reward.
What is the performance period?	Three years, commencing 1 April of the first year and ending 31 March of the third anniversary from grant.
What is the opportunity?	The CEO has the opportunity to earn an LTI to a maximum value of 100% of TFR, while all other Executives may earn an LTI up to a maximum value of 60% of TFR.
How are LTI payments delivered?	Executives are granted Performance Rights at the commencement, which either vest and exercise into Shares or lapse depending on performance against the Hurdles. Where the Board determines Performance Rights will vest, they vest and are exercised on 1 July following the end of the Performance Period.
What is the exercise price?	Executives do not pay any price on grant, vesting or exercise of their Performance Rights.
How are Performance Rights allocated?	The number of Performance Rights granted to an Executive is calculated by dividing the amount of their LTI maximum opportunity by the volume weighted average price (VWAP) of Shares over the 10 trading days following the date of announcement of full year results for the financial year immediately preceding the LTI award.
What about for overseas Executives?	Where an individual Executive's country of assignment has legislation that would prevent allocation of Shares, their Performance Rights are cash-settled on vesting, calculated per the VWAP of Shares over the 10 trading days following the date of announcement of full year results of the performance period's last financial year.

TABLE 11

LTI Hurdles for the 2021 LTI Award

LTI outcomes are determined based on the Group's performance against each Hurdle, with results for each Hurdle based on the targets determined by the Board for each LTI award. Performance is assessed following the end of the performance period.

Since the 2017 LTI award the LTI has been contingent on four equally weighted (25% each) Hurdles, the targets of which are reviewed and adjusted before granting of each award as the Board considers appropriate.

The Board believes the combination of two relative and two absolute Hurdles provides an appropriate combination of measures of those matters within management's ability to influence and those that are influenced by external factors. Having four measures ensures that outcomes are not distorted by factors impacting any one Hurdle.

The Tables below detail each of these Hurdles:

HURDLE 1: UNDERLYING EPS GROWTH

<table>
<tr><td>Description</td><td>The Group's compound annual underlying earnings per share (EPS) growth on a fully diluted basis over the performance period.</td></tr>
<tr><td>Purpose</td><td>Chosen because it provides a good indicator of the shareholder value derived from earnings growth and can be directly influenced by management.</td></tr>
<tr><td>How is it measured?</td><td>Underlying EPS growth is calculated by comparing the diluted underlying EPS from continuing operations achieved by the Group in the base year (e.g. year to March 2022) with that achieved in the final year of the performance period (e.g. year to March 2024).

Diluted underlying EPS is calculated by dividing the underlying net profit after tax attributable to shareholders of ALS Limited by the weighted average number of ordinary shares on issue for the year being measured (diluted for outstanding equity-settled Performance Rights).</td></tr>
<tr><td>Vesting Schedule</td><td><table>
<tr><th>Outcome</th><th>Vesting %</th></tr>
<tr><td><6% p.a.</td><td>0%</td></tr>
<tr><td>6% – 10% p.a.</td><td>12.5% – 25% p.a. (straight line vesting)</td></tr>
<tr><td>10% p.a. or higher</td><td>25%</td></tr>
</table></td></tr>
</table>

TABLE 12

HURDLE 2: UNDERLYING EBITDA MARGIN

<table>
<tr><td>Description</td><td>The Group's underlying earnings before interest, tax, depreciation and amortisation (EBITDA) margin over the performance period relative to the EBITDA margins of a comparator group of ALS's key global TIC industry competitors.</td></tr>
<tr><td>Purpose</td><td>Chosen because it is focused on driving cash earnings and productivity, over which management has direct influence and provides for a fair assessment of performance against our global TIC industry competitors.</td></tr>
<tr><td>How is it measured?</td><td>Underlying EBITDA margin is calculated by dividing the cumulative underlying EBITDA by the cumulative Revenue over the three-year performance period. This is compared with the cumulative EBITDA margins reported by each of the peer companies for the three financial years ending on or before 31 March of the year of vesting.</td></tr>
<tr><td>Who is in the TIC comparator group?</td><td>Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain), Team Inc. (USA).</td></tr>
<tr><td>Vesting Schedule</td><td><table>
<tr><th>Outcome</th><th>Vesting %</th></tr>
<tr><td><50^{th} percentile</td><td>0%</td></tr>
<tr><td>50^{th} – 75^{th} percentile</td><td>12.5% – 25% p.a. (straight line vesting)</td></tr>
<tr><td>75^{th} percentile or higher</td><td>25%</td></tr>
</table></td></tr>
</table>

TABLE 13

HURDLE 3: RELATIVE TOTAL SHAREHOLDER RETURN

Description	The total return delivered to ALS shareholders during the performance period relative to total returns delivered to shareholders by the companies comprising the ASX 100 (**rTSR**).
Purpose	Chosen because it provides a good indicator of the value derived from capital growth and distributions to shareholders, with the companies in the comparator group representing the alternative investment choices for many of our investors.
How is it measured?	rTSR is calculated by measuring the growth of ALS's Share price over the performance period plus the value of dividends notionally reinvested in Shares. This return value is then compared to the return value achieved across the ASX 100 comparator group during the same period.
Vesting Schedule	

Outcome	Vesting %
<50th percentile	0%
50th – 75th percentile	12.5% – 25% p.a. (straight line vesting)
75th percentile or higher	25%

TABLE 14

HURDLE 4: ROCE

Description	The Group's return on capital employed (**ROCE**) generated over the performance period.
Purpose	Chosen because it assesses the Group's success or otherwise in increasing its net worth – i.e. it needs to generate returns in excess of its cost of capital in order to add to its value.
How is it measured?	ROCE is calculated as underlying earnings before interest and tax over the three-year performance period divided by Capital Employed expressed as a percentage. 'Capital Employed' is defined as 'Total Shareholders' Equity' plus 'Net Debt' and is calculated as the sum of the simple averages of the balances at the beginning and end of each year during the performance period. If material funding transactions (for example, significant additional borrowings, equity issuances or asset impairments) occur such that the simple average for any year during the performance period is not representative of capital actually employed, the average capital employed for the year may be adjusted for the effect of these transactions. In order to provide an incentive for superior performance, targets for the ROCE Hurdle are set each year at 2 per cent and 7 per cent above the weighted average cost of capital (**WACC**) as at 31 March with straight line vesting in between the lower and upper targets.
Vesting Schedule	

Outcome*	Vesting %
<11.9%	0%
11.9% – 16.9%.	0% – 25% (straight line vesting)
16.9% or higher	25%

** Based on ALS's pre-tax Nominal WACC as at March 2021.*

TABLE 15

INCENTIVE PLAN GOVERNANCE

Common terms

In order to ensure the integrity of ALS's variable remuneration structures and that outcomes reached are appropriate and not unjustified, the plan rules applicable to both the STI and LTI contain the following provisions.

Provision	Description
Board discretion	At all times the Board retains a broad discretion to adjust an Executive's variable remuneration outcomes as it sees fit, where it considers doing so to be the appropriate action in the relevant circumstances.
Malus & Clawback	Where an Executive has found to engaged in serious misconduct (e.g. fraud, dishonesty, misstatement) the Board may exercise broad powers in relation to the Executive's variable remuneration, including to lapse/forfeit on-foot grants and to clawback outcomes already paid/vested with the Executive. This includes circumstances where an Executive is found to have misrepresented the financial and non-financial KPI results under the STI or manipulated the outcomes of any LTI hurdles.
Cessation of employment	Unvested variable remuneration grants may either lapse, remain on foot, or vest on termination, depending on the circumstances, at the Board's discretion and in accordance with section 200B and section 200E of the Corporations Act. Termination of 'good leavers' (e.g. on the basis of redundancy, death or from an age or ill-health retirement) generally allows for proportionate vesting of an Executive's variable remuneration grants. Grants do not vest and immediately lapse/are forfeited for 'bad leavers' (e.g. those who resign or are terminated for cause).
Change of Control	The Board retains the discretion to determine the treatment of on-foot variable remuneration grants where a change of control event (e.g. a Takeover Bid) arises. Generally, it is anticipated that the performance period will be brought forward in these circumstances and outcomes/vesting determined on a pro-rated basis.
Anti-hedging	Consistent with ALS' Securities Trading Policy, participants are prohibited from entering into any arrangement aimed at hedging the economic benefit of their participation in the STI or LTI.
Other	Under the STI plan, in the event of either (1) a workplace related fatality or (2) a material breach of the Code of Conduct which is determined (following an investigation by either (a) an external Regulatory Authority or (b) an internal representative working under the Authority of the Board) to have occurred in circumstances where there were organisational deficiencies in place which contributed to the incident, then the CEO and other STI participants in the Group within which the fatality or breach occurred will forfeit their STI.

TABLE 16

Executive minimum shareholding requirement

As foreshadowed in last year's remuneration report, ALS has now introduced a Minimum Shareholding Requirement (**MSR**) for all Executives (including the CEO). The purpose of the MSR is to tie a significant portion of Executives' wealth to the long-term performance of the Company so that their long-term interests and experience is aligned with that of shareholders.

Each Executive is expected to build a meaningful shareholding within five years from 1 April 2021 (or the date they commenced as an Executive if later) and maintained through the duration of their employment as an Executive.

This MSR is monitored annually, with the status of compliance as at 31 March 2022 set out in Table 17 below. It is anticipated that all Executives will meet their MSR by their deadline date based on targeted STI and LTI outcomes.

Executives	Current MSR (% of TFR)	MSR Deadline Date	Expected date to reach MSR
Raj Naran	100	1 April 2026	Fulfilled
Bruce McDonald	50	1 April 2026	Fulfilled
Andreas Jonsson	50	1 April 2026	Fulfilled
Tim Kilmister	50	1 April 2026	Fulfilled
Luis Damasceno	50	1 April 2026	Fulfilled

TABLE 17

(a) The quantum of the shareholding is measured based on a combination of the Shares, Service Rights and any vested (but not yet exercised) Performance Rights held directly or indirectly by the Executive. Any Performance Rights granted but not yet vested do not count towards the Executive's MSR.

A Minimum Shareholding Requirement (**MSR**) equivalent to one year's net fees (after tax) is applicable for Non-Executive Directors and must be met within 3 years of starting as a NED. All Non-Executive Directors have fulfilled or are on track to meet this requirement.

NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration policy

No element of Non-Executive Director remuneration is 'at risk'. Non-Executive Directors are instead paid fees that are fixed and not based on the performance of the Company or equity based, with the maximum total amount payable ('pool') capped at the limit approved at general meetings of the Company's shareholders.

Fees are set following annual reviews of publicly available information about fees paid to Non-Executive Directors in comparable sized, global companies including international competitors. The NED remuneration framework is reviewed regularly, and fees are adjusted by the Board where considered appropriate.

Non-Executive Directors are also entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company.

Fee structure

Non-Executive Directors are paid base fees and if applicable, a fee for membership of a committee. The Chairman does not receive committee fees. All fees are fixed inclusive of mandatory superannuation contributions.

The current remuneration pool, including superannuation, for all Non-Executive Directors is $1,650,000 per annum as approved by shareholders at the 2018 AGM. Currently approximately 79 per cent of the pool is being paid in fees.

The fee structure for FY22 is set out in Table 18.

Non-Executive Director – Fee Structure	** Fixed Pool: $1,650,000 per annum*	
Base Director Fees		
Chairman	*Annual fee compensates for all Board & Committee activities*	$353,100
Non-Executive directors	*Annual fee*	$173,250
Committee Fees		
Chair of Audit & Risk Committee		$25,000
Chairs of People Committee and Sustainability and Innovation Committee		$12,500
Committee membership Fees	*Flat fee for each Committee membership***	$6,000

** Pool and fees include superannuation benefits;* *** No fees for Nominations Committee membership* ***TABLE 18***

Proposed fee structure for FY23

Fees will be modestly increased for FY23 and, subject to shareholder approval at the FY22 AGM, the remuneration pool will increase to accommodate those fee increases and maintain reasonable headroom to $1,897,500 per annum.

The Board has made these changes to the fee structure following a global benchmarking exercise identifying fees were no longer competitive for a global company of ALS's size, recognising that no changes to fees have been made since 2019, and in anticipation of accommodating an extra non-executive director during succession planning over the next few years.

The fee structure for FY23 will be as set out in Table 19.

Non-Executive Director – Fee Structure	** Fixed Pool: $1,897,500 per annum*	
Base Director Fees		
Chairman	*Annual fee compensates for all Board & Committee activities*	$370,755
Non-Executive directors	*Annual fee*	$181,913
Committee Fees		
Chair of the Audit & Risk Committee		$25,000
Chair of the People Committee and Sustainability and Innovation Committee		$20,000
Committee membership Fees	*Flat fee for each Committee membership***	$10,000
** Pool and fees include superannuation benefits;*	*** No fees for Nominations Committee membership*	***TABLE 19***

Governance structure

Below is an illustration of the structure for how Executive and NED remuneration matters are governed at ALS:

STAKEHOLDERS

Members of the Board and its Committees engage directly with shareholders and other stakeholders in relation to ALS's remuneration practices each year. This includes to answer queries, consider feedback and generally to seek input on any proposed material changes to the Executive or NED Remuneration Frameworks.

BOARD

Is ultimately responsible for setting overall remuneration strategy for Executives and making any final decisions (including to exercise its overarching discretion where appropriate). The Board is also responsible for approving all KPIs and targets under the STI and LTI plans each year, with responsibility for recommendations delegated to the People Committee and Nomination Committee regarding reviewing and making recommendations.

PEOPLE COMMITTEE

Considers all aspects of strategy, policy and process for the remuneration of Executives (excluding the CEO).

The People Committee makes recommendations to the Board annually regarding the ongoing effectiveness of (and any proposed changes to) the Executive Remuneration Framework.

NOMINATIONS COMMITTEE

Considers and recommends to the Board for approval matters pertaining to CEO remuneration, performance and succession.

The Nominations Committee also assesses and makes recommendations to the Board regarding the process for Board composition, NED performance, Board succession planning and NED remuneration (including Board and Committee fees).

MANAGEMENT

Provides information and data relevant to remuneration decisions and makes recommendations to the People Committee and Nominations Committee where requested.

Executives (including the CEO) may attend Board and Committee meetings in relation to remuneration matters by invitation where appropriate, however do not participate in decision making in relation to their own remuneration.

EXTERNAL CONSULTANTS

Provide independent advice and (where appropriate) recommendations in relation to various Executive and NED remuneration matters each year, with engagements generally Board-led (but may be engaged by Management in appropriate circumstances).

The input of external consultants is one factor considered by the Board, however, is not substituted for proper consideration and process by the receiver. No 'remuneration recommendations' for the purposes of section 9B of the *Corporations Act 2001* (Cth) were received during FY22.

OTHER STATUTORY DISCLOSURES

Service contracts

Each current Executive has entered into a services agreement with the Group. Following the reorganisation and restructure all Executives are entering into new services agreements, the key terms of which are as follows.

Executive	Currency of TFR specified in contract	Term of agreement	Termination Notice period[a]	Restraint Period[b]
Raj Naran	USD	Ongoing – continues until either notice is given or termination	12 months	12 months
Bruce McDonald	CAD	Ongoing – continues until either notice is given or termination	6 months	12 months
Andreas Jonsson	SEK	Ongoing – continues until either notice is given or termination	6 months	12 months
Tim Kilmister	AUD	Ongoing – continues until either notice is given or termination	6 months	12 months
Luis Damasceno	USD	Ongoing – continues until either notice is given or termination	6 months	12 months

TABLE 20

(a) The period required for termination by notice by either party under an Executive's service agreement.
(b) The months of fixed remuneration required by the Group to pay an Executive for the duration of the Restraint Period

Executive service agreements also contain clauses spelling out non-competition, intellectual property and confidentiality restrictions.

The Group also has formal service agreements with its Non-Executive Directors. Non-Executive Directors are not entitled to any retirement or termination benefits.

Statutory remuneration of KMP

Table 21 on the following page shows the accounting expense of remuneration paid or payable to each Executive and Non-Executive Director in relation to the financial years ending March 2021 and March 2022, determined in accordance with accounting standards.

For information on the remuneration actually received (non-IFRS and non-audited) by Executives during FY22 refer to Table 2.

Footnotes to Table 21

(a) Accrued STI cash component which is paid following the end of the financial year to which it relates.
(b) Non-monetary benefits include the provision of healthcare, motor vehicles and other benefits.
(c) Performance Rights are granted annually under the LTI Plan to Executives – refer to Financial statements note 8a for details. The fair value of Performance Rights granted is calculated using Binomial Tree (EPS, EBITDA and ROCE hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date. Note that the valuation is not reflective of actual remuneration received by the Executive. For FY22 the value of share-based awards also includes an accrual to March 2022 of the estimated value of any Service Rights earned as deferred compensation under the STI – refer to Financial Statements note 8a for details.
(d) Raj Naran, Luis Damasceno, Bruce McDonald and Andreas Jonsson are employed outside Australia. Relevant portions of their salaries, STIs and pension benefits have been converted into Australian dollars using applicable average FX rates. In relation to Andreas Jonsson, an additional amount of $237,525 (FY21: $195,921) was paid (not included above) representing statutory social security obligations in Sweden.
(e) Luis Damasceno and Andreas Jonsson each received increases to their annual salary (effective from 1 April 2021) as a result of market competitive pay review and overall high-level of performance.
(f) Kristen Walsh ceased employment with the Group on 8 October 2021, with the amounts set out in Table 21 representing the accounting value of remuneration paid to her for the period between 1 April 2021 and her cessation date. In connection with her cessation, Kristen Walsh forfeited her entitlements to 2019 and 2020 Long Term Incentive awards.
(g) Includes amounts paid to former Non-Executive Directors in FY2020-21.
(h) Grant Murdoch retired from the Board at the Company's AGM effective 29 July 2020.
(i) Inclusive of a USD100,000 pa travel allowance converted into Australian dollars.

Remuneration as determined in accordance with accounting standards:

KMP (In AUD)		Short-term Salary/fees	Short-term STI [a]	Short-term Non-monetary benefits [b]	Long-term Value of share-based awards [c]	Long-term D&O insurance premiums	Post-employment Superannuation & pension benefits	Termination benefits	Total remuneration received
Executive Director:									
Raj Naran [d] [i]	2022	1,542,714	803,047	15,158	1,144,614	5,201	15,913	-	**3,526,647**
	2021	1,574,053	533,413	14,815	767,805	4,218	15,221	-	**2,909,525**
Continuing Executives:									
Bruce McDonald [d]	2022	686,117	426,334	6,173	353,924	4,822	-	-	**1,477,371**
	2021	665,622	198,532	5,549	246,293	3,858	-	-	**1,119,853**
Andreas Jonsson [d] [e]	2022	608,069	346,743	-	284,436	4,822	-	-	**1,244,070**
	2021	566,707	202,979	-	163,271	3,858	-	-	**936,815**
Tim Kilmister	2022	493,077	322,129	-	250,953	4,822	26,923	-	**1,097,905**
	2021	495,000	143,243	-	160,232	3,858	25,000	-	**827,333**
Luis Damasceno [d] [e]	2022	693,882	440,776	21,615	364,323	4,822	15,913	-	**1,541,333**
	2021	691,060	177,456	21,110	199,646	3,858	14,721	-	**1,107,852**
Sub-total: Continuing Executives	2022	4,023,860	2,339,029	42,947	2,398,250	24,491	58,749	-	**8,887,326**
	2021	3,992,442	1,255,623	41,474	1,537,247	19,650	54,942	-	**6,901,378**
Former Executives:									
Kristen Walsh [f]	2022	431,590	-	-	(133,516)	2,813	14,080	-	**314,967**
	2021	556,424	90,900	-	135,173	3,858	24,862	-	**811,217**
Total: All Executives	**2022**	**4,455,450**	**2,339,029**	**42,947**	**2,264,734**	**27,304**	**72,829**	**-**	**9,202,293**
	2021	**4,548,866**	**1,346,524**	**41,474**	**1,672,419**	**23,508**	**79,804**	**-**	**7,712,595**

KMP (In AUD)		Short-term Salary/fees	STI [(a)]	Non-monetary benefits [(b)]	Long-term Value of share-based awards [(c)]	D&O insurance premiums	Post-employment Superannuation & pension benefits	Termination benefits	Total remuneration received
Non-Executive Directors:									
Bruce Phillips	2022	329,174	-	-	-	5,201	23,926	-	**358,301**
	2021	328,100	-	-	-	4,218	25,000	-	**357,318**
John Mulcahy	2022	168,601	-	-	-	5,201	16,649	-	**190,451**
	2021	167,411	-	-	-	4,218	15,904	-	**187,533**
Charlie Sartain	2022	187,392	-	-	-	5,201	4,358	-	**196,951**
	2021	187,591	-	-	-	4,218	4,159	-	**195,968**
Tonianne Dwyer	2022	174,517	-	-	-	5,201	17,233	-	**196,951**
	2021	175,114	-	-	-	4,218	16,636	-	**195,968**
Siddhartha Kadia	2022	191,219	-	-	-	5,201	-	-	**196,420**
	2021	175,586	-	-	-	4,218	-	-	**179,804**
Leslie Desjardins	2022	204,643	-	-	-	5,201	-	-	**209,844**
	2021	183,958	-	-	-	4,218	-	-	**188,176**
Former Directors:									
Grant Murdoch [(h)]	2022	-	-	-	-	-	-	-	**-**
	2021	59,038	-	-	-	1,406	5,609	-	**66,053**
Total: All Non-Executive Directors	**2022**	1,255,547	-	-	-	31,204	62,165	-	**1,348,917**
	2021[(g)]	**1,276,798**	**-**	**-**	**-**	**26,714**	**67,307**	**-**	**1,370,819**

TABLE 21

KMP equity instruments and transactions

Ordinary shares

The movement during the year in the number of ordinary shares in ALS Limited held directly, indirectly or beneficially by each member of the KMP, including their related parties, is as follows:

	Opening Balance	Purchases [a]	Acquired due to vesting of Performance/Service Rights	Sales	Other	Closing Balance
Directors						
Bruce Phillips	60,160	-	-	-	-	60,160
John Mulcahy	54,027	-	-	-	-	54,027
Charlie Sartain	90,000	-	-	-	-	90,000
Tonianne Dwyer	27,148	-	-	-	-	27,148
Raj Naran	237,598	-	131,582	(109,500)	-	259,680
Siddhartha Kadia	-	9,380	-	-	-	9,380
Leslie Desjardins	7,300	-	-	-	-	7,300
Executives						
Bruce McDonald	43,038	-	47,122	(50,000)	-	40,160
Luis Damasceno	8,087	-	30,583	-	-	38,670
Andreas Jonsson	58,661	-	22,722	(10,000)	-	71,383
Tim Kilmister	56,713	-	28,389	-	-	85,102
Former Executives						
Kristen Walsh [b]	41,837	-	25,843	(27,921)	(39,759)	-

TABLE 22

(a) All purchases and sales complied with the Board's Securities Trading Policy which permits trading by Directors and Executives during certain periods in the absence of knowledge of price-sensitive information.

(b) Kristen Walsh ceased employment with the Group on 8 October 2021.

Performance Rights and Service Rights over ordinary shares granted as remuneration

The movement during the year in the number of Performance Rights and Service Rights over ordinary shares in the Company held directly, indirectly or beneficially by each member of the KMP, including their related parties:

	Type of Right	Opening Balance	Granted as compensation[a]	Vested & exercised	Lapsed [b]	Closing Balance	Total Rights held at close
Executive Director							
Raj Naran	Performance	371,827	112,574	(100,924)	(2,801)	380,676	**400,835**
	Service	30,658	20,159	(30,658)	-	20,159	
Executives							
Bruce McDonald	Performance	103,806	31,953	(29,984)	(832)	104,943	**112,946**
	Service	17,138	8,003	(17,138)	-	8,003	
Luis Damasceno	Performance	95,007	33,366	(17,662)	(490)	110,221	**116,928**
	Service	12,921	6,707	(12,921)	-	6,707	
Andreas Jonsson	Performance	76,347	28,468	(19,614)	(544)	84,657	**91,155**
	Service	3,108	6,498	(3,108)	-	6,498	
Tim Kilmister	Performance	70,139	25,161	(18,090)	(502)	76,708	**83,768**
	Service	17,358	-	(10,298)	-	7,060	
Former Executives							
Kristen Walsh [c]	Performance	82,867	-	(25,843)	(57,024)	-	**-**
	Service	-	-	-	-	-	

TABLE 23

(a) Relate to grants of deferred equity under FY21 STI plan (issued on 17 June 2021 at $12.40 per share).
(b) The number of Rights lapsed represents those Rights which either lapsed due to performance hurdles not being met and/or upon cessation of employment.
(c) Kristen Walsh ceased employment with the Group on 8 October 2021.

Vested and outstanding Performance Rights and Service Rights

Details of vested and outstanding Right over shares granted as remuneration to each KMP as either (a) Performance Rights under the LTI Plan or (b) Service Rights under the STI Plan (either in FY21 pursuant to mandatory 1/3 STI deferral or deferral for previous years' STI outperformance) are presented in the table below:

Directors / Executives	Type of Right [a]	Grant date	Number of Rights granted [b]	Fair value per Right at grant date[c]	Issue price used to determine no. of Rights granted[c]	Vesting date	Number of Rights vested & exercised	Number of Rights lapsed	% of Rights lapsed
Raj Naran (Director)	Performance	28-Jul-21	112,574	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	144,743	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	123,359	$5.88	$7.06	1-Jul-22	-	-	-
	Performance	1-Aug-18	103,725	$6.98	$7.53	1-Jul-21	(100,924)	(2,801)	2.7%
	Service	28-Jul-21	20,159	$12.40	$12.40	1-Apr-23	-	-	-
	Service	31-Jul-19	30,658	$7.06	$7.06	1-Apr-21	(30,658)	-	0.0%

Directors / Executives	Type of Right [a]	Grant date	Number of Rights granted [b]	Fair value per Right at grant date[c]	Issue price used to determine no. of Rights granted[c]	Vesting date	Number of Rights vested & exercised	Number of Rights lapsed	% of Rights lapsed
Bruce McDonald	Performance	28-Jul-21	31,953	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	38,600	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	34,390	$5.88	$7.06	1-Jul-22	-	-	-
	Performance	1-Aug-18	30,816	$6.98	$7.53	1-Jul-21	(29,984)	(832)	2.7%
	Service	28-Jul-21	8,003	$12.40	$12.40	1-Apr-23	-	-	-
	Service	31-Jul-19	17,138	$7.06	$7.06	1-Apr-21	(17,138)	-	0.0%
Andreas Jonsson	Performance	28-Jul-21	28,468	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	28,722	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	27,467	$5.88	$7.06	1-Jul-22	-	-	-
	Performance	1-Aug-18	20,158	$6.98	$7.53	1-Jul-21	(19,614)	(544)	2.7%
	Service	28-Jul-21	6,498	$12.40	$12.40	1-Apr-23	-	-	-
	Service	31-Jul-19	3,108	$7.06	$7.06	1-Apr-21	(3,108)	-	0.0%
Tim Kilmister	Performance	28-Jul-21	25,161	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	25,485	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	26,062	$5.88	$7.06	1-Jul-22	-	-	-
	Performance	1-Aug-18	18,592	$6.98	$7.53	1-Jul-21	(18,090)	(502)	2.7%
	Service	29-Jul-20	7,060	$12.40	$7.33	1-Apr-22	-	-	-
	Service	31-Jul-19	10,298	$7.06	$7.06	1-Apr-21	(10,298)	-	0.0%
Luis Damasceno	Performance	28-Jul-21	33,366	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	40,925	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	35,930	$5.88	$7.06	1-Jul-22	-	-	-
	Performance	17-Sep-18	18,152	$6.98	$7.53	1-Jul-21	(17,662)	(490)	2.7%
	Service	28-Jul-21	6,707	$12.40	$12.40	1-Apr-23	-	-	-
	Service	31-Jul-19	4,834	$7.06	$7.06	1-Apr-21	(4,834)	-	0.0%
	Service	17-Sep-18	8,087	$7.59	$7.59	1-Jul-21	(8,087)	-	0.0%
Former Executives									
Kristen Walsh	Performance	29-Jul-20	27,978	$7.38	$7.22	1-Jul-23	-	(27,978)	100.0%
	Performance	31-Jul-19	28,329	$5.88	$7.06	1-Jul-22	-	(28,329)	100.0%
	Performance	1-Aug-18	26,560	$6.98	$7.53	1-Jul-21	(25,843)	(717)	2.7%

TABLE 24

(a) All Performance Rights and Service Rights granted to the Executives named above are equity-settled rights.

(b) The number of Performance Rights issued to participants in July 2021 was determined using the volume weighted average price of the Company's shares during the ten trading days following the announcement of the Group's annual financial results.

(c) The grant dates and corresponding fair values per Performance Right and Service Rights in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual Executives are deemed to have received their offers to participate in the Plan. Fair values of Performance Rights have been calculated using Binomial Tree (EPS, EBITDA and ROCE hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies. Fair value of Service Rights have been calculated using the volume weighted average price of the Company's shares during the ten trading days following the announcement of the Group's annual financial results.

End of remuneration report

ENVIRONMENTAL REGULATION

The Group is committed to complying with environmental legislation, standards, and codes of practice relevant to the particular business in the areas in which it operates. A number of hub laboratories are regulated under State and local government legislation predominately for their hazardous waste generation and disposal. Each hub laboratory holds a current licence and or consent from the relevant environment protection authority or local council where required.

Environmental management

As part of the Group's compliance program, environmental matters are reported on monthly by all divisional managers. In addition, internal signoffs are completed by all managers on a yearly basis, reporting on performance against relevant environmental legislation and key environmental risks in their area of operations. Apart from complying with local legal requirements each site location across the world operates under the corporate health safety and environment foundation standard which sets out 17 key standards including identification and management of key environmental risks, emergency planning, reporting environmental incidents, and conducting regular audits.

Initiatives

There were a number of environmental initiatives implemented during the year across the Group. These are explained in detail in the Sustainability Report for 2022, a copy of which can be found on the company website.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements during the reporting period. One infringement notice was recorded against the Life Sciences Food Laboratory in Lima, who received a fine of USD 15,000 for not complying with its environmental monitoring plans during December 2017 to November 2018. The non-compliance resulted from an error which occurred when the relocation to a new facility was delayed. The facility has complied with its monitoring requirements since 2019 which are audited regularly by the HSE Department and documented in the Annual HSE Plan.

Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions, relevant legislation, and corporate standards.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

Under its Constitution, and by resolution of the Board, the Company has agreed to indemnify to the extent permitted by law and the Corporations Act 2001:

- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against any liability (other than for legal costs) incurred by that person or employee as an officer of the Company or of a Group entity (including liabilities incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).
- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against reasonable legal costs incurred in defending an action for a liability incurred by that person or employee as an officer of the Company or of a Group entity (including such legal costs incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).

Insurance premiums

During the financial year, the Company paid insurance premiums in respect of directors' and officers' liability and personal accident insurance contracts, for current and former directors and senior executives, including senior executives of its controlled entities. The current directors are listed elsewhere in this report. The insurance relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

It is a condition of the policies that premiums paid, and terms and conditions of the policies are not to be disclosed.

EVENTS SUBSEQUENT TO REPORTING DATE

New USPP Loan Notes

As previously announced to the market on 16 March 2022, the Group has successfully placed new long-term US Private Placement (USPP) senior notes totalling AUD$268.9m million to be funded in July 2022. The new USPP issuance comprised of three tranches each of 10 years tenor, denominated in USD$140.0 million, AUD$50.0 million and CAD$30.0 million. The mix of currencies sought via the new issuance allows the Group's global cash flows and operating assets mix to be appropriately balanced by funding in similarly denominated debt. The majority of the new USPP funds will be applied to refinance the existing USPP notes (AUD$253.7 million) that will mature in July 2022

Other

Subsequent to 31 March 2022 the Group settled outstanding claims with an advisor related to a previously reported tax penalty in Canada of $18.9 million in FY 2018. The settlement, net of costs, is not material to the financial statements and will be normalised from reported results in the year ended 31 March 2023.

LIKELY DEVELOPMENTS

The Group's objective during the next financial year will be to maximise earnings and investment returns across all the business units in its diversified portfolio. For comments on divisional outlooks refer to the review of results and operations in this report

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001 as at the date of this report is:

	No. of Ordinary shares
Bruce Phillips	60,160
Raj Naran	259,680
John Mulcahy	54,027
Charlie Sartain	90,000
Tonianne Dwyer	27,148
Siddhartha Kadia	9,380
Leslie Desjardins	7,300

Refer to the Remuneration Report above for details of performance rights held by Mr Naran.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit and Risk Committee Meetings (1)		People Committee Meetings (1)		Sustainability and Innovation Committee Meetings (1)		Nomination Committee Meetings (1)	
	A	B	A	B	A	B	A	B	A	B
Bruce Phillips	16	16	-	-	3	3	-	-	2	2
Raj Naran	16	16	-	-	-	-	-	-	-	-
John Mulcahy	16	16	4	4	3	3	-	-	2	2
Charlie Sartain	16	16	4	4	-	-	2	2	-	-
Tonianne Dwyer	16	16	-	-	3	3	2	1	2	2
Siddhartha Kadia	16	16	-	-	3	2	2	2	2	1
Leslie Desjardins	16	16	4	4	-	-	-	-	2	2

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

(1) – All non-member directors are permitted by the Committee Charters to attend meetings on a standing invitation basis.

NON-AUDIT SERVICES

During the year EY, the Company's auditor, has performed certain other services in addition to statutory duties.

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:

- all non-audit services were subject to the corporate governance procedures adopted by the Company 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 Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, EY, and its related practices for audit and non-audit services provided during the year are set out in note 7d.

In millions of AUD	**2022**	**2021**
Services other than audit and review of financial statements:		
Other non-assurance services	0.1	0.1
	0.1	0.1

It is the Group's policy not to use its external auditor for non-audit services. In very limited circumstances where EY is engaged, pre-approval is sought for the non-audit services being rendered.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 103 and forms part of the directors' report for the financial year ended 31 March 2022.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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
Brisbane
25 May 2022

Raj Naran
Managing Director
Brisbane
25 May 2022

Financial statements

For the year ended 31 March 2022

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

In millions of AUD	Note	**2022**	**2021[14]**
Revenue	*1c*	2,108.5	1,761.4
Expenses	*1d*	(1,633.8)	(1,376.1)
Other (expense)/income	*1e*	(23.4)	27.9
Share of profit of equity-accounted investees, net of tax		9.0	3.7
Profit before financing costs, depreciation, and amortisation (EBITDA)		460.3	416.9
Amortisation on right-of-use assets		(47.2)	(44.6)
Amortisation and depreciation		(91.7)	(88.0)
Profit before net financing costs (EBIT)		321.4	284.3
Finance income		1.4	2.2
Finance cost on loans and borrowings		(33.3)	(35.0)
Finance cost on lease liabilities		(7.1)	(7.2)
Net financing costs		(39.0)	(40.0)
Profit before tax		282.4	244.3
Income tax expense	*6a*	(90.2)	(73.2)
Profit for the year		192.2	171.1
Profit attributable to:			
Equity holders of the company		190.5	169.6
Non-controlling interest		1.7	1.5
Profit for the year	*3b*	192.2	171.1
Other comprehensive income			
Other comprehensive items that may be reclassified to profit and loss in subsequent periods:			
Foreign exchange translation		(5.4)	(145.4)
Income on hedge of net investments in foreign subsidiaries, net of tax		12.7	14.9
(Loss) on cash flow hedges, net of tax		(0.1)	(3.0)
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods, net of income tax		7.2	(133.5)
Other comprehensive items that will not be reclassified to profit and loss in subsequent periods:			
Share of other comprehensive (loss) of an associate		(0.4)	-
Net (loss) on equity instruments designated at fair value through OCI		-	(1.6)
Other comprehensive (loss) that will not be reclassified to profit and loss in subsequent periods, net of income tax		(0.4)	(1.6)
Other comprehensive income/(loss) for the year, net of tax		6.8	(135.1)
Total comprehensive income for the year		199.0	36.0
Total comprehensive income attributable to:			
Equity holders of the company		197.3	34.5
Non-controlling interest		1.7	1.5
Total comprehensive income for the year		199.0	36.0
Earnings per share			
Basic earnings per share attributable to equity holders	*1b*	39.45	35.16
Diluted earnings per share attributable to equity holders	*1b*	39.26	35.00

[14] *Refer notes 7a and 7b.*

The notes on pages 57 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2022

In millions of AUD	*Note*	**2022**	**2021**[15]
Current assets			
Cash and cash equivalents	3a	122.8	168.6
Trade and other receivables	2a	386.6	338.1
Inventories	2c	71.2	64.4
Other assets	2h	61.3	40.0
Total current assets[16]		**641.9**	**611.1**
Non-current assets			
Investment property	2f	9.9	9.8
Investments accounted for using the equity method		240.9	17.6
Deferred tax assets	6b	41.8	30.8
Property, plant and equipment	2e	494.6	454.2
Right-of-use assets	4f	198.8	177.1
Intangible assets	2g	1,194.8	1,151.0
Other assets	2h	21.5	30.0
Total non-current assets		**2,202.3**	**1,870.5**
Total assets		**2,844.2**	**2,481.6**
Current liabilities			
Trade and other payables	2d	310.8	245.0
Loans and borrowings	3d	342.3	42.2
Employee benefits		67.2	61.7
Other liabilities	2h	18.3	30.6
Total current liabilities[16]		**738.6**	**379.5**
Non-current liabilities			
Loans and borrowings	3d	895.3	925.5
Deferred tax liabilities	6b	26.2	12.8
Employee benefits		8.0	8.7
Other liabilities	2h	45.4	85.6
Total non-current liabilities		**974.9**	**1,032.6**
Total liabilities		**1,713.5**	**1,412.1**
Net assets		**1,130.7**	**1,069.5**
Equity			
Share capital	4b	1,321.0	1,304.6
Reserves		(124.7)	(131.1)
Accumulated losses		(76.2)	(114.8)
Total equity attributable to equity holders of the company		**1,120.1**	**1,058.7**
Non-controlling interest		10.6	10.8
Total equity		**1,130.7**	**1,069.5**

15 *Refer notes 7a and 7b.*

16 *As at 31 March 2022, total current liabilities exceeded total current assets by $96.7 million. This deficit is primarily attributed to the July 2022 maturity of long-term notes totalling $253.7 million. In addition to the $122.8 million in cash, the Group also maintains undrawn committed bank facilities totalling $382.3m as at balance date, that will provide adequate liquidity necessary for the maturing July 2022 long term notes, if required. Refer to note 7e for further details.*

The notes on pages 57 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

In millions of AUD	Note	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 31 March 2020		**1,303.9**	**(14.0)**	**6.6**	**8.5**	**(204.9)**	**1,100.1**	**10.5**	**1,110.6**
Accounting policy change – SaaS implementation costs[17]		–	–	–	–	(7.4)	(7.4)	–	(7.4)
Restated balance 31 March 2020		**1,303.9**	**(14.0)**	**6.6**	**8.5**	**(212.3)**	**1,092.7**	**10.5**	**1,103.2**
Profit for the year[1717]		–	–	–	–	169.6	169.6	1.5	171.1
Other comprehensive income		–	(130.5)	(3.0)	–	(1.6)	(135.1)	–	(135.1)
Total comprehensive income for the period		–	(130.5)	(3.0)	–	168.0	34.5	1.5	36.0
Transactions with owners in their capacity as owners:									
Dividends provided for or paid	*4b*	–	–	–	–	(70.4)	(70.4)	(0.9)	(71.3)
Equity-settled performance rights awarded and vested	*4b*	0.7	–	–	1.3	(0.1)	1.9	–	1.9
Total contributions and distributions to owners		0.7	–	–	1.3	(70.5)	(68.5)	(0.9)	(69.4)
Changes in ownership interests									
Capital raising by subsidiary		–	–	–	–	–	–	0.6	0.6
Non-controlling interest ownership of subsidiary acquired		–	–	–	–	–	–	(0.9)	(0.9)
Total changes in ownership interest		–	–	–	–	–	–	(0.3)	(0.3)
Total transactions with owners		0.7	–	–	1.3	(70.5)	(68.5)	(1.2)	(69.7)
Balance 31 March 2021		**1,304.6**	**(144.5)**	**3.6**	**9.8**	**(114.8)**	**1,058.7**	**10.8**	**1,069.5**
Profit for the year		–	–	–	–	190.5	190.5	1.7	192.2
Other comprehensive income		–	7.3[18]	(0.2)	-	(0.3)	6.8	-	6.8
Total comprehensive income for the period		–	7.3	(0.2)	-	190.2	197.3	1.7	199.0
Transactions with owners in their capacity as owners:									
Dividends to equity holders	*4b*	–	–	–	–	(146.6)	(146.6)	(1.2)	(147.8)
Shares issues under dividend reinvestment plan (1,285,575 shares @ $12.88 per share)		16.6	-	-	-	-	16.6	-	16.6
Equity-settled performance rights awarded and vested	*4b*	(0.2)	–	(0.1)	(0.6)	(5.0)	(5.9)	-	(5.9)
Total contributions and distributions to owners		16.4	–	(0.1)	(0.6)	(151.6)	(135.9)	(1.2)	(137.1)
Changes in ownership interests									
Capital raising by subsidiary		–	–	–	–	–	–	0.2	0.2
Non-controlling interest ownership of subsidiary acquired		–	–	–	–	–	–	(0.9)	(0.9)
Total changes in ownership interest		–	–	–	–	–	–	(0.7)	(0.7)
Total transactions with owners		16.4	–	(0.1)	(0.6)	(151.6)	(135.9)	(1.9)	(137.8)
Balance 31 March 2022		**1,321.0**	**(137.2)**	**3.3**	**9.2**	**(76.2)**	**1,120.1**	**10.6**	**1,130.7**

[17] *Refer notes 7a and 7b.*

[18] *The movement includes $26.9 million of cumulative FCTR on intercompany loans to foreign subsidiaries that was realised during the year ended 31 March 2022 and reclassified as an expense in the profit and loss.*

The notes on pages 57 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

In millions of AUD	Note	2022	2021[19]
Cash flows from operating activities			
Cash receipts from customers		2,334.7	1,966.1
Cash paid to suppliers and employees		(1,902.8)	(1,592.4)
Cash generated from operations		431.9	373.7
Interest paid		(40.4)	(42.2)
Interest received		1.4	2.2
Income taxes paid		(106.1)	(67.9)
Net cash from operating activities	*3b*	286.8	265.8
Cash flows from investing activities			
Payments for property, plant and equipment		(118.9)	(76.9)
Loans to associate entities		(0.3)	1.5
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	*5a*	(53.7)	(30.5)
Deferred and contingent consideration payments for acquisitions of controlled entities		(11.2)	(19.1)
Acquisition of investment in Nuvisan	*2i*	(226.7)	-
Dividend from associates		2.7	2.6
Proceeds from sale of other non-current assets		2.2	1.9
Net cash (used in) investing activities		(405.9)	(120.5)
Cash flows from financing activities			
Proceeds from borrowings		407.8	414.1
Repayment of borrowings		(153.9)	(679.8)
Principal portion of lease payments		(45.2)	(42.9)
Dividends paid		(131.3)	(71.3)
Net cash (used in)/from financing activities		77.4	(379.9)
Net movement in cash and cash equivalents		(41.7)	(234.6)
Cash and cash equivalents 1 April		168.6	423.9
Effect of exchange rate fluctuations on cash held		(4.1)	(20.7)
Cash and cash equivalents 31 March	*3a*	122.8	168.6

[19] *Refer to notes 7a and 7b.*

The notes on pages 57 to 95 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

About this report

ALS Limited (the "Company") is a for-profit company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2022 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Throughout this document, non-International Financial Reporting Standards (non-IFRS) (unaudited) financial indicators are included to assist with understanding the Group's performance. The primary non-IFRS information is underlying earnings before income tax, depreciation, and amortisation (EBITDA), underlying earnings before interest and tax (EBIT) and underlying net profit after tax (NPAT).

Management believes underlying EBITDA, underlying EBIT and underlying NPAT are appropriate indicators of the ongoing operational earnings of the business and its segments because these measures do not include significant one-off items (both positive and negative) that relate to disposed or discontinued operations, pre-acquisition legal costs, FX losses on corporate loan restructuring, SAAS development costs, amortisation and impairment of intangibles, greenfield start-up costs, net subsidies under COVID-19 economic support programmes and costs incurred to restructure the business in the current period. Underlying results also includes 49% of Nuvisan's revenue and expenses rather than the Group's share of Nuvisan's statutory profits.

1. FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the Group's performance during the year, and where relevant includes the accounting policies that have been applied and significant estimates and judgements made.

1a. Operating segments

1b. Earnings per share

1c. Revenue

1d. Expenses

1e. Other (expenses)/Income

1a. Operating segments

The Group has three reportable segments, as described below, representing three distinct strategic business units 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, consumer products, and animal health.
- Industrial – provides the energy, resources and infrastructure sectors with asset care and tribology testing services.

2022 *In millions of AUD*	**Commodities Statutory**	**Life Sciences Non-Statutory**[20]	**Life Sciences 49% Nuvisan**[21]	**Life Sciences Statutory excl Nuvisan**[22]	**Industrial Statutory**	**Other Statutory**[23]	**Consolidated Non-Statutory**[24]	**Elimination Nuvisan**[25]	**Consolidated Statutory**
Revenue	819.1	1,154.6	73.8	1,080.8	208.6	-	2,182.3	(73.8)	2,108.5
Africa	42.9	-	-	-	-	-	42.9	-	42.9
Asia/Pacific	275.1	309.8	-	309.8	154.9	-	739.8	-	739.8
EMENA (Europe, Middle East, North Africa)	161.7	443.7	73.8	369.9	1.2	-	606.6	(73.8)	532.8
Americas	339.4	401.1	-	401.1	52.5	-	793.0	-	793.0
Underlying EBITDA[26]	287.9	276.5	19.1	257.4	29.1	(46.3)	547.2	(14.2)	533.0
Amortisation on right-of-use assets	(17.6)	(30.9)	(6.2)	(24.7)	(4.7)	(0.2)	(53.4)	6.2	(47.2)
Depreciation and amortisation	(25.3)	(50.8)	(2.3)	(48.5)	(7.4)	(0.9)	(84.4)	2.3	(82.1)
Underlying EBIT[26]	245.0	194.8	10.6	184.2	17.0	(47.4)	409.4	(5.7)	403.7
Restructuring & other items, including net COVID-19 subsidies[26]	(11.6)	(13.3)	-	(13.3)	(4.2)	(43.6)	(72.7)	-	(72.7)
Amortisation of intangibles	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
Segment EBIT[26]	233.4	181.5	10.6	170.9	12.8	(100.6)	327.1	(5.7)	321.4
Net interest	(2.4)	(4.3)	(0.2)	(4.1)	(0.6)	(31.9)	(39.2)	0.2	(39.0)
Segment profit/(loss) before income tax	231.0	177.2	10.4	166.8	12.2	(132.5)	287.9	(5.5)	282.4
Underlying EBIT margin[26]	29.9%	16.9%	14.4%	17.0%	8.1%		18.8%		19.1%
Underlying EBITDA margin[26]	35.1%	23.9%	25.9%	23.8%	14.0%		25.1%		25.3%

20 *Includes Life Sciences Statutory results plus 49% of Nuvisan's revenue and expenses, non-IFRS.*

21 *49% of Nuvisan's revenue and expenses.*

22 *EBIT and EBITDA excludes the Group's share of profit in Nuvisan of $4.9 million.*

23 *Represents unallocated corporate costs. Net expenses of $47.4 million in 2022 comprise net foreign exchange gains of $2.6 million and other corporate costs of $50.0 million.*

24 *Consolidated statutory results plus 49% of Nuvisan's revenue and expenses, excluding the Group's share of profit in Nuvisan of $4.9 million, non -IFRS*

25 *49% of Nuvisan revenue and expenses plus the Group's share of profit in Nuvisan of $4.9 million.*

26 *Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosure and are unaudited. The terms 'Underlying' and 'Restructuring & other items" are defined in the Directors' report.*

2022 *In millions of AUD*	**Commodities**	**Life Sciences**	**Industrial**	**Other**	**Consolidated**
Segment assets	896.1	1,541.3	201.0	41.2	2,679.6
Cash and cash equivalents					122.8
Tax Assets					41.8
Total assets per the balance sheet	896.1	1,541.3	210.0	41.3	2,844.2
Segment liabilities	(194.7)	(362.0)	(66.4)	(21.5)	(644.6)
Loans and borrowings					(1,024.4)
Tax liabilities					(44.5)
Total liabilities per the balance sheet	(194.7)	(362.0)	(66.4)	(21.5)	(1,713.5)

2021[27] *In millions of AUD*	**Commodities**	**Life Sciences**	**Industrial**	**Other**[28]	**Consolidated**
Revenue	624.8	930.0	206.6	–	1,761.4
Africa	34.7	–	–	–	34.7
Asia/Pacific	241.6	279.1	151.7	–	672.4
EMENA (Europe, Middle East, North Africa)	131.2	333.7	1.0	–	465.9
Americas	217.3	317.2	53.9	–	588.4
Underlying EBITDA[29]	210.4	222.4	33.3	(41.0)	425.1
Amortisation on right-of-use assets	(14.5)	(24.7)	(5.3)	(0.1)	(44.6)
Depreciation and amortisation	(23.4)	(47.1)	(7.5)	(1.1)	(79.1)
Underlying EBIT[29]	172.5	150.6	20.5	(42.2)	301.4
Restructuring & other items, including net COVID-19 subsidies[29]	7.3	4.3	(8.0)	(11.8)	(8.2)
Amortisation of intangibles	–	–	–	(8.9)	(8.9)
Segment EBIT[29]	179.8	154.9	12.5	(62.9)	284.3
Net interest	(1.9)	(4.4)	(0.8)	(32.9)	(40.0)
Segment profit/(loss) before income tax	177.9	150.5	11.7	(95.8)	244.3
Underlying EBIT margin[29]	27.6%	16.2%	9.9%		17.1%
Underlying EBITDA margin[29]	33.7%	23.9%	16.1%		24.1%
Segment assets	783.4	1,268.4	196.6	33.8	2,282.2
Cash and cash equivalents	–	–	–	–	168.6
Tax Assets	–	–	–	–	30.8
Total assets per the balance sheet	783.4	1,268.4	196.6	33.8	2,481.6
Segment liabilities	(157.9)	(349.9)	(68.7)	(9.7)	(586.2)
Loans and borrowings	–	–	–	–	(782.5)
Tax liabilities	–	–	–	–	(43.4)
Total liabilities per the balance sheet	(157.9)	(349.9)	(68.7)	(9.7)	(1,412.1)

[27] *Refer notes 7a and 7b.*

[28] *Represents unallocated corporate costs. Net expenses of $42.2 million in 2021 comprise net foreign exchange losses of $4.6 million and other corporate costs of $37.6 million.*

[29] *Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosure and are unaudited. The terms 'Underlying' and 'Restructuring & other items" are defined in the Directors' report.*

Geographical segments

In presenting information on a geographical basis segment revenue from external customers is by geographical location of customers. Segment assets are attributed based on geographic location of the business unit. Geographical locations are aligned to those reported internally to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

In millions of AUD	Consolidated			
	2022		2021	
	Revenues	**Non-current assets**	**Revenues**	**Non-current assets**[30]
Africa	42.9	9.2	34.7	24.9
Asia/Pacific	739.8	795.4	672.4	622.6
EMENA	532.8	665.7	465.9	495.2
Americas	793.0	732.0	588.4	727.8
Total	2,108.5	2,202.3	1,761.4	1,870.5

Accounting policy – Operating segments

The Group determines and presents operating segments based on information that is reported internally to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the CEO include items directly attributed to the segment as well as those that can be allocated on a reasonable basis. Underlying EBIT is calculated as earnings before interest, foreign currency gains and losses, and income tax, is non-IFRS and unaudited.

Items not allocated to segments comprise corporate costs, foreign currency gains or losses, amortisation of intangibles and net financing costs before income tax. Inter-segment pricing is determined on an arm's length basis.

1b. Earnings per share

Cents per share	Consolidated 2022	2021[30]
Basic earnings per share	39.45	35.16c
Diluted earnings per share	39.26	35.00c

BASIC AND DILUTED EARNINGS PER SHARE

The calculations of both basic and diluted earnings per share were based on the profit attributable to equity holders of the Company of $190.5 million profit (2021: $169.6 million).

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC AND DILUTED)

In millions of shares	Note	Consolidated 2022	2021
Issued ordinary shares 1 April	*4b*	482.4	482.4
Weighted average number of ordinary shares 31 March (Basic)		482.4	482.4
Effect of shares issued Dec 2021 (DRP)		0.5	-
		482.9	482.4
Effect of potential shares relating to performance rights granted to employees as compensation, but not yet vested		2.3	2.2
Weighted average number of ordinary shares 31 March (Diluted)		485.2	484.6

ACCOUNTING POLICY – EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance and service rights granted to employees.

[30] *Refer notes 7a and 7b.*

1c. Revenue

Under AASB 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer.

DISAGGREGATION OF REVENUE

Revenue is disaggregated by geographical locations of external customers.

In millions of AUD	**Consolidated**	
	2022	**2021**
Africa	42.9	34.7
Asia/Pacific	739.8	672.4
EMENA	532.8	465.9
Americas	793.0	588.4
Total revenue	2,108.5	1,761.4

ACCOUNTING POLICY – REVENUE

Services rendered

The Group recognise revenue when the amount of revenue can be readily measured, and it is probable that future economic benefits will flow to the Group. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with customers.

The Group recognises revenue based on two models: services transferred at a point in time and services transferred over time. The majority of the Group's customer contracts give rise to short-term projects where revenue is recognised at a point in time. Revenue from these projects is recognised in the profit and loss statement upon completion of the performance obligations, usually when the report of findings or test/inspection certificate is issued. Revenue from these projects is measured according to the transaction price agreed in the contract. Once services are rendered, the customer is invoiced, and payment is due as per the terms of the agreement, typically between 30-90 days.

For long-term projects, the Group recognise revenue in the profit and loss statement over time. Revenue from these projects is recognised based on the measure of progress. When the Group has a right to consideration from a customer at the amount corresponding directly to the customer's value of the performance completed to date, revenue is recognised in the amount to which the Group has a right to invoice. Long-term contract invoices are issued per contractually agreed instalments and prices, with payment due typically between 30-90 days from invoicing.

Dividend Income

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

1d. Expenses

Profit before income tax includes the following specific expenses:

In millions of AUD	*Note*	**Consolidated**	
		2022	**2021**
Employee expenses		957.7	841.4
Raw materials and consumables		227.8	182.1
Occupancy costs		111.5	98.6
External service costs		51.5	43.6
Equity-settled share-based payment transactions	*8a*	5.3	4.6
Contributions to defined contribution post-employment plans – incl in employee expenses above		49.4	42.1
Loss on sale of property plant and equipment		8.6	4.9
Net (gain)/loss on foreign exchange		(2.6)	4.6

ACCOUNTING POLICY – EXPENSES

Finance income and finance expense

Finance income comprises interest income on funds invested and is recognised in the profit and loss statement as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings calculated using the effective interest method and gains and losses on hedging instruments that are recognised in the profit and loss statement (see note 4a). The interest expense component of lease payments is recognised in the profit and loss statement using the effective interest method.

Foreign currency gains and losses

Foreign currency gains and losses are reported on a net basis.

DEFINED CONTRIBUTION SUPERANNUATION FUNDS

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit and loss statement as incurred.

Short-term service benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the profit or loss in the period in which they arise.

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of cash-settled share-based awards is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee expenses in profit or loss.

1e. Other (expenses)/income

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 FY21 results, the Group has elected to voluntarily repay these grants and subsidies to the relevant governments. During FY22 the Group repaid and expensed to the profit and loss account net JobKeeper of $3.0 million and net CEWS of $20.4 million, after deducting costs associated with the repayment.

In millions of AUD	**Consolidated**	
	2022	**2021**
Covid-19 subsidies & grants (repaid)/received, net of costs	(23.4)	27.9
	(23.4)	27.9

2. CAPITAL EMPLOYED: WORKING CAPITAL AND OTHER INSTRUMENTS

This section provides information about the working capital of the Group and key balance sheet items. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

2a. Trade and other receivables

2b. Related party transactions

2c. Inventories

2d. Trade and other payables

2e. Property, plant & equipment

2f. Investment property

2g. Intangible assets

2h. Other assets and liabilities

2i. Investments accounted for using the equity method

2a. Trade and other receivables

In millions of AUD	**Consolidated**	
	2022	**2021**
Current		
Trade receivables	321.8	282.9
Other receivables	64.8	55.2
	386.6	338.1
Aging of trade receivables		
Current	202.9	175.4
30 days	78.2	68.7
60 days	22.2	22.2
90 days and over	24.8	25.5
Total	328.1	291.8
Allowance for expected credit loss		
Opening balance	8.9	11.3
Write off	(4.3)	(3.8)
Movement in provision	1.7	1.4
Closing balance	6.3	8.9

Trade receivables are shown net of allowance for expected credit losses of $6.3 million (2021: $8.9 million) and are all expected to be recovered within 12 months. Expected credit loss allowances on trade receivables charged as part of operating costs was $1.1 million (2021: $1.1 million).

There is no concentration of credit risk with respect to trade receivables. There is no single customer making up a material percentage of the Group's revenue (refer to note 4a).

Other receivables of $64.8 million (2021: $55.2 million) largely comprises amounts related to VAT receivable and services completed not contractually invoiced.

Exposures to currency risks related to trade and other receivables are disclosed in note 4c.

ACCOUNTING POLICY – TRADE AND OTHER RECEIVABLES

Trade receivables are recognised at the value of the original invoice amount to customers less allowance for any non-collectible amounts (amortised cost). Estimates are used in determining the level of receivable that will not be collected. An expected credit loss allowance is made for trade receivable balances in compliance with the simplified approach permitted by AASB 9, by using a provision matrix. The matrix was developed to reflect historic default rates, by region, with higher default rates applied to older balances. The approach is followed for all receivables unless there are specific circumstances, such as significant financial difficulties of the customer or bankruptcy of a customer, which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable balance is written off. Unbilled revenues are recognised for services completed but not yet invoiced and are valued at net selling price.

2b. Related party transactions

The related party transactions disclosed are transactions with related parties at the time they were considered related parties of the Group. The ultimate parent of the Group is ALS Limited.

All receivables and payables to and from related parties, except for related party borrowings are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided to any related party. For the period ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021: nil).

In thousands AUD			**Consolidated**	
	%	**Sales to related parties***	**2022**	**2021**
Australian Laboratory Services Arabia Co. Ltd.	42%	1,833.3	481.0	362.1
ALS Technichem (M) Sdn Bhd	40%	314.0	812.1	724.2
PT. ALS Indonesia	20%	100.3	112.8	48.3
		2,247.6	1,405.9	1,134.7

** Period ended 31 March 2022*

2c. Inventories

In millions of AUD	**Consolidated**	
	2022	**2021**
Raw materials and consumables	64.3	52.5
Work in progress	5.94	11.0
Finished goods	1.0	0.9
	71.2	64.4

Work in progress recognised by the Group relates to contractual arrangements (refer to note 1c).

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Cost for incomplete field services works is recognised as work in progress and measured at the lower of cost to date and net realisable value.

2d. Trade and other payables

In millions of AUD	Consolidated 2022	2021
Trade payables	72.8	65.9
Contract liabilities	20.7	15.9
Contingent consideration and deferred payments relating to acquisitions	63.0	21.0
Other payables and accrued expenses	154.3	142.2
	310.8	245.0

ACCOUNTING POLICY

Trade and other payables

Trade and other payables are stated at their amortised cost, except for contingent consideration which is stated at fair value. Trade payables are non-interest bearing and are normally settled on 60-day terms.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits that can be estimated reliably will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Contract Liabilities

Contract liabilities arise upon advance payments from clients and issuance of upfront invoices.

2e. Property, plant & equipment

In millions of AUD	Freehold land and buildings	Plant and equipment	Leasehold improvements	Capital works in progress	Total
At cost	244.0	905.4	180.7	33.7	1,363.8
Accumulated depreciation	(68.0)	(669.2)	(119.3)	-	(856.5)
Net book amount 1 April 2020	176.0	236.2	61.4	33.7	507.3
Additions	12.5	53.7	6.0	2.0	74.2
Additions through business combinations	-	3.0	-	-	3.0
Disposals	(0.5)	(7.2)	(1.5)	-	(9.2)
Transfers	2.7	1.3	11.0	3.5	18.5
Depreciation expense	(6.8)	(57.6)	(10.4)	-	(74.8)
SaaS development (note 7b)	-	-		(9.8)	(9.8)
Exchange differences	(15.2)	(25.8)	(9.8)	(4.2)	(55.0)
Net book amount 31 March 2021	168.7	203.6	56.7	25.2	454.2
At cost	235.8	826.8	173.3	25.2	1,261.1
Accumulated depreciation	(67.1)	(623.2)	(116.6)	-	(806.9)
Net book amount 1 April 2021	168.7	203.6	56.7	25.2	454.2
Additions	8.0	94.4	10.1	3.4	115.9
Additions through business combinations	1.1	2.1	-	4.2	7.4
Disposals	(1.8)	(4.0)	(0.7)	-	(6.5)
Transfers	0.1	0.1	(0.1)	0.6	0.7
Depreciation expense	(7.1)	(61.4)	(9.4)	-	(77.9)
Exchange differences	(1.6)	1.6	0.5	0.4	0.8
Net book amount 31 March 2022	167.4	236.4	57.1	33.8	494.6
At cost	240.5	878.0	176.8	33.8	1,329.1
Accumulated depreciation	(73.1)	(641.6)	(119.7)	-	(834.5)
Net book amount 31 March 2022	167.4	236.4	57.1	33.8	494.6

ACCOUNTING POLICY – PROPERTY, PLANT & EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other expenses" in the profit and loss statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are recognised in the profit and loss using the effective interest method.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is held at cost and reclassified as investment property.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit and loss statement as an expense as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the profit and loss statement on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- *Buildings* *20-40 Years*
- *Plant and equipment* *3-10 Years*
- *Leasehold improvements* *3-20 Years*
- *Leased plant and equipment* *4-5 Years*

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually and adjusted if appropriate.

2f. Investment property

In millions of AUD	**Consolidated**	
	2022	**2021**
Carrying amount at the beginning of the year	9.8	10.0
Additions	0.2	-
Depreciation	(0.1)	(0.2)
Carrying amount at end of year	9.9	9.8

Investment property comprises a commercial property leased to a third party. The current lease expires in September 2022, with a renewal option until September 2027. See note 4f (Leases) for further information.

Fair value of the property is estimated to be $26.0 million (2021: $26.0 million) based on a capitalisation rate of 6.1% (2021: 6.1%).

ACCOUNTING POLICY – INVESTMENT PROPERTY

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost and is depreciated on a straight-line basis over the estimated useful life.

2g. Intangible assets

	Consolidated					
In millions of AUD	**Goodwill**	**Purchased trademarks & brand names**	**Customer Relationships**	**Technology & Non-Compete Agreements**	**Software**	**Total**
Balance 1 April 2020	**1,112.4**	**0.6**	**34.0**	**1.1**	**12.5**	**1,160.6**
Additions through business combinations	75.4	–	39.5	–	0.5	115.4
Additions	–	0.4	–	0.6	6.9	7.9
Transfer	–	–	–	–	5.2	5.2
Amortisation	–	(0.4)	(7.2)	(0.9)	(4.0)	(12.5)
SaaS development (note 7b)	-	-	-	-	(4.7)	(4.7)
Effect of movements in foreign exchange	(114.1)	(0.1)	(5.1)	(0.2)	(1.4)	(120.9)
Balance 31 March 2021	**1,073.7**	**0.5**	**61.2**	**0.6**	**15.0**	**1,151.0**
Additions through business combinations	36.2	-	7.5	0.4	-	44.1
Additions	-	-	-	-	3.2	3.2
Transfer	-	-	-	-	(0.3)	(0.3)
Amortisation	-	(0.2)	(9.1)	(0.2)	(4.2)	(13.7)
Effect of movements in foreign exchange	8.7	0.1	1.6	(0.1)	0.2	10.5
Balance 31 March 2022	**1,118.6**	**0.4**	**61.2**	**0.7**	**13.9**	**1,194.8**

IMPAIRMENT TESTS FOR CASH GENERATING UNITS CONTAINING GOODWILL

Calculation of recoverable amounts

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The following cash generating units have significant carrying amounts of goodwill:

Carrying value	**Consolidated**	
In millions of AUD	**2022**	**2021**
ALS Minerals	385.8	358.0
ALS Life Sciences – Australia	48.8	48.8
ALS Life Sciences – North America	158.0	147.4
ALS Life Sciences – South America	123.2	118.0
ALS Life Sciences – Europe	246.1	246.0
ALS Life Sciences – Asia	13.9	14.2
ALS Coal	37.4	37.3
ALS Industrial	105.4	103.6
Other cash generating units	-	0.4
	1,118.6	1,073.7

The value in use calculations performed for all cash generating units use cash flow projections based on actual operating results, the Board approved budget for FY23, and forecasts drawn from FY24 to FY27 which are based on management's estimates of underlying economic conditions, past financial results, and other factors anticipated to impact the cash generating units' performance. In FY23 cash flow modelling generally assumes a return to historical business growth rates and returns. The terminal value of all CGU's has been forecasted using a nominal growth rate of 2.75%.

Terminal growth rates are consistent with the prior year. Directors believe these terminal growth rates are an appropriate estimate of the long-term average growth rates achievable in the industries and geographies in which the Group participates.

Should the short-term projections utilised, or the re-establishment of historical operating metric not eventuate in future periods, impairment may result.

The following nominal pre-tax discount rates have been used in discounting the projected cash flows.

In millions of AUD	**Pre-tax (nominal) discount rate**	
	2022	**2021**
ALS Minerals	12.4%	12.0%
ALS Life Sciences – Australia	10.5%	10.2%
ALS Life Sciences – North America	9.6%	9.2%
ALS Life Sciences – South America	14.9%	15.5%
ALS Life Sciences – Europe	8.7%	8.5%
ALS Life Sciences – Asia	11.4%	11.2%
ALS Coal	9.9%	10.1%
ALS Industrial	12.1%	11.9%

The discount rates used has been supported by independent analysis commissioned by the Group.

The determination of the recoverable amounts of the Group's cash generating units involves significant estimates and judgements and the results are subject to the risk of adverse and sustained changes in the key markets and/or geographies in which the Group operates. Except for the ALS Life Sciences – South America CGU, sensitivity analyses performed indicate a reasonably possible change in any of the key assumptions for the Group's remaining CGUs would not result in impairment. In performing impairment testing over the Coal CGU consideration was given to possible scenarios related to the future production and demand for coal globally. Testing results indicated that there was no reasonable expectation of material impairment of the Coal CGU as a result of this analysis, however the CGU will continue to be monitored as the outlook for the coal market evolves.

ALS Life Sciences – South America CGU

The estimated recoverable amount of the ALS Life Sciences South America CGU exceeded its carrying value by approximately $30.1 million. The Company has identified that a reasonable possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount of the CGU. For the estimated recoverable amount to be equal to the carrying amount, the following assumptions would need to change by the amount specified (whilst holding all other assumptions constant):

(a) the pre-tax discount rate would need to increase by 1.5% to 16.4%; or

(b) the compound average growth rate across the forecast period would need to decrease by 0.6 percentage points to 5.6%.

ACCOUNTING POLICY – INTANGIBLE ASSETS

Goodwill

Goodwill arising on the acquisition of a subsidiary or business is included in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the profit and loss statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is calculated on the cost of an asset less its residual value. Amortisation is charged to the profit and loss statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives in the current and comparative periods are as follows:

- *Capitalised computer software* 3-10 Years
- *Trademarks and brand names* 3-5 Years
- *Customer relationships* 5-15 Years
- *Technology & Non-Compete Agreements* 4 Years

The residual value, the useful life and the amortisation method applied to an asset are reassessed at least annually and adjusted if appropriate.

2h. Other assets and liabilities

In millions of AUD	Consolidated 2022	2021
Other assets and liabilities		
Current assets		
Prepayments	41.8	35.0
Promissory note	13.8	–
Other	5.7	5.0
	61.3	40.0
Non-current assets		
Related party loans	1.4	1.1
Fair value derivative	4.8	5.0
Promissory note	-	13.6
Investments in other corporations	7.7	7.6
Other	7.6	2.7
	21.5	30.0
Current liabilities		
Income tax	18.3	30.6
	18.3	30.6
Non-current liabilities		
Contingent consideration and deferred payments relating to acquisitions	40.2	81.8
Other	5.2	3.8
	45.4	85.6

2i. 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. Both entities are private entities not listed on any public exchange. The Group's interest in Nuvisan is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Nuvisan.

This acquisition has been recognised on a provisional basis as at 31 March 2022.

The 49% ownership interest in Nuvisan, and the 51% interest in Nuvisan not owned by the Group, are subject to a put and call option arrangement (the Option). Option exercise dates range from 1 January 2024 to 30 September 2026 and the availability of certain options is subject to 3rd party approval. If exercised, the Option could result in a change in the Group's ownership interest, including the disposal of Nuvisan ICB GmbH or the purchase of the 51% interest in Nuvisan not already owned; the exercise price under the Option to acquire that interest is 13 times the attributable adjusted EBITDA for the 12 month period preceding the exercise of the option. At 31 March 2022 the Group is under no obligation to pay or receive any amounts under the Option. The Option is a derivative financial instrument carried at fair value, and at 31 March 2022 was estimated to have a fair value of nil.

In millions of AUD	2022	2021
Current assets	139.9	-
Non-current assets	258.6	-
Current liabilities	(140.0)	-
Non-current liabilities	(229.0)	-
Equity	29.5	-
Group's share in equity 49%	14.5	-
Goodwill	154.4	-
Other intangibles	86.2	-
Amortisation of intangibles	(4.9)	-
Deferred tax liability	(24.4)	-
Foreign currency translation reserve	(3.6)	-
Group's carrying amount of investment	222.2	-
Revenue	150.6	-
Expenses	(141.3)	-
Other income	12.3	-
Financing costs	(0.4)	-
Profit before tax	21.2	-
Income tax expense	(4.1)	-
Profit for the year	17.1	-
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(0.9)	-
Total comprehensive income for year	16.2	-
Group's share of net profit for year at 49%	8.4	-
Amortisation of intangibles	(3.5)	-
Group's share of net profit for year	4.9	-

Revenue and expenses represent the associate's financial performance since the acquisition in October 2021.

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 March 2022.

3. NET DEBT

This section provides information about the overall debt of the company. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

3a. Cash and cash equivalents

3b. Reconciliation of operating profit to net cash

3c. Reconciliation of liabilities arising from financing activities

3d. Loans and borrowings

3a. Cash and cash equivalents

In millions of AUD	Consolidated 2022	2021
Cash and cash equivalents in the statement of cash flows	122.8	168.6

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 4.

ACCOUNTING POLICY – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits at call. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3b. Reconciliation of operating profit to net cash

In millions of AUD	Consolidated 2022	2021[31]
Profit for the period	192.2	171.1
Adjustments for:		
Amortisation and depreciation	138.9	132.6
Loss on sale of property plant and equipment	3.9	6.8
Share-settled performance rights amounts recognised during the year	(11.0)	(2.7)
Share of associates and joint venture net profit	(9.0)	(3.7)
Net non-cash expenses	0.7	1.0
Operating cashflow before changes in working capital and provisions	315.7	305.1
(Increase) in trade and other receivables	(55.9)	(12.8)
(Increase)/decrease in inventories	(6.8)	4.7
Increase/(Decrease) in trade and other payables	50.1	(36.6)
(Decrease)/increase in taxation provisions	(15.9)	5.4
Net cash from operating activities	286.8	265.8

3c. Reconciliation of liabilities arising from financing activities

In millions of AUD	Long-term notes	Bank loans	Lease liabilities	Total
1-Apr-21	775.8	6.4	185.5	**967.7**
Net cash flows	-	253.9	(45.2)	**208.7**
Non-cash changes				
Acquisition	-	-	71.1	**71.1**
Foreign exchange movements	(0.3)	(11.5)	1.8	**(10.0)**
31-Mar-22	775.5	248.9	213.2	**1,237.6**

In millions of AUD	Long-term notes	Bank loans	Lease liabilities	Total
1-Apr-20	822.6	404.4	219.9	**1,446.9**
Net cash flows	71.9	(337.5)	(42.9)	**(308.5)**
Non-cash changes				
Acquisition	–	–	30.4	**30.4**
Foreign exchange movements	(118.7)	(60.5)	(21.9)	**(201.1)**
31-Mar-21	775.8	6.4	185.5	**967.7**

[31] *Refer notes 7a and 7b.*

3d. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 4a.

In millions of AUD	Consolidated	
Current Liabilities	**2022**	**2021**
Bank loans	46.0	5.0
Long term notes	253.7	-
Lease liabilities	42.6	37.2
	342.3	42.2
Non-current liabilities		
Bank loans	202.9	1.4
Long term notes	521.8	775.8
Lease liabilities	170.6	148.3
	895.3	925.5

BANK LOANS

The Group maintains revolving bank facilities with a group of six banks totalling USD$350.0 million. These bank facilities will mature in May 2024 (USD$200 million) and May 2026 (USD$150 million). Funding available to the Group from undrawn facilities at 31 March 2022 amounted to $ 382.3 million (2021: $553.7 million).

The Group maintains a separate bullet maturity fixed rate EUR110.0m bank facility. The EUR funds drawn under this facility will mature in October 2022 (EUR31 million) and October 2023 (EUR79 million) respectively.

The Company and six of its subsidiaries, namely Australian Laboratory Services Pty Ltd, ALS Canada Limited, ALS Group General Partnership, ALS Group USA Corp, ALS Inspection UK Ltd, and Stewart Holdings Management Ltd are parties to multi-currency term loan facility agreements as borrowers with a number of banks.

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans at balance date is 0.9% (2021: 1.0%).

Under the terms of the agreements, the Company and a number of its wholly owned subsidiaries jointly and severally guarantee and indemnify the banks in relation to each borrower's obligations.

LONG-TERM NOTES

The Company's controlled entities Australian Laboratory Services Pty Ltd, ALS Testing Services Group Inc. and ALS Canada Ltd have issued long-term, fixed rate notes to investors in the US Private Placement market. The original issuances occurred in July 2011, September 2013, July 2019 and again in November 2020. The notes are issued in tranches and denominated in Australian dollars, US dollars, Euros, Pound Sterling and Canadian dollars. The notes mature as follows – due July 2022: $253.7 million, due November 2030: $276.1 million and due July 2034: $245.7 million.

Interest is payable semi-annually to noteholders. The weighted average interest rate (incorporating the effect of interest rate contracts) for all long-term notes at balance date is 3.5% (2021: 3.5%).

Under the terms of the note agreements, the Company and a number of its wholly owned subsidiaries jointly and severally guarantee and indemnify the noteholders in relation to the issuer's obligations.

ACCOUNTING POLICY – LOANS AND BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss statement over the period of the borrowings on an effective interest basis.

4. RISK & CAPITAL MANAGEMENT

This section provides information about the Group's risk and capital management. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

4a. Financial & capital risk management

4b. Capital & reserves

4c. Financial Instruments

4d. Contingencies

4e. Capital commitments

4f. Leases

4a. Financial & capital risk management

RISK MANAGEMENT FRAMEWORK

Identification, measurement and management of risk is a strategic priority for the Group. The provision of goods and services carries a number of diverse risks which may have a material impact on the Group's financial position and performance. Consequently, the Board has established a comprehensive framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management throughout the Group.

The Group allocates specific roles in the management of risk to executives and senior managers and to the Board. This is undertaken within an overall framework and strategy established by the Board.

The Audit and Risk Committee obtains assurance about the internal control and risk management environment through regular reports from the Risk and Compliance team.

The Group has exposure to the following risks from their use of financial instruments:

- *Credit risk*
- *Liquidity risk*
- *Market risk*

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

CREDIT RISK

The Group has an established credit policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There is no single customer making up a material percentage of the Group's revenue.

Geographic concentrations of trade receivables are:	2022	2021
Australia	29.3%	29.4%
Canada	10.3%	9.3%
USA	13.6%	14.5%
UK	9.8%	10.6%
Other countries	36.9%	36.2%

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Counterparties to transactions involving derivative financial instruments are large Australian and international banks with whom the Group has a signed netting agreement. Management does not expect any counterparty to fail to meet its obligations.

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. Details of the Deed of Cross Guarantee are provided in note 5c.

LIQUIDITY RISK

The liquidity position of the Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Group maintains over $471.5 million available liquidity, 15.3x interest coverage and weighted average debt maturity of 4.9 years as at 31 March 2022. The Group is party to a number of bilateral debt facility and long-term note agreements which provide funding for acquisitions and working capital (refer to note 3c) and has entered into new USPP funding arrangements due to settle in July 2022 (refer to note 7e). Following the issuance of the new USPP notes in July 2022, the revised weighted average debt maturity for the Group is expected to be 6.9 years.

Note 4c details the repayment obligations in respect of the amount of the facilities and derivatives utilised.

MARKET RISK

Interest rate risk

Interest rate risk is the risk that the Group's financial position and performance will be adversely affected by movements in interest rates. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The Group's interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Group enters into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in note 4c.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future purchase and sales commitments and assets and liabilities that are denominated in a currency that is not the functional currency of the respective Group's entities. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The Group may enter into forward foreign exchange contracts (FECs) to hedge certain forecast purchase commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are generally less than three months. The amount of forecast purchases is estimated based on current conditions in foreign markets, customer orders, commitments to suppliers and experience.

The Group has borrowed funds in foreign currencies to hedge its net investments in foreign operations. The Group has Canadian dollar, Euro, and Great British Pound Sterling denominated borrowings designated as hedges of the Group's net investments in subsidiaries with the same functional currencies.

Capital management

Capital comprises equity attributable to equity holders, loans and borrowings and cash and cash equivalents.

Capital management involves the use of corporate forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group monitors gearing and treasury policy breaches and exceptions. The gearing ratio (net debt to net debt plus equity) as at balance date is 44.4% (2021: 36.5%).

The Group maintains a stable capital base from which it can pursue its growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital.

4b. Capital & reserves

RECONCILIATION OF MOVEMENT IN CAPITAL

In millions of AUD	**Consolidated**	
	2022	**2021**
Issued and paid-up share capital		
483,711,344 ordinary shares fully paid (2021: 482,425,769)	1,321.0	1,304.6
Movements in ordinary share capital		
Balance at beginning of year	1,304.6	1,303.9
Shares issued under dividend reinvestment plan (1,285,575 @ $12.88 per share)	16.6	-
27,503 Net Treasury shares (purchased), vested and issued to employees (2021: -109,115)	(0.2)	0.7
Balance at end of year	1,321.0	1,304.6

As at the end of year, the total number of treasury shares held by the ALS Limited LTI Plan Trust was 53,070 (2021: 25,567). These treasury shares are held by the Trust to meet the Company's future anticipated equity-settled performance rights obligations in respect of the LTI Plan.

TERMS AND CONDITIONS

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to the net proceeds of liquidation.

RESERVES

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities or changes in fair value of derivatives that hedge the Company's net investment in a foreign subsidiary.

The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to notes 1d and 8a.

Other reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. In the prior year, it also included amounts arising from the accounting for a put and call option arrangement entered with a non-controlling interest of a controlled entity.

DIVIDENDS

Dividends recognised in the current year by the Company are:

In millions of AUD	**Cents per share**	**Franked amount (cents)**	**Total amount**	**Date of payment**
2022				
Interim 2022 ordinary	15.8	4.7	76.2	17 Dec 21
Final 2021 ordinary	14.6	10.2	70.4	05 Jul 21
			146.6	
2021				
Interim 2021 ordinary	8.5	8.5	41.0	16 Dec 20
Final 2020 ordinary	6.1	4.3	29.4	06 Jul 20
			70.4	
Dividend declared after the end of the financial year:				
Final 2022 ordinary	17.0	5.1	82.2	04 Jul 22

The financial effect of the Final 2022 dividend has not been brought to account in the financial statements for the year ended 31 March 2022 and will be recognised in subsequent financial reports.

The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30.0%.

In millions of AUD	**Consolidated**	
Dividend franking account	**2022**	**2021**
30% franking credits available to shareholders of ALS Limited for subsequent financial years	(10.9)	(8.8)

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits/debits that will arise from the payment/receipt of current tax liabilities/assets.
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end.
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

ACCOUNTING POLICY

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

4c. Financial Instruments

LIQUIDITY RISK

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

CONSOLIDATED

As at 31 March 2022 *In millions of AUD*	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Trade and other payables	310.8	-	-	-	-	310.8
Lease liabilities	26.6	23.3	39.7	79.0	80.1	248.7
Long term notes	260.3	7.8	15.6	46.7	608.6	939.0
Bank loans	2.2	47.6	120.0	90.9	-	260.7
Contingent consideration and deferred payments relating to acquisitions	52.8	10.2	38.2	2.0	-	103.2
Total	652.7	88.9	213.5	218.6	688.7	1,862.4

CONSOLIDATED

As at 31 March 2021 *In millions of AUD*	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Trade and other payables	243.6	–	–	–	–	243.6
Lease liabilities	22.7	20.3	34.4	63.7	76.4	217.5
Long term notes	13.7	13.6	268.9	47.0	629.1	972.3
Bank loans	1.4	5.4	0.5	0.5	–	7.8
Contingent consideration and deferred payments relating to acquisitions	12.1	8.9	48.9	32.9	–	102.8
Total	293.5	48.2	352.7	144.1	705.5	1,544.0

CURRENCY RISK

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

CONSOLIDATED

In millions of AUD	**2022**			
	USD	CAD	EUR	GBP
Trade and other receivables	14.2	-	5.8	1.3
Cash at bank	22.1	-	2.1	(0.9)
Long term notes	-	(26.7)	(118.7)	(61.4)
Bank loan	-	-	-	-
Trade and other payables	(1.8)	-	(0.4)	-
Net balance sheet exposure	34.5	(26.7)	(111.2)	(61.0)

CONSOLIDATED

In millions of AUD	**2021**			
	USD	CAD	EUR	GBP
Trade and other receivables	12.0	–	3.7	1.3
Cash at bank	41.7	–	4.2	0.3
Long term notes	–	(26.1)	(123.3)	(63.3)
Bank loan	(2.7)	–	(0.4)	(0.1)
Net balance sheet exposure	51.0	(26.1)	(115.8)	(61.8)

The following exchange rates against the Australian dollar applied at 31 March:

	31 March spot rate	
	2022	**2021**
USD	0.74906	0.76075
CAD	0.93678	0.95794
EUR	0.67393	0.64868
GBP	0.57034	0.55261

SENSITIVITY ANALYSIS

A 10% strengthening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021. The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in foreign operation at 31 March for the effects of the assumed changes of the underlying risk.

In millions of AUD	**Consolidated**	
As at 31 March 2022	**Profit**	**Equity**
USD	(3.1)	-
CAD	-	2.4
EUR	-	10.1
GBP	-	5.5
	(3.1)	18.0

In millions of AUD	**Consolidated**	
As at 31 March 2021	**Profit**	**Equity**
USD	(4.6)	-
CAD	-	2.4
EUR	-	10.5
GBP	-	5.6
	(4.6)	18.5

A 10% weakening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

In millions of AUD	**Consolidated**	
As at 31 March 2022	**Profit**	**Equity**
USD	3.8	-
CAD	-	(3.0)
EUR	-	(12.4)
GBP	-	(6.8)
	3.8	(22.2)

In millions of AUD	**Consolidated**	
As at 31 March 2021	**Profit**	**Equity**
USD	5.7	-
CAD	-	(2.9)
EUR	-	(12.9)
GBP	-	(6.9)
	5.7	(22.7)

INTEREST RATE RISK

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Consolidated	**2022**	**2021**	**2022**	**2021**
In millions of AUD	**Fixed rate instruments**		**Variable rate instruments**	
Financial assets	-	-	122.8	168.6
Financial liabilities	(898.2)	(961.3)	(339.4)	(6.7)
	(898.2)	(961.3)	(216.6)	161.9

SENSITIVITY ANALYSIS

Fair value sensitivity analysis for fixed rate instruments

The Group has designated interest rate contracts as hedging instruments under a fair value hedge accounting model in relation to its fixed rate long-term notes. The interest rate contracts swap the fixed interest payable on a portion of the loan notes to variable interest rates for the term of the debt. In accordance with the Group's accounting policy (refer to note 3c) changes in fair value of the interest rate contracts together with the change in fair value of the debt arising from changes in interest rates are recognised in the profit and loss (to the extent the fair value hedge is effective). In 2022, the change in fair value of interest rate contracts was $nil million (2021: $3.0 million) and was offset in the Group's profit and loss statement by an equal amount relating to the change in fair value of the hedged risk. A change of 50 basis points in interest rates at the reporting date would not materially impact the Group's profit and loss before income tax or equity (2021: Nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

Consolidated	**As at 31 March 2022**				**As at 31 March 2021**			
In millions of AUD	**Profit**		**Equity**		**Profit**		**Equity**	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Variable rate instruments	(1.1)	1.1	–	–	0.8	(0.8)	–	–
Cash flow sensitivity (net)	(1.1)	1.1	–	–	0.8	(0.8)	–	–

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of $898.7 million (2021: $800.1 million). The basis for determining fair values is disclosed in note 7c. The fair value at 31 March 2022 of derivative assets (2021: asset) which are the Group's only financial instruments carried at fair value, was a net loss of $0.2 million (2021: $7.3 million loss) measured using Level 2 valuation techniques as defined in the fair value hierarchy shown in note 7c. The Group does not have any financial instruments that are categorised as Level 1 in the fair value hierarchy.

4d. Contingencies

The directors are of the opinion that there are no material contingent liabilities at 31 March 2022.

4e. Capital commitments

In millions of AUD	**Consolidated**	
	2022	**2021**
Capital expenditure commitments		
Plant and equipment contracted but not provided for and payable within one year	24.6	26.7

4f. Leases

LEASES AS LESSEE

The Group leases many assets including property, vehicles, laboratory and office equipment.

Carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period:

	Right-of-use assets				
In millions of AUD	**Property**	**Vehicles**	**Equipment**	**Total**	**Lease liabilities**
As at 1 April 2021	157.7	16.7	2.7	177.1	185.5
Net additions	36.4	5.1	25.6	67.1	71.1
Amortisation	(36.8)	(8.4)	(2.0)	(47.2)	-
Interest	-	-	-	-	7.1
Payments	-	-	-	-	(52.3)
FX	1.9	(0.1)	-	1.8	1.8
As at 31 March 2022	159.2	13.3	26.3	198.8	213.2
As at 1 April 2020	196.4	20.6	2.9	219.9	219.9
Net additions	23.6	5.4	1.1	30.1	30.4
Transfers	3.7	0.1	–	3.8	3.9
Impairment of onerous lease	(6.9)	-	–	(6.9)	-
Amortisation	(35.0)	(8.5)	(1.0)	(44.6)	–
Interest	–	–	–	–	7.2
Payments	–	–	–	–	(50.2)
FX	(24.1)	(0.9)	(0.3)	(25.2)	(25.7)
As at 31 March 2021	157.7	16.7	2.7	177.1	185.5

The Group recognised rent expense from short-term leases of $3.6 million (2021: $2.9 million) and leases of low-value assets of $2.8 million (2021: $1.3 million) for the year ended 31 March 2022.

Maturity analysis – contractual undiscounted cash flows:

In millions of AUD	Consolidated	
	2022	**2021**
Due up to one year	49.9	43.0
Due between one and five years	118.7	98.1
Due after five years	80.1	76.4
Total undiscounted lease liabilities at period end	248.7	217.5
Lease liabilities included in the balance sheet at period end		
Current	42.6	37.2
Non-Current	170.6	148.3
	213.2	185.5

ACCOUNTING POLICY

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 an identified asset, the Group assesses whether:

- the contract involves the right to use of an identified asset – this may be specified explicitly 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 the 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 the 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 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 leases of land and buildings in which it is a lessee, the Group does not separate non-lease components and account for these lease and non-lease components as a single lease component.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises of the initial lease liability amount, initial direct costs incurred when entering in the lease less lease incentives received and an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site on which it is located, to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term.

An impairment review is undertaken for any right of use assets that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired.

Lease Liabilities

The lease liability is measured at the present value of the fixed and variable lease payments made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group. Lease payments are apportioned between the finance charged and reduction of the lease liability using the incremental borrowing rate at lease commencement date.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (less than $7,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases as lessor

The Group leases out its investment property held under operating lease (see note 2f). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated	
In millions of AUD	**2022**	**2021**
Less than one year	1.6	2.1
Between one and five years	5.0	1.1
	6.6	3.2

During the year ended 31 March 2022 $2.1 million was recognised as rental income in the profit and loss statement (2021: $2.1 million).

5. GROUP STRUCTURE

This section provides information about the Group's structure. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

5a. Acquisition of subsidiaries

5b. Material operating entities and ultimate parent

5c. Deed of cross guarantee

5d. Parent entity disclosures

5a. Acquisition of subsidiaries

BUSINESS COMBINATIONS

2022	**Interest Acquired**	**Date acquired**	**Consideration paid**
MinAnalytical Laboratory Services Australia Pty Ltd	100%	Dec-21	43.6
Other			13.7
			57.3

Included in trade and other payables and other non-current liabilities is contingent consideration of $3.4 million as at 31 March 2022.

In millions of AUD **2021**	**Interest Acquired**	**Date acquired**	**Consideration**
Investiga Group	100%	Mar-21	79.3
			79.3

Included in trade and other payables and other non-current liabilities is deferred and contingent liabilities of $48.8 million as at 31 March 2021. The purchase price allocation was finalised in FY22, which resulted in retrospective adjustments to goodwill of $9.6 million, customer relationships of $9.6 million, deferred tax liabilities of $3 million, trade and other payables of $1.4 million and contingent consideration of $14.8 million.

MinAnalytical Laboratory Services Australia Pty Ltd

In millions of AUD	**Fair Value*** **2022**
Property, plant and equipment	5.7
ROU assets	25.3
Trade and other receivables	7.3
Inventories	0.3
Cash and cash equivalents	1.6
Tax assets	1.9
Trade and other payables	(2.7)
Lease liabilities	(27.2)
Employee benefits	(1.3)
Net identifiable assets and liabilities	10.9
Intangibles on acquisition	32.7
Paid in cash	43.6
Cash (acquired)	(1.6)
Net cash outflow	42.0

* *This acquisition has been recognised on a provisional basis.*

On 21 December 2021 the Group acquired 100% of the issued capital of the MinAnalytical Laboratory Services Australia Pty Ltd. The cash purchase consideration was $43.6 million. The acquired net tangible assets were $10.9 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of $32.7 million was recognised.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of MinAnalytical Laboratory Services Australia Pty Ltd for the three-month period from the acquisition date. All acquired amounts and contingent consideration was recorded on a provisional basis at 31 March 2022.

Directly attributable transaction costs of $0.2 million relating to these acquisitions were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2022 MinAnalytical Laboratory Services Australia Pty Ltd contributed revenue of $10.4 million and a net profit after tax of $1.0 million to the consolidated net profit after tax for the year.

MinAnalytical Laboratory Services Australia Pty Ltd was acquired for the purpose of broadening the geochemistry service reach of the Group's existing Australian Commodities division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Other acquirees' net assets at acquisition dates

In millions of AUD	Fair Value* 2022	Fair Value 2021
Property, plant and equipment	1.9	3.1
Trade and other receivables	1.4	5.2
Inventories	0.2	0.1
Cash and cash equivalents	0.3	0.9
Identifiable intangible assets	-	0.5
Tax assets/(liabilities)	0.2	(2.3)
Employee benefits	-	(0.6)
Trade and other payables	(1.0)	(6.5)
Net identifiable assets and liabilities	3.0	0.4
Intangibles on acquisition	10.7	78.9
Total consideration	13.7	79.3
Contingent consideration	3.6	48.8
Paid in cash	10.1	30.5
Cash (acquired)	(0.3)	(0.9)
Net cash outflow	9.8	29.6

* *These acquisitions have been recognised on a provisional basis.*

Directly attributable transaction costs of $0.2 million (2021: $1.5 million) relating to these acquisitions were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2022 the other acquirees contributed revenue of $2.3 million (2021: $1.5 million) and a net profit after tax of $nil (2021: $0.1 million) to the consolidated net profit after tax for the year.

The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business.

ACCOUNTING POLICY – BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss. When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

In determining the fair value of identifiable net assets acquired, the Group considers the existence of identifiable intangible assets such as brand names, trademarks, customer contracts and relationships and in process research and development intangible assets. Where material, these items are recognised separately from goodwill.

5b. Global operating entities and ultimate parent

The controlled entities disclosed are limited to those entities with a contribution to Group consolidated revenue of at least 1.0%, but also includes the main operating legal entity in every country where the Group has permanent operations, even where such legal entity represents less than 1.0% of the Group consolidated revenues. The list also includes major borrowers but excludes dormant and pure sub-holding entities.

Country	Parent entity
Australia	ALS Limited
Controlled entities	
Argentina	ALS Argentina S.A.
Australia	ACIRL Proprietary Ltd
Australia	ACIRL Quality Testing Services Pty Ltd
Australia	ALS Industrial Pty Ltd
Australia	Ammtec Unit Trust
Australia	Australian Laboratory Services Pty Ltd
Australia	ALS Water and Hydrographics Pty Ltd (previously Ecowise Australia Pty Ltd)
Australia	MinAnalytical Laboratory Services Australia Pty Ltd
Austria	ALS Austria GmbH
Belgium	ALS Inspection Belgium NV
Bolivia	ALS Bolivia Ltda
Botswana	ALS Laboratory Botswana (Pty) Ltd
Brazil	ALS AMBIENTAL Ltda
Burkina Faso	ALS Burkina SARL
Cambodia	Australian Laboratory Services (ALS) (Cambodia) Co., Ltd.
Canada	ALS Canada Ltd.
Chile	ALS Patagonia S.A.
China	ALS Chemex (Guangzhou) Ltd
Colombia	ALS Life Sciences Colombia S.A.S.
Congo	ALS Minerals RDC SPRL
Czech Republic	ALS Czech Republic s.r.o.
Denmark	ALS Denmark AS
Dominican Republic	ALS Dominican Republic SAS
Ecuador	ALS ECUADOR ALSECU S.A. (previously Corporacion Laboratorios Ambientales del Ecuador CORPLABEC S.A.)
Egypt	Australian Laboratory Services Company
England	ALS Environmental Limited
England	ALS Inspection UK Limited
England	ALS Laboratories (UK) Ltd
Ethiopia	ALS Services PLC
Finland	ALS Finland OY

Controlled entities	
Ghana	ALS Ghana Limited
Hong Kong	ALS Technichem (HK) Pty Ltd
India	ALS Testing Services India Private Limited
Ireland	OMAC Laboratories Limited
Italy	ALS Italia S.r.l.
Ivory Coast	ALS Ivory Coast SARL
Kazakhstan	ALS KazLab LLP
Laos	Australian Laboratory Services (Lao) Limited
Mali	Group de Laboratoire ALS MALI SARL
Mauritania	Stewart Inspection & Analysis Limited (Mauritania)
Mexico	ALS Chemex de Mexico S.A. de C.V.
Mexico	Laboratorio de Control ARJ, S. A. de C. V.
Mongolia	ALS Group LLC
Mozambique	ALS Inspection Mozambique Service, LDA
Myanmar	ALS Testing Services Company Limited
Namibia	ALS Laboratory Namibia (Proprietary) Ltd
Netherlands	ALS Inspection Netherlands BV
New Zealand	ALS Testing Services NZ Limited
Norway	ALS Laboratory Group Norway AS
Panama	ALS Panama S.A.
Peru	ALS LS PERU S.A.C.
Peru	ALS Peru S.A.
Poland	ALS Food & Pharmaceutical Polska Sp. z.o.o.
Portugal	ALS Life Sciences Portugal, SA (previously Controlvet – Seguranca Alimentar, SA)
Romania	ALS Romania S.R.L
Russia	ALS Chita Laboratory LLC
Scotland	ALS Petrophysics Limited
Senegal	ALS Senegal SUARL
Serbia	ALS Laboratory Services DOO BOR
Singapore	ALS Technichem (S) Pte Ltd
Slovakia	ALS SK, s.r.o.
South Africa	ALS Chemex South Africa (Proprietary) Ltd
South Korea	ALS Inspection South Korea Limited
Spain	Aquimisa S.L.
Sudan	Australian Laboratory Services Co. Ltd.
Suriname	Australian Laboratory Services Suriname N.V.
Sweden	ALS Scandinavia AB
Thailand	ALS Laboratory Group (Thailand) Co Ltd
Turkey	ALS Laboratory Services Limited Sirketi
USA	ALS Group USA, Corp
USA	ALS Services USA, Corp
USA	ALS Testing Services Group USA
USA	ALS USA Inc

Controlled entities	
Uzbekistan	ALS Testing Toshkent LLC
Zambia	Australian Laboratory Group (Zambia) Limited

The above entities were wholly owned at the end of the reporting period.

ACCOUNTING POLICY - CONSOLIDATED ENTITIES

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investments accounted for using the equity method" and "Share of net profit of associates and joint ventures accounted for using the equity method" accounts.

5c. Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 dated 28 September 2016, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- ACIRL Proprietary Limited
- ACIRL Quality Testing Services Pty Ltd
- ALS Metallurgy Holdings Pty Ltd
- ALS Metallurgy Pty Ltd
- ALS Metallurgy Pty Ltd atf Ammtec Unit Trust
- ALS Industrial Holdings Pty Ltd
- ALS Industrial Pty Ltd
- Australian Laboratory Services Pty Ltd
- ALS Water and Hydrographics Pty Ltd
- ALS South American Holdings Pty Ltd
- MinAnalytical Laboratory Services Australia Pty Ltd
- ALS Group Finance Pty Ltd

A consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2022 is set out below.

Summary profit and loss statement and retained profits

	Consolidated	
In millions of AUD	**2022**	**2021**
Profit before tax	189.5	188.1
Income tax expense	(24.9)	(36.8)
Profit after tax	164.6	151.3
Retained profits at beginning of year	(17.0)	(86.5)
Retained earnings adjustment[32]	-	(11.3)
Dividends recognised during the year	(151.5)	(70.5)
Retained profits at end of year	(3.9)	(17.0)

Statement of comprehensive income

	Consolidated	
In millions of AUD	**2022**	**2021**
Profit for the period	164.6	151.3
Total comprehensive income for the period	164.6	151.3

BALANCE SHEET

	Consolidated	
In millions of AUD	**2022**	**2021[32]**
Assets		
Cash and cash equivalents	24.4	20.3
Trade and other receivables	121.4	92.9
Inventories	11.9	12.0
Other	12.5	8.4
Total current assets	170.2	133.6
Receivables	175.2	125.9
Investments accounted for using the equity method	18.7	17.6
Investment property	9.9	9.8
Deferred tax assets	30.2	25.4
Property, plant and equipment	160.4	147.0
Right-of-use assets	57.7	30.6
Intangible assets	326.3	293.0
Other investments	1,500.0	1,277.9
Total non-current assets	2,278.4	1,927.2
Total assets	2,448.6	2,060.8
Liabilities		
Trade and other payables	90.5	55.6
Loans and borrowings	12.0	11.0
Income tax payable	(3.4)	9.4
Employee benefits	38.4	41.5
Total current liabilities	137.5	117.5
Loans and borrowings	969.1	612.3
Employee benefits	5.2	5.7
Other	14.1	31.3
Total non-current liabilities	988.4	649.3
Total liabilities	1,125.9	766.8
Net assets	1,322.7	1,294.0
Equity		
Share capital	1,321.0	1,304.6
Reserves	5.6	6.4
Retained earnings	(3.9)	(17.0)
Total equity	1,322.7	1,294.0

5d. Parent entity disclosures

Result of parent entity

In millions of AUD	**2022**	**2021**
Profit for the period	133.5	378.1
Total comprehensive income for the period	133.5	378.1

Financial position of parent entity at year end

In millions of AUD	**2022**	**2021[32]**
Current assets	30.3	26.3
Total assets	1,994.9	1,850.6
Current liabilities	11.4	18.2
Total liabilities	699.0	552.3
Net assets	1,295.9	1,298.3
Share capital	1,321.0	1,304.6
Reserves	5.4	6.1
Retained earnings	(30.5)	(12.4)
Total equity	1,295.9	1,298.3

Parent entity capital commitments

In millions of AUD	**2022**	**2021**
Plant and equipment contracted but not provided for and payable within one year	0.7	0.4
	0.7	0.4

Parent entity guarantees in respect of the debts of its subsidiaries

The Company is party to a number of financing facilities and a Deed of Cross Guarantee under which it guarantees the debts of a number of its subsidiaries. Refer to notes 3d and 5c for details.

[32] *Refer notes 7a and 7b.*

6. TAXATION

This section provides information about the Group's income tax expense (including a reconciliation of income tax expense to accounting profit), deferred tax balances and income tax recognised directly in equity. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

6a. Income taxes

6b. Deferred tax assets and liabilities

6a. Income taxes

In millions of AUD	Consolidated	
Recognised in the profit and loss statement	**2022**	**2021**[33]
Current tax expense		
Current year	99.8	80.1
Adjustments for prior years	2.1	(1.2)
	101.9	78.9
Deferred tax expense		
Origination and reversal of temporary differences	(11.7)	(5.7)
Total income tax expense in profit and loss statement	90.2	73.2
Reconciliation between tax expense and pre-tax net profit/(loss)		
Profit/(loss) before tax	282.4	244.3
Income tax using the domestic corporation tax rate of 30% (2021: 30%)	84.7	73.3
Difference resulting from different tax rates in overseas countries	(8.2)	(7.7)
	76.5	65.6
Increase in income tax expense due to:		
Non-deductible expenses	3.7	3.3
Non-deductible new market expansion and acquisition related costs	0.8	0.9
Tax losses of subsidiaries not recognised	5.7	0.5
Non-resident withholding tax paid upon receipt of distributions from foreign related parties	4.5	5.5
Non-deductible amortisation of intangibles	1.7	1.6
Under / (over) provided in prior years	2.1	(1.2)
	18.5	10.6
Decrease in income tax expense due to:		
Previously unrecognised tax losses utilised during the year	-	(0.5)
Share of associate entities net profit	(2.7)	(1.1)
Foreign statutory tax exemptions granted	(0.4)	(0.1)
Tax exempt revenues	(1.7)	(1.3)
	(4.8)	(3.0)
Income tax expense on pre-tax net profit/(loss)	90.2	73.2
Deferred tax recognised directly in equity		
Relating to hedging reserve	0.1	1.3
	0.1	1.3

[33] *Refer notes 7a and 7b.*

6b. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

Consolidated	**Assets**		**Liabilities**	
In millions of AUD	**2022**	**2021**[34]	**2022**	**2021**[34]
Property, plant and equipment	4.8	3.1	8.2	12.5
Unrealised FX losses/(gains)	4.0	3.3	4.5	0.2
Provisions and other payables	32.2	26.5	0.5	0.5
Intangible assets	-	-	13.7	11.3
Unearned Revenue	3.1	3.1	-	-
Fair value derivatives	-	-	2.7	2.3
Inventories	-	0.1	3.9	4.1
Other items	11.5	2.9	10.0	0.9
Tax value of loss carry-forwards recognised	3.5	10.8	-	-
Tax assets / liabilities	59.1	49.8	43.5	31.8
Set off of tax	(17.3)	(19.0)	(17.3)	(19.0)
Net tax assets / liabilities	41.8	30.8	26.2	12.8

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In millions of AUD	**Consolidated**	
	2022	**2021**
Tax losses	45.1	45.7

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

ACCOUNTING POLICY

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (except for transactions that, on initial recognition, give rise to equal taxable and deductable temporary differences such as recognition of an ROU Asset and a lease liability), and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

[34] *Refer notes 7a and 7b.*

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is ALS Limited.

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payables (receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 a current asset or liability in the balance sheet.

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

7. OTHER INFORMATION

This section provides information on items that are not considered to be significant in understanding the financial performance and position of the Group but must be disclosed to comply with the Accounting Standards, the Corporation Act 2001 or the Corporations Regulations.

7a. Basis of preparation

7b. Significant accounting policies

7c. Determination of fair value

7d. Auditors' remuneration

7e. Events subsequent to balance date

7a. Basis of preparation

STATEMENT OF COMPLIANCE

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 25 May 2022.

GOING CONCERN

The financial statements have been approved by the Directors on a going concern basis.

BASIS OF MEASUREMENT

The financial report is prepared on the historical cost basis except that derivative financial instruments and liabilities for cash-settled share-based payments are measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial report is presented in Australian dollars which is the Company's functional currency. 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 have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of a financial report requires judgements, estimates and assumptions to be made, affecting the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the most significant uses of estimates and judgements are described in notes 2a. Trade and other receivables, 2g. Intangible assets, 4f. Lease, 5a. Acquisition of subsidiaries, 6a. Income taxes and 6b. Deferred tax assets and liabilities.

COMPARATIVES

Certain comparative balances have been restated to conform with current year disclosure, as required for the change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements and the finalisation of the Investiga acquisition. Refer notes 5a and 7b for details.

7b. Significant accounting policies

Except as described below, the accounting policies applied by the Group in this Financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2022.

CHANGE IN ACCOUNTING POLICIES

In April 2021 the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to Software-as-a-Service (SaaS) arrangements. The Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements.

Accounting Policy – Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at minimum at the end of each reporting period and any changes are treated as changing in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides these services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

Accounting estimates, assumptions and judgements

In the process of applying the above policy, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Determining whether cloud computing arrangements contain a software licence intangible asset:

The Group evaluates a cloud computing arrangement to determine if it provides a resource that the Group can control.

The Group determines that a software licences intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty.
- It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.
- Determination whether configuration and customisation costs provide a distinct service to access to the SaaS:

The Group applies judgement in determining whether costs incurred provide a distinct service, aside from access to the SaaS. Where it is determined that no distinct service is identifiable, the related costs are recognised as expenses over the duration of the service contract.

The following table shows the adjustments recognised for each individual line item affected by the change in accounting policy. Line items that were not affected by the changes have not been included and as a result the sub-totals disclosed cannot be recalculated from the amounts provided.

In millions of AUD	31 March 2021	Impact of change in accounting policy $m	31 March 2021 restated
Consolidated Balance Sheet			
Property, plant and equipment (Capital WIP)	464.0	(9.8)	454.2
Intangible assets (Software)	1,155.7	(4.7)	1,151.0
Total non-current assets	1,885.0	(14.5)	1,870.5
Total Assets	2,496.1	(14.5)	2,481.6
Deferred tax liabilities	17.0	(4.2)	12.8
Total non-current liabilities	1,036.8	(4.2)	1,032.6
Total liabilities	1,416.3	(4.2)	1,412.1
Net assets	1,079.8	(10.3)	1,069.5
Consolidated Statement of Profit or Loss			
Expenses	(1,371.9)	(4.2)	(1,376.1)
Profit before financing cost, depreciation, and amortisation	421.1	(4.2)	416.9
Profit before net financing costs (EBIT)	288.5	(4.2)	284.3
Profit before tax	248.5	(4.2)	244.3
Income tax expense	(74.4)	1.2	(73.2)
Profit for the period	174.1	(3.0)	171.1
Profit attributable to: Equity holders of the company	172.6	(3.0)	169.6
Total comprehensive income for the period	39.0	(3.0)	36.0
Profit attributable to: Equity holders of the company	37.5	(3.0)	34.5
Consolidated Statement of Cash Flows			
Cash paid to suppliers and employees	(1,588.2)	(4.2)	(1,592.4)
Cash generated from operations	377.9	(4.2)	373.7
Net cash from operating activities	270.0	(4.2)	265.8
Payments for property plant and equipment (Capital WIP)	(81.1)	4.2	(76.9)
Net cash (used) in investing activities	(124.7)	4.2	(120.5)
Earnings per share for profit attributable to the ordinary equity holders of			
Basic EPS (cents)	35.78	(0.62)	35.16
Diluted EPS (cents)	35.62	(0.62)	35.00
		2021 $m Restated	**2020 $m Restated**
Opening retained profits 1 April as originally presented		(204.9)	(219.8)
Impact on:			
Intangible assets		(4.2)	(10.3)
Deferred tax liabilities		1.2	2.9
Opening retained profits 1 April - restated		(207.9)	(227.2)

Key Judgement and Estimates

Amortisation of leased assets is calculated using the straight-line method to allocate their cost, net of their residual value, over the remaining lease term.

The incremental borrowing rate is the estimated rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The lease term is the non-cancellable period for which the lessee has the right to use an underlying asset, including option periods, when a lessee is reasonably certain to exercise an option to extend (or not to terminate) a lease.

Accounting policies that apply to specific content in the financial statements have been included within the relevant notes.

Accounting policies that apply across a number of contents in the financial statements are listed below.

IMPAIRMENT

Financial assets

The Group's primary type of financial assets subject to AASB 9's expected credit loss model is trade receivables. The Group has applied the simplified approach permitted in AASB 9, which requires the use of the lifetime expected loss provision for all receivables, whereas AASB 139 operated under an incurred loss model and would only recognise impairments when there was objective evidence.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit and loss statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see note 2b) and deferred tax assets (see note 6b), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in equity accounted investees is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

HEDGING

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is transferred from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases, the amount recognised in other comprehensive income is transferred to the profit and loss statement in the same period that the hedged item affects profit or loss.

The ineffective portion of any change in fair value is recognised immediately in the profit and loss statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the profit and loss statement.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Economic hedges

Where a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in fair value are recognised in the profit and loss statement

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss statement, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

Hedge of net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the parent entity's functional currency regardless of whether the net investments are held directly or through an intermediate parent. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the profit and loss statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the profit and loss statement as an adjustment to the gain or loss on disposal.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in the profit and loss statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

7c. Determination of fair value

The following summarises the major methods and assumptions used in estimating the fair values for measurement and disclosure purposes:

FAIR VALUE HIERARCHY

In determining fair value measurement for disclosure purposes, 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.

DERIVATIVES

Forward exchange contracts are marked to market using publicly available forward rates. Interest rate contracts are marked to market using discounted estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

The put and call option is measured at fair value using market multiples in the TIC sector for like businesses at the measurement date.

LOANS AND BORROWINGS

Fair value is calculated based on discounted expected future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

TRADE AND OTHER RECEIVABLES / PAYABLES

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

LEASE LIABILITIES

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects changes in interest rates.

SHARE-BASED PAYMENT TRANSACTIONS

The fair value of share-based awards to employees is measured using Binomial Tree (Earnings per Share and EBITDA hurdles and service condition) and Monte-Carlo Simulation (Total Shareholder Return hurdle) valuation methodologies. Measurement inputs include the Company's share price on measurement date, expected volatility thereof, expected life of the awards, the Company's expected dividend yield and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Refer to note 8a for details.

CONTINGENT CONSIDERATION

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

The significant unobservable inputs are the assumed earnings of the acquirees, the discount rate and the minimum and maximum EBITDA target.

The Group assumed that the acquiree would achieve their earnings target.

7d. Auditor's remuneration

In thousands of AUD	Consolidated	
	2022	**2021**
Audit services		
Auditors of the Company		
EY Australia:		
Audit and review of consolidated and company financial reports	813.0	700.0
Other EY member firms:		
Audit and review of consolidated and company financial reports	1,652.0	1,400.0
	2,465.0	2,100.0
Other services		
Auditors of the Company		
EY Australia:		
Other assurance and investigation services	31.0	-
Other EY member firms:		
Other assurance and investigation services	7.0	54.8
	38.0	54.8

It is the Group's policy not to use its external auditor for non-audit services. In very limited circumstances where EY is engaged, pre-approval is sought for the non-audit services being rendered.

7e. Events subsequent to balance date

NEW USPP LOAN NOTES

As previously announced to the market on 16 March 2022, the Group has successfully placed new long-term US Private Placement (USPP) senior notes totalling AUD$268.9m million to be funded in July 2022. The new USPP issuance comprised of three tranches each of 10 years tenor, denominated in USD$140.0 million, AUD$50.0 million and CAD$30.0 million. The mix of currencies sought via the new issuance allows the Group's global cash flows and operating assets mix to be appropriately balanced by funding in similarly denominated debt. The majority of the new USPP funds will be applied to refinance the existing USPP notes (AUD$253.7 million) that will mature in July 2022.

OTHER

Subsequent to 31 March 2022 the Group settled outstanding claims with an advisor related to a previously reported tax penalty in Canada of $18.9 million in FY 2018. The settlement, net of costs, is not material to the financial statements and will be normalised from reported results in the year ended 31 March 2023.

8. EMPLOYMENT MATTERS

This section provides information on items relating to share based payments and key management personnel.

8a. Share-based payments

8b. Key management personnel disclosures

8a. Share-based payments

The Group operates a Long Term Incentive Plan (LTIP) designed as a retention and reward 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). These conditional rights have performance hurdles which are assessed at the end of the performance period.

Service based rights were also issued during FY22 to some key management personnel (KMP) under the Short Term Incentive Plan in respect of deferred compensation earned for STI during FY21. A further tranche of new Service-based rights in respect of deferred compensation earned for STI during FY22 will be granted to certain KMP during FY23. An estimated accrual for the fair value of services received in return for these new deferred STI service rights (yet to be granted) has been made at 31 March 2022 and included in the value of share-based awards for KMP shown in Table 21 of the Remuneration Report.

All of the rights carry an exercise price of nil. The terms and conditions of rights in existence during the year are set out below together with details of rights vested, lapsed and forfeited.

EQUITY-SETTLED PERFORMANCE AND SERVICE RIGHTS

All equity-settled rights refer to rights over ordinary shares in the Company and entitle an executive to ordinary shares on the vesting date subject to the achievement of performance hurdles and or a service condition. The rights expire on termination of an executive's employment prior to the vesting date and or upon the failure of achievement of performance hurdles.

Performance-hurdle rights granted year ended 31 March:	**2022**	**2021**	**2020**	**2019**
Scheme performance period	**2021-24**	**2020-23**	**2019-22**	**2018-21**
Date of grant	28-Jul-21	29-Jul-20	31-Jul-19	1-Aug-18
Testing date for performance hurdles	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21
Vesting date and testing date for service condition	1-Jul-24	1-Jul-23	1-Jul-22	1-Jul-21
Number of rights:				
Opening balance 1 April	-	770,904	659,145	494,649
Granted	618,418	-	-	-
Vested & exercised	-	-	-	(465,463)
Lapsed (a)	-	(41,356)	(36,074)	(29,186)
Closing balance 31 March	618,418	729,548	623,071	-

Service-based rights granted year ended 31 March:	**2022**	**2021**	**2020**	**2020**
Scheme performance period	**2021-23**	**2020-22**	**2019-21**	**2019-21**
Date of grant	28-Jul-21	29-Jul-20	31-Jul-19	31-Jul-19
Vesting date and testing date for service condition	1-Apr-23	1-Apr-22	1-Jul-21	1-Apr-21
Number of rights:				
Opening balance 1 April	-	52,060	253,950	142,571
Granted	98,591	-	-	-
Vested & exercised	-	-	(232,660)	(139,951)
Lapsed (a)	(2,957)	(1,301)	(21,290)	(2,620)
Closing balance 31 March	95,634	50,759	-	-

CASH-SETTLED PERFORMANCE RIGHTS

All cash-settled performance rights expire on termination of an executive's employment prior to the vesting date and or upon the failure of achievement of performance hurdles. The amount of cash payment is determined based on the volume weighted average price of the Company's shares over the 20 trading days following the release of the Group's full year results for the final year of each performance period.

Performance-hurdle rights granted year ended 31 March:	**2022**	**2021**	**2020**	**2019**
Scheme performance period	**2021-24**	**2020-23**	**2019-22**	**2018-21**
Date of grant	28-Jul-21	29-Jul-20	31-Jul-19	1-Aug-18
Testing date for performance hurdles	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21
Vesting date and testing date for service condition	1-Jul-24	1-Jul-23	1-Jul-22	1-Jul-21
Number of rights:				
Opening balance 1 April	-	49,452	39,148	32,742
Granted	45,903	-	-	7,194
Vested & exercised	-	-	-	(38,858)
Lapsed (a)	-	-	-	(1,078)
Closing balance 31 March	45,903	49,452	39,148	-

(a) Performance-hurdle rights lapsed due to hurdles not being met or on cessation of employment.

CASH-SETTLED SERVICE-BASED RIGHTS

Service-based rights granted year ended 31 March:	**2022**	**2020**	**2020**
Scheme performance period	**2021-23**	**2019-21**	**2019-21**
Date of grant	28-Jul-21	31-Jul-19	31-Jul-19
Vesting date and testing date for service condition	1-Jul-23	1-Jul-21	1-Apr-21
Number of rights:			
Opening balance 1 April	-	38,570	10,264
Granted	7,933	-	2,620
Vested & exercised	-	(36,530)	(12,884)
Lapsed	-	(2,040)	-
Closing balance 31 March	7,933	-	-

VESTING CONDITIONS – PERFORMANCE HURDLE RIGHTS

Vesting conditions in relation to the performance-hurdle rights granted in July 2021 are set out below.

Employees must be employed by the Group on the vesting date (1 July 2024). The rights vest only if Earnings Per Share ("EPS"), relative Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), relative Total Shareholder Return ("TSR") or Return on Capital Employed ("ROCE") hurdles are achieved by the Company over the specified performance period. 25% of employees' rights are subject to each of these hurdles. The performance hurdles and vesting proportions for each measure are as follows:

Compound annual diluted Underlying EPS growth (April 2021 to March 2024)	**Proportion of performance rights that may be exercised if Underlying EPS growth hurdle is met**
Less than 6% per annum	0%
Between 6% and 10% per annum	Straight line vesting between 12.5% and 25% of total grant
10% or higher per annum	25% of total grant

Underlying EBITDA margin of ALS relative to Underlying EBITDA margin of comparator peer companies (April 2021 to March 2024)	Proportion of performance rights that may be exercised if Underlying EBITDA hurdle is met
Less than the 50th percentile	0%
Between the 50th and 75th percentile	Straight line vesting between 12.5% and 25% of total grant
75th percentile or higher	25% of total grant
Comparator peer companies: Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain) and Team Inc (USA).	

The underlying EBITDA margin measurement is contingent upon performance of the Company against a group of comparator peer companies, which include:

Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain) and Team Inc (USA).

TSR of ALS relative to TSR of companies in ASX 100 Index over the period April 2021 to March 2024	Proportion of performance rights that may be exercised if TSR hurdle is met
Less than the 50th percentile	0%
Between 50th percentile and 75th percentile	Straight line vesting between 12.5% and 25% of total grant
75th percentile or higher	25% of total grant

The TSR measurement is contingent upon performance of the Company against companies comprising the ASX 100 Index at the start of the performance period.

ROCE Performance (3-year average over the period April 2021 to March 2024)	Proportion of performance rights that may be exercised if ROCE hurdle is met
Below 11.9%	0%
Between 11.9% and 16.9%	Straight line vesting between 0% and 25% of total grant
At or above 16.9%	25% of total grant

ROCE is calculated as underlying Earnings before Interest and Tax (EBIT) over the three (3) year performance period divided by Capital Employed expressed as a percentage.

Capital Employed = Total Shareholders' Equity + Net Debt (the sum of the simple averages of the balances at the beginning and end of each year during the performance period.

The cumulative performance hurdles are assessed at the testing date and the "at risk" LTI component becomes exercisable or is forfeited by the executive at this time. New offers of participation are ratified by the Board after recommendation by the People Committee.

EXPENSES RECOGNISED AS EMPLOYEE COSTS IN RELATION TO SHARE-BASED PAYMENTS

The fair value of services received in return for LTIP rights granted during the year ended 31 March 2022 is based on the fair value of the rights granted measured using Binomial Tree (EPS, EBITDA and ROCE hurdles and service condition) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

Equity-settled rights	Granted 2022	Granted 2021	Granted 2020
Date of grant	28 July 2021	29 July 2020	31 July 2019
Weighted average fair value at date of grant of performance-hurdle rights	$11.20	$7.38	$5.88
Share price at date of grant	$12.62	$8.29	$7.22
Expected volatility	35%	33%	27%
Expected life	2.9 years	2.9 years	2.9 years
Risk-free interest rate	0.13%	0.29%	0.81%
Dividend yield	2.54%	2.65%	2.80%

Cash-settled rights	Granted 2022	Granted 2021	Granted 2020
Date of grant	28 July 2021	29 July 2020	31 July 2019
Weighted average fair value at date of grant of performance-hurdle rights	$11.20	$7.38	$5.88
Share price at date of grant	$12.62	$8.29	$7.22
Expected volatility	35%	33%	27%
Expected life	2.9 years	2.9 years	2.9 years
Risk-free interest rate	0.13%	0.29%	0.81%
Dividend yield	2.54%	2.65%	2.80%

The fair value of the liability for cash-settled rights, for which performance hurdle testing dates remain in the future, is remeasured at each reporting date.

Service-based rights have been issued during FY22 to some key management personnel (KMP) under the Short-Term Incentive Plan in respect of deferred compensation earned for STI outperformance during FY21. These Service Rights have had their value estimated using the volume weighted average price (VWAP) of ALS Limited shares over the five trading days which followed 31 March 2021 ($12.40). As at 31 March 2022 there were 154,326 services rights on issue.

Service-based rights will be issued during FY23 to some key management personnel (KMP) under the Short-Term Incentive Plan in respect of deferred compensation earned for STI outperformance during FY22. An estimated accrual for the fair value of services received in return for these deferred STI service rights has been made at 31 March 2022 and included in the value of share-based awards for KMP shown in Table 21 of the Remuneration Report. As these service rights are yet to be issued, their value has been estimated using the volume weighted average price (VWAP) of ALS Limited shares over the five trading days which followed 31 March 2022.

Expenses recognised in relation to share-based payments during the year were:

In thousands of AUD	*Note*	**Consolidated**	
		2022	**2021**
Equity-settled rights	*1d*	5,289	4,555
Cash-settled rights		(21)	579
Total expenses recognised as employee costs		5,268	5,134
Carrying amount of liabilities for cash-settled rights		1,072	1,093

8b. Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

CURRENT NON-EXECUTIVE DIRECTORS

Bruce Phillips (Chairman)

John Mulcahy

Charlie Sartain

Tonianne Dwyer

Siddhartha Kadia

Leslie Desjardins

EXECUTIVE DIRECTORS

Raj Naran

EXECUTIVES

Bruce McDonald (GM Geochemistry)

Andreas Jonsson (GM Life Sciences EMEA)

Tim Kilmister (GM Life Sciences APAC)

Luis Damasceno (Chief Financial Officer)

FORMER EXECUTIVES

Kristen Walsh (GM Industrial)

The key management personnel compensation included in employee expenses are as follows:

In AUD	**Consolidated**	
	2022	**2021**
Short term employee benefits	8,092,973	7,213,662
Post-employment benefits	134,994	147,112
Value of share-based awards	2,264,734	1,672,419
Other long-term benefits	58,508	50,222
	10,551,210	9,083,416

RELATED PARTY TRANSACTION

There are no other related party transactions with Key Management Personnel during the period.

Directors' declaration

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

1. The consolidated financial statements and notes numbered 1a to 8b, and the remuneration report contained in the Directors' report, are in accordance with the Corporations Act 2001 including:
   a) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the year ended on that date: and
   b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. the financial report also complies with the International Financial Reporting Standards as disclosed in note 7a;
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the subsidiaries identified in note 5c will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and those entities, pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 dated 28 September 2016 (replacing ASIC Class Order 98/1418 dated 13 August 1998).

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2022.

Signed in accordance with a resolution of the directors:

Bruce Phillips
Chairman
Brisbane
25 May 2022

Raj Naran
Managing Director
Brisbane
25 May 2022

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working world

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Independent auditor's report to the Members of ALS Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of ALS Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 March 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, 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:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and of its consolidated financial performance for the year ended on that date; and

b. 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Decentralised accounting functions and Group consolidation

Why significant	How our audit addressed the key audit matter
As detailed in Note 1a to the financial report certain segments of the Group are outside of Australia. Note 5b discloses the Group's significant controlled entities. The Group has operations in 71 countries in diverse operating segments. The subsidiaries and associates ("components") in the Group use a wide range of accounting systems to capture financial information and report to the Group. The majority of the Group's results are generated in a currency other than the presentation currency. Consolidation of the Group's results at year end involves significant oversight by the Group to monitor components' financial reporting. In our role as group auditor, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components within the Group to express an opinion on the consolidated financial report. We are responsible for the direction and supervision of the component audit teams. This is a key audit matter due to the significant number of components in the Group, the extent of foreign currency translation involved, and the diverse accounting systems used by the Group requiring significant audit effort by us.	Our audit considered the requirements of the Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and *AASB 8 Operating Segments*. We reviewed the information prepared for consolidation purposes. To gather evidence on significant balances that consolidate to form the Group's financial reporting, we performed the following: ► Obtained an understanding of the components in the Group and identified the significant risks of material misstatement within them. ► Performed component scoping based on size and level of risk to the Group. Our selection also included components that did not meet the above criteria to introduce an element of unpredictability in our selection of components. ► Instructed the selected component audit teams to perform procedures on the financial information prepared for consolidation purposes. Our audit procedures included the review of component's compliance with the Group's accounting policies. ► Worked with the component audit teams to identify risks relevant to the audit of the Group and plan appropriate procedures, including setting component materiality levels. We evaluated the outcome and extent of work performed by the component audit teams for the purposes of the Group audit. We also assessed the impact of the audit matters reported by the component audit teams on the Group results through review of: underlying working papers for selected areas of audit focus; reporting deliverables and discussions with the component audit teams. We participated in close out meetings with component audit teams and local management via electronic means due to continued travel restrictions. ► Checked the financial data used in the consolidation process was consistent with the financial data audited by the component audit teams. We also tested the exchange rates used and method used to consolidate the results of foreign components. ► Reviewed the disclosures in the financial statements to assess compliance with the requirements of the *Australian Accounting Standards*.

Why significant	How our audit addressed the key audit matter
	For components not within the above scope we performed analytical procedures on the financial information, compared the actual financial performance to prior year results and made enquiries of the Group and component management, to address residual risk of material misstatements and corroborate our scoping decisions.

2. Revenue recognition

Why significant	How our audit addressed the key audit matter

The Group's revenue recognition policies are described in Note 1c. The Group derives revenue from testing and inspection services provided to customers. Revenue is recognised when a finding or inspection report or test certificate is issued.
 	
Revenue recognition is a key audit matter due to the diversified and decentralised nature of the Group's operations and the ability for overstatement of revenue due to manual posting of journal entries on consolidation.
	Our audit considered the requirements of AASB 15 *Revenue from Contracts with Customers*. Our audit procedures included the following:
	▶ Obtained an understanding of the services rendered by the business segments of the Group and the related revenue recognition policy for the services rendered by the Group.
	▶ Assessed the revenue recognition processes and practices including the evaluation of key internal controls over revenue recognition.
	▶ Due to the diversified and decentralised nature of the group, worked with component audit teams to agree the scope of procedures to be performed in their respective locations.
	▶ Performed audit procedures on a sample basis to assess the completeness, accuracy and timing of revenue recognition. Our procedures included the following:
	    ▶ Tested the timeliness of revenue recognition by comparing individual sales transactions to customer contract and evidence of service being rendered and approved.
	    ▶ Tested significant credit notes issued after year-end to ensure they were recorded in the correct period and appropriately approved.
	▶ Tested accounts receivable by reviewing a sample of invoices outstanding against the proof of service delivery and by reconciling the cash receipts received after the year end to accounts receivable balances at the year end.
	▶ Tested manual revenue journals posted on consolidation to supporting documentation to assess the validity of the entry.
	▶ Reviewed the disclosures in the financial statements to assess compliance with the requirements of the *Australian Accounting Standards*.

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3. Accounting for investment in Nuvisan

Why significant	How our audit addressed the key audit matter
As detailed in Note 2i, the Group, acquired an interest in Nuvisan Pharma Holding GmbH and Nuvisan ICB GmbH (together "Nuvisan"). The interest in the Associate is accounted for using the equity method. The Group is a party to a put and call option arrangement (the Option) over the remaining 51% equity in Nuvisan exercisable at future dates. Significant judgement was involved in determining the accounting for the acquired interest and the put and call option to acquire the remaining equity in Nuvisan. This is a key audit matter due to the judgement involved in assessing whether the Group has control of the 49% interest in Nuvisan, the initial accounting for the Option at acquisition and the valuation of the Option at 31 March 2022.	Our audit considered the requirements of AASB 128 *Investments in Associates and Joint Ventures*, AASB 10 *Consolidated Financial Statements* and AASB 9. Our audit procedures included the following: ► Obtained the Group's assessment of control over Nuvisan including the Group's exposure, or rights, to variable returns from its involvement with Nuvisan. This assessment included inspection of the Share Purchase Agreements and discussions with Group and local management. ► Assessed the accounting treatment adopted by the Group upon initial recognition of the Option in accordance with AASB 9. ► Considered management's valuation of the Option at 31 March 2022 and tested the valuation method applied was for consistent with the AASB 9 and AASB 13 *Fair Value Measurement*. ► Reviewed the disclosures in the financial statements to assess compliance with the requirements of the *Australian Accounting Standards*.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 48 of the directors' report for the year ended 31 March 2022.

In our opinion, the Remuneration Report of ALS Limited for the year ended 31 March 2022, 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.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
25 May 2022

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Auditor's independence declaration to the directors of ALS Limited

As lead auditor for the audit of the financial report of ALS Limited for the financial year ended 31 March 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
25 May 2022