

Monday, 20 February 2023

ACL 1H23 FINANCIAL RESULTS

The following announcements to the market are attached:

- ✓ Appendix 4D
- ✓ 1H23 full year financial statements and statutory reports
- 1H23 financial results investor presentation

– ENDS –

This announcement was authorised for release to ASX by the Board of ACL. For further information regarding this announcement, please contact:

Company Secretary

Eleanor Padman

Company Secretary

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.

ASX Listing Rule 4.2A

Current reporting period:

Half Year ended 31 December 2022

Previous reporting period:

Half Year ended 31 December 2021

Results for announcement to the market		Percentage change %	31 Dec 2022 \$'m
<i>Statutory</i>			
Total revenue from ordinary activities	Down	33.03%	360.3m
Profit attributable to member of Australian Clinical Laboratories Limited	Down	80.48%	25.4m

Earnings per Share		Percentage change %	31 Dec 2022 Cents per share
<i>Statutory</i>			
Basic earnings per share	Down	80.37%	12.67c
Diluted earnings per share	Down	80.41%	12.65c

Dividends	Amount per security Cents per share	Franked amount per security Cents per share
FY2023		
Interim dividend	7.00c	7.00c
FY2022		
Interim dividend	12.00c	12.00c
Record date for determining entitlements to the interim dividend		28 March 2023

There is a dividend reinvestment plan in operation. The last day for the receipt of an election notice for participation is Wednesday 29 March 2023.

Commentary on results for the period

For an explanation of the results refer to the ASX and media release and Half Year Report.

This report is based on the Half Year Financial Report which has been reviewed by Pitcher Partners. Additional Appendix 4D disclosure requirements can be found in the Half Year Financial Report attached, which contains the Directors' Report, the Directors' Declaration and the consolidated financial statements for the half year ended 31 December 2022.

This information should be read in conjunction with the 2022 Annual Financial Report and public announcements made in the period by Australian Clinical Labs Limited, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

AUSTRALIAN CLINICAL LABS LIMITED
ACN 645 711 128

Consolidated financial report

For the half-year ended 31 December 2022

This half-year report is to be read in conjunction with the consolidated financial report of Australian Clinical Labs Limited for the year ended 30 June 2022

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Directors' report

Directors' Report

Overview

The Directors of Australian Clinical Labs Limited (referred to as "Clinical Labs", "ACL" or "the Company") present their Report for the financial period ended 31 December 2022 (referred to as "the period" or "the half-year") accompanied by the Financial Report of Australian Clinical Labs Limited and the entities it controlled (referred to as "the Group") from time to time during the period.

Pursuant to the requirements of the *Corporations Act 2001* (Cth) (Corporations Act), the Directors' Report follows:

Directors

The Directors of the Company in office at any time during the half-year and up to the date of this report are:

Michael Alscher
Melinda McGrath
Nathanial Thomson
Andrew Dutton
Dr Leanne Rowe AM
Dr Michael Stanford AM (resigned 19 October 2022)
Mark Haberlin

Review of operations

Key financial highlights in the six months ended 31 December 2022 include:

- Total revenue of \$360.3m, including \$45.2m COVID revenue
- Non-COVID revenue of \$315.1m, up 20% (7% excluding Medlab acquisition) on 1H FY22 and up 22% (9% excluding Medlab acquisition) on pre-COVID Pro Forma 1H FY20
- EBITDA of \$99.8m, down 58% on 1H FY22 and up 97% on pre-COVID Pro Forma 1H FY20
- EBITDA margin of 28%
- EBIT of \$38.9m, down 80% on 1H FY22 and up 518% on pre-COVID Pro Forma 1H FY20
- EBIT margin of 11%
- NPAT of \$25.5m
- Interim dividend declared of 7.00 cents per share.

Non-COVID Medicare revenue growth of 7%¹ ahead of market growth of 5%². ACLs non-COVID revenue continues to strengthen with January 2023 like-for-like revenue growth of 22% on prior year.

A key focus during the period was on removing the additional COVID related costs and infrastructure following a reset of COVID volumes with 70% of 1H FY23 COVID revenue recorded in Q1 FY23. COVID at current levels now seen as part of the core business with costs largely absorbed into the pre-existing cost-base.

Medlab integration was completed ahead of schedule, with annualised performance post synergies of greater than \$20m EBIT on a run-rate basis by the end of H1, well ahead of initial forecasts of \$14.5m p.a. (previously forecast to be achieved at the end of 24-month integration). The focus now is on embedding changes and benchmarking integrated service to ensure further improved efficiency.

ACL continues to benefit from the previous investments in its systems and process, with episodes per work hour (key productivity measure) for Q2 FY23 at 1.68, up from 1.55 in Q2 FY20.

NPAT during the period was \$25.5m.

1. Excludes Medlab, SunDoctors and non-Medicare commercial work and adjusted for working days.

2. Market data based on working day adjusted Medicare statistics excluding COVID testing outlays and estimated associated PEI and BBI outlays.

Directors' Report

Capital expenditure for the period was 1% of revenue and reflects ACL's disciplined focus on capital allocation and preference to expense costs rather than capitalising. Closing net debt for the period of \$49.8m with key metrics of net debt (excluding lease liabilities)/LTM EBITDA (AASB 117, excl. non cash) of 0.4 and net debt/LTM EBITDA (post AASB 16) of 1.3.

The balance sheet was further strengthened, with current assets / current liabilities (excluding lease liabilities) at 1.3x versus 1.1x at end FY22.

Dividends

In respect of the half-year ended 31 December 2022, an interim dividend of 7.00 cents per share (100% franked) has been declared with a record date of 28 March 2023 and payable on 26 April 2023.

There is a dividend reinvestment plan in operation.

Subsequent events

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report on page 5.

Rounding off of amounts to nearest thousand dollars

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in this Report and the Financial Report are rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Some numerical figures included in this report have been subject to rounding adjustments. Any differences between totals and sums of components in tables or figures contained in this report are due to rounding.

Signed in accordance with a resolution of the directors:



Michael Alscher
Chair

Sydney, 17 February 2023

Auditor's independence declaration to the directors of Australian Clinical Labs Limited

AUSTRALIAN CLINICAL LABS LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN CLINICAL LABS LIMITED



In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Australian Clinical Labs Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to be 'S D Whitchurch'.

S D WHITCHURCH
Partner

Date: 17 February 2023

A handwritten signature in black ink, appearing to be 'P. O. J.'.

PITCHER PARTNERS
Melbourne

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
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Financial Statements

Consolidated statement of profit or loss

for the half-year ended 31 December 2022

	Note	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
Revenue		360,312	538,001
Other income	3	6,184	–
Total		366,496	538,001
Consumables		(67,937)	(98,763)
Labour costs		(151,419)	(153,325)
Property costs		(8,040)	(7,407)
Repairs and maintenance		(3,987)	(3,510)
Acquisition, restructuring and other one-off expenses		(1,665)	(1,348)
Insurance write-off and associated costs		(326)	–
Other operating expenses		(33,306)	(34,352)
Depreciation		(7,532)	(5,582)
Depreciation of right-of-use assets		(53,210)	(42,565)
Amortisation of intangible assets		(114)	(113)
Total operating costs		(327,536)	(346,965)
Earnings before interest and tax		38,960	191,036
Net finance costs	4	(6,204)	(6,092)
Profit before income tax		32,756	184,944
Income tax expense	5	(7,274)	(54,656)
Profit for the half-year		25,482	130,288
Net (profit) attributable to non-controlling interests		(61)	(74)
Net profit to members of Australian Clinical Labs Limited		25,421	130,214
Earnings per share			
		Cents per share	Cents per share
Basic earnings per share from continuing operations	6	12.67	64.54
Diluted earnings per share from continuing operations	6	12.65	64.54

The accompanying notes numbered 1 to 13 form part of these financial statements.

Consolidated statement of other comprehensive income

for the half-year ended 31 December 2022

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
Profit for the half-year	25,482	130,288
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	25	19
Other comprehensive income for the half-year, net of tax	25	19
Total comprehensive income for the half-year	25,507	130,307
Total comprehensive income attributable to:		
Members of Australian Clinical Labs Limited	25,446	130,233
Non-controlling interests	61	74
	25,507	130,307

The accompanying notes numbered 1 to 13 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
CURRENT ASSETS			
Cash and cash equivalents		16,132	26,372
Trade and other receivables	7	75,625	91,114
Inventories		17,553	20,088
Other assets		7,586	5,271
Current tax assets		4,656	26
TOTAL CURRENT ASSETS		121,552	142,871
NON-CURRENT ASSETS			
Plant and equipment		53,656	58,145
Right-of-use assets		245,912	252,055
Intangible assets		165,286	165,400
Other assets		210	150
Deferred tax assets		8,938	9,421
TOTAL NON-CURRENT ASSETS		474,002	485,171
TOTAL ASSETS		595,554	628,042
CURRENT LIABILITIES			
Trade and other payables		40,101	59,189
Lease liabilities		97,296	94,767
Provisions		49,217	53,770
Deferred consideration	8	5,185	10,235
Current tax liabilities		58	5,615
Other liabilities		121	1,587
TOTAL CURRENT LIABILITIES		191,978	225,163
NON-CURRENT LIABILITIES			
Lease liabilities		159,882	167,610
Borrowings	9	65,899	–
Provisions		2,661	2,712
TOTAL NON-CURRENT LIABILITIES		228,442	170,322
TOTAL LIABILITIES		420,420	395,485
NET ASSETS		175,134	232,557

Consolidated statement of financial position

as at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
EQUITY			
Issued capital	10	792,140	793,031
Reserves		(776,094)	(776,807)
Retained earnings		158,914	216,220
Total parent entity interest		174,960	232,444
Non-controlling interest		174	113
TOTAL EQUITY		175,134	232,557

The accompanying notes numbered 1 to 13 form part of these financial statements.

Consolidated statement of changes in equity for the half-year ended 31 December 2022

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total \$'000
Opening balance at 1 July 2021	797,975	(778,271)	62,194	81,898	16	81,914
Profit for the half-year	—	—	130,214	130,214	74	130,288
Exchange differences on translation of foreign operations	—	19	—	19	—	19
Other comprehensive income for the half-year net of tax	—	19	—	19	—	19
Total comprehensive income for the half-year	—	19	130,214	130,233	74	130,307
Transactions with owners in their capacity as owners						
Employee share scheme	—	434	—	434	—	434
Dividend paid to minority interest in controlled entities	—	—	—	—	(23)	(23)
Acquisition of treasury shares	(4,944)	—	—	(4,944)	—	(4,944)
Closing balance at 31 December 2021	793,031	(777,818)	192,408	207,621	67	207,688
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2022	793,031	(776,807)	216,220	232,444	113	232,557
Profit for the half-year	—	—	25,421	25,421	61	25,482
Exchange differences on translation of foreign operations	—	25	—	25	—	25
Other comprehensive income for the half-year net of tax	—	25	—	25	—	25
Total comprehensive income for the half-year	—	25	25,421	25,446	61	25,507
Transactions with owners in their capacity as owners						
Employee share scheme	—	688	—	688	—	688
Dividend declared and paid	—	—	(82,727)	(82,727)	—	(82,727)
Acquisition of treasury shares	(891)	—	—	(891)	—	(891)
Closing balance at 31 December 2022	792,140	(776,094)	158,914	174,960	174	175,134

The accompanying notes numbered 1 to 13 form part of these financial statements.

Consolidated statement of cash flows

for the half-year ended 31 December 2022

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and government grants	377,716	491,833
Payment to suppliers and employees	(291,484)	(288,752)
Cash provided by operations	86,232	203,081
Interest received	122	24
Interest and costs of finance paid	(6,105)	(5,878)
Income tax paid	(16,979)	(14,848)
Net cash provided by operating activities	63,270	182,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	91	117
Purchase of plant and equipment	(3,634)	(8,164)
Payments for business combinations (net of cash acquired)	(109)	(60,414)
Net cash used in investing activities	(3,652)	(68,461)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(52,265)	(41,877)
Payments for treasury shares	(891)	(4,944)
Repayment of borrowings	(17,000)	(55,000)
Proceeds from borrowings	83,000	–
Dividends paid	(82,727)	–
Dividend paid to minority interest in controlled entities	–	(23)
Net cash used in financing activities	(69,883)	(101,844)
Net (decrease)/increase in cash and cash equivalents	(10,265)	12,074
Foreign exchange differences on cash holdings	25	19
Cash and cash equivalents at the beginning of the half-year	26,372	35,233
Cash and cash equivalents at the end of the half-year	16,132	47,326

The accompanying notes numbered 1 to 13 form part of these financial statements.

Notes to the consolidated financial statements

for the half year ended 31 December 2022

Note 1: Basis of Preparation of the Half-Year Financial Report

This consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Australian Clinical Labs Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This half-year financial report includes financial statements for the Consolidated Group ('the Group') consisting of Australian Clinical Labs Limited and its subsidiaries. Australian Clinical Labs Limited is a for-profit entity domiciled in Australia.

The half-year financial report was authorised for issue by the Directors on 17 February 2023.

(a) Compliance with IFRS

This consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

(b) Basis of preparation

The half-year financial report has been prepared on the basis of historical cost except for the revaluation of financial assets and liabilities at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets. Where applicable, comparatives may be restated in line with current year presentation.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report of Australian Clinical Labs Limited for the year ended 30 June 2022.

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2022. The application of new and revised accounting standards had no material impact on initial application.

(c) Going concern

As at 31 December 2022 the Group recorded a deficiency in current assets of \$70.4m. This has been caused by the impacts of AASB 16 *Leases*, whereby \$97.3m of lease liabilities have been recognised as current, however the corresponding right of use asset is non-current. Excluding the current portion of the lease liability, the Group has a current asset surplus of \$26.9m.

The Directors have concluded that the Group will be able to pay its debts as and when they fall due with consideration of the above factors and the profitability of the Group accordingly the accounts have been prepared on a going concern basis.

(d) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars unless otherwise stated.

Notes to the consolidated financial statements

for the half year ended 31 December 2022

Note 2: Segment Information

The Group's Chief Executive Officer and the Board of Directors (the chief operating decision makers) review the Group's performance of the business to assess performance and determine the allocation of resources. The financial information is reported to the chief operating decision makers on at least a monthly basis. The financial information is provided by one operating segment and one geographical segment, being Australia.

The Group has one reportable segment:

Pathology

Pathology/clinical laboratory services provided in Australia.

Note 3: Other Income

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
Reassessment of Medlab contingent consideration	5,000	–
Insurance claim proceeds	1,184	–
Total other income	6,184	–

Note 4: Finance Income and Expense

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
Finance income		
Bank deposits	122	24
Finance expenses		
Interest expense – bank facilities	(1,275)	(658)
Interest expense – leasing arrangements	(5,051)	(5,328)
Other borrowing costs	–	(130)
	(6,326)	(6,116)
Net finance costs	(6,204)	(6,092)

Note 5: Income Tax

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
(a) Components of tax expense		
Current tax	5,630	52,488
Under provision in prior period	–	189
Deferred tax	1,644	1,979
	7,274	54,656
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit before tax	32,756	184,944
Domestic tax rate	30%	30%
Expected income tax expense	9,827	55,483
Adjustments for non-temporary differences:		
Non-assessable income / non-deductable expenses	(2,553)	(827)
Actual income tax expense	7,274	54,656

Notes to the consolidated financial statements

for the half year ended 31 December 2022

Note 6: Earnings Per Share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share ("EPS") has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	6 months to 31 Dec 2022 Cents	6 months to 31 Dec 2021 Cents
Basic earnings per share	12.67	64.54
Diluted earnings per share	12.65	64.54

	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2021 \$'000
Earnings		
The earnings used in the calculation of basic and diluted earnings per share are the same and can be reconciled to the consolidated statement of profit or loss and other comprehensive income as follows:		
Profit for the half-year	25,482	130,288
Net (profit) attributable to non-controlling interests	(61)	(74)
Earnings used in calculating basic and diluted earnings per share	25,421	130,214

	6 months to 31 Dec 2022	6 months to 31 Dec 2021
Weighted average number of shares		
The weighted average number of shares used in the calculation of basic earnings per share	200,631,758	201,750,953
The weighted average number of shares and potential ordinary shares used in the calculation of diluted earnings per share	201,009,729	201,750,953

Performance rights under the Australian Clinical Labs Limited Rights Plan are determined to be contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time and therefore are not included in the determination of diluted earnings per share.

Note 7: Trade and Other Receivables

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Measured at amortised cost		
CURRENT		
Trade receivables	60,553	64,888
Allowance for expected credit loss	(5,292)	(4,199)
	55,261	60,689
Accrued revenue	18,495	26,782
Other receivables	1,869	3,643
	75,625	91,114
Movement in allowance for expected credit losses		
Balance at the beginning of the period	4,199	2,342
Provision for impairment expensed	1,958	2,907
Receivables written off	(865)	(1,050)
Closing balance	5,292	4,199

Amounts charged to the allowance for expected credit loss are generally written off when there is no expectation of recovering additional cash in excess of the cost of recovery.

Note 8: Deferred Consideration

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
CURRENT		
Deferred and contingent consideration	5,185	10,235

Of the \$10.0m deferred and contingent consideration in relation to the Medlab acquisition, \$5.0m has been adjusted due to criteria in business purchase agreement not being satisfied.

Note 9: Borrowings

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
NON-CURRENT		
Unsecured – at amortised cost		
Bank loans	65,899	–

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

Loan	Currency	Nominal interest rate	Year of maturity	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Bank loans	AUD	BBSY + 1.5% - 2.4%	2024	65,899	–

Notes to the consolidated financial statements

for the half year ended 31 December 2022

Note 10: Issued Capital

a) Share capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Fully paid ordinary shares	201,834,015	201,834,015	797,975	797,975
Other equity securities				
Treasury shares	(1,330,743)	(1,023,715)	(5,835)	(4,944)
	200,503,272	200,810,300	792,140	793,031

Treasury shares are shares in Australian Clinical Labs Limited that are held by Australian Clinical Labs Employee Share Trust (ACLEST) for the purpose of providing shares under Australian Clinical Labs Limited Rights Plan.

Note 11: Dividends

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
(a) Dividend paid during the half-year		
Final dividend for the year-ended 30 June 2022 of 41.00 cents (2021: Nil) per share paid on 15 September 2022 fully franked.	82,727	–
	82,727	–
(b) Dividends not recognised at the end of the half-year		
Interim dividend for the half-year ended 31 December 2022 of 7.00 cents (2021: 12.00 cents) per share with a record date of 28 March 2023 and payable on 26 April 2023 fully franked.	14,128	24,220

Note 12: Net Tangible Assets Per Ordinary Security

Net tangible assets per ordinary security	31 Dec 2022	30 Jun 2022
Net tangible assets per ordinary security	\$0.05	\$0.33
Net asset backing per ordinary security	\$0.87	\$ 1.15

Note 13: Subsequent Events

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' declaration

In the Directors' opinion:

- a) the financial statements and notes set out on pages 6 to 18, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Michael Alscher
Chair
Sydney, 17 February 2023



Melinda McGrath
CEO and Executive Director
Brisbane, 17 February 2023

Independent Auditor's Report

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Australian Clinical Labs Limited
Report on the Half-Year Financial Report



Conclusion

We have reviewed the half-year financial report of Australian Clinical Labs Limited, the 'Company' and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Australian Clinical Labs Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink, appearing to read "S D Whitchurch".

S D WHITCHURCH

Partner

17 February 2023

A handwritten signature in black ink, appearing to be a stylized "P" followed by a flourish.

PITCHER PARTNERS

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