

**ALS Limited**

**ABN 92 009 657 489**

**Condensed Interim Financial Report  
for the Half Year Ended 30 September 2021  
(including additional ASX Appendix 4D disclosures)**

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# ALS Limited and its subsidiaries

## Condensed Interim Financial Report for the Half Year Ended 30 September 2021

### Contents

- Results for announcement to the market (including required Appendix 4D information)
- Directors' half year report
- Consolidated interim financial report for the half year ended 30 September 2021

# ALS Limited and its subsidiaries

## Results for announcement to the market

For the half year ended 30 September 2021

### Appendix 4D

(Previous corresponding period: half year ended 30 September 2020)

\$M				
Revenue from ordinary activities	Up	22.9%	to	1,031.1
Underlying net profit after tax from continuing operations * attributable to members	Up	57.7%	to	127.1
Profit from ordinary activities after tax attributable to members	Up	8.7%	to	74.1
Net profit for the period attributable to members	Up	8.7%	to	74.1

#### Dividends

	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	15.8 cents	4.7 cents
Previous corresponding period	8.5 cents	8.5 cents

Record date for determining entitlements to the interim dividend: 3 December 2021

The dividend reinvestment plan (DRP) will operate for the Interim 2022 dividend at a 1.5% discount to the volume weighted average share price for the period from 7 December to 13 December 2021. The DRP election date to participate is close of business on 6 December 2021.

#### Additional dividend information:

Details of dividends declared or paid during or subsequent to the half year ended 30 September 2021 are as follows:

Record date	Payment date	Type	Amount per ordinary share	Total dividend	Franked amount per ordinary share	Conduit foreign income per ordinary share
8 June 2021	5 July 2021	Final 2021	14.6 cents	\$70.4m	10.2 cents	4.4 cents
3 Dec 2021	17 Dec 2021	Interim 2022	15.8 cents	\$76.2m	4.7 cents	11.1 cents

#### Other financial information:

	Current period	Previous corresponding period (Restated <sup>1</sup> )
Basic underlying * earnings per ordinary share	26.4 cents	16.7 cents
Basic earnings per ordinary share	15.4 cents	14.1 cents
Net tangible assets per ordinary share	(53.2) cents	(46.0) cents

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

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 September 2021 Interim Financial Report. The unqualified review report of the company's auditor, EY, is attached to this document and highlights no areas of dispute.

Sign here: .....

**Company Secretary**  
Michael Pearson

Date: 17/11/2021

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.

ALS Limited

ABN 92 009 657 489

**Condensed Interim Financial Report  
for the Half Year Ended 30 September 2021**

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# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

The directors present their report together with the condensed consolidated interim financial report for the half year ended 30 September 2021 and the auditor's review report thereon.

### Directors

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

**BRUCE PHILLIPS B Sc (Hons) (Geology)**

**Chairman and Independent Non-Executive Director**

Appointed a director 2015 and appointed Chairman 2016.

**RAJ NARAN B Sc (Chemistry), B A (Mathematics)**

**Managing Director and Chief Executive Officer**

Appointed Managing Director and Chief Executive Officer 2017.

**JOHN MULCAHY PhD, B E (Civil Eng) (Hons), FIE Aust**

**Independent Non-Executive Director**

Appointed 2012.

**CHARLIE SARTAIN B Eng (Hons) (Mining), FAusIMM, FTSE**

**Independent Non-Executive Director**

Appointed 2015.

**TONIANNE DWYER B Juris (Hons), LLB (Hons), GAICD**

**Independent Non-Executive Director**

Appointed 2016.

**SIDDHARTHA KADIA PhD, MS (Biomedical Engineering), BE (Electronics)**

**Independent Non-Executive Director**

Appointed 2019.

**LESLIE DESJARDINS B Industrial Admin, Finance (Kettering), MS Management (MIT)**

**Independent Non-Executive Director**

Appointed 2019.

# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

## Review and results of operations

### Financial performance

The Group delivered statutory NPAT of \$74.1 million for the first half of financial year 2022 (H1 FY22), compared to the restated<sup>1</sup> \$68.2 million recorded in the first half of financial year 2021 (H1 FY21). This increase is predominantly due to higher EBIT in the period and a reduction in interest expense following the completion of a debt refinance in H2 FY21.

The Group delivered underlying NPAT<sup>2</sup> from continuing operations of \$127.1 million for H1 FY22, up 57.7% compared to the restated<sup>1</sup> prior corresponding period (pcp) of \$80.6 million. Refer to page 5 for a reconciliation between statutory and underlying NPAT.

Revenue from continuing operations of \$1,031.1 million was up by 22.9% (25.5% at constant currency) compared to the \$838.8 million recorded in the pcp. This growth was primarily driven by the Group's two main divisions, Life Sciences and Commodities which experienced strong volume during the half. Growth in organic revenue was particularly strong for the Group, up 23.6% compared to a decline of 9.4% in the pcp.

This strong revenue growth translated into underlying EBIT growth of 45.8% compared to the pcp. This resulted in an underlying EBIT<sup>3</sup> margin of 19.1%, an increase of 299 basis points (bps) compared to the pcp, as both main divisions recorded significant margin expansion.

Life Sciences delivered revenue growth of 19.0%, of which 17.8% was organic with all three businesses (Environmental, Food and Pharmaceutical) and all geographies producing double-digit organic growth. The division recorded an underlying EBIT margin of 17.7%, up 131 bps compared to the pcp. This was driven by volume growth, process automation and efficiency gains combined with reduced depreciation and amortisation recognised in the half following limited capex spend in the pcp in response to the COVID-19 pandemic.

Commodities had a strong half, delivering organic revenue growth of 41.0%, primarily driven by Geochemistry. The division delivered an underlying EBIT margin of 29.9%, an increase of 519 bps compared to the pcp as it benefited from a strengthening commodity cycle. Geochemistry sample volume growth of 46% compared to the pcp which, combined with some gradual pricing increases and increased contribution from junior miners and sample volumes, delivered organic growth of 59% for the business.

Industrial organic revenue increased by 3.0% with Asset Care delivering organic revenue growth of 0.6% and Tribology an increase of 8.7%. However, underlying EBIT for the Industrial division fell by 16.3% with the underlying EBIT margin declining by 199 bps to 9.4%. Asset Care was impacted by Australian state border closures combined with the closure of the North American business. The Tribology margin was impacted by temporary labour shortages and an increase in consumable costs, primarily in the USA.

The Group continued to deliver strong net cash flows from operations, generating \$199.3m in H1 FY22, an increase of \$57.2m compared to H1 FY21. 85% of underlying EBITDA (before capex spend) was converted to cash in the half, a solid performance given the strong level of organic growth in the period.

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision - Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.

<sup>2</sup> Underlying NPAT = Net profit after tax attributable to equity holders of the Company, excluding discontinued operations, restructuring and other items, divestments and impairment losses and amortization of acquired intangibles.

<sup>3</sup> EBIT = Earnings before interest and tax. The term EBIT is a non-IFRS disclosure and is unaudited.

# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Review and results of operations (continued)

#### Financial performance

During H1 FY22, the Group incurred a series of non-recurring costs totalling \$35.6 million, primarily consisting of FX losses transferred from foreign currency translation reserves (FCTR) as part of an internal corporate loan restructure (\$26.9 million). During FY21 the Group received government grants and subsidies as part of the COVID-19 pandemic response 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 (net of direct costs) to the relevant governments, with JobKeeper (\$3.0 million) being repaid in H1 FY22. A provision has been created for the CEWS repayment (\$21.5 million) to be repaid as soon as the mechanism to do so is agreed with the Canadian government.

Capital expenditure increased in the period to capitalise on growth opportunities in Life Sciences and Commodities. The capex-to-revenue ratio was 5.5% in H1 FY22, an increase over the prior period (H1 FY21: 3.9%) which was reduced due to the impact of the COVID-19 pandemic. The majority of this investment was focused on process automation and improving efficiency in the Life Sciences division and expanding capacity of the Geochemistry business within the Commodities division.

The Group's leverage ratio reduced slightly to 1.5 times at 30 September 2021 (30 March 2021: 1.6 times) with available liquidity of ~\$720 million. The proforma September leverage ratio increases to 2.0 times, with \$490 million of available liquidity, had the payment of all consideration for the acquisition of the 49% stake in Nuvisan (which completed in October 2021) occurred in H1 FY22. The \$490 million of liquidity is available to support the acquisition strategy, which remains focused on accretive targets primarily in the food and pharmaceutical markets.

In addition to acquisitions, the Group's capital management strategy includes the payment of dividends, targeting a payout ratio of 50% to 60% of underlying NPAT each period. Directors have declared a FY22 interim dividend of 15.8 cents per share, partially franked to 30%, payable on all ordinary shares (H1 FY21: 8.5 cents, fully franked to 100%), representing 60% of the underlying NPAT (H1 FY21: 51%). The dividend will be paid on 17 December 2021 on all shares registered in the Company's register at the close of business on 3 December 2021.

The Board has elected not to renew the existing share buy-back program and has elected to re-establish the dividend reinvestment plan (DRP). The DRP is available for eligible shareholders who elect to participate, at a price representing a 1.5% discount to the volume weighted average share price for the period from 7 December to 13 December 2021. The DRP will be funded by the issuance of new shares.

# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Review and results of operations (continued)

The Group's financial performance for the half year to 30 September 2021 is summarised as follows:

2021 \$m	<u>Underlying results<sup>1</sup></u> Continuing operations	Restructuring & other items <sup>1</sup>	COVID-19 Subsidies & Grants net of Direct Costs <sup>2</sup>	Amortisation of intangibles	Statutory result
Revenue	1,031.1	-	-	-	1,031.1
EBITDA <sup>3</sup>	259.7	(8.7)	(24.5)	-	226.5
FX losses transferred from FCTR	-	(26.9)	-	-	(26.9)
Depreciation & amortisation	(62.6)	-	-	(4.7)	(67.3)
EBIT <sup>3</sup>	197.1	(35.6)	(24.5)	(4.7)	132.3
Net interest expense	(19.4)	-	-	-	(19.4)
Tax expense	(49.7)	4.6	6.6	0.6	(37.9)
	128.0	(31.0)	(17.9)	(4.1)	75.0
Non-controlling interests	(0.9)	-	-	-	(0.9)
Net profit/(loss) after tax (NPAT)	127.1	(31.0)	(17.9)	(4.1)	74.1
Basic EPS (cents)	26.4				15.4
Diluted EPS (cents)	26.2				15.3

2020 \$m	<u>Underlying results<sup>1</sup></u> Continuing operations	Restructuring & other items <sup>1</sup> <i>Restated</i>	COVID-19 Subsidies & Grants net of Direct Costs <sup>2</sup>	Amortisation of intangibles	Statutory result <i>Restated<sup>4</sup></i>
Revenue	838.8	-	-	-	838.8
EBITDA <sup>3</sup>	197.9	(23.5)	12.4	-	186.8
Depreciation & amortisation	(62.7)	-	-	(3.7)	(66.4)
EBIT <sup>3</sup>	135.2	(23.5)	12.4	(3.7)	120.4
Net interest expense	(21.2)	-	-	-	(21.2)
Tax expense	(32.5)	6.1	(3.7)	-	(30.1)
	81.5	(17.4)	8.7	(3.7)	69.1
Non-controlling interests	(0.9)	-	-	-	(0.9)
Net profit/(loss) after tax (NPAT)	80.6	(17.4)	8.7	(3.7)	68.2
Basic EPS (cents)	16.7				14.1
Diluted EPS (cents)	16.6				14.1

<sup>1</sup> The terms 'Underlying Result' and 'Restructuring & Other Items' are non-IFRS disclosures. They 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. Restructuring and other items includes greenfield start-up costs of \$1.0m (2020: \$1.4m), acquisition costs of \$1.4m (2020: \$1.1m), impairment of onerous leases \$1.4m (2020: \$10.3m), SaaS system development costs: Nil (2020: \$2.9m), FX losses transferred from FCTR as part of an internal corporate loan restructure \$26.9m (2020: \$0m) and other restructuring costs \$4.9m (2020: \$7.8m), which includes other site closure and employee redundancy costs.

<sup>2</sup> As disclosed in the FY21 results, the Group made the decision to repay government grants and subsidies received as part of the COVID-19 pandemic response in Australia, under the JobKeeper scheme, and in Canada under the Canada Emergency Wage Subsidy (CEWS) programme. JobKeeper (\$3.0 million) was repaid in H1 FY22. A provision was created for the CEWS repayment (\$21.5 million) to be repaid as soon as a mechanism is agreed with the Canadian government.

<sup>3</sup> EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They 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.

<sup>4</sup> Restated as required for change introduced by IFRIC Agenda Decision - Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.



# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Review and results of operations (continued)

The Group has three reportable operating segments as at 30 September 2021: Commodities, Life Sciences and Industrial.

Contributions from business segments are set out below.

Life Sciences	2021 \$M	2020 \$M	Variance
Revenue	537.9	452.1	19.0%
Segment EBIT <sup>3</sup>	83.1	74.5	
Restructuring and other items <sup>1</sup>	12.0	(0.5)	
Underlying segment EBIT <sup>2</sup>	95.1	74.0	28.5%
Margin (underlying segment EBIT to revenue)	17.7%	16.4%	
Underlying segment EBITDA <sup>3</sup>	131.3	110.8	18.5%
Margin (underlying segment EBITDA to revenue)	24.4%	24.5%	

Life Sciences saw strong volume in the half with total revenue increasing by 19.0%, with organic growth of 17.8% (an increase of 9.3% compared to H1 FY21) as all three businesses (Environmental, Food and Pharmaceutical) and all geographies delivered double-digit organic growth. The underlying EBITDA margin of 24.4% was a decline of 10 bps compared to the pcp in which there was a significant reduction in capex spend, although the H1 FY22 figure represents a 72bps expansion compared to H1 FY21. The strong level of organic growth drove an underlying EBIT margin of 17.7% which was an expansion of 131 bps compared to the pcp. The margin also benefitted from further process automation and efficiency gains combined with reduced depreciation and amortisation recognised in the half following limited capex spend in the pcp in response to the COVID-19 pandemic.

The division delivered 3.6% scope growth (the net of acquisitions and divestments) as recent acquisitions, primarily Investiga, the Brazilian and USA-based pharmaceutical business which specialises in the cosmetic and personal care market, continue to perform well.

ALS completed the acquisition of a 49% stake in Nuvisan in October 2021 which is a Germany and France-based business focused on the contract research and development market in the pharmaceutical industry. This is a highly strategic acquisition which significantly expands the service offering and geographical footprint of ALS' pharmaceutical business. Life Sciences maintains a promising pipeline of acquisition opportunities in food and pharmaceutical testing and will continue to assess opportunities to expand the existing service offering and geographic network.

Long-term drivers for the Life Sciences division remain strong with several megatrends driving structural growth in the industries in which ALS operates. These include sustainability testing services, technological development and connectivity combined with the advancement of nutritional and biopharmaceutical activities.

1 The term 'Restructuring and Other Items' 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.

2 The term 'Underlying segment EBIT' 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.

3 EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They 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.

# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Review and results of operations (continued)

Commodities	2021 \$M	2020 \$M	Variance
Revenue	383.3	278.4	37.7%
Segment EBIT <sup>3</sup>	103.5	70.4	
Restructuring and other items <sup>1</sup>	11.1	(1.6)	
Underlying segment EBIT <sup>2</sup>	114.6	68.8	66.6%
Margin (underlying segment EBIT to revenue)	29.9%	24.7%	
Underlying segment EBITDA <sup>3</sup>	134.4	87.6	53.4%
Margin (underlying segment EBITDA to revenue)	35.1%	31.5%	

The Commodities division reported a strong result for H1 FY22 as it continued to benefit from the positive commodity cycle. Organic revenue increased by 41.0% in the half (an increase of 28.4% compared to H1 FY21), driven by strong activity from both major and junior mining clients. This translated into an underlying EBIT margin of 29.9%, a significant increase of 519 bps compared to the pcp.

Geochemistry saw sample volume increase by 46% (compared to pcp) and organic revenue growth of 59.0% driven by, gradual price increases and an increased contribution from junior miners in the half. Both major (~70% of total volume) and junior miners (~30% of total volume) drove the growth in sample volume with the latter continuing to deploy capital raised over the past calendar year. There was sample volume growth in all major operating geographies with the underlying EBIT margin increasing to 33.4%, up from 26.4% in the pcp. As set out in the FY21 results, an expansion of Geochemistry capacity by approximately 15% is underway and is anticipated to be completed by the end of FY22. This, combined with the flexible 'hub and spoke' model, is designed to capture the anticipated growth in demand.

Metallurgy also benefitted from the strong mining sector activity, growing underlying organic revenue by 24.4% compared to the pcp. Clients reactivated projects delayed by the COVID-19 pandemic and initiated new projects which drove the underlying EBIT margin to 26.5%, up from 22.2% compared to the pcp.

Inspection increased organic revenue by 5.7% as global trading activity increased. However, the underlying EBIT margin decreased to 23.2%, down from 27.7% in the pcp, due to an increase in costs related to the unpredictability of some global supply chains still impacted by the COVID-19 pandemic.

Coal reported a 21.2% decline in organic revenue growth primarily due to a reduction in superintending volume. This drove the decline of underlying EBIT margin to 11.7%, down from 18.6% compared to the pcp. The business continues to focus strategically on service diversification and operational improvements particularly in the growing production (mine site) testing.

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

1 The term 'Restructuring and Other Items' 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.

2 The term 'Underlying segment EBIT' 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.

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# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Review and results of operations (continued)

Industrial	2021 \$M	2020 \$M	Variance
Revenue	109.9	108.3	1.5%
Segment EBIT <sup>3</sup>	6.4	4.9	
Restructuring and other items <sup>1</sup>	3.9	7.4	
Underlying segment EBIT <sup>2</sup>	10.3	12.3	(16.3%)
Margin (underlying segment EBIT to revenue)	9.4%	11.4%	
Underlying segment EBITDA <sup>3</sup>	16.4	18.9	(13.2%)
Margin (underlying segment EBITDA to revenue)	14.9%	17.5%	

Industrial organic revenue increased by 3.0% in H1 FY22 (a decline of 13.5% compared to H1 FY20) with an underlying EBIT margin of 9.4%, a decline of 199 bps compared to the pcp.

Asset Care organic revenue increased by 1.0% in the half, however there was a decline in underlying EBIT margin of -94 bps (compared to the pcp) to 6.1%. This was due to the impact to the Australian market caused by state border closures combined with the closure of the USA business.

Tribology organic revenue grew by 8.7% in H1 FY22, however, the underlying EBIT margin declined by 486 bps (compared to the pcp) to 16.7%. This was driven by a temporary increase in labour and consumable costs primarily in the USA.

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2 The term 'Underlying segment EBIT' 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.

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# ALS Limited and its subsidiaries

## Directors' Report

For the half year ended 30 September 2021

### Events subsequent to balance date

#### Nuvisan settlement

As previously announced to the ASX on 28 July 2021, the Group entered into an agreement to acquire an initial 49% interest in Nuvisan, a pharmaceutical testing business with operations in Germany and France. The completion of this transaction was subject to first receiving various regulatory approvals. Following receipt of these regulatory approvals, effective on 8 October 2021, the Group achieved completion of the acquisition of its 49% stake and initial consideration totalling EUR107.5 million was duly paid to the vendors. The balance of the purchase price for the 49% shareholding (subject to settlement adjustments) totalling approximately EUR37.5m is expected to be paid during H2 FY22.

The proforma September leverage ratio increases to 2.0 times, with \$490 million of available liquidity, had the payment of all consideration due for the acquisition of the 49% stake in Nuvisan occurred in H1 FY22.

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

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

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half year ended 30 September 2021.

### Rounding off

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

Signed in accordance with a resolution of the directors:



Bruce Phillips  
Chairman

Brisbane  
17 November 2021



Raj Naran  
Managing Director

Houston  
17 November 2021

# ALS Limited and its subsidiaries

## Consolidated interim statement of profit and loss and Other Comprehensive Income

For the half year ended 30 September 2021

	Note	30 September 2021	30 September 2020 <i>Restated<sup>1</sup></i>
In millions of AUD			
<b>Continuing operations</b>			
Revenue	6	1,031.1	838.8
Expenses		(809.2)	(668.0)
Other (expenses)/income	7	(24.5)	14.4
Share of profit of equity-accounted investees, net of tax		2.2	1.6
<b>Profit before financing cost, depreciation and amortisation</b>		199.6	186.8
Amortisation on right-of-use assets		(22.8)	(22.7)
Amortisation and depreciation		(44.5)	(43.7)
<b>Profit before net financing costs (EBIT)</b>		132.3	120.4
Finance income		0.4	1.4
Finance cost on loans and borrowings		(16.5)	(18.9)
Finance cost on lease liabilities		(3.3)	(3.7)
<b>Net financing costs</b>		(19.4)	(21.2)
<b>Profit before tax</b>		112.9	99.2
Income tax expense		(37.9)	(30.1)
<b>Profit for the period</b>		75.0	69.1
<b>Profit attributable to:</b>			
Equity holders of the Company		74.1	68.2
Non-controlling interest		0.9	0.9
<b>Profit for the period</b>		75.0	69.1
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to the profit and loss (net of tax)</i>			
Foreign exchange translation		66.5	(107.7)
Gain on hedge of net investments in foreign subsidiaries		(5.9)	11.3
(Loss)/Gain on cash flow hedges taken to equity, net of tax		0.3	(1.7)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		60.9	(98.1)
<b>Total comprehensive income/(loss) for the period</b>		135.9	(29.0)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the company		135.0	(29.9)
Non-controlling interest		0.9	0.9
<b>Total comprehensive income/(loss) for the period</b>		135.9	(29.0)
Basic earnings per share attributable to equity holders		15.36c	14.14c
Diluted earnings per share attributable to equity holders		15.29c	14.08c
Basic earnings per share attributable to equity holders from continuing operations		15.36c	14.14c
Diluted earnings per share attributable to equity holders from continuing operations		15.29c	14.08c

The interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the interim financial report set out on pages 14 to 22.

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.

# ALS Limited and its subsidiaries

## Consolidated interim balance sheet

As at 30 September 2021

In millions of AUD	Note	30 September 2021	31 March 2021 <i>Restated<sup>1</sup></i>
<b>Current Assets</b>			
Cash and cash equivalents		154.3	168.6
Trade and other receivables		391.2	338.1
Inventories		73.4	64.4
Other assets		40.5	40.0
<b>Total current assets<sup>2</sup></b>		<b>659.4</b>	<b>611.1</b>
<b>Non-current assets</b>			
Investment property		9.8	9.8
Investments accounted for using the equity method		19.7	17.6
Deferred tax assets		39.1	30.8
Property, plant and equipment		483.4	464.0
Right of use assets		187.8	177.1
Intangible assets	3a	1,179.1	1,122.0
Other assets		35.2	30.0
<b>Total non-current assets</b>		<b>1,954.1</b>	<b>1,851.3</b>
<b>Total assets</b>		<b>2,613.5</b>	<b>2,462.4</b>
<b>Current Liabilities</b>			
Bank overdraft		-	-
Trade and other payables		281.1	243.6
Loans and borrowings	9	304.6	42.2
Employee benefits		67.3	61.7
Other liabilities		74.3	30.6
<b>Total current liabilities<sup>20</sup></b>		<b>727.3</b>	<b>378.1</b>
<b>Non-current liabilities</b>			
Loans and borrowings	9	712.8	925.5
Deferred tax liabilities		10.0	9.8
Employee benefits		8.3	8.7
Other liabilities		29.4	70.8
<b>Total non-current liabilities</b>		<b>760.5</b>	<b>1,014.8</b>
<b>Total liabilities</b>		<b>1,487.8</b>	<b>1,392.9</b>
<b>Net assets</b>		<b>1,125.7</b>	<b>1,069.5</b>
<b>Equity</b>			
Share capital		1,304.5	1,304.6
Reserves		(73.7)	(131.1)
Retained earnings	3a	(116.0)	(114.8)
<b>Total equity attributable to equity holders of the company</b>		<b>1,114.8</b>	<b>1,058.7</b>
<b>Non-controlling interest</b>		<b>10.9</b>	<b>10.8</b>
<b>Total equity</b>		<b>1,125.7</b>	<b>1,069.5</b>

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 22.

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.

<sup>2</sup> As at 30 September 2021, total current liabilities exceeded total current assets by \$67.9m. This deficit is primarily attributed to the July 2022 maturity of long term notes totalling \$263.5m. In addition to the \$154.3m in cash, the Group also maintains undrawn committed bank facilities totalling \$647.1m as at balance date, that will provide adequate liquidity necessary for the maturing July 2022 long term notes, if required. Refer to note 8 for further details.

# ALS Limited and its subsidiaries

## Consolidated interim statement of changes in equity

For the half year ended 30 September 2021

In millions of AUD	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
<b>Balance 31 March 2021</b>	<b>1,304.6</b>	<b>(144.5)</b>	<b>3.6</b>	<b>9.8</b>	<b>(104.5)</b>	<b>1,069.0</b>	<b>10.8</b>	<b>1,079.8</b>
Accounting policy change – SaaS implementation costs <sup>1</sup>	-	-	-	-	(10.3)	(10.3)	-	(10.3)
<b>Restated balance 31 March 2021</b>	<b>1,304.6</b>	<b>(144.5)</b>	<b>3.6</b>	<b>9.8</b>	<b>(114.8)</b>	<b>1,058.7</b>	<b>10.8</b>	<b>1,069.5</b>
Profit for the period	-	-	-	-	74.1	74.1	0.9	75.0
Other comprehensive profit	-	60.6	0.3	-	-	60.9	-	60.9
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>60.6</b>	<b>0.3</b>	<b>-</b>	<b>74.1</b>	<b>135.0</b>	<b>0.9</b>	<b>135.9</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(70.4)	(70.4)	(0.2)	(70.6)
Equity-settled performance rights awarded and vested	(0.1)	-	-	(3.4)	(4.8)	(8.3)	-	(8.3)
<b>Total contributions and distributions to owners</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>(75.2)</b>	<b>(78.7)</b>	<b>(0.2)</b>	<b>(78.9)</b>
<b>Changes in ownership interests:</b>								
Acquisition of non-controlling interest without change in control	-	-	-	-	-	-	0.2	0.2
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	(0.9)	(0.9)
<b>Total changes in ownership interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Total transactions with owners</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>(75.2)</b>	<b>(78.7)</b>	<b>(0.9)</b>	<b>(79.6)</b>
<b>Balance at 30 September 2021</b>	<b>1,304.5</b>	<b>(84.0)</b>	<b>3.9</b>	<b>6.4</b>	<b>(116.0)</b>	<b>1,114.8</b>	<b>10.9</b>	<b>1,125.7</b>
<b>Balance 31 March 2020</b>	<b>1,303.9</b>	<b>(14.0)</b>	<b>6.6</b>	<b>8.5</b>	<b>(204.9)</b>	<b>1,100.1</b>	<b>10.5</b>	<b>1,110.6</b>
Profit for the period	-	-	-	-	70.3	70.3	0.9	71.2
Other comprehensive loss	-	(96.4)	(1.7)	-	-	(98.1)	-	(98.1)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>(96.4)</b>	<b>(1.7)</b>	<b>-</b>	<b>70.3</b>	<b>(27.8)</b>	<b>0.9</b>	<b>(26.9)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(29.4)	(29.4)	(0.4)	(29.8)
Equity-settled performance rights awarded and vested	0.7	-	-	(1.5)	(0.2)	(1.0)	-	(1.0)
<b>Total transactions with owners</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>(1.5)</b>	<b>(29.6)</b>	<b>(30.4)</b>	<b>(0.4)</b>	<b>(30.8)</b>
<b>Balance at 30 September 2020</b>	<b>1,304.6</b>	<b>(110.5)</b>	<b>4.9</b>	<b>7.0</b>	<b>(164.2)</b>	<b>1,041.8</b>	<b>11.0</b>	<b>1,052.8</b>

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 22.

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.

# ALS Limited and its subsidiaries

## Consolidated interim statement of cash flows

For the half year ended 30 September 2021

In millions of AUD	30 September 2021	30 September 2020 <i>Restated<sup>1</sup></i>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,118.9	935.5
Cash paid to suppliers and employees	(919.6)	(793.4)
Cash generated from operations	199.3	142.1
Interest paid	(19.8)	(22.6)
Interest received	0.4	1.4
Income taxes paid	(53.6)	(35.5)
<b>Net cash from operating activities</b>	<b>126.3</b>	<b>85.4</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(56.5)	(33.2)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	(5.3)	-
Deferred payments for acquisitions of controlled entities	(1.0)	(1.9)
Acquisition of minority interest equity	(0.9)	-
Loan repayments/(advances) from/(to) associates	(0.1)	0.3
Dividend from associate	1.4	1.1
Proceeds from sale of other non-current assets	0.7	1.0
<b>Net cash used in investing activities</b>	<b>(61.7)</b>	<b>(32.7)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	102.5	81.9
Repayment of borrowings	(93.9)	(339.8)
Right-of-use asset lease payments	(21.8)	(25.3)
Dividends paid	(70.6)	(29.8)
<b>Net cash from (used in)/from financing activities</b>	<b>(83.8)</b>	<b>(313.0)</b>
Net movement in cash and cash equivalents	(19.2)	(260.3)
Cash and cash equivalents at 1 April	168.6	423.9
Effect of exchange rate fluctuations on cash held	4.9	(17.0)
<b>Cash and cash equivalents at 30 September</b>	<b>154.3</b>	<b>146.6</b>

*The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 22.*

<sup>1</sup> Restated as required for change introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 3a for details.



## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 1. Reporting entity

ALS Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 30 September 2021 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 31 March 2021 is available upon request from the Company's registered office at Level 2, 299 Coronation Drive, Milton, QLD, 4064 or at [www.alsglobal.com](http://www.alsglobal.com).

### 2. Statement of compliance

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

The condensed consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2021. This condensed consolidated interim financial report was approved by the Board of Directors on 17 November 2021.

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

### 3. Significant accounting policies

#### a) Changes in accounting policy

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.

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

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.

Consolidated Balance Sheet	31 March 2021 as published \$m	Impact of change in accounting policy \$m	31 March 2021 restated \$m
Intangible assets	1,136.5	(14.5)	1,122.0
Total non-current assets	1,865.8	(14.5)	1,851.3
Total Assets	2,476.9	(14.5)	2,462.4
Deferred tax liabilities	14.0	(4.2)	9.8
Total non-current liabilities	1,019.0	(4.2)	1,014.8
Total liabilities	1,397.1	(4.2)	1,392.9
Net assets	1,079.8	(10.3)	1,069.5

Consolidated Statement of Profit or Loss	30 Sep 2020 as published \$m	Impact of change in accounting policy \$m	30 Sep 2020 restated \$m
Expenses	(665.1)	(2.9)	(668.0)
Profit before financing cost, depreciation and amortisation	189.7	(2.9)	186.8
Profit before net financing costs (EBIT)	123.3	(2.9)	120.4
Profit before tax	102.1	(2.9)	99.2
Income tax expense	(30.9)	0.8	(30.1)
Profit for the period	71.2	(2.1)	69.1
Profit after tax attributable to:			
Equity holders of the Company	70.3	(2.1)	68.2
Profit for the period	71.2	(2.1)	69.1
Total comprehensive (loss)/income for the period	(26.9)	(2.1)	(29.0)
Profit attributable to:			
Equity holders of the Company	(27.8)	(2.1)	(29.9)

Consolidated Statement of Cash Flows	30 September 2020 as published \$m	Impact of change in accounting policy \$m	30 September 2021 restated \$m
Payments to suppliers and employees	(790.5)	(2.9)	(793.4)
Net cash generated from operations	145.0	(2.9)	142.1
Net cash from operating activities	88.3	(2.9)	85.4
Payments for intangibles	(36.1)	2.9	(33.2)
Net cash (used) in investing activities	(35.6)	2.9	(32.7)

Earnings per share for profit attributable to the ordinary equity holders of the company	Cents	Cents	Cents restated
Basic EPS	14.6	(0.4)	14.2
Diluted EPS	14.5	(0.4)	14.1

Opening retained profits	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 assets	1.2	3.0
Opening retained profits 1 April - restated	(207.9)	(227.1)

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 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.

Other than the change in accounting policy stated above, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statement as at and for the year ended 31 March 2021.

### 4. Estimates

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

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 March 2021.

In determining the appropriateness of its judgements and estimates the Group has also specifically considered the impact of the COVID-19 pandemic as at 30 September 2021 and on its operations in future periods.

### 5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2021.

#### Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values. The fair value at 30 September 2021 of derivative assets held for risk management purposes, which are the Group's only financial instruments carried at fair value, was an asset of \$5.4m (March 2021: \$5.0m) measured using Level 2 valuation techniques as defined in the fair value hierarchy. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

#### Fair value hierarchy

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

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

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 6. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements (see also Note 10 for operations that were discontinued during the reporting period). The Group's revenue is derived from contracts with customers.

#### Disaggregation of revenue

Revenue is disaggregated by geographical location of customers.

*In millions of AUD*

#### Continuing operations

	30 September 2021	30 September 2020
Africa	20.7	15.4
Asia/Pacific	363.8	335.6
EMENA (Europe, Middle East, North Africa)	264.7	218.4
Americas	381.9	269.4
<b>Total operations</b>	<b>1,031.1</b>	<b>838.8</b>

### 7. Other (expense)/income

*In millions of AUD*

Covid-19 subsidies & grants (repaid or payable)/received, net of costs

	30 September 2021	30 September 2020
Covid-19 subsidies & grants (repaid or payable)/received, net of costs	(24.5)	14.4
	<b>(24.5)</b>	<b>14.4</b>

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

### 8. Segment reporting

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

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

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

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 8. Segment reporting (continued)

<b>2021</b> <i>In millions of AUD</i>	<b>Commodities</b>	<b>Life Sciences</b>	<b>Industrial</b>	<b>Other <sup>1</sup></b>	<b>Consolidated</b>
Revenue	383.3	537.9	109.9	-	1,031.1
Africa	20.7	-	-	-	20.7
Asia/Pacific	129.7	151.6	82.4	-	363.8
EMENA (Europe, Middle East, North Africa)	77.3	186.8	0.6	-	264.7
Americas	155.6	199.5	26.9	-	381.9
Underlying EBITDA <sup>2</sup>	134.4	131.3	16.4	(22.4)	259.7
Amortisation on right-of-use assets	(7.9)	(12.4)	(2.4)	(0.1)	(22.8)
Depreciation and amortisation	(11.9)	(23.8)	(3.7)	(0.4)	(39.8)
Underlying EBIT <sup>2</sup>	114.6	95.1	10.3	(22.9)	197.1
Restructuring & other items	(11.1)	(12.0)	(3.9)	(33.1)	(60.1)
Amortisation of intangibles	-	-	-	(4.7)	(4.7)
Segment EBIT <sup>2</sup>	103.5	83.1	6.4	(60.7)	132.3
Net interest	(0.9)	(2.0)	(0.4)	(16.1)	(19.4)
Segment profit before income tax	102.6	81.1	6.0	(76.8)	112.9
<i>Underlying EBIT<sup>2</sup> margin</i>	<i>29.9%</i>	<i>17.7%</i>	<i>9.4%</i>		<i>19.1%</i>
<i>Underlying EBITDA<sup>2</sup> margin</i>	<i>35.1%</i>	<i>24.4%</i>	<i>14.9%</i>		<i>25.2%</i>
Segment assets	830.1	1,344.1	205.5	40.4	2,420.1
Cash and cash equivalents					154.3
Tax Assets					39.1
Total assets per the balance sheet					2,613.5
Segment liabilities	(178.3)	(376.3)	(73.0)	(8.5)	(636.1)
Loans, borrowings & bank overdraft					(818.2)
Tax liabilities					(33.5)
Total liabilities per the balance sheet					(1,487.8)

<sup>1</sup> Represents unallocated corporate costs. Net expenses of \$22.9 million in 2021 comprise net foreign exchange loss of \$0.3 million and other corporate costs of \$22.7 million. Restructuring & other items includes \$26.9 million of FX losses transferred from FCTR as part of an internal corporate loan restructure.

<sup>2</sup> Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are unaudited.

# ALS Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 8. Segment reporting (continued)

2020 In millions of AUD	Commodities	Life Sciences	Industrial	Other <sup>1</sup>	Consolidated
Revenue	278.4	452.1	108.3	-	838.8
Africa	15.4	-	-	-	15.4
Asia/Pacific	116.6	139.6	79.4	-	335.6
EMENA (Europe, Middle East, North Africa)	60.1	157.8	0.5	-	218.4
Americas	86.3	154.7	28.4	-	269.4
Underlying EBITDA <sup>2</sup>	87.6	110.8	18.9	(19.4)	197.9
Amortisation on right-of-use assets	(7.3)	(12.7)	(2.7)	-	(22.7)
Depreciation and amortisation	(11.5)	(24.1)	(3.8)	(0.5)	(40.0)
Underlying EBIT <sup>2</sup>	68.8	74.0	12.3	(19.9)	135.2
Restructuring & other items	1.6	0.5	(7.4)	(5.8)	(11.1)
Amortisation of intangibles	-	-	-	(3.7)	(3.7)
Segment EBIT <sup>2</sup>	70.4	74.5	4.9	(29.4)	120.4
Net interest	(1.0)	(2.3)	(0.4)	(17.5)	(21.2)
Segment profit before income tax	69.4	72.2	4.5	(46.9)	99.2
Underlying EBIT margin <sup>2</sup>	24.7%	16.4%	11.4%		16.1%
Underlying EBITDA margin <sup>2</sup>	31.5%	24.5%	17.5%		23.6%
Segment assets	775.2	1,214.9	209.1	53.8	2,253.0
Cash and cash equivalents					146.7
Tax Assets					33.7
Total assets per the balance sheet					2,433.4
Segment liabilities	(150.5)	(307.9)	(74.0)	(9.9)	(542.3)
Loans, borrowings & bank overdraft					(821.4)
Tax liabilities					(16.9)
Total liabilities per the balance sheet					(1,380.6)

<sup>1</sup> Represents unallocated corporate costs. Net expenses of \$19.9 million in 2020 comprise net foreign exchange gain of \$2.4 million and other corporate costs of \$17.5 million.

<sup>2</sup> Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are unaudited.

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 9. Loans and borrowings

*In millions of AUD*

	30 September 2021	31 March 2021
<b>Current Liabilities</b>		
Long term notes	263.5	-
Bank loans	-	5.0
Lease liabilities	41.1	37.2
	<b>304.6</b>	<b>42.2</b>
<b>Non-current liabilities</b>		
Long term notes	538.0	775.8
Bank loans	16.7	1.4
Lease liabilities	158.1	148.3
	<b>712.8</b>	<b>925.5</b>

#### *Bank loans*

During May 2021 the Group entered into new multi-currency revolving facilities totalling USD\$350.0 million. These multi-currency facilities are provided by a geographically diverse selection of banks including Australia and New Zealand Banking Group, Westpac Banking Corporation, Hong Kong and Shanghai Banking Corporation, JP Morgan, Bank of America, and Mizuho Bank.

These revolving facilities will provide a strong level of liquidity to support the Group's growth strategy and ongoing global funding requirements. As at 30 September USD\$339.2m (AUD\$470.3m equivalent) remains undrawn in relation to these committed bank facilities.

On 30 September 2021 the Group entered into new bilateral fixed rate EUR loan arrangements totalling EUR110m (AUD\$176.8m equivalent) with Hong Kong and Shanghai Banking Corporation. These new EUR fixed rate loans will mature in October 2022 and 2023 respectively and remain fully undrawn as at balance date. As part of the broader capital management plan, these new debt facilities will support the Group's FX strategy of aligning the debt currency profile with the cash flows of the operating businesses.

#### *Long term notes*

The Company's controlled entities have previously issued long term, fixed rate notes to investors in the US Private Placement market which remain unpaid at balance date. All loan notes on issue have total fixed interest coupons ranging between 1.50% - 4.79% and bullet maturity dates repayable at various intervals between July 2022 and July 2034.

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

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans and long-term notes at balance date is 3.5% (March 2021: 3.5%).

### 10. Dividends

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

*In millions of AUD*

	30 September 2021	30 September 2020
Final 2021 dividend paid 5 July 2021 (6 July 2020)	70.4	29.4

Since 30 September 2021, directors have declared an interim dividend of 15.8 cents per share (partially franked to 30% or 4.7 cents) amounting to \$76.2 million payable on 17 December 2021. The dividend is payable on all ordinary shares registered in the Company's register at the close of business on 3 December 2021. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2021.

## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 11. Share-based payments

#### **Performance-hurdle rights granted**

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

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

	Half year ended 30 Sept 2021	Half year ended 30 Sept 2020
<b>Equity-settled</b>		
Date of grant	28 July 2021	29 July 2020
Number of performance-hurdle rights	618,418	770,904
Weighted average fair value at date of grant of performance-hurdle rights	\$11.23	\$7.38
Testing date for performance hurdles	31 March 2024	31 March 2023
Vesting date and testing date for service condition	1 July 2024	1 July 2023
<b>Cash-settled</b>		
Date of grant	28 July 2021	29 July 2020
Number of performance-hurdle rights	42,070	49,452
Weighted average fair value at date of grant of performance-hurdle rights	\$11.23	\$7.38
Testing date for performance hurdles	31 March 2024	31 March 2023
Vesting date and testing date for service condition	1 July 2024	1 July 2023

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

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

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

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

During the period the Group granted service-based rights under its Short-Term Incentive (STI) plan being deferred STI compensation. Employees achieving "outperformance" stretch targets during the year ended March 2021 were granted rights to ALS shares in July 2021 as deferred compensation for the "outperformance" component of their incentives. A total of 98,591 service-based rights were granted during the half year (2020: 52,060). An estimated accrual for the fair value of services received in return for these rights has been made at 30 September 2021.

As at 30 September 2021 there was a total of 150,651 service based rights on issue to employees of the Company relating to deferred STI compensation.



## Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2021

### 11. Share-based payments (continued)

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

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

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

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

### 12. Events subsequent to balance date

#### **Nuvisan settlement**

As previously announced to the ASX on 28 July 2021, the Group entered into an agreement to acquire an initial 49% interest in Nuvisan, a pharmaceutical testing business with operations in Germany and France. The completion of this transaction was subject to first receiving various regulatory approvals. Following receipt of these regulatory approvals, effective on 8 October 2021, the Group achieved completion of the acquisition of its 49% stake and initial consideration totalling EUR107.5 million was duly paid to the vendors. The balance of the purchase price for the 49% shareholding (subject to settlement adjustments) totalling approximately EUR37.5m is expected to be paid during H2 FY22.

The proforma September leverage ratio increases to 2.0 times, with \$490 million of available liquidity, had the payment of all consideration for the acquisition of the 49% stake in Nuvisan (which completed in October 2021) occurred in H1 FY22.

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

## Directors' declaration

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

1. The financial statements and notes set out on pages 10 to 22, are in accordance with the *Corporations Act 2001* including:
  - a) giving a true and fair view of the Group's financial position as at 30 September 2021 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date: and
  - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Bruce Phillips  
Chairman

Brisbane  
17 November 2021



Raj Naran  
Managing Director

Houston  
17 November 2021

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

### Conclusion

We have reviewed the accompanying half-year financial report of ALS Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 September 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the consolidated financial position of the Group as at 30 September 2021 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

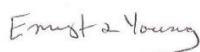
### Directors' responsibilities for the half-year financial report

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


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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young



Brad Tozer  
Partner  
Brisbane  
17 November 2021



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

As lead auditor for the review of the half year financial report of ALS Limited for the half-year ended 30 September 2021, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Brad Tozer  
Partner  
17 November 2021