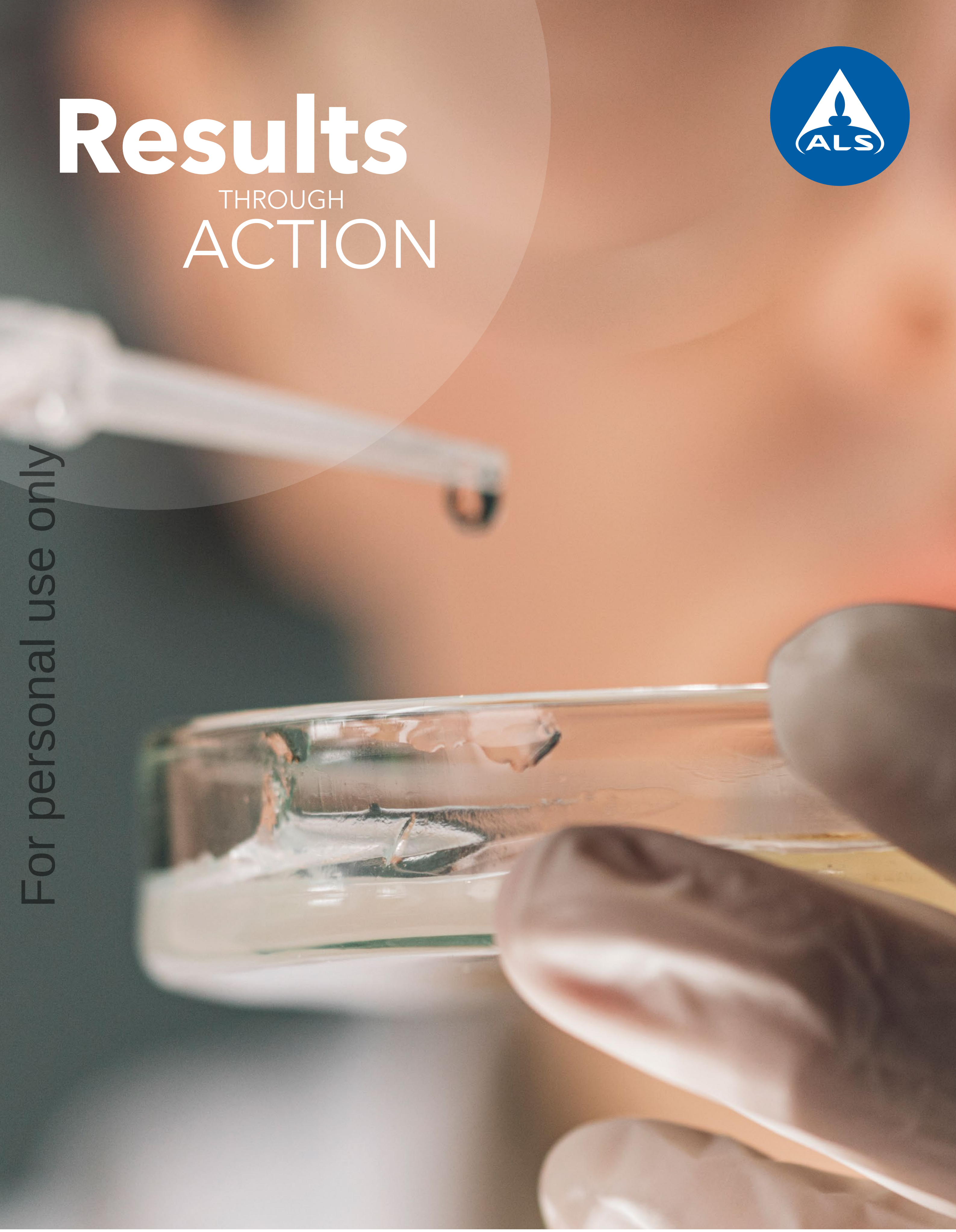
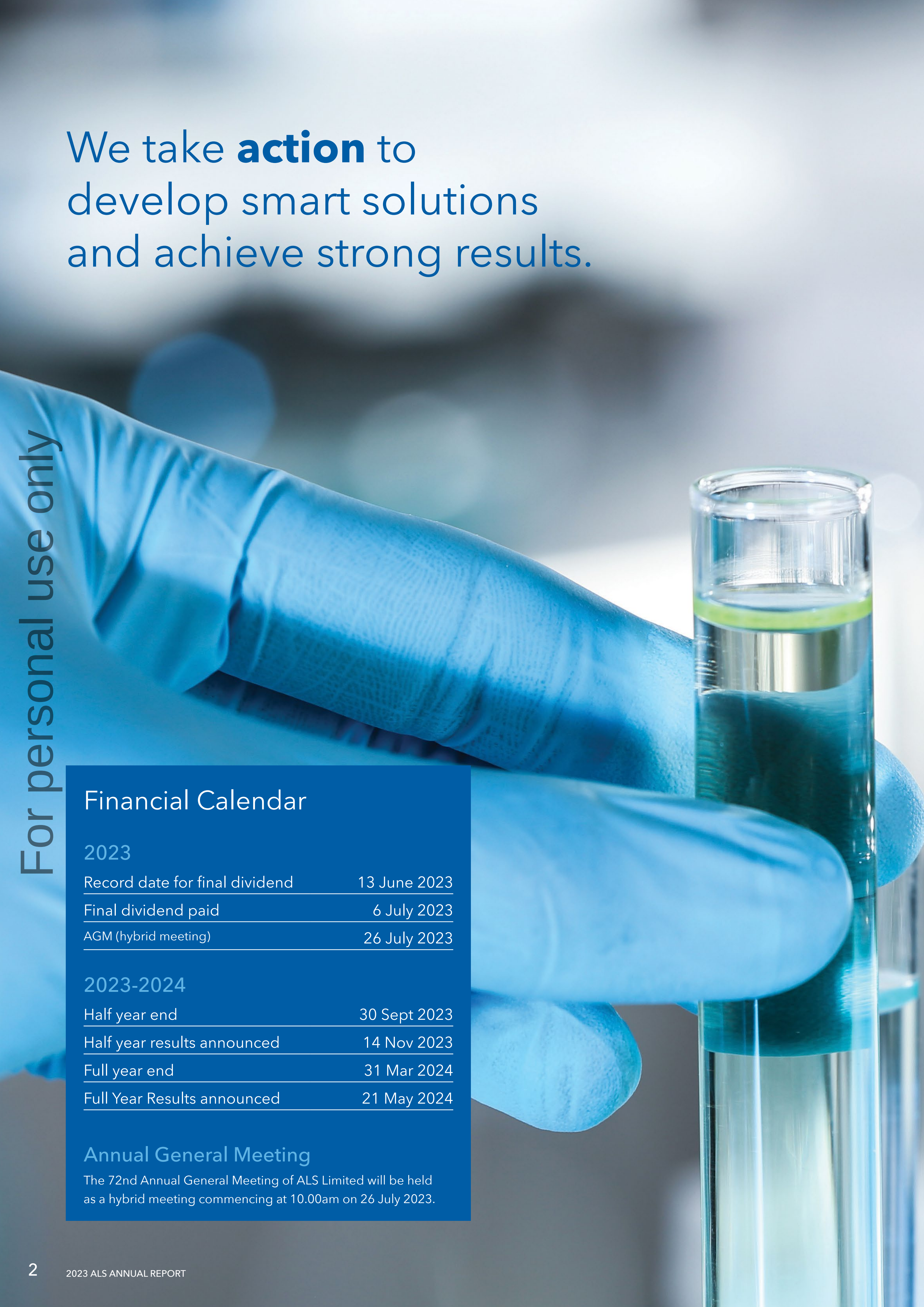
Results
THROUGH ACTION



2023 ANNUAL REPORT



We take **action** to develop smart solutions and achieve strong results.

Financial Calendar

2023

Record date for final dividend	13 June 2023
Final dividend paid	6 July 2023
AGM (hybrid meeting)	26 July 2023

2023-2024

Half year end	30 Sept 2023
Half year results announced	14 Nov 2023
Full year end	31 Mar 2024
Full Year Results announced	21 May 2024

Annual General Meeting

The 72nd Annual General Meeting of ALS Limited will be held as a hybrid meeting commencing at 10.00am on 26 July 2023.

Inside THIS REPORT

Company PROFILE

A global leader in testing.

For more than 40 years, ALS has provided comprehensive testing and technical solutions to clients around the world in a wide range of industries.

We have built our global reputation by embracing the most advanced technologies and innovative methodologies to deliver high-quality testing services. Through the strength and agility of our international teams, we provide our clients with local expertise and personalised solutions.

With corporate headquarters based in Brisbane, Australia, we are one of the longest established companies listed on the Australian Securities Exchange (ASX Code: ALQ).

The Company was founded in 1863 and listed on the ASX in July 1952. We are an ASX100 company with a multibillion-dollar market capitalisation. The ALS brand is well recognised internationally by our customers and across our industry for the delivery of high-quality testing services.

OUR VALUES

By living out these values, we create a rich, diverse, and exceptional environment for our employees, and by extension for our clients and community at large.

OUR MISSION

At ALS, we are using the power of testing to solve complex challenges. With a passion for science, we serve clients with data-driven insights for a safer and healthier world.

OUR CULTURE

We are committed to the values of integrity, reliability, and innovation which ensure we deliver the highest level of quality work and customer service. Our people are of the utmost value to us, which is why we ensure safety and diversity at our workplaces across the globe. Being a global leader requires the right talent, which is why we also value leadership, education, and professional development for the betterment of our employees and our company.

OUR PURPOSE

We aim to relentlessly expand the way science is deployed across all areas of human endeavor, serving clients without exception as the most trusted partner. Through science, assurance, and sustainability, our purpose is helping make the world a better place.

70+ COUNTRIES

350+ LOCATIONS

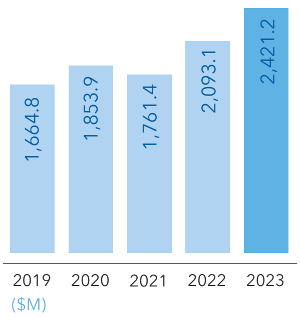
40+ YEARS

19k+ STAFF WORLDWIDE

AUD **2.4b+** GLOBAL REVENUE

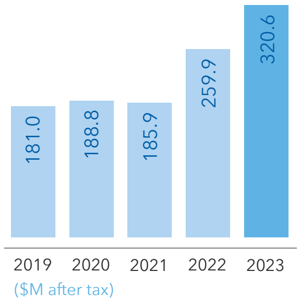
Financial highlights FROM OPERATIONS

UNDERLYING SALES REVENUE[1]



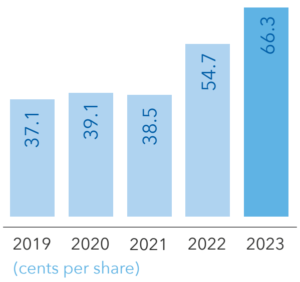
$2,421.2m
19.5%

UNDERLYING NET PROFIT[1]



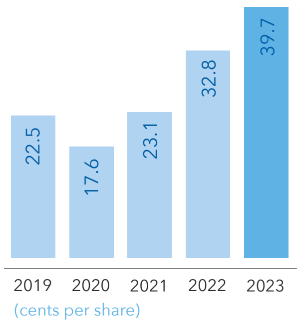
$320.6m
23.4%

UNDERLYING EARNINGS[1]



66.3 cents
23.2%

DIVIDEND PAID[1]



39.7 cents
21%

1 *Continuing operations.*

^ *NPAT = Net profit after tax Underlying net profit is a non-IFRS disclosure and has been presented to assist in the assessment of the relevant performance of the Group from year to year.*

* *EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. The calculations of EBITDA and EBIT are unaudited. Underlying EBIT and EBITDA represent the Group's EBIT and EBITDA from continuing operations adjusted for restructuring and other one-off items, amortisation and impairment of intangibles and other business closure costs as well as COVID-19 subsidies and grants net of direct costs.*

DIVIDENDS

The Company paid a final, partly-franked (10 per cent) dividend for 2023 of **19.4 cents per share** (2022: 17.0 cents) at the 30 per cent tax rate.

The total dividend for the year was **39.7 cents** (2022: 32.8 cents).

UNDERLYING REVENUE

Underlying revenue from operations for the consolidated Group was **$2,421.2 million** for 2023, a 19.5 per cent increase on the $2,093.1 million recorded in 2022.

The underlying revenue generated by each Business segment was as follows:

LIFE SCIENCES

$1,334.1m

17.1%

COMMODITIES

$1,087.1m

22.6%

UNDERLYING NET PROFITS

Underlying net profit after tax from continuing operations, attributable to equity holders of the Company, was **$320.6 million** for a 23.4 per cent increase on the $259.9 million underlying net profit achieved in 2022.

The underlying profit contribution from ordinary activities, before interest, tax and corporate overheads for each Business segment was as follows:

LIFE SCIENCES

$206.9m

6.2%

COMMODITIES

$330.0m

29.3%

UNDERLYING EBITDA*

$648m

from $533.0m

UNDERLYING EBIT*

$490.7m

from $402.8m

STATUTORY NPAT^

$291.2m

from $190.5m

GEARING RATIO

NET DEBT/(NET DEBT + TOTAL EQUITY)

46.2%

from 44.4%

Chairman & Ceo's REPORT

The 2023 financial year (FY23) represented another strong performance by our global business.

The Company continued to demonstrate its resilience in operating through challenging periods of global instability, high inflation, and economic uncertainty. The performance culminated in another record underlying Net Profit After Tax (NPAT) of $320.6 million, up 23.4% vs the prior corresponding period (pcp), and exceeded the top end of our upgraded market guidance.

The underlying performance was underpinned by the contribution of our two largest businesses, Geochemistry and Environmental, which delivered strong growth and margins.

The strong FY23 performance was a meaningful step towards the objectives of the new five-year strategic plan.

Financial performance and capital management

Statutory NPAT was $291.2 million, an increase of $100.7 million or 52.9% over the pcp. However, we continue to believe the underlying NPAT increase of 23.4% from continuing operations better reflects the Group's financial performance for the year.

The Group delivered industry leading growth and margin expansion despite the difficult trading conditions. Underlying continuing revenue increased 19.5% to $2,421 million and operating margins increased by 38bps to 20.3%.

The Group continued its disciplined and proactive approach to capital management, balancing investment in growth with returns to shareholders.

Overall capital expenditure increased by 27% (versus pcp) as the Group invested in strategic organic growth opportunities across the Life Sciences and Commodities divisions. Investment in acquisitions will continue to be a focus in the future, with a robust pipeline of opportunities continually being evaluated.
The balance sheet remains strong with a leverage ratio of 1.8x (improved from 1.9x last year) and available liquidity of $423 million, including $336 million of undrawn bank facilities (as of 31 March 2023). Pleasingly, 80% of total drawn debt is fixed at an average interest rate of 2.92%.

Based on the strong FY23 financial performance and the strength of the balance sheet, the Directors declared a second half dividend of 19.4 cents, 10% franked, bringing the annual total dividend to 39.7 cps, an increase of 21% compared to the prior year.
This is in line with the upper end of Company's dividend policy of paying out 50-60% of underlying NPAT to shareholders.

A more comprehensive overview of the Group's financial performance is set out in the Director's Report.

Strategy

Following the successful completion of the previous 5-year strategic plan at the end of FY22, the Group provided a new 5-year plan to continue the transformation of ALS into a market leader in the global TIC (Testing Inspection and Certification) industry.

The plan consists of a series of strategic growth priorities, with an emphasis on investments to capitalise on industry megatrends linked to Sustainability and Life Sciences, as well as rebalancing the business portfolio into higher margin businesses.

The challenging financial targets set for FY27 include growing revenue to $3.3 billion, growing underlying EBIT to $0.6 billion, and maintaining a Group margin floor of 19%. In addition, the Group aims to keep cash conversion above 90% and continue to improve the return on capital above 20%.

The TIC Industry in which we operate has several megatrends which are driving long-term growth for our industry. Megatrends such as increased regulation, client outsourcing, transition to renewable energy sources, and digitalisation of technology underpin our Company's future growth plans.

The Group's strong focus on our people, culture of innovation, and collaboration provide the necessary support to achieve this growth agenda.

Safety of our people

Our people are at the core of our global business, and their safety and well-being are paramount. In FY23 we achieved record low, and industry-leading safety measures, with a Lost Time Injury Frequency Rate of 0.31 and a Total Recordable Injury Frequency Rate of 1.00, per million hours worked. We view safety as a strategic imperative and despite our world class health and safety outcomes in FY23, we remain focused on improving our performance in the year ahead.

Sustainability and climate change

ALS is a global leader in scientific analysis, and our purpose is helping make the world a better place. Our Vision, "In Pursuit of a Better World for All", lays the foundation for our approach to sustainability. It means we must seek to protect our planet for future generations. ALS accepts that climate change is a material risk that requires global and strategic action by the business community.

In FY23 we reduced carbon intensity by 10% and achieved carbon neutrality for scope 1&2 emissions (against our 2020 baseline), and developed a roadmap to achieve Net Zero emissions by 2050.

Our approach to managing the physical and transitional risks of climate change will be targeted and pragmatic, so we can continue to provide our clients with the services they trust without compromising the quality they expect. We support a just transition –

the way we operate, our systems, policies and procedures, and our integrity and ethics are all essential to our sustainability actions. The services we offer our clients and the actions we take every day are guided by our goal of helping create a safer and healthier world. We remain committed to the continued integration of sustainability into all aspects of the business and ensuring all our stakeholders continue to benefit from our growth and development.

Our sustainability strategy continues to align with and support the advancement of the United Nations Sustainable Development Goals (SDGs), which seek to address the world's most urgent economic, environmental, and social challenges.

Shareholders can be proud of ALS' $2.4 billion economic contribution to the communities in which it operates, be it in the form of local employment, business suppliers, science and education programs, social projects, government taxes for the benefit of broader communities, and dividends to shareholders.

Board and CEO succession

The last 12 months has seen some important changes to your board of directors.

During FY23 we welcomed Mr Peter Possemiers as an independent non-executive director. Peter brings a great depth of understanding of the global TIC industry after a distinguished executive career with SGS, the world's largest TIC company. He is a strong addition to the board.

Subsequent to the end of FY23, Mr Charlie Sartain resigned from the board after eight years of service. We thank Charlie for his valuable contributions, particularly in the areas of our important Commodities division and chairing of the Sustainability & Innovation committee.

About the same time, we welcomed Mr Nigel Garrard as an independent non-executive director. Nigel is a former CEO of global businesses and an experienced non-executive director and chairman. He provides additional strength to the Board.

Late in FY23 our Managing Director & CEO Mr Raj Naran resigned and the Board initiated a global search seeking his replacement.

As a benefit of the Company's continuous succession planning for all of ALS' leadership positions, including internal and external candidates, the Board was pleased to appoint Mr Malcolm Deane to the role of Managing Director and Chief Executive Officer within two months, maintaining continuity of progress in our strategic and operational activities.

Malcolm's experience includes leadership positions in operations, commercial, and strategic roles in diverse business and cultural situations. Most recently, he was the Company's global Chief Strategy Officer responsible for corporate strategy, business development, and acquisitions, providing a strong foundation to lead the delivery of the latest ALS 5-year strategy and its related operational plans.

Shareholders will be provided the opportunity to hear from our new directors at the forthcoming AGM.

Outlook

In the short-term, there are global economic headwinds, headlined by inflation, geo-political tensions, and economic uncertainty. ALS is positioned to meet these challenges and will continue to manage them pro-actively to deliver the best outcome for our shareholders.

Within Life Sciences, the Environmental business is expected to perform well across all geographies and is currently successfully managing inflationary headwinds. The underlying pharmaceutical business is expected to maintain its growth momentum, with exception of the European Nuvisan business which remains impacted by regional economic uncertainty. The Food and Pharmaceutical businesses will continue to focus on developing their global platform to capture growth opportunities.

Our market leading Geochemistry business continues to effectively manage utilisation of capacity, cost, and pricing, delivering value for mining clients. Metallurgy continues to benefit from a strong pipeline of opportunities. Inspection volumes are strong and is focused on capturing market share as supply chain conditions improve. Tribology continues to focus on market share growth in key geographies and improving margins.

In the medium to long-term, the outlook across both our major divisions of Life Sciences and Commodities remains positive and supportive of our FY27 strategic ambitions. In particular, the Group is well positioned to capture sustainable growth opportunities emerging from our changing world.

Thanks

Firstly, we acknowledge and our thank shareholders for their continued support, particularly those who have continued to support ALS during the difficult times we have all experienced over the last few years.

We also thank our fellow directors for their continued support and strategic insights, and thank the management team and broader workforce whose knowledge, expertise and commitment drive the performance of the business.

We look forward to engaging with all our stakeholders at the 2023 Annual General Meeting.

Bruce Phillips
Chairman

Malcolm Deane
CEO and Managing Director

2023 FINANCIAL REPORT

Directors' REPORT

For the year ended 31 March 2023

The Directors present their report together with the financial report of the Group, comprising ALS Limited ("the Company") and its subsidiaries, for the year ended 31 March 2023 and the auditor's report thereon.

Directors

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

Bruce Phillips

B Sc (Hons) (Geology)

Chairman and Independent Non-Executive Director

Age 68

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

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

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

Raj Naran

B Sc (Chemistry), B A (Mathematics)

Former Managing Director and Chief Executive Officer

Age 61

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

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

He resigned as Managing Director and Chief Executive on 7 March 2023.

John Mulcahy

PhD, B E (Civil Eng) (Hons), FIE Aust

Independent Non-Executive Director

Age 73

John Mulcahy was appointed a Non Executive Director of the Company in 2012. He is Chairman of Orix Australia Corporation Limited, an unlisted public company (appointed March 2016), and Deputy Chairman of GWA Group Limited (appointed November 2010). He is also a current Non Executive Director of various Zurich Australia Insurance subsidiaries. John was previously a director and Chairman of both Mirvac Group Limited (November 2009 – December 2022) and Coffey International Limited (September 2009 – January 2016). He is a former Guardian of the Future Fund of Australia and former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to Suncorp, John held a number of senior executive roles at the Commonwealth Bank and Lend Lease Corporation.

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

Charlie Sartain

B Eng (Hons) (Mining), FAusIMM, FTSE

Independent Non-Executive Director

Age 62

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

He was Chairman of the Sustainability and Innovation Committee, and member of the Audit and Risk Committee and Nomination Committee until his retirement from the Board on 7 June 2023.

Tonianne Dwyer

B Juris (Hons), LLB (Hons), GAICD

Independent Non-Executive Director

Age 60

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

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

Tonianne currently holds a non-executive directorship role with Incitec Pivot Limited (appointed May 2022). She is Deputy Chancellor of the Senate of the University of Queensland and is on the Board of the Sir John Monash Foundation. Her previous roles included non-executive director positions with OZ Minerals Limited, DEXUS Property Group and DEXUS Wholesale Property Fund.

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

Siddhartha Kadia

Ph.D. Biomedical Engineering, B.E., Electronics and Telecommunication Independent

Non-Executive Director

Age 53

Siddhartha Kadia was appointed a Non Executive Director of the Company in January 2019. Siddhartha was formerly President and CEO of EAG Laboratories, a global scientific testing company headquartered in San Diego. He has also been a Director of USA-listed companies Newport Corporation (NSDQ: NEWP) and Volcano Corporation (NSDQ: VOLC). He is presently a Non-Executive Director of Nuvasive, Inc (appointed February 2022) and ATS (Applied Technical Services). He is the CEO and a Director of PhenomeX (NSDQ: CELL). Prior to EAG, Siddhartha served as President of the Life Sciences Division at Life Technologies Corporation (NSDQ: LIFE), a publicly traded Life Sciences tools company. Siddhartha was also a management consultant at McKinsey & Company where his work focused on various life sciences and healthcare related engagements. Siddhartha has a PhD in Biomedical Engineering from Johns Hopkins School of Medicine. Siddhartha has lived and worked in the US, Japan, China and India and has more than 20 years of international experience as a company director, executive and technical leader in the Life Sciences and TIC (testing, inspection and certification) sectors.

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

Leslie Desjardins

B. Industrial Admin, Finance (Kettering), MS. Business (MIT)

Independent Non-Executive Director

Age 63

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

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

Leslie is currently a Director, Audit Committee Chair, Human Resource Committee member with Ansell Limited. Previously, she served as a Board Director and Audit Committee member with AptarGroup.

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

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

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

Peter Possemiers

Bachelor of Applied Science in Chemistry and Microbiology – University of South Australia

Independent Non-Executive Director

Age 62

Peter Possemiers was appointed a Non-Executive Director of the Company on 1 November 2022.

He has a background as a TIC sector expert with almost 40 years' experience working as a Senior Executive in leadership roles globally for SGS. He has lead teams both regionally and globally most notably SGS's global Environment Health and Safety business, a CHF 550million business with a global headcount which exceeded 6000. As Executive Vice President, he was a member of the SGS Operations Council with responsibility for the strategic growth and profitability of the business, leading 15 strategic acquisitions.

Peter's career with SGS began following his completion of a degree in Microbiology and Chemistry at the University of South Australia.

He quickly moved into management roles in Singapore, Philippines, China and in Korea where he established and developed new markets including food, pharma and mobile technology.
In 2007 he was promoted to a role in Europe to manage the downstream OG&C business becoming the global market leader in this sector for SGS.

In 2013 Peter was promoted to EVP Global Environment, Health & Safety, a position based in Switzerland which he held for 8 years before moving into his most recent role as Vice President, Strategic Integration in 2021 following the acquisition of the Synlab A&S business which covered the Environmental, Food, Pharma and Oil Condition Monitoring testing sector across Europe.

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

Nigel Garrard

Bachelor of Economics (Adelaide), CA (Chartered Accountant)

Independent non-executive Director

Age 62

Nigel Garrard was appointed a non-executive Director on 7 June 2023.

Nigel Garrard is an experienced executive with a successful track record across the fast-moving consumer goods and industrial/manufacturing sectors. He has over 20 years' experience as an ASX-listed CEO across three companies. In 2019, he retired as Managing Director and CEO of Orora Limited. Nigel Garrard led the demerger of Orora Limited from Amcor, and the subsequent listing of Orora Limited on ASX in 2013. He was President of the Amcor Australasia and Packaging Distribution business group, Managing Director of Coca-Cola Amatil's Food and Services Division, and Managing Director of SPC Ardmona.

Nigel Garrard brings broad international experience across listed, not-for-profit, government and private entities. He is currently a non-executive director of Ansell Limited, a non-executive director of CSR Ltd, Chairman of Flinders Port Holdings Pty. Ltd., and Chairman of the McMahon Services advisory board.

Malcolm Deane

Bachelor of Laws (Masters) Juris Doctor

Managing Director and Chief Executive Officer

Age 39

Malcolm Deane was appointed as Interim CEO and Managing Director for ALS Limited on 7 March 2023. He was then appointed as the CEO and Managing Director with effect from 8 May 2023. Malcolm has served the company in various executive positions for the past 10 years in such roles as General Manager for Life Sciences Latin America, Food & Pharma Americas, and most recently as the Chief Strategy Officer, leading corporate strategy, business development and acquisitions.

Malcolm has a Master of Laws from the University of Virginia School of Law and Juris Doctor from Universidad Austral – Buenos Aires, Argentina

Company Secretary

Michael Pearson

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

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

Principal Activities

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

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

During the year the Group expanded and diversified its technical service capabilities through various acquisitions. Refer note 5 of the Financial Statements.

On 16th February 2023, it was announced to the ASX that the Company had signed an agreement to divest its Australian Asset Care business to SRG Global. The completion of this transaction occurred effective 28 February 2023. As a result of this transaction the Group no longer provides asset care operations.

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

REVIEW OF RESULTS AND OPERATIONS

Group business summary

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

The Group delivered another strong result for the financial year ending 31 March 2023 (FY23), with underlying[1] Net Profit After Tax (NPAT) exceeding the top-end of the upgraded guidance[2]. The results are reflective of the quality and diversity of the businesses and key-end markets in which the Group operates within. Despite a challenging environment with persistent and high inflation, geopolitical instability, labour challenges and difficult economic conditions in Europe, the Group has maintained its industry leading revenue growth and operating margins.

During the period, the Group was able to deliver margin improvement following successful inflation management across most businesses through price management initiatives, particularly within the Environmental and Geochemistry businesses. The Group disposed of its Asset Care business, which was non-core, delivering additional improvement to the overall margin performance.

The Group has continued to make highly strategic acquisitions, undertaking 13 acquisitions[3], which are anticipated to contribute $115 million of revenue on a full year run rate. These acquisitions, coupled with the continued organic growth further improve the diversity of earnings from both a portfolio and regional approach.

The Group maintained a strong cash conversion of 97%, and improved returns on capital employed to 20.5%.

Sustainability for us at ALS means constantly improving the ways we work to have a positive impact on our people, our planet, and the communities we serve – and in doing so create long-term value and sustainable growth for our business. During FY23, the Board approved a roadmap for ALS to achieve Net Zero[4] by 2050. Our roadmap will focus on reducing demand on resources, improving operational efficiency, investing in renewable energy, embedding sustainable procurement frameworks, enhancing efficiency of assets, and offsetting residual carbon where mitigation measures are not available. The Group is also committed to reducing Scope 1 and 2 emissions by 78% by 2030 (against the baseline FY20).

The Life Sciences division continued to grow, delivering solid organic revenue and material scope growth, despite the challenging environment in which it operated within. Underlying margins were impacted by macro factors such as geopolitical instability, difficult economic conditions in Europe, and restrictive monetary policy.

The Commodities division achieved strong revenue growth and underlying EBIT[1] margin expansion, benefitting from continued commodity demand, effective capacity planning and pricing outcomes.

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

FY27 vision

Following the successful completion of the previous 5-year strategy, the Group provided a new strategic vision that will continue the transformation of ALS into a market leader in the TIC industry.

The strategy consists of a series of strategic growth priorities, with an emphasis of investments to capitalise on industry megatrends linked to Sustainability and Life Sciences, as well as rebalancing the portfolio. The Group's strong people focus, culture of innovation and collaboration will provide the necessary support to achieve the growth agenda. The financial targets set for FY27 include growing revenue to $3.3 billion, and growing underlying EBIT[1] to $0.6 billion, with a Group margin floor of 19%. In addition, the Group will aim to keep cash conversion above 90% and continue to improve the return on capital above 20%.

The Group has made excellent progress in FY23 towards achieving its FY27 objectives.

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

[2] *FY23 NPAT (including discontinued businesses) was $324.4 million, above guidance range of $312 to $322 million*

[3] *3 acquisitions were executed after 31 March 2023*

[4] *Net Zero target is to reduce absolute scope 1 and 2 emissions by 95% and scope 3 emissions by 90% by 2050 against a baseline of FY2020.*

Financial performance

The Group's financial performance for the year to 31 March 2023 is summarised as follows:

2023 ($m)	Underlying results (incl Nuvisan proportionately consolidated @ 49%)[5]						
	Continuing operations	Discontinued operations[6]	49% of Nuvisan's Underlying results	Nuvisan Equity Share of Profit incl in Statutory results (note 2i)	Restructuring & other items	Amortisation of intangibles[5]	Statutory result
Revenue	2,421.2	121.7	(142.0)	-	-	-	**2,400.9**
EBITDA[7]	648.0	11.8	(22.9)	(2.9)	(21.4)	-	**612.6**
Depreciation & amortisation	(157.3)	(6.1)	14.8	-	-	(9.9)	**(158.5)**
EBIT[7]	490.7	5.7	(8.1)	(2.9)	(21.4)	(9.9)	**454.1**
Net Interest expense	(43.8)	(0.3)	0.6	-	(2.1)	-	**(45.6)**
Tax expense	(125.0)	(1.6)	2.2	-	6.8	1.6	**(116.0)**
	321.9	3.8	(5.3)	(2.9)	(16.7)	(8.3)	**292.5**
Non-controlling interests	(1.3)	-	-	-	-	-	**(1.3)**
Net profit / (loss) after tax (NPAT)	320.6	3.8	(5.3)	(2.9)	(16.7)	(8.3)	**291.2**
Basic EPS (cents)	66.31						**60.23**
Diluted EPS (cents)	66.01						**59.96**

5 The terms 'Underlying results', 'Restructuring & other Items', and 'Amortisation of intangibles' are non-IFRS disclosures. These terms have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited. Refer to table on next page for details of restructuring & other items.

6 In February 2023 the Group sold its Australian Asset Care business. Refer note 1e.

7 EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. These have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

Financial performance

2022 ($m)	Underlying results (incl Nuvisan proportionately consolidated @ 49%)[8] Continuing operations	Discontinued operations[10]	49% of Nuvisan's Underlying results	Nuvisan Equity Share of Profit incl in Statutory results (note 2i)	Restructuring & other items[8]	COVID-19 Subsidies & Grants[9] net of Direct Costs[8]	Amortisation of intangibles[8]	Statutory result
Revenue	2,025.6	141.3	(73.8)	-	-	-	-	**2,093.1**
EBITDA[11]	533.0	14.2	(19.1)	4.9	(22.4)	(23.4)	-	**487.2**
FX losses transferred from FCTR	-	-	-	-	(26.9)	-	-	**(26.9)**
Depreciation & amortisation	(130.2)	(7.6)	8.5	-	-	-	(9.6)	**(138.9)**
EBIT[11]	402.8	6.6	(10.6)	4.9	(49.3)	(23.4)	(9.6)	**321.4**
Net Interest expense	(37.4)	(0.5)	0.2	-	(1.3)	-	-	**(39.0)**
Tax expense	(103.8)	(1.8)	2.0	-	5.9	6.3	1.2	**(90.2)**
	261.6	4.3	(8.4)	4.9	(44.7)	(17.1)	(8.4)	**192.2**
Non-controlling interests	(1.7)	-	-	-	-	-	-	**(1.7)**
Net profit / (loss) after tax (NPAT)	259.9	4.3	(8.4)	4.9	(44.7)	(17.1)	(8.4)	**190.5**
Basic EPS (cents)	53.82							**39.45**
Diluted EPS (cents)	53.57							**39.26**

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

8 The terms 'Underlying results', 'Restructuring & other Items', 'COVID-19 Subsidies & Grants net of Direct Costs' and 'Amortisation of intangibles' are non-IFRS disclosures. These terms have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited. Refer to table on next page for details of restructuring & other items.

9 As disclosed in the FY 21 results, the Group made the decision to repay government grants and subsidies received as part of the COVID-19 pandemic response in Australia under the JobKeeper scheme and in Canada under the Canada Emergency Wage Subsidy (CEWS) programme. During FY 22 the Group repaid and expensed to the profit and loss account net JobKeeper of $3.0 million and net CEWS of $20.4 million, after deducting costs associated with the repayment.

10 In February 2023 the Group sold its Australian Asset Care business. Refer note 1e.

11 EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. These have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

Financial performance (continued)

The Group achieved revenue from continuing operations of $2,421.2 million, up 19.5% compared to $2,025.6 million recorded in the prior corresponding period (pcp). Organic revenue growth contributed 10.8% to the uplift, with acquisition growth contributing 7.5%, and a positive FX impact of 1.3% due to depreciation of the Australian dollar against main currencies during FY23. The revenue growth was primarily driven by our core Environmental business within the Life Sciences division, and Geochemistry and Metallurgy within the Commodities division.

Despite the challenging environment in FY23, the Group delivered an underlying EBIT[12] margin of 20.3%, an improvement of 38 basis points (bps) compared to the pcp. The improved underlying EBIT margin was driven by a combination of price management and value-added services, efficiency gains on invested capital, improved procurement practices and portfolio rationalisation.

The Group delivered a full-year statutory NPAT of $291.2 million, compared to the $190.5 million recorded in the pcp. The increase of $100.7 million in NPAT reported in FY23 is primarily due to the net effect of businesses' strong underlying results, reduced one-off costs and net gains from the sale of Asset Care business.

On an underlying basis, the Group recorded NPAT of $320.6 million, up 23.4% compared to $259.9 million reported in the pcp, another strong outcome despite inflation headwinds, geopolitical conflicts, challenging economic conditions within Europe, and labour sourcing shortages.

The Group delivered strong net free cash flows (before capex spend) of $550.5 million, an increase of $109.7 million compared to the pcp. 97% of underlying EBITDA was converted to cash in the period, an increase of 4% from the pcp driven by continued execution of the working capital improvement plan.

The Group's overall operational capital expenditure increased in FY23 by $27.2 million to $146.1 million compared to pcp, with spending targeted on key growth opportunities in Life Sciences and Commodities. The capex-to-revenue ratio was 6.0% in FY23 of which 4.0% was linked to growth capex and 2.0% for maintenance capex. The majority of the capex was focused on growth initiatives across both divisions.

On 16th February 2023, it was announced to the ASX that the Company had signed an agreement to divest its Australian Asset Care business to SRG Global.
The completion of this transaction occurred effective 28 February 2023. The Australian Asset Care business is reported as discontinued operations and the prior year comparatives have been updated to reflect this treatment. The Asset Care business formed a large component of the Industrial Segment prior to its divestment. The Industrial Segment comprised of the Tribology business (retained and reported as part of the Commodities segment) and the Asset Care business (now divested). As such, as of 31 March the ALS Group has only two reportable operating segments: Life Sciences and Commodities.

The Group leverage ratio was at 1.8 times as at 31 March 2023 (31 March 2022: 1.9 times) with available liquidity of $422.5 million, including $336.0 million of undrawn bank facilities. The existing $128 million debt facility maturing in October 2023 is to be refinanced in 2023. In May 2023, the Group secured an additional $149.3 million (US$100 million) bank facility which eliminates any potential refinance risk and increases liquidity to $571.8 million. The strong balance sheet and overall liquidity is available to support the Group's ambitious growth agenda to capitalise on megatrends linked to both sustainability and Life Sciences.

Based on the strong performance delivered by the Group and its strong balance sheet as of March 2023, the Directors have declared a partly franked final dividend for the year of 19.4 cents per share, 10% partially franked (2022 final dividend: 17.0 cents per share, 30% franked). Together with the interim dividend of 20.3 cents per share (0% franked), the total partly franked dividend for the year will be 39.7 cents per share, up 21.0% on the pcp (2022: 32.8 cents), representing a combined dividend payout ratio of 60% of underlying NPAT, at the top end of the reference range (50 – 60% of underlying NPAT). The dividends will be paid on 6 July 2023 on all shares registered in the Company's register at the close of business on 13 June 2023. The existing $100 million share buy-back program remains active and as such, the Board has determined not to activate the dividend reinvestment plan (DRP) at this time.

[12] *The terms 'underlying' and 'EBIT' are non-IFRS and unaudited*

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Restructuring & Other items	2023 ($m)	2022 ($m)
Greenfield start-up cost	3.9	2.5
Acquisition costs	7.3	8.0
Impairment of right-of-use asset and other site closures	3.7	2.2
SaaS system development	12.5	1.9
Profit on sale of Asset Care	(12.3)	-
FX losses transferred from FCTR as part of an internal corporate loan restructure	-	26.9
Other, including employee redundancy costs	6.3	7.8
	21.4	49.3

Divisional reviews

The Group has two reportable operating segments as of 31 March 2023: Life Sciences and Commodities.

Life Sciences

Value proposition

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

Life Sciences is focused on continuing to deliver strong revenue growth across Environmental, Pharmaceutical and Food business.

2023 performance

Life Sciences Non-Statutory - Financial performance (incl Nuvisan)[13]	2023 ($m)	2022 ($m)	Variance
Revenue	1,334.1	1,139.1	**17.1%**
Segment EBIT[14]	196.5	181.5	
Restructuring and other items[14]	10.4	13.3	
Underlying segment EBIT[14]	206.9	194.8	**6.2%**
Margin (underlying segment EBIT to revenue)	15.5%	17.1%	
Underlying segment EBITDA[14]	302.9	276.5	**9.6%**
Margin (underlying segment EBITDA to revenue)	22.7%	24.3%	

The Life Sciences division continued its growth momentum, posting modest organic revenue growth of 5.2% and delivering scope growth of 10.7% mainly driven by strategic acquisitions in Food and Pharmaceutical businesses. The growth was achieved despite difficult economic conditions, particularly within Europe.

The division delivered an underlying EBIT margin of 15.5% in FY23, which was a contraction of 159 bps compared to the pcp. This was a result of global economic uncertainty, particularly in Europe, and restrictive monetary policy impacting food volumes and new drug development. As anticipated and budgeted at the time, some of the large acquisitions contributed to the overall dilution of margins within the division. Excluding the impact of Nuvisan, the underlying Life Sciences margin was 16.7%, a contraction of 61 bps compared to the pcp. This performance reflects the resilience and strength of the underlying business, particularly the scale and operational leverage of the market leading and global Environmental business.

The Environmental business delivered strong growth across all regions, achieving organic revenue growth of 7.0%. The business was able to successfully improve margins by 52 bps through enacting price point increases, particularly in Europe, and leveraged its large global footprint and scale.

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

14 EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms EBIT, EBITDA, Restructuring and other items, and Underlying segment EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

The Food business posted a small organic revenue growth of 1.5%, with growth achieved in APAC but offset against flat volumes in all other regions. The UK and European markets were impacted by geopolitical disruptions and economic uncertainty.

The Pharmaceutical business delivered organic revenue growth of 3.4%, with double-digit and high-single digit organic growth in APAC and Americas. Nuvisan was impacted by geopolitical instability and macro uncertainty limiting spend on new drug development activities.

The Group will continue to partner and work with Nuvisan (as a 49% minority shareholder) to improve the underlying profitability of the business through an agreed margin improvement plan into FY24. The underlying performance in the other pharmaceutical businesses performed well during the period.

Medium to Long Term Outlook

The Life Sciences portfolio remains well supported by sustainable global market segments, underpinned by industry megatrends such as increased regulation and outsourcing trends. The Environmental business is well positioned as a market leader to capitalise on emerging contaminants, such as PFAS, following increased regulatory legislation across the globe.

The Food and Pharmaceutical businesses have low market shares in highly fragmented markets, with the size and scale of the global pharmaceutical market presenting significant growth opportunities. Growth will be achieved both organically and through strategic acquisitions that expand existing service offerings and overall geographic footprint.

Commodities

Value proposition

The Commodities division is a leading full-service provider of testing services for the global mining industry across six key business streams – Geochemistry, Metallurgy, Consulting, Inspection, Tribology and Coal Quality. These businesses provide a broad coverage to an extensive client base of explorers, miners, and traders. The Commodities division includes the Tribology business following the sale of Asset Care in March 2023.

The Commodities focused businesses provide testing and consulting services over the entire resource lifecycle from exploration, feasibility, optimisation, production, design, development through to trade and rehabilitation. The division's strategy is to ensure all its business streams are equipped with the technical expertise and operational capacity required to provide its clients with a suite of integrated services throughout market cycles.

The Tribology business has an international client base in the mining, transportation, construction, agriculture and energy sectors.

2023 performance

Commodities - Financial performance	2023 ($m)	2022 ($m)	Variance
Revenue	1,087.1	886.5	**22.6%**
Segment EBIT[15]	329.6	243.3	
Restructuring and other items[15]	0.4	12.1	
Underlying segment EBIT[15]	330.0	255.4	**29.3%**
Margin (underlying segment EBIT to revenue)	30.4%	28.8%	
Underlying segment EBITDA[15]	390.3	302.8	**28.9%**
Margin (underlying segment EBITDA to revenue)	35.9%	34.2%	

The Commodities division closed the year with a robust organic revenue growth of 18.0% as it benefitted from capacity growth, price management and supportive base metals demand.

The division delivered an underlying EBIT margin of 30.4%, an increase of 155 bps vs pcp, which was a result of strong operational performances across the Geochemistry and Metallurgy business.

The Geochemistry business generated organic revenue growth of 20.0%, with growth achieved in all regions, supported by increasing demand for base metals, particularly those linked to future clean energy technologies. The business was able to effectively manage capacity throughout the period with good price discipline and increase the uptake of premium analytical services. The recent acquisition of Goldspot Technologies, which continues its journey into innovation, is resulting in increased interest in consulting activities from global mining clients.

Metallurgy grew organic revenue by 28.3% driven by the strong mining sector activity in energy and battery related metals, with support by strong commodity prices from traditional revenue sources. The pipeline of projects remains high.

The Inspection business posted an organic revenue improvement of 11.5% due to strong global commodity trading activities. Despite global economic pressures and the continued impact of COVID-19 disruption in Asia, the business managed costs well. It remains focused on global growth of commodity inspection and testing services.

The Coal business closed the year with 3.6% organic growth, with a minor EBIT margin contraction. The division continues to provide specialist technical expertise to the coal industry and will focus on operational efficiencies and revenue growth.

The Tribology business had organic revenue of 7.5% with key regions such as Australasia, North America and Latin America performing well. The business was impacted by labour sourcing shortages, increased operating costs, but margins improved significantly in the last quarter.

Medium to Long Term Outlook

The Geochemistry business is the largest provider of analytical services to the global mining industry and has demonstrated its ability to grow both market share and capacity over the years. The business has maintained the largest market share in the industry due to its superior execution, testing capabilities, geographical footprint and available capacity.

The future profitability of this business is expected to be supported by 1) a continued level of base metal demand required for clean energy transition, 2) increased level of demand for premium analytical services, 3) an agile cost base and capacity planning tools, and 4) its strategic shift into more downstream activities including new innovation & data analytics.

Discontinued operations (Asset Care)

On the 16th of February 2023, it was announced to the ASX that the Company had signed an agreement to divest its Australian Asset Care business to SRG Global. The completion of this transaction occurred effective 28 February 2023. The Australian Asset Care business is reported as discontinued operations and the prior year comparatives have been updated to reflect this treatment. The Asset Care business formed a large component of the Industrial Segment prior to its divestment. The Industrial Segment comprised of the Tribology business (retained and reported as part of the Commodities segment) and the Asset Care business (now divested).

Asset Care - Financial performance	2023 ($m)	2022 ($m)
Revenue	121.7	141.3
Segment EBIT[15]	5.6	2.9
Restructuring and other items[15]	-	3.7
Underlying segment EBIT[15]	5.6	6.6
Margin (underlying segment EBIT to revenue)	4.6%	4.7%
Underlying segment EBITDA[15]	11.8	14.2
Margin (underlying segment EBITDA to revenue)	9.7%	10.1%

DIVIDENDS

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

	Cents per share	Franked amount (cents)	Total $m
Ordinary dividends declared and paid during the year:			
Final 2022, paid 4 Jul 2022	17.0	5.1	82.2
Interim 2023, paid 16 Dec 2022	20.3	-	98.3
Total amount			180.5
Ordinary dividend declared after the end of the financial year:			
Final 2023, to be paid 6 Jul 2023	19.4	1.9	93.9

The financial effect of the Final 2023 dividend does not impact the financial statements for the year ended 31 March 2023 and will be recognised in subsequent financial reports. The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30.0%.

[15] EBIT = Earnings before interest and tax. EBITDA = EBIT plus depreciation and amortisation. The terms EBIT, EBITDA, Restructuring and other items, and Underlying segment EBIT/EBITDA are non-IFRS disclosures. These terms have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e., non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

DEBT PROFILE

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

In millions of AUD Source	Maturity	Drawn	Facility Limit
Bank facilities EUR	Oct 2023	128.3	128.3
Bank facilities USD	May 2024	85.0	298.6
Bank facilities EUR	Sep 2024	50.3	50.3
Bank facilities USD	May 2026	101.5	223.9
Local facilities	Various	5.5	5.5
US Private Placement Market	Nov 2030	285.3	285.3
US Private Placement Market	Jul 2032	292.1	292.1
US Private Placement Market	Jul 2034	254.6	254.6
		1,202.6	**1,538.6**

The Group is party to multi-currency, revolving multi-currency debt facility agreements with six banks totalling USD$350 million, and separate bullet maturity EUR110 million bank facilities.

The Group has also successfully issued long-term US Private Placement (USPP) senior notes with long-dated maturities in each of November 2030, July 2032 and July 2034 respectively. These long-term notes are fixed rate and issued in a mix of AUD, USD, EUR, CAD and GBP currencies to permit the Group's global cash flows and operating assets mix to be appropriately balanced by funding in similarly denominated debt.

The weighted average interest rate attaching to all group borrowings as at 31 March 2023 is 3.3%.

The Group maintains over $422.5 million available liquidity, 16.4x interest coverage and weighted average debt maturity of 5.8 years as at 31 March 2023.

Since 31 March 2023, the Group has entered into new additional bilateral revolving bank facilities totalling USD100 million (AUD149.3 million) which have been finalised in May 2023 (refer to note 7e). Following the availability of this new facility, liquidity available to the Group increases to a revised total of AUD574 million, and the proforma weighted average debt maturity for the Group is expected to be 5.3 years.

FINANCIAL POSITION

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

- an increase in external loans and borrowings totalling $178.2 million, to fund investments in new business acquisitions and CAPEX, to generate strong levels of organic growth; and
- total dividend payments to shareholders and minority interests of $181.9 million.

The summary effect during the reporting period was:

- an increase in net debt (excluding lease liabilities) of $121.4 million; and
- an increase in intangible assets of $219.1 million; and
- total equity increased by a net $247.5 million.

The Group remains committed to its strategy of maintaining a strong balance sheet throughout economic cycles as evidenced by book gearing of 42.6% (2022: 44.4%) and leverage of 1.8 times (2022: 1.9 times) as noted in the following table:

In millions of AUD		Consolidated	
	Note*	2023	2022
Trade and other receivables	*2a*	416.6	386.6
Inventories	*2c*	101.3	71.2
Other current assets	*2h*	55.8	61.3
Trade and other payables	*2d*	(346.3)	(310.8)
Total working capital		227.4	208.3
Cash and cash equivalents	*3a*	179.6	122.8
Loans and borrowings (excluding leases)	*3d*	(1,202.6)	(1,024.4)
Net debt		(1,023.0)	(901.6)
Property, plant and equipment	*2e*	580.8	494.6
Right-of-use assets		231.7	198.8
Intangible assets	*2g*	1,413.9	1,194.8
Net deferred tax assets	*6b*	1.8	15.6
Investments		283.7	240.9
Other assets		42.4	31.4
Employee benefits		(66.3)	(75.2)
Other liabilities		(68.6)	(63.7)
Lease liabilities		(245.6)	(213.2)
		2,173.8	1,824.0
Net assets		1,378.2	1,130.7
Total equity		1,378.2	1,130.7
Gearing: Net debt to Net debt + Equity		*42.6%*	*44.4%*

* *References are to Notes to the Financial Statements*

CASH FLOW

Cash conversion measured as cash generated from operations (before interest and taxes paid) vs Underlying EBITDA[16] was 97%. Underlying EBITDA[16] times interest cover was 16.4 times (2022: 15.3 times).

Capital expenditure of $146.1 million, acquisitions expenditures totalling $232.2 million, and dividends paid to shareholders and minority interests of $176.6 million, offset by divestment proceeds of $98.9 million, drove investing and financing outflows during FY23.

In millions of AUD	Consolidated	
	2023	2022
Underlying operating EBIT[16]	496.4	409.4
Depreciation & amortisation	163.4	137.8
Amortisation on ROU	(68.3)	(53.4)
Interest on ROU	(8.0)	(7.3)
Underlying EBITDA[16] (pre-IFRS16 basis)	583.5	486.5
Nuvisan Underlying EBITDA[16] adjusted for ROU Lease Assets and net of dividends received	(14.3)	(12.7)
	569.2	473.8
Working capital	(31.2)	(37.7)
Other	12.5	4.7
Cash flow before CAPEX	550.5	440.8
Cash Conversion	97%	93%
Cash flow before CAPEX	550.5	440.8
One-offs (cash basis)	(18.0)	(45.6)
ROU Payments	60.4	52.3
Treasury Shares	(7.2)	(11.0)
Other	(12.5)	(4.6)
Cash generated from operations	573.2	431.9
Net Interest & Taxes Paid	(133.3)	(145.1)
Net cash from operating activities	439.9	286.8
Net cash from investing activities	(267.0)	(405.9)
Net cash from financing activities	(121.2)	77.4
Net movement in cash and cash equivalents	51.7	(41.7)
Cash and cash equivalents at 1 April	122.8	168.6
Effect of exchange rate fluctuations on cash held	5.1	(4.1)
Cash and cash equivalents at 31 March	179.6	122.8
Leverage: *Net debt to Underlying EBITDA[16]*	*1.8 times*	*1.9 times*
Interest cover: *Underlying EBITDA[16] to Net finance expense (loans & borrowings)*	*16.4*	*15.3*

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

MATERIAL BUSINESS RISKS

Material Business Risk Statement

ALS recognises that the effective management of risks is a fundamental component of good corporate governance and is vital for the company's continued growth and success. ALS is committed to enterprise-wide risk management to ensure its corporate governance responsibilities are met and its strategic goals are realised.

Our Board Audit and Risk Committee assists the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to risk management and internal control systems. Our Sustainability and Risk function is responsible for the design of our Risk Management Framework and for supporting the implementation of the framework across the organisation.

Our risk management approach is aligned with ISO 31000:2018 Risk Management – Guidelines and facilitates a consistent and comprehensive approach to our identification, assessment, response, and communication of risks. Our Risk Management Policy allocates responsibilities and accountabilities across all levels of the Group to maintain a culture of empowered and risk-aware decision-making in line with our risk appetite.

Material Business Risks (MBRs)

Our MBRs are enterprise-wide risks that could materially impact our ability to achieve our Group strategic objectives, performance targets, financial results or damage our brand and reputation.

During the year, our annual materiality assessment validated existing MBRs and identified emerging enterprise-wide risks. Our controls assurance matrix was reviewed to ensure it captured the processes utilised to measure and monitor each risk. All MBRs were reported to the Audit and Risk Committee and the Board, with deep dives undertaken on selected MBRs.

Twenty-eight MBRs were recorded in our Group Risk Register and evaluated in the context of the likelihood of occurrence and the potential threat and opportunity they pose. These MBRs are categorised as either climate and environment, corporate affairs and social performance, financial management, growth and transformation, legal and compliance, operations, people, or innovation & technology.

Climate and environment

The MBR of climate change and ESG disclosures received significant attention during the year. The widespread economic and social consequences of climate change present both risks and opportunities affecting our business and the communities in which we operate through cost impacts and operational efficiency disruptions. We continued to monitor the evolving sustainability reporting landscape and impending changes in international jurisdictions. Further information regarding our efforts is outlined within our Annual Sustainability Report, available on our website. Possible impacts noted from a failure to appropriately manage this MBR included infrastructure damage; damage to brand and reputation; and increased energy costs. Our main mitigation measures included energy and waste savings initiatives; management of (and reduction in) GHG emissions; obtaining limited assurance of our Sustainability Report; and updating our Climate Change Strategic Plan.

Our climate and environment MBRs also focused on natural disasters, including physical risk impacts and environmental management, including natural resources efficiency and biodiversity.

Corporate affairs and social performance

Safeguarding our brand and reputation remained a core focus. As a market leader in testing and inspection services, maintaining an exceptional reputation is central to our continued growth and meeting stakeholder expectations. Possible impacts noted from a failure to safeguard our brand and reputation included loss of clients and market share; share price deterioration; challenges in raising equity; and increased employee turnover. Our main mitigation measures identified to protect and enhance our brand and reputation included continued promotion of the principles and expected standards of behaviour set out in our Code of Conduct; client, community and employee engagement initiatives and feedback; monitoring interactions with our social media platforms; active participation with global ESG ratings agencies to benchmark our approach; and robust quality control measures, including third party accreditation where available. External partner risk, including the failure to uphold human rights, was also captured as a MBR.

Financial management

Political unrest remained a focus during the year given the impacts flowing from evolving economic and geopolitical headwinds threatening the industries and environments in which we operate. Common threats associated with political unrest include trade wars, sanctions and embargoes and other similar impacts and restrictions which reinforce the need to maintain corporate resilience amidst the volatile global trade landscape. Possible impacts noted as arising from a failure to manage political unrest include disruption in the provision of services; loss of assets; and closure of sites. Main mitigation measures in place included business continuity plans; local employment; regular liaison with community members and businesses; external security monitoring service advice on country political risk; regular audits of asset values in high-risk locations and minimisation of assets in at-risk locations; and periodic cash repatriation.

Treasury management aimed at addressing our exposure to liquidity risk, interest rate risk, foreign exchange risk, and credit risk (counterparty exposure), also remained a focus during the year. Possible impacts noted as arising from a failure to manage this MBR included an inability to pay debts; funding being unavailable for investments or acquisitions; and financial loss. Main mitigation measures captured included compliance with established financial risk and cash management policies; monitoring of debt levels and cash flow; holding of liquidity reserves and agreed minimum financial ratios; monitoring of interest expenses; use of hedging and leverage strategies; and monitoring of counterparty exposure.

Management of debtors and taxation management also continued to be a focus of our financial management MBRs.

Growth and transformation

Our commodities business operates in a cyclical resources sector, reinforcing the effect that changes in commodity prices can have on our business. We continued to recognise the importance of balancing the potential threats and opportunities presented by commodity market cycles and we championed an adaptive business model that allows for scalability of services, a disciplined focus on operational costs, and close monitoring of economic trends to assist in managing this MBR. A possible impact noted as arising from a failure to appropriately manage changes in commodity prices included financial losses from a decline in sample flows. Our main mitigation measures captured included a diverse testing and inspection service offering across a range of industry sectors and geographies; continual monitoring of global commodity prices and economic trends; open and transparent client communications, including those in response to significant price fluctuations; and scaling of operations to meet demand and turnaround time.

New business development also remained a focus area in order for us to adapt and thrive within a constantly evolving competitive landscape. Possible impacts noted in failing to respond to new business development included loss of market share to competitors; decreasing productivity and efficiency; reduced margins and profits; and the inability to compete and continue to operate. Main mitigation measures noted included collaborative cross-business and functional teams to identify enhancements to existing service offerings and contemporary or novel opportunities (including potential acquisitions), and a renewed focus on strategic partnerships.

Our growth and transformation MBRs also included a focus on the management of mergers and acquisitions and the implementation of our new enterprise resource planning software system.

Legal and compliance

Given the numerous legal and regulatory frameworks we are subject to as a consequence of our geographical spread, regulatory compliance (including that relating to bribery and corruption, trade and economic sanctions, and privacy and data protection) continued to be a focus in reviewing our MBRs. Given the worldwide increasing focus on privacy and data protection, this risk area became its own MBR alongside regulatory compliance. Specific programs aimed at raising awareness of our legal and regulatory compliance obligations (including that relating to privacy and data protection) and the controls needing to be adhered to, continued to be documented in enterprise-wide policies that are periodically reviewed and updated as required. Ongoing supplementary online and in-person training and annual compliance signoffs from relevant managers across the Group as to adherence with obligations remained in place.

Possible impacts noted from a failure to manage our legal and regulatory compliance obligations include notification to, and investigation and prosecution by, regulators; loss of clients; financial penalties; loss of confidential information; loss and misuse of personal information; loss of accreditation; adverse media coverage; damage to brand and reputation; continuing disclosure of prosecutions or penalties in future tender responses; and the inability to retain employees and attract new talent. Our main mitigation measures included established monthly reporting processes; annual compliance signoffs by relevant managers; notification processes for updates on emerging legal and regulatory compliance obligations; internal audit activities; and training courses, including targeted education and awareness sessions.

Our legal and compliance MBRs also included a focus on mitigating fraud and compliance with ASX listing and operating rules.

Operations

As a global leader in scientific analysis and testing, quality management and data integrity are at the core of the services we provide. Our Code of Conduct demonstrates our commitments to ethical conduct and impartiality as to quality and data integrity. Possible impacts noted from a failure to appropriately manage this MBR include potential legal proceedings for incorrect testing or the provision of incorrect results; damage to brand and reputation; adverse media coverage; regulatory inquiry and investigation; a loss of accreditation; increased insurance premiums; erosion of share price; and a decline in ESG ratings. Our main mitigation measures included documented policies and procedures covering quality management controls; laboratory quality accreditations; laboratory information management systems; and quality control team collaboration.

Health and safety management remained a focus area given the safety risks inherent in our Group operations. We championed a culture of a shared commitment to, and accountability for, the safety and wellbeing of our employees, contractors, and the communities in which we operate. Possible impacts noted from a failure to appropriately manage this MBR included harm caused to employees; increased regulatory investigation and prosecution; financial penalties; loss of ISO certification; and damage to brand and reputation. Our main mitigation measures captured included documented policies and standards covering health and safety risks; the appointment of specialised HSE personnel; international travel risk security advisory service; site safety risk assessments; compliance signoffs; audit activities; mandatory HSE training.

Our continued focus on procurement and supply chain was driven by the need for agile responses to fluctuating macroeconomic factors, including complex logistics restrictions, labour and materials shortages, and the inflation and deflation cycles disrupting industries and sectors within which we operate. Possible impacts noted from a failure to appropriately manage this MBR included disruptions to the provision of services leading to a loss of clients and future work. Our main mitigation measures captured included business continuity plans, including supplier integrity reviews and redundancy planning for critical business supplies; and the provision of alternative utilities or equipment where required.

Our Operations MBRs also included a focus on the management of client and third-party contracts and fire prevention.

People

People capabilities and retention of talent remained a focus area as we continued our efforts to widen our talent pool by attracting and retaining people in key roles who possess skills and experience that enabled us to leverage growth opportunities. Possible impacts noted from a failure to manage this MBR included insufficient expertise to deliver our 5-year strategic plan; sub-standard quality in service delivery; a lack of a diverse workforce; a diminished sense of employee wellbeing; loss of corporate knowledge; and a decline in ESG ratings. Our main mitigation measures included benchmarked remuneration strategies; talent assessments; leadership training and employee development plans; and employee engagement and benefit strategies.

Our People MBRs also included a focus on continuing to foster a workplace culture and conduct that is safe, inclusive, and provides an enriched setting to cultivate innovation and new ideas. Possible impacts noted from a failure to manage this MBR included the emergence of undesirable and non-inclusive sub-cultures; demotivated employees; increased turnover; erosion of brand and reputation; and a decline in ESG ratings. Our main mitigation measures captured included continued promotion of the principles and expected standards of behaviour set out in our Code of Conduct; Diversity, Equity and Inclusion initiatives and programs; inclusive leadership development and training; employee engagement survey; pre-employment screening; and a confidential and anonymous whistleblowing helpline.

Innovation & technology

Innovation remained a critical strategic focus area as we sought progressive and dynamic value-add solutions for the business challenges faced by us and our stakeholders. Possible impacts noted from a failure to appropriately manage this MBR included a loss of market share; deceased efficiency and productivity; reduced margins and profits; the inability to compete and continue strategic competitive partnerships; reduced employee engagement and increased turnover; and brand dilution. Our main mitigation measures captured included standardised idea generation software and process workflows; enhanced monitoring of patent and copyright protections; and employee incentives for ideas generation.

Our innovation and technology MBRs included a focus on our information and operational technology digital assets, including enhancing the integrity and functionality of these assets, strengthening business continuity, and incident response controls. Our Cybersecurity MBR focused on acknowledging the Group's reliance on IT&OT and our heightened risk exposure amidst the constantly evolving cybersecurity threat landscape. Possible impacts noted from a failure to appropriately manage these MBRs included disrupted service delivery; reduced workforce productivity; loss of clients; loss and misuse of confidential information; data breach notification and regulatory investigation and enforcement action; adverse media coverage; erosion of brand and reputation and share price; and a decline in ESG ratings. Our main mitigation measures included mandatory cybersecurity awareness training; and documented information technology policies covering security measures, incident response and business continuity.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

ALS are committed to mitigating the impact we have on climate change by reducing our absolute carbon emissions through programs of work completed under the remit of our Net Zero plan. We support the voluntary disclosure recommendations established by the TCFD and consider these disclosures to be an important hallmark of overall environmental, social and governance transparency. Having regard to developments across the international regulatory and sustainability reporting landscape, we are committed to continuously improving the context and calibre of our climate related strategy, targets and performance disclosures.

As a leading provider of analytical testing services, we recognise the strength of our position to help build a sustainable future for all by delivering innovative scientific solutions to meet sustainability challenges. At ALS, tapping into these opportunities not only makes good business sense, but empowers us to contribute to a healthier and safer future for all.

Governance

The Board's role

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

Sustainability and Innovation Committee

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

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

Audit and Risk Committee

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

The Committee is responsible for:

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

People Committee

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

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

Management's role

ALS's CEO and Executive Leadership Team are accountable for ALS's actions and commitments to embed climate change into risk management and business strategy. New and emerging risks, including those relating to climate change are monitored periodically by an Executive Risk Management Committee, with changes to the material business risk register reported to the Board as required. Executive General Managers of each Business Stream are responsible for identifying, managing and reporting upon climate risks within their business area and implementing appropriate risk treatments where risks exceed a defined risk appetite. Our operations management team is responsible for energy efficiency and greenhouse gas emissions at each of our site locations, targeting innovation opportunities to reduce our carbon emissions.

The corporate sustainability and risk team oversees the collection and consolidation of data and information from across the Group for the purpose of internal and external reporting. The Chief Sustainability Officer monitors sustainability related actions conducted in each business stream and meets regularly with a global network of HSE Lead Managers ensuring effective communication and collaboration on best practice initiatives across the Group.

Performance Incentive Plan

ESG metrics are included in the short-term incentive scheme for the CEO and all executive managers. ESG metrics are selected by the Board of Directors in line with the company's sustainability strategic plan and include code of conduct compliance, health and safety scorecards, and CO2 emission targets.

Strategy and scenario planning

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

Reviewing our climate-related risks and opportunities

In FY2022, ALS engaged The Climate Service (TCS), a division of S&P Global, to conduct scenario analysis to assist us to better understand the physical and transition risks and opportunities that the Group may face on a warmer planet in decades to come. TCFD classifies risks and opportunities by:

- Physical Risks – these are risks stemming from the direct impact of climate change on the Group's physical environment through, for example, resource availability, supply chain disruptions, or damage to assets from severe weather. These risks can be chronic or acute.
- Transition Risks – these relate to a wide set of changes in policy, law, markets, technology, and prices that are necessary to achieve the transition to a low-carbon economy.
- Climate-related Opportunities – these include benefits to mitigate and adapt to climate change such as resource efficiency and cost savings, development of new products and services, accessing new markets, and building resilience along the supply chain.

Results from our scenario analysis confirms we are facing both climate-related risks and opportunities. For example, the transition to a low-carbon economy will present opportunities from an increased demand for ALS's services. Policy-related risks may present themselves in the form of climate inaction or slow responses to change. With regards to physical climate risks, our results indicate potential risks related to extreme heat as warming trends could affect employee productivity, health, safety and wellbeing, or result in damage to our site locations.

Time Horizons

We have defined the following time horizons during our analysis:

Timeframe	Period	Rationale
Short term	Now through to FY2027	Aligns with our 5-year Sustainability Strategic Plan.
Medium term	2030 to 2040	Reflects changes from the transition and is a mid-way point of our Net Zero Plan.
Long term	2050 and beyond	The period after 2050 will reflect changes in chronic climate events. We are also committed to implementing our Net Zero Plan by 2050.

Climate modelling conducted by TCS assessed ALS's largest 150 site locations (representing over 85% of the Group's total asset values) under three representative concentration pathways (RCP) against physical risks, transition risks and opportunities. The three RCPs used for modelling include:

Very Low Emissions (RCP 2.6)

This scenario assumes that emissions peak early and then fall due to the active removal of greenhouse gases from the atmosphere (sequestration, carbon capture and storage etc.). It is estimated that end-of-century increases in global mean surface temperature will be in the range of 0.9 to 2.3°C.

Tipping Point (RCP 4.5)

This scenario employs coordinated global action to limit warming and hypothesizes that concerted effort to reduce emissions will result in stabilization of global atmospheric energy balance by 2100 and limit warming to between 1.7 to 3.2°C. This increase in average global temperature represents a tipping point whereby perturbation of the atmospheric carbon cycle becomes self-reinforcing and disturbance to ecological and natural processes continues to escalate.

Business As Usual (RCP 8.5)

This scenario models increasing greenhouse gas emissions over time with no concerted mitigation efforts. Atmospheric concentration of greenhouse gases become self-reinforcing leading to widespread ecosystem disturbance and collapse. End of century increases in the global mean surface temperature are estimated to be in the range of 3.2 to 5.4°C.

Main risks and opportunities

The ALS Group recognizes that unmitigated climate change represents a material risk to our business and that concerted global action is required to minimize its impact. As a material business risk, management and oversight of climate risk treatments and controls is facilitated within our enterprise risk management framework which is aligned with ISO 31000.

The Group ensures the adequacy of climate related risk controls through ongoing consultation and collaboration with internal stakeholders from across our business including group sustainability and risk, group finance, and the executive leadership team. The material risks identified from the Group's initial scenario analysis have been summarised within the scope of physical risks and transition risks.

Physical Risks

The most significant physical risk due to climate change to our businesses in both the short and long-term is increasing volatility in temperature extremes (coldwaves, heatwaves) and the impact this has on our employees and our facilities. Other physical risks include coastal flooding from sea level rise and increasing frequency and intensity of extreme weather events and natural disasters.

In response, the Group has updated its loss controls and HSE Foundation Standard to require facilities with an increased exposure to natural perils (modelled under our scenario analysis) to update their emergency response protocols and implement facility resilience and preparation procedures.

Transition Risks

Volatility in markets and changing client preferences is the most significant risk for the Group within the transition risk category. We have also identified that carbon policy and pricing and reputational risks will increase. Each of these transition risks requires robust controls that ensure our strategic decisions are informed by timely and credible market and business intelligence.

The Group must meet the challenge of these risk by maintaining its commitment to decarbonization and ensuring that its strategy embeds appropriate treatments and controls to bolster its market presence now and into the future. The five TIC industry megatrend themes targeted under the Group's 5-Year Strategic Plan will secure the future of our business by maturing our resilience to sustainability related disruptors, consolidating our global presence within core market segments and diversifying our market share across emerging sustainability related service lines.

5-Year Group Strategy

ALS will strengthen its position as a global leader in the analytical science and testing industry by focussing on:

- Advancing Life Sciences: Continued focus on organic and inorganic growth through service diversification and geographic expansion of capabilities within life sciences disciplines.
- Advancing Commodities: Continued focus on optimising analytical testing methods and solutions for renewable energy metals.
- Technology Development: Foster organisational curiosity, collaboration and culture of innovation through investment in next-generation technology that enhances resilience to industry disruptors.
- Sustainability Services Demand: Optimize existing portfolio of services and strategically target growth of sustainability related services to meet changing client demands.
- Digital Transformation: Implement digital best practices including the harmonization of existing digital assets through global standards and governance mechanisms, enabling operational excellence, integration and the ability to support business demand at scale.
- Energy Transition and Climate Resilience: Commitment to decarbonization as a steward of the environment with strategic emphasis on energy transition to renewables, achieving carbon neutral operations and embedding climate resilience within our business model, operations and facilities.

The ALS 5-year strategic plan establishes short term goals for the group that position us for future growth while addressing climate related risks and opportunities that are both internal and external to our business. Our desired pathway to a low carbon future is underpinned by investment in next generation technologies, digital transformation, service diversification and adapting to meet changing client and market needs.

The tables on the following pages outline our main risks and opportunities that could have a financial impact on the organisation.

PHYSICAL RISKS

Temperature Extremes	Rating (2030)	Rating (2050)
Heatwaves and coldwaves are expected to increase in frequency and intensity under climate change modelling.	Moderate risk	High risk

Description of Financial Impacts	Mitigation & Resilience Controls
Increasing operational and capital expenses to meet the costs of facility resilience upgrades, relocations, asset replacements or impairments and increasing insurance premiums. Business interruptions within operations or across value chain and impacts to health and safety of employees leading to reduced productivity and output.	Manage acute and chronic weather impacts in contractual negotiations. Conduct natural catastrophe modelling across ALS facilities with cost benefit analysis of facility resilience enhancement versus relocation. Ensure business continuity plans incorporate mitigation control for short to longer term extreme weather events.

Coastal Flooding	Rating (2030)	Rating (2050)
Increase in average global temperature leads to rising sea levels and coastal inundation.	Moderate risk	Moderate risk

Description of Financial Impacts	Mitigation & Resilience Controls
Physical damage or destruction of ALS Group facilities and increasing operational and capital expenses to meet the costs of facility resilience upgrades, relocations, asset replacements or impairments and increasing insurance premiums. Business interruptions within operations or across value chain and impacts to health and safety of employees leading to reduced productivity and output.	Monitor rising sea level events and their impact across ALS facilities. Because these are slow velocity events, our continual assessment will dictate when it will be necessary to move affected site locations. Ensure business continuity plans incorporate mitigation control for short to longer term extreme weather events.

Natural Disasters and Extreme Weather Events	Rating (2030)	Rating (2050)
Increasing frequency of extreme weather events (drought, wildfire, tropical cyclone, water stress and fluvial flooding) and other natural disasters.	Moderate risk	Moderate risk

Description of Financial Impacts	Mitigation & Resilience Controls
Reduced revenue associated with operational disruptions. Physical damage or destruction of ALS facilities and increasing operational and capital expenses to meet the costs of facility resilience upgrades, relocations, asset replacements or impairments and increasing insurance premiums. Business interruptions within operations or across value chain and impacts to health and safety of employees leading to reduced productivity and output.	Conduct natural catastrophe modelling across ALS facilities with cost benefit analysis of facility resilience enhancement versus relocation. Ensure business continuity plans incorporate mitigation control for short to longer term extreme weather events.

TRANSITION RISKS

Market Risk	Rating (2030)	Rating (2050)
Market shifts and sustainability related disruptors erode market share and ability to compete.	High risk	High risk

Description of Financial Impacts	Mitigation & Resilience Controls
Evolving regulatory burden for climate risk creates volatility across core market segments as client preferences and service requirements change. Ineffective strategic threat monitoring of cross-industry competitors, industry disruptors and new market entrants exposes ALS to loss of market share. Core business assumptions inhibit innovation and capability to expand into new and emerging markets or to diversify key portfolios and client segments.	Leverage market intelligence and analytics tools to proactively monitor changes across industry, identify emerging disruptors and inform strategic planning to bolster resilience of business to volatility. Embed climate risk and sustainability related scenario planning within client segment strategies and business plans. Diversify exposure across markets through strategic expansion of existing testing services and tap into emerging and adjacent sustainability markets.

Carbon Pricing and Policy	Rating (2030)	Rating (2050)
Increasing carbon pricing and/or onerous policy and regulation instruments.	High risk	High risk

Description of Financial Impacts	Mitigation & Resilience Controls
Changes in global regulatory landscape and impact on carbon pricing will increase financial and non-financial cost of doing business including carbon taxes and increased price for carbon offsets. Failure to consider the financial and non-financial costs will impact individual business decisions if there is not a clear decarbonization strategy.	Establish carbon management policy to provide core guidance on how carbon trading is to be conducted within business. Implement carbon management plan and establish pipeline of decarbonization projects. Encourage operational efficiency and promote the required employee behaviours. Create internal carbon price to promote transparency and accountability for impact of business decisions. Link GHG performance to incentive plans.

Reputation	Rating (2030)	Rating (2050)
Perception of corporate inaction on climate change mitigation and exposure to sunset industries.	High risk	High risk

Description of Financial Impacts	Mitigation & Resilience Controls
Inability to effectively meet our climate change and sustainability decarbonization commitments or remediate exposure to carbon intensive industries erodes brand sentiment and leads to increasing client attrition and impaired ability to attract new clients. Perception of ALS brand as a sustainability and climate change laggard impairs capability to attract and retain talent.	Leverage market intelligence and analytics tools to proactively monitor brand perception, sentiment drift and stakeholder insights. Continuously improve the robustness of climate risk and sustainability impact assessment across all business planning and strategic decision-making processes. Implement response plans to divest businesses that operate in industries that do not align with our decarbonisation strategy.

OPPORTUNITIES

Products and Services	Rating (2030)	Rating (2050)
Diversification of service offering, and market share due to increased demand for sustainability related TIC services under a changing environment.	High opportunity	High opportunity

ALS will target revenue opportunities in core, adjacent and new market segments as demand for climate neutral, low carbon and sustainability related services increase. Our vision is to be the global leader in the discipline of scientific analysis in pursuit of a better world for all.

The ALS Group will fortify our capability to provide sustainability and climate change related services through quantifying the opportunities through three lenses:

- Mitigation: the services we can offer within our core and adjacent markets that will contribute to reducing the impact of climate change and promote a healthier future for all.
- Resilience: the services we can bring to bear across core, adjacent and new markets that help cushion the impact and consequences of a changing climate.
- Innovation: the services we can pioneer across new, consolidated and evolving markets.

We recognise that some of our clients will have analytical testing and assurance needs across several of our market and service capabilities, we will take a strategic approach to our client segments that ensures we deliver 'whole of portfolio' value to enrich the client experience. The following opportunities exist across our key market segments:

Food, Pharmaceutical & Healthcare

- Food Safety and Quality: increase in food borne pathogens or nutritional profile of raw ingredients caused by climate change.
- Food Security: micro-climate changes will impact resilience of crops and present opportunity to genetically enhance resilience.
- Healthcare: changes in disease patterns as climate change influences migration of hosts and disease vectors.

Environmental & Earth Sciences

- Continuous emissions monitoring services for energy industry to assist them in tracking and reporting their carbon footprint and meeting regulatory obligations.
- Natural disaster and ecology-related services that quantify impact on water, soil and air quality and biota.
- Cross segment services provided for whole of client portfolio clients (e.g., mining companies) that require geochemistry and minerals services in addition to environmental remediation and testing services (mine site drainage etc.).
- Potential for retail services offering as consumer awareness of environmental matters and regulations increases.
- Soil analysis for nature-based carbon sequestration projects.

Minerals

- Supporting clients across green minerals/battery minerals exploration and geochemistry activities.
- Metallurgical testing for the renewables industry with research and development capabilities that promote uptake of next gen technologies.

Industrials and Commodities

- Assisting clients to mitigate unnecessary emissions by providing analytical services that inform optimization of tribology processes to minimise friction and energy loss.
- Analytical testing and engineering expertise to provide assurance to industrial clients as they re-engineer and adapt future fuels and lubricants.
- Supply chain inspection and assurance to quantify the veracity of chain of custody claims.

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Risk Management

Risks attributed to climate change are managed through our group-wide risk management framework. The ALS Group Risk Management Program consists of the ALS Risk Appetite and Tolerance Policy and the ALS Risk Management Policy, together with a suite of enterprise risk management documentation:

Group Risk Register	Summarises each enterprise-wide material business risk. Each register entry outlines the: • threats and opportunities of the risk • inherent, residual and target risk ratings • causes and consequences associated with the risk • existing risk treatments and proposed future treatments, where applicable • risk indicators and metrics used to monitor the risk
Risk Matrix	Categorises each MBR and indicates if the inherent risk of each MBR for the past period presents as an increasing threat, decreasing threat, increasing opportunity, or if there has been no material change in the inherent risk.
Risk Array Chart	Plots the inherent (worst case), target risk (best case), and residual risk (current position) for each MBR.
Risk Velocity Chart	Plots the speed of onset of each MBR against the speed or ability to respond to the risk the MBR presents.
Risk Report Card	HYE and FYE summary report as to each MBR, risk indicators, and whether targets used to monitor the risk have been met. Captures inherent risk rating, residual risk rating, and target risk rating for each risk.
Internal Controls Assurance Matrix	Assurance mapping of each MBR against Group internal control policy, programs and processes. Mapping of controls follows the three lines of defence model.
Risk Treatment Action Plans	Risk treatment action plans are developed and documented in the Group Risk Register for each material business risk where the residual risk rating does not currently meet the target risk rating. Details additional actions required to control or mitigate the risk to target rating, identifies those responsible, and timeline for implementation.

Metrics and Targets

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

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

The Groups main sources of Scope 1 (direct) emissions include emissions from the use of natural gas for heating buildings, transport fuel, and LPG for operating its ample ovens and furnaces, while Scope 2 (indirect) emissions are those associated with electricity use. Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in ALS's value chain. We measure and report on Scope 1 and Scope 2 greenhouse gas emissions in line with the greenhouse gas protocol. The Audit and Risk Board Committee reviews the full risk register at least annually, which includes a Climate and Environment category. Material business risks under this category include:

- Natural disasters (including physical risk and impacts from climate change)
- Climate change and ESG disclosures (including market risk and reputational risk)
- Environmental management (including natural resources efficiency and biodiversity).

The Sustainability and Innovation Board Committee review all material business risks relating to sustainability. The Committee monitors and reviews risk treatment action plans (RTAP) for those sustainability related risks that do not meet the desired target risk rating. RTAP indicate the planned actions to control or mitigate the risk and identifies persons responsible for the actions within defined timeframes. For FY2023 this included Natural Disasters, Climate Change and ESG Disclosures with the following activities being completed:

- Undertook natural catastrophe modelling across all ALS regions and implemented specific disaster recovery plans for hub laboratories in high-risk natural catastrophe zones.
- Collated and reported scope 1 and 2 emissions.
- Reviewed scope 3 emission categories outlined in the GHG Protocol and estimated scope 3 emissions utilising the Quantis evaluator tool.
- Implemented energy and waste saving initiatives as per Sustainability Strategic Plan.
- Further aligned climate change disclosures with TCFD framework (as documented in the company Annual Report and Sustainability Report).

Targets and metrics

As reporting frameworks and standards evolve, the ALS Group continues to improve its climate-related metrics and targets. Our primary goal is to establish metrics and targets that are relevant and reliable, and that will drive performance and transparency against our climate related goals.

Greenhouse Gases

The Group emits greenhouse gases both directly and indirectly. It gathers a range of scope 1 and 2 carbon emission data from all its businesses and has commenced work to measure and validate its estimated scope 3 data. The Group continues to improve its data collection and governance processes.

The Groups main sources of Scope 1 (direct) emissions include emissions from the use of natural gas for heating buildings, transport fuel, and LPG for operating its sample ovens and furnaces, while Scope 2 (indirect) emissions are those associated with electricity use. Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in ALS's value chain such as purchased goods and services, capital goods, upstream transport, employee commute, waste generated in operations, and business travel.

The Group provides comprehensive data around its ESG governance, frameworks, programs and targets within its annual sustainability report including detailed data for the Group's greenhouse gas emissions. The FY2023 Sustainability Report is available on the company website at alsglobal.com.

Targets

In FY2022 we set ambitious carbon emission reduction goals for FY2023 which included:

- A 6% reduction in carbon emission intensity for scope 1 & 2 across all Business Streams
- At least 90% of all electricity consumed by ALS site locations to be sourced from renewable energy for FY2023
- Achieve carbon neutrality for the ALS Group for its scope 1 & 2 emissions.

We are pleased to confirm that all these targets have been met, and in FY2023 the Group developed further ambitious targets under a plan to reach net zero by 2050. ALS are committed to the following targets for carbon emissions reduction in accordance with our net zero roadmap:

<table>
<tr><th>GHG</th><th>2030</th><th>2050</th></tr>
<tr><td>Scope 1</td><td rowspan="2">78%</td><td>95%</td></tr>
<tr><td>Scope 2</td><td>95%</td></tr>
<tr><td>Scope 3</td><td></td><td>90%</td></tr>
</table>

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

The group's strategic and pragmatic approach to managing climate related risks and opportunities will ensure we continue our path towards decarbonization and meet the expectations of clients and stakeholders to preserve our market position as a preferred leader and sustainability partner in the tic industry.

ENVIRONMENTAL REGULATION

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

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Environmental management

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

Initiatives

There were a number of environmental initiatives implemented during the year across the Group. These are explained in detail in our Sustainability Report for FY2023, a copy of which can be found on our website.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements during the reporting period. Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions, relevant legislation and corporate minimum standards.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

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

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

Insurance premiums

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

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

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

STATE OF AFFAIRS

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification.

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

A letter from the chairman – unaudited

Dear Shareholders

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

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

ALS delivered another strong financial performance in FY23 despite a challenging environment.

Revenue from continuing operations (up 19.5%) and underlying net profit after tax from continuing operations (up 23.4%) both grew strongly. Underlying net profit after tax from both continuing and discontinued operations exceeded the revised upward guidance issued in March 2023, and dividends to shareholders increased 21.0%. These results were driven by strong overall performance, particularly within the Minerals segment and the Environmental business, while also pursuing a growth agenda and maintaining a focus on our people, safety, and sustainability. Strong cash conversion and an overall improvement in working capital maintained our strong balance sheet. Our liquidity and leverage ratio remains solid. During FY23 we achieved carbon neutrality[17] and the Board approved a roadmap to achieve Net Zero[18] by 2050, which reflects our strong commitment to the continued investment in a comprehensive ESG program.

We remain very positive about the future of ALS and have made meaningful progress towards the new five-year strategic plan's objectives. The Company is well positioned to capture industry megatrends, with a clear focus on delivering sustainable growth and aligning the portfolio to robust growth end markets.

Managing Director and CEO Transition

On 7th March we announced that Mr Raj Naran had resigned as Managing Director and CEO for personal reasons. Details of the remuneration arrangements for Mr Naran are detailed on page 42.

On the same day we also announced the appointment of the Company's Chief Strategy Officer Mr Malcolm Deane as Acting Managing Director and CEO pending the completion of a global search. Mr Deane's remuneration arrangements were announced to the ASX on 13 March 2023 and are detailed on page 42.

To ensure the retention of key executives during the CEO transition period, retention arrangements were put in place for Mr Luis Damasceno and Mr Andreas Jonsson. Each executive will be eligible to receive 1 x their 2023 Fixed Remuneration paid as 60% in cash and 40% in performance rights vesting after one year and two years respectively, provided they meet certain conditions including that they remain employed with the Group on 31 May 2024 and then 31 May 2025.

On 8th May, following completion of the global search and selection process, Mr Deane was appointed to the role of Managing Director and Chief Executive Officer on a permanent basis. His remuneration arrangements, which were disclosed to the ASX on that day are also detailed on page 42.

FY23 Remuneration Outcomes for ongoing KMP

Fixed Remuneration and framework changes

In recognition of the increased scope of the KMP roles and the continued market demand for senior executives in the industry internationally, Executive KMP received increases in fixed remuneration ranging from 3% to 15% and an increase in LTI opportunity from 60% to 110%. STI opportunities remained at 60% at target. These increases reflected benchmarking against relevant industry and geographic peers.

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[17] *For scope 1 and 2 emissions against the FY2020 baseline*
[18] *Net Zero target is to reduce absolute scope 1 and 2 emissions by 95% and scope 3 emissions by 90% by 2050 against a baseline of FY2020*

Short Term Incentives (STI)

Our strong performance against the Financial, Strategy and ESG KPIs, resulted in commensurate STI vesting outcomes for the KMP for FY23 ranging between 38% and 96% of maximum. Outperformance against financial targets, particularly underlying EBIT and NPAT within the Minerals segment and at the corporate level, strong cash and debt management, strong safety and sustainability outcomes, and consistent progress against key non-financial strategic objectives drove this deserved STI outcome.

Long Term Incentives (LTI)

As a result of sustained performance against each of the four performance hurdles over the three-year performance period, the 2020 LTI Awards will vest at 100%. Achievement at this level of target performance reflects a balanced and consistently robust performance against EPS, relative EBITDA (versus peers), relative TSR and ROCE performance measures, each of which was scored at the full 25% level.

Changes for FY24

Following comprehensive benchmarking undertaken in the previous year and in line with remuneration adjustments across the group globally, the Board determined that for FY24 all Executive KMP should receive an inflation-based uplift to their fixed remuneration. Adjustments, reflecting CPI in their home countries, ranged between 4% and 5%.

Following the increase in LTI opportunities in FY23 and in order to continue to ensure market competitive remuneration for our key executives, the Board determined an increase to STI opportunities from 60% to 70% at target was warranted for the majority of KMP.

The Board continues to review both STI and LTI targets to ensure that they remain challenging and are aligned to the strategic objectives of ALS. In the case of LTI targets, the Board has determined to amend the comparator group used for the calculation of the relative margin component by the removal of Mistras and Team Inc. and the substitution of Montrose Environmental Group Inc. and Marlowe Plc. Given their relatively low EBITDA margins and reduced scale of Team Inc. and Mistras' current operations, these entities are no longer considered suitable comparator companies. Montrose Environmental Group Inc. and Marlowe Plc. were selected as suitable new comparator entities due to their competitive EBITDA margins, relative scale of operations, competitive market overlap, and complementary client base when compared with ALS.

Finally, Non-executive Director (NED) base retainer fees have been increased by 4.5%, reflecting CPI increases to remuneration across the group.

Due to the increased complexity of the global business, and the associated workload of Directors and in order to give flexibility for overlap of Director tenures as we manage Board succession, we will seek shareholder approval to increase the cap on the number of Directors from 8 to 12. No increase in fee pool will be sought following the increase last year.

Thank you for your ongoing support of ALS and supporting our remuneration practices as our unique business continues its growth and evolution. We look forward to engaging with you at our 2023 Annual General Meeting.

Yours faithfully,

Bruce Phillips
Chairman

Remuneration report – audited

OUR GLOBAL BUSINESS AND KEY MANAGEMENT PERSONNEL

ALS has evolved to be a truly global business. Although listed on the ASX and headquartered in Brisbane, Australia, we now operate in over 70 countries with a total of over 19,000 staff worldwide.

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

Table 1 below sets out the details of each KMP in FY23:

Name	Position	Term as KMP in 2022-23	Location
Non-Executive Directors			
Bruce Phillips	Chairman of the Board/ Member of People Committee / Chair of Nominations Committee	Full Year	Australia
John Mulcahy	Member of Audit and Risk Committee / Member of People Committee / Member of Nominations Committee	Full Year	Australia
Charlie Sartain	Chair of Sustainability and Innovation Committee / Member of Audit and Risk Committee / Member of Nominations Committee	Full Year	Australia
Tonianne Dwyer	Chair of People Committee / Member of Sustainability and Innovation Committee / Member of Nominations Committee	Full Year	Australia
Siddhartha Kadia	Member of Sustainability and Innovation Committee / Member of People Committee / Member of Nominations Committee	Full Year	USA
Leslie Desjardins	Chair of the Audit and Risk Committee / Member of Nominations Committee	Full Year	USA
Peter Possemiers	Member of Sustainability and Innovation Committee/Member of Nominations Committee	1-Nov-22 to 31-Mar-23	Switzerland
Executives			
Raj Naran	Managing Director and Chief Executive Officer	1-Apr-22 to 7-Mar-23	USA
Bruce McDonald	Executive General Manager, Minerals	Full Year	Canada
Andreas Jonsson	Executive General Manager, Food & Pharmaceutical	Full Year	Sweden
Tim Kilmister	Executive General Manager, Environmental	Full Year	Australia
Luis Damasceno	Chief Financial Officer	Full Year	USA
Malcolm Deane	Acting Managing Director and Chief Executive officer	7-Mar-23 to 31-Mar-23	USA

TABLE 1

SNAPSHOT OF FY23

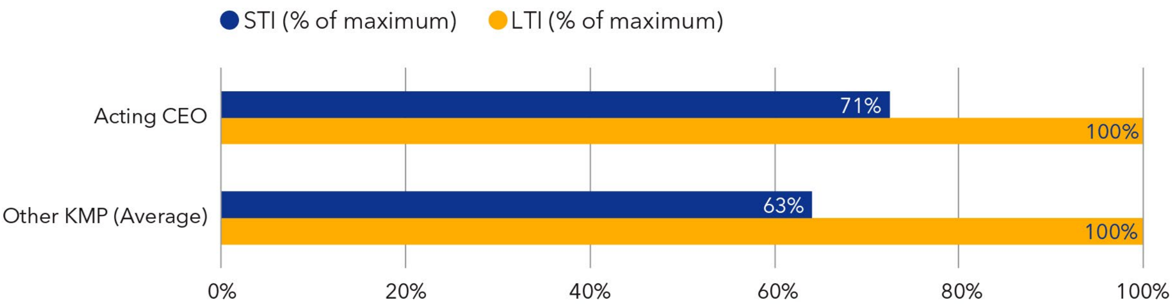
Organisational performance

Revenue	**$2,421.2m**	**↑ 19.5%**	**Underlying* EPS**	**66.3c**	**↑ 23.2%**
Underlying EBIT*	**$490.7m**	**↑ 21.8%**	**Underlying EBIT* margin**	**20.3%**	**↑ 2.0%**
Underlying* NPAT	**$320.6m**	**↑ 23.4%**	**Dividends per share**	**39.7c**	**↑21.0%**

* *EBIT = Earnings before interest and tax. The terms Underlying and EBIT are non-IFRS disclosures . These 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.*

Executive variable remuneration outcomes

The below chart summarises the variable remuneration outcomes for the Acting CEO and all Executives (on average) during FY23.



Actual Pay of Executives in FY23

Table 2 below lists Total Fixed Remuneration (TFR), and other remuneration received by all Executives in relation to the financial year ending March 2023.

This information differs from that provided in the statutory remuneration Table 22 disclosed later in this report, which shows the accounting expense of remuneration in respect of each year, determined in accordance with accounting standards rather than the value of remuneration (including LTI grants that vested) received during the year.

FY23 Remuneration received and due (non-IFRS & non-audited):

In AUD Directors:	TFR and allowances	STI[a]	Total cash payments received	Equity vested during year[b]	Total remuneration received
Executive Director					
Malcolm Deane[c] [e]	833,784	198,548	1,032,333	157,172	1,189,505
Continuing Executives					
Bruce McDonald [c]	740,867	443,476	1,184,343	374,163	1,558,506
Andreas Jonsson [c] [f]	916,698	154,914	1,071,612	298,841	1,370,453
Tim Kilmister	571,400	185,973	757,373	360,368	1,117,741
Luis Damasceno [c]	846,402	346,226	1,192,628	390,918	1,583,546
Total All Continuing Executives	**3,909,151**	**1,329,137**	**5,238,288**	**1,581,462**	**6,819,750**
Former Executive Director					
Raj Naran[c] [d]	1,873,077	554,317	2,427,394	1,342,146	3,769,540

TABLE 2

(a) Accrued STI cash component for FY22 paid in FY23.

(b) Performance Rights are granted annually under the LTI Plan to Executives. The amounts above represent the value of Performance Rights granted in 2019 which vested on 1 July 2022 during the year. It is calculated as the number of shares allocated to Executives multiplied by the $10.88 5-day VWAP of ALS Limited shares on the vesting date. Deferred service rights are granted annually under the STI Plan to Executives. The amounts above represent the value of Service Rights granted in 2020 which vested on 1 July 2022 during the year. It is calculated as the number of shares allocated to Executives multiplied by the $10.88 5-day VWAP of ALS Limited shares on the vesting date.

(c) Mr Damasceno, Mr McDonald, Mr Deane, Mr Naran and Mr Jonsson were employed outside Australia. Relevant portions of their salaries, STI and pension benefits have been converted into Australian dollars above using applicable average FX rates.

(d) Mr Naran's salary, STI, pension benefits and unused leave entitlements stated up to and including 7 March 2023.

The remuneration information disclosed for Mr Naran does not include any benefits associated with his termination. As part of the termination agreement between the Group and Mr Naran the Group will:

(i.) Pay one year's remuneration and health and other benefits from the date of termination in monthly instalments. The estimated cost of this is US$ 1.06 million.

(ii.) Allow Mr Naran's LTI entitlements granted prior to termination to continue to exist. These will vest to Mr Naran over the forward 3 years should the terms of these instruments allow vesting to be achieved. If 100% vest this will entitle Mr Naran to 471,457 shares. The remaining unrecorded expense in relation to these instruments (assuming 100% vest) is AU$ 2.1 million.

The receipt of the above benefits by Mr Naran are conditional on Mr Naran complying with certain requirements which are commensurate with normal terms and conditions associated with the retirement of a Managing Director.

(e) Of the total fixed remuneration and allowances stated for Mr Deane, $76,660 relates to the period after 7 March 2023 when he became a KMP. In the case of STI, he was assessed in his role as Chief Strategy Officer in FY23.

(f) Mr Jonsson's TFR includes his statutory pension of $273,795.

Remuneration Arrangements for CEO Transition

On 7th March Mr Raj Naran advised the Board of his intention to retire for personal reasons. In consideration of undertakings given by Mr Naran and of non-compete restrictions, the following arrangements were agreed with Mr Naran:

- Cash payments of USD$1.06 million being 12 months Total Fixed Remuneration to be paid over 12 months and FY23 STI payment of USD$ 371,315 reflecting the strong financial and operational performance of the business during FY23.
- Continuation of certain health and other benefits for 12months; and
- Vesting in the ordinary course of any outstanding Performance Rights under LTI schemes and Service Rights under STI deferral schemes in prior years. Refer to table 25 for further details.

On 7th March Mr Deane was appointed Acting Managing Director and CEO. His cash remuneration of USD$ 650,000 and potential FY24 incentives being STI at 70% and LTI at 110% of remuneration were announced to the ASX on 13 March 2023.

On 8th May, Mr Deane was confirmed in the position of Managing Director and CEO on a permanent basis. His cash remuneration of USD$ 910,600, plus allowances of USD$ 140,000 and potential incentives being STI at 70% and LTI at 150% were announced to the ASX on the same day.

Changes to Executive Remuneration Framework

As foreshadowed in last year's remuneration report, the below elements of the Executive Remuneration Framework were adjusted in FY23 to ensure its continued effectiveness and competitiveness:

Element	Change and Objective
LTI Opportunities	During FY22 the Group completed an external review of its Executive Remuneration Framework to ensure it remains effective and appropriate for ALS as it expanded into a larger and increasingly more global business. The review identified that the Groups variable remuneration opportunity for its Executives was below market for similar sized companies in our industry and geographies. To ensure continued competitiveness in FY23, the following changes were made: • CEO's maximum LTI opportunity increased to 150% of TFR and • KMP's maximum LTI opportunity increased to 110% With effect from FY24 STI and LTI opportunities will be increased as highlighted in the Chairman's letter.

TABLE 3

EXECUTIVE REMUNERATION FRAMEWORK

Our remuneration strategy

ALS Group Vision

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

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

Group Strategy

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

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

Executive Reward Strategy

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

  Set at 1 April each year and reviewed annually in response to internal and external changes to ensure the benefits of Executive motivation, attraction and retention are achieved.

- Reasonable, fair, and equitable while providing a sustainable platform for growth.

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

Fixed Remuneration

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

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

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

Short Term Incentive (STI)

- Annual plan providing Executives the opportunity to earn STI subject to key performance indicators (**KPIs**), where awards are paid 70% in cash and 30% is deferred to service rights. [a]
- Each Executive has a tailored set of financial and non-financial KPIs set for their role.
- The Group achieving a minimum NPAT target acts as a gateway to any STI becoming payable, after which individual achievement of a minimum financial threshold value acts as a gateway for achievement of any non-financial KPI's.

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

Long Term Incentives (LTI)

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

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

Alignment with Shareholders

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

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

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

Strengthened through robust governance and operational risk management:

Governance & Risk Management

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

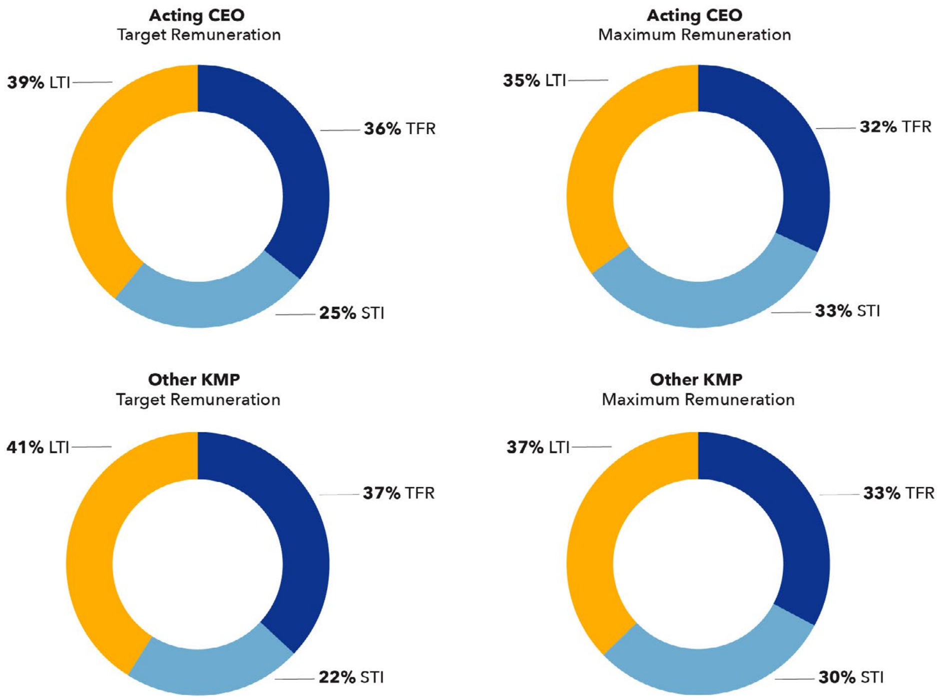
For an illustration of ALS' remuneration, see the ''Governance Structure' section.

TABLE 4

(a) Deferral percentage of STI has been corrected from the FY22 Remuneration Report to reflect the terms of the ALS STI Plan Rules and Awards.

Remuneration mix

The following graphs show the target and maximum remuneration mix of the Acting CEO and Other Executives (on average) in FY23:



The following table shows the incentive opportunities available to KMP in relation to performance in FY23.

At Risk Remuneration

Name	Short-Term Incentive Opportunity % of Fixed Remuneration			Long-Term Incentive Opportunity
	Threshold	Target	Outperformance	
Andreas Jonsson	26%	60%	90%	110%
Tim Kilmister	26%	60%	90%	110%
Bruce McDonald	26%	60%	90%	110%
Luis Damasceno	36%	60%	90%	110%
Malcolm Deane*	34%	60%	90%	110%
	Awarded in cash with 30% of total payment awarded in Service Rights			3-year vest

*Malcolm Deane based on CSO role

Table 5

THE LINK BETWEEN PERFORMANCE AND REWARD

Organisational performance

As detailed in in the Chairman's letter, in FY23 the Group delivered a record result with underlying Net Profit After Tax (UNPAT) at the top-end of the upgraded guidance. The Group has delivered strong organic growth, margin accretion and made highly strategic acquisitions.

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

Measure of financial performance	Fluctuation in financial performance is reflected in Executives' pay via:	In millions of AUD 2023	2022	2021	2020	2019
Underlying profit* attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial Hurdles	324.2	264.2	185.9	188.8	181.0
Profit / (loss) attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial Hurdles	291.2	190.5	149.0	127.8	152.6
Dividends paid or payable	LTI TSR Hurdle	192.2	158.4	111.4	84.9	109.3
Share price at balance date	LTI TSR Hurdle	$12.36	$13.40	$9.68	$5.56	$7.59

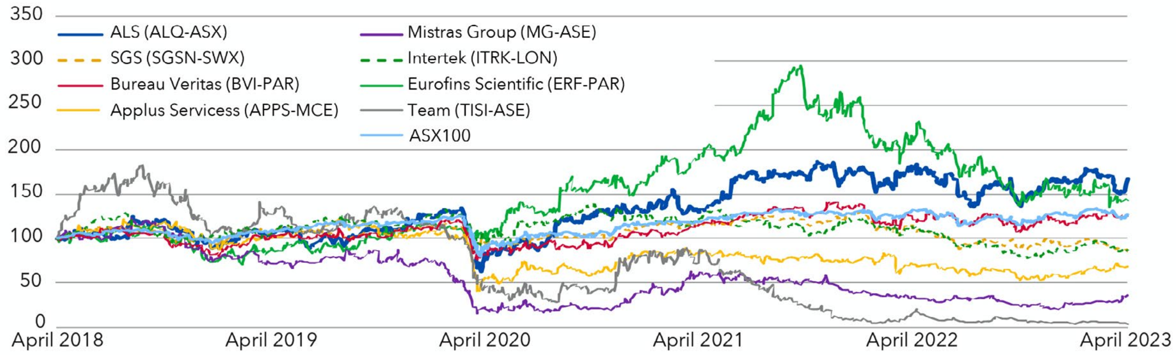
** Underlying profit (from both continuing and discontinued operations) is a non-IFRS disclosure and is unaudited.*

TABLE 6

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

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

ALQ share price vs peers (rebased to 100, commencing 1 April 2018)



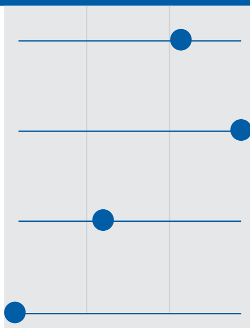
ALQ share price vs ASX100 (rebased to 100, commencing 1 April 2018)

FY23 STI outcomes

The STI outcomes reflect very strong performance for the year as set out above and in the Chairman's letter. FY23 saw the commencement of the new global organisational structure and the launch of the new FY23-27 strategic plan. KPIs were focused on ensuring the successful launch of these key transformation initiatives and designed to align the organisation around the key drivers of future success for the Group as well as building organisational capability and driving our sustainability strategy.

The Acting CEO's STI outcome for FY23 was 71% of maximum opportunity and the average outcome across the other Executives was 63%. In the case of Mr Deane, his performance for the year has been assessed in his role as Chief Strategy Officer, noting his appointment to Acting CEO commenced on 7 March 2023. In the case of Mr Jonsson, the Board exercised its discretion to award him 38% of maximum opportunity to reflect his recent transition to Executive General Manager (EGM) of the Food and Pharmaceutical business unit, notwithstanding that the unit did not hit threshold performance for the year. Executives' KPI achievements are broken down in more detail in Table 7 below. See Table 8 for the STI outcomes in overall monetary and percentage terms.

Before confirming STI outcomes, the Board confirmed that both the Group's minimum Underlying NPAT gateway ($284.3 million) and individual Threshold Financial KPIs had been achieved for KMP.

	Component	Details of the measures used in each component	Weighting (% of STI opportunity)	Applicable to:	Achievement: Thresh-old 10% / Target / Out-per-for-mance +10%	Outcome for Shareholder	Vesting Outcome
Financial	Group / Business Unit performance	For Executive KMP, the financial hurdles are set within the Executive's sphere of control. The performance KPIs for FY23 were: • For the CEO and CFO - overall Group Underlying NPAT results • For other Executive KMP – to ensure a group impact as well as focus on the areas within the Executive's sphere of control, performance measures were split between Group Underlying NPAT and Underlying EBIT of their respective business unit	55% Acting CEO 50% CFO 60% others average	Group Minerals Environmental Food & Pharmaceutical		UNPAT of $321.3 million exceeded UNPAT target of $315.9 million reflecting 19.5% revenue growth, margin improvement and strong overall performance (FY22 UNPAT was $264.2 million) Food & Pharmaceutical did not meet threshold performance due to challenging economic conditions in Europe	Acting CEO: 55% / 55% CFO: 50% / 50% Others average: 41%/60%
	Other Financial measures	Additional financial measures in the scorecard focused Executives on individual financial objectives, including improvement in: • Portfolio management and margin improvement • Divestment	10% CFO	Group	**Achieved** Deliver portfolio and margin improvement Divestment of Asset Care business	Delivered organic margin improvement of 130bps With the divestment of Asset Care, we delivered the margin improvement of 99bps	CFO: 10%/10%

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	Component	Details of the measures used in each component	Weighting (% of STI opportunity)	Applicable to:	Achievement Thresh-old 10%	Target	Out-per-for-mance +10%	Outcome for Shareholder	Vesting Outcome
Non-Financial	Strategy	Executive KMP were also assessed against their contribution to and performance against ALS's strategic goals. This included: • Strategy implementation • Restructuring completion • Establishment of an agile pricing strategy and accompanying pricing change methodology • Accelerate ERP implementation	25% Acting CEO and CFO 20% others average	Group	**Achieved** Strategy implemented and communicated Restructuring of business streams completed Pricing tracking tool implemented for Life Sciences ERP Pilot phase for United States and Australia			As per the acquisition strategy, executed 13 acquisitions with additional revenue of $116 million for the next 12 months Closed underperforming businesses in Food & Pharmaceutical divisions Achieved margin improvement in Environmental division of 52bps after implementation of pricing tool	Acting CEO: 25%/25% CFO: 24%/25% Others average: 20%/20%
	ESG	This component focuses Executive KMP on objectives in connection with the Group's sustainability goals. This included: • Commitment to ALS climate strategy • Achieve carbon neutrality for scope 1 and 2 • Achieve > 6% reduction in carbon intensity • Promote community engagement initiatives • Refreshed DE&I framework • OHS positive performance indicators	10% Acting CEO 5% CFO 10% others average	Group	**Achieved** Industry Leading LTIFR of 0.31 and TRIFR of 1.00 (per million hours worked) >10% reduction in scope 1 and 2 carbon emission intensity Net Zero roadmap approved by Board DE&I refreshed roadmap implemented Provided a total economic contribution of $2.4 billion			Focus on ESG measures continues to underpin our culture and the long-term sustainability of our business By implementing DE&I effective policies, management ensures that the company will be able to attract and retain top talent Likewise, companies with strong DE&I frameworks increase the financial return in comparison with the industry medians	Acting CEO: 10%/10% CFO: 5%/5% Others average: 10%/10%
	Organisational Capability	Actively promote entrepreneurism alongside operational excellence as an organisational culture. Demonstrate actions to foster the strengthening of an innovation incubation methodology, increasing opportunity for automation technologies and the enhancement of ALS data analytics capabilities • Succession planning • Complete implementation of organisational changes • Gender representation initiatives	10% Acting CEO and CFO 10% others average	Group	**Achieved** Developed a global innovation framework and roadmap under the new structure rollout and communicated during FY23 51% of total new professional hires were female 9 greenfield projects across Americas, EMEA and APAC, with total start-up costs of $3.9 million Implementation of succession planning for global roadmap New organisational structure was implemented			Promoting ALS innovation capabilities drive global efficiencies, improve productivity creating an increase return to our shareholders Developing a strong succession pipeline ensures the long-term health and success of the organisation Under the new organisational structure announced during FY23, the company is now able to focus on leveraging global opportunities connected to the extended footprint, by optimizing the operational models and enhancing the added value proposition to our clients. This will allow the company to achieve its strategic plan objectives for FY27	Acting CEO: 10%/10% CFO: 7%/10% Others average: 6%/10%

TABLE 7

Table 8 below illustrates the STI outcomes above for each Executive in overall monetary and percentage terms.

	Total cash STI included in remuneration	Total deferred equity STI awarded	Total STI awarded	Total STI awarded vs TFR and allowances received	Total STI awarded vs max STI opportunity	Total STI forfeited vs max STI opportunity
Executive	$[a]	$[b]	$	%[c]	%	%[d]
Malcolm Deane [e]	198,548	85,092	283,640	34%	71%	29%
Bruce McDonald	443,476	190,061	633,537	86%	96%	4%
Andreas Jonsson [f]	154,914	66,392	221,306	34%	38%	62%
Tim Kilmister	185,973	79,703	256,676	46%	52%	48%
Luis Damasceno	346,226	148,383	494,609	58%	68%	32%
Former Executive						
Raj Naran	554,317	–	554,317	30%	33%	67%

TABLE 8

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

(b) STI announced to be paid in Service Rights to be granted in FY24. These values are included in the values of share-based awards in Table 22 and the remuneration mixes detailed previously and Financial Statements note 8a for details.

(c) TFR includes pension fund contributions and travel allowances.

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

(e) STI awarded is the full year entitlement, the calculation is based on the annual TFR entitlement effective 7 March 2023.

(f) In the case of Mr Jonsson, in recognition of his transition to EGM Food & Pharmaceutical the Board exercised its discretion to award an STI payment at 38% of maximum opportunity in recognition of his performance in his first year in the role, notwithstanding that the unit did not hit threshold performance for the year. Total STI awarded vs TFR inclusive of pension amount is 24%.

2020 LTI Award vesting outcomes

Achievements against each of the Hurdles for the 2020 LTI award assessed over the 2020-2023 performance period is set out in more detail below.

Hurdle and weighting	Achievement Details	Vesting %
EPS Growth **25%**	Vesting under this Hurdle required a minimum threshold of a 6% p.a. increase for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for a 10% p.a. or higher increase (straight line vesting in between). The compound annual growth rate in the Group's diluted underlying EPS over the three-year period to March 2023 was 19.9% p.a. (from 39.0 cents to 67.0 cents). This outcome is above the maximum target threshold of a 10% per annum increase resulting in maximum vesting.	25%
EBITDA Margin **25%**	Vesting under this Hurdle required a minimum threshold of 50th percentile performance against the TIC industry peer comparator group for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for 75th percentile or higher performance (straight line vesting in between). The underlying EBITDA margin achieved by the Group over the three-year period to March 2023 was 25.33%. As shown below, this placed the Group at the 85.7th percentile and ranked 2nd within the comparator group which is above the maximum target threshold of the 75th percentile resulting in maximum vesting.	25%

Company	Currency	Cumulative underlying [(a)] EBITDA (m)	Cumulative Revenue (m)	EBITDA Margin %	Rank	Percentile
Eurofins	EUR	4,827	18,869	25.58%	1	100%
ALS	AUD	1,608	6,350	25.33%	2	85.7%
SGS	CHF	4,328	18,651	23.21%	3	71.4%
Intertek	GBP	1,946	8,721	22.31%	4	57.1%
Bureau Veritas	EUR	2,942	15,233	19.31%	5	42.9%
Applus	EUR	831	5,384	15.43%	6	28.6%
Mistras	USD	173	1,957	8.84%	7	14.3%
Team Inc.	USD	63	2,567	2.46%	8	0.0%

Hurdle and weighting	Achievement Details	Vesting %
rTSR **25%**	Vesting under this Hurdle required a minimum threshold of 50th percentile performance against the ASX 100 comparator group for 12.5% of Performance Rights to vest, with maximum vesting of 25% achieved for 75th percentile or higher performance (straight line vesting in between). ALS's return to shareholder performance over the three-year period to March 2023 relative to the ASX 100 comparator group was at the 86.6th percentile which is above the maximum target threshold of the 75th percentile resulting in maximum vesting.	25%
ROCE **25%**	Vesting under this Hurdle required a minimum threshold of an 11% ROCE during the performance period for any Performance Rights to vest, with maximum vesting of 25% achieved for a 16% or higher ROCE (straight line vesting in between). The Group's ROCE over the three-year period to March 2023 was calculated as 18.7% which is above the maximum target threshold of 16% resulting in maximum vesting.	25%
Total:		**100%**

TABLE 9

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

Historical vesting outcomes for incentives

Table 10 below lists the historical vesting outcomes of incentives at ALS in recent financial years (each ending 31 March):

	2023	2022	2021	2020	2019
STI[(b)]	65%	97%	69%	48%	83%
LTI[(a) (b)]	100%	100%	97%	75%	86%

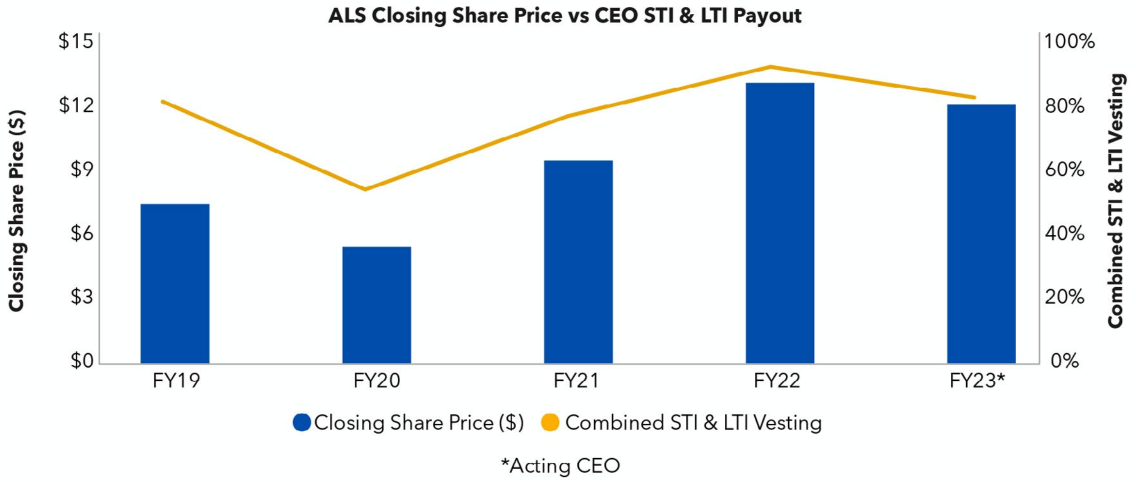
TABLE 10

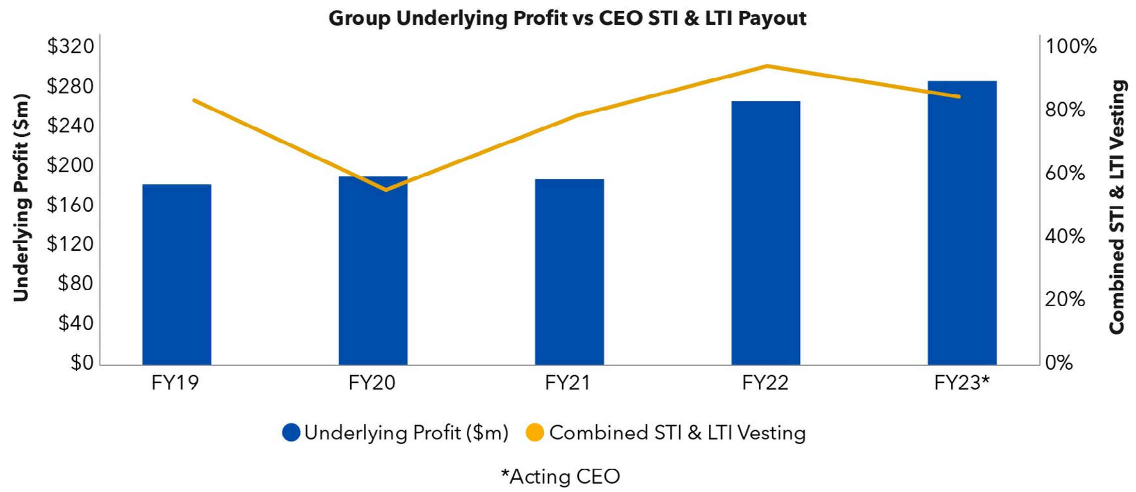
(a) This is the outcome of the grant that vested in the particular year.
(b) Outcomes expressed as a percentage of maximum opportunity at the time of grant.

LINK BETWEEN PERFORMANCE, REMUNERATION OUTCOMES AND SHAREHOLDER WEALTH

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

In considering whether the Executive Remuneration Framework remains aligned with the shareholder experience, the Board considers various key drivers of organisational performance and shareholder wealth. ALS' share price performance and level of STI and LTI vesting versus ALS's Underlying NPAT (which underpins STI outcomes) show a strong correlation with organisational performance translating to increased shareholder wealth. The chart below reflects the remuneration of the previous CEO Mr Naran to FY22, and Mr Deane for FY23, acknowledging the CEO transition occurring in FY23. This is illustrated in the graphs below.





SHORT TERM INCENTIVE PLAN

As part of their variable remuneration, Executives are invited to participate in an annual Short Term Incentive Plan (**STI**), which is contingent on the achievement of specified key performance indicators (**KPI**) as well as the 'Gateway' and clawback conditions set by the Board for the financial year.

Summary of terms

<table>
<tr><td>What is the purpose of the STI?</td><td>The STI is intended to incentivise and potentially reward Executives for their individual performance in driving key organisational strategies each year. The Board considers the STI to be both:
a driver of shareholder wealth by incentivising Executives to focus on the day-to-day practices and behaviours that translate to longer term organisational growth and sustainability; and
a key component of a competitive remuneration package for ALS' Executives.</td></tr>
<tr><td>What is the opportunity and how are STI outcomes measured?</td><td>KPIs are generally set based on the following opportunity levels (with linear outcomes for performance between levels). Certain Non-Financial/Strategic KPIs are assessed on less formulaic targets but with the same principles as to performance levels applied.
<table>
<tr><th>Level</th><th>Details</th><th>Opportunity</th></tr>
<tr><td>Threshold</td><td>The minimum performance to be achieved for any STI payment to be earned, provided the gateway is achieved. Achievement at Threshold results in payment of Individual KPIs only.</td><td>34% of TFR for the Acting CEO
36% of TFR for the CFO
26% of TFR for Other Executives</td></tr>
<tr><td>Target</td><td>The budgeted performance which is intended to be challenging and require achievement in excess of performance from the prior year. Achievement at Target results in 100% of STI quantum at Target.</td><td>60% of TFR</td></tr>
<tr><td>Outperformance</td><td>Significant achievement beyond target performance, for which maximum STI payments may be earned. Achievement at Outperformance results in 150% of STI quantum at Target.</td><td>90% of TFR (i.e., 150% of Target)</td></tr>
</table></td></tr>
<tr><td>How are STI payments delivered?</td><td>70% of any STI payment earned by an Executive is delivered to them in cash at a date determined by the Board after the end of the financial year.

30% of any STI payment earned is delivered in Service Rights – being rights to Shares vesting following a two-year deferral period. The Executive must be still employed on 1 July two years hence for Service Rights to vest (2025 in the case of the FY23 STI) to receive the Shares (see note 8a of the Financial statements for further details).

The number or Service Rights granted to an Executive is determined by dividing their deferred STI payment by the volume weighted average price of Shares as determined appropriate by the Board at that time.</td></tr>
<tr><td>What about for overseas Executives?</td><td>Where an individual Executive's country of assignment has legislation that would prevent allocation of Shares, their deferred STI payment would instead be held by ALS as cash deferred for the same two-year period.</td></tr>
</table>

What were the gateway condition(s)?	The Group overall must have met or exceeded an Underlying NPAT threshold before the STI is paid. The threshold is set by the Board each year based on their evaluation of circumstances and conditions impacting the Company's performance, with the intention of ensuring a threshold that is fair and representative of shareholder and company expectations for sustainable growth and pay for performance. Exceptions may be made by the Board where an individual Executive has achieved an outstanding financial result but the Group's gateway has not been achieved. For FY23, the Board set the Underlying NPAT gateway as $284.3 million, being 90% of the FY23 Underlying NPAT target of $315.9 million. Regardless, no STI payments are paid for Non-Financial/Strategic KPIs unless at least Threshold performance is achieved against an Executive's Financial KPI.
What KPIs were used to assess performance?	Scorecards in FY23 comprised a mix of Financial and Non-Financial/Strategic KPIs as set out in Table 7, with an emphasis on financial and strategic targets. As in previous years the STI is heavily weighted to financial performance, along with a continued focus on KPIs related to Environment, Social, People & Organisational Capability, Governance and Culture.

TABLE 11

LONG TERM INCENTIVE PLAN

As part of their variable remuneration, Executives are invited each year to participate in a Long-Term Incentive Plan (LTI). The following table sets out the terms of the LTI plan issued during FY23 for the performance period 1 April 2022 to 31 March 2025 (the 2022 LTI Plan).

Summary of terms of the 2022 LTI Plan

What is the purpose of the LTI?	The LTI is intended to reward Executives for collectively driving superior organisational performance that is expected to translate to long term and sustained growth in shareholder wealth. It is an important component of remuneration at ALS as its quantum and longer performance period serves to attract, motivate and retain high-performing and often internationally based Executive talent (where market practice is for large long-term grants of equity) while aligning their interests with shareholders through equity-based reward.
What is the performance period?	Three years, commencing 1 April of the first year and ending 31 March of the third anniversary from grant.
What is the opportunity?	Executives may earn an LTI up to a maximum value of 110% of TFR.
How are LTI payments delivered?	Executives are granted Performance Rights at the commencement, which either vest and exercise into Shares or lapse depending on performance against the Hurdles. Where the Board determines Performance Rights will vest, they vest and are exercised on 1 July following the end of the Performance Period.
What is the exercise price?	Executives do not pay any price on grant, vesting or exercise of their Performance Rights.
How are Performance Rights allocated?	The number of Performance Rights granted to an Executive is calculated by dividing the amount of their LTI maximum opportunity by the volume weighted average price (VWAP) of Shares over the 10 trading days following the date of announcement of full year results for the financial year immediately preceding the LTI award.
What about for overseas Executives?	Where an individual Executive's country of assignment has legislation that would prevent allocation of Shares, their Performance Rights are cash-settled on vesting, calculated per the VWAP of Shares over the 10 trading days following the date of announcement of full year results of the performance period's last financial year.

TABLE 12

LTI Hurdles for the 2022 LTI Plan

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

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

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

The Tables below detail each of these Hurdles:

HURDLE 1: UNDERLYING EPS GROWTH

Description	The Group's compound annual underlying earnings per share (**EPS**) growth on a fully diluted basis over the performance period.
Purpose	Chosen because it provides a good indicator of the shareholder value derived from earnings growth and can be directly influenced by management.
How is it measured?	Underlying EPS growth is calculated by comparing the diluted underlying EPS from continuing operations achieved by the Group in the base year (e.g. year to March 2022) with that achieved in the final year of the performance period (e.g. year to March 2025). Diluted underlying EPS is calculated by dividing the underlying net profit after tax attributable to shareholders of ALS Limited by the weighted average number of ordinary shares on issue for the year being measured (diluted for outstanding equity-settled Performance Rights).
Vesting Schedule	

Outcome	Vesting %
<8% p.a.	0%
8% – 12% p.a.	12.5% – 25% p.a. (straight line vesting)
12% p.a. or higher	25%

TABLE 13

HURDLE 2: UNDERLYING Relative EBITDA MARGIN

Description	The Group's underlying earnings before interest, tax, depreciation, and amortisation (**EBITDA**) margin over the performance period relative to the EBITDA margins of a comparator group of ALS's key global TIC (Testing, Inspection, and Certification) industry competitors.
Purpose	Chosen because it is focused on driving cash earnings and productivity, over which management has direct influence and provides for a fair assessment of performance against our global TIC industry competitors.
How is it measured?	Underlying EBITDA margin is calculated by dividing the cumulative underlying EBITDA by the cumulative Revenue over the three-year performance period. This is compared with the cumulative EBITDA margins reported by each of the peer companies for the three financial years ending on or before 31 March of the year of vesting.
Who is in the TIC comparator group?	Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain), Team Inc. (USA).
Vesting Schedule	

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

TABLE 14

HURDLE 3: RELATIVE TOTAL SHAREHOLDER RETURN

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

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

TABLE 15

HURDLE 4: ROCE

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

Outcome*	Vesting %
<14.2%	0%
14.2% – 19.2%.	0% – 25% (straight line vesting)
19.2% or higher	25%

** Based on ALS's pre-tax Nominal WACC as at March 2022.*

TABLE 16

Evolution of LTI Hurdle Targets

The following table shows the key determinants of the hurdles for current 'in flight' LTI schemes.

	LTI Scheme			
Offer Year	2020	2021	2022	2023
Vest Year	2023	2024	2025	2026
Earnings per Share growth	6-10%	6-10%	8-12%	8-12%
Relative EBITDA Margin Comparator group	Bureau Veritas (France)	Bureau Veritas (France)	Bureau Veritas (France)	Bureau Veritas (France)
	Eurofins (France & Germany)	Eurofins (France & Germany)	Eurofins (France & Germany)	Eurofins (France & Germany)
	Intertek (UK)	Intertek (UK)	Intertek (UK)	Intertek (UK)
	SGS (Switzerland)	SGS (Switzerland)	SGS (Switzerland)	SGS (Switzerland)
	Mistras (USA)	Mistras (USA)	Mistras (USA)	Marlowe Plc.
	Applus (Spain)	Applus (Spain)	Applus (Spain)	Applus (Spain)
	Core Laboratories	Team Inc. (USA)	Team Inc. (USA)	Montrose Environmental Group Inc.
Relative TSR	ASX100	ASX100	ASX100	ASX100
ROCE	11-16%	11.9-16.9%	14.2-19.2%	15.5-20.5%

TABLE 17

INCENTIVE PLAN GOVERNANCE

Common terms

To ensure the integrity of ALS's variable remuneration structures and that outcomes reached are appropriate and justified, the plan rules applicable to both the STI and LTI contain the following provisions.

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

TABLE 18

Executive minimum shareholding requirement

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

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

This MSR is monitored annually, with the status of compliance as at 31 March 2023 set out in Table 19 below. It is anticipated that all Executives will meet their MSR by their deadline date based on targeted STI and LTI outcomes.

Executives	Current MSR (% of TFR)	MSR Deadline Date	MSR Status [(a)]
Malcolm Deane [(b)]	50	8 May 2028	In Progress
Bruce McDonald	50	1 April 2026	Fulfilled
Andreas Jonsson	50	1 April 2026	Fulfilled
Tim Kilmister	50	1 April 2026	Fulfilled
Luis Damasceno	50	1 April 2026	Fulfilled

TABLE 19

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

(b) Mr Deane's MSR is attributable to his role of Chief Strategy Officer for the year

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

NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration policy

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

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

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

Fee structure

Non-Executive Directors are paid base fees and if applicable, a fee for membership of a committee. The Chairman does not receive committee fees. All fees are fixed inclusive of mandatory superannuation contributions. The fees that applied in FY23 are set out in the table below. For FY24 the Base Fee for the Chairman and the Non-Executive Directors will be increased by 4.5%

Non-Executive Director – Fee Structure	** Fixed Pool: $1,897,500 per annum*	
Base Director Fees		
Chairman	*Annual fee compensates for all Board & Committee activities*	$370,755
Non-Executive directors	*Annual fee*	$181,913
Committee Fees		
Chair of Audit & Risk Committee		$25,000
Chairs of People Committee and Sustainability and Innovation Committee		$20,000
Committee membership Fees	*Flat fee for each Committee membership***	$10,000

** Pool and fees include superannuation benefits.* *** No fees for Nominations Committee membership.* ***TABLE 20***

Governance structure

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

STAKEHOLDERS

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

BOARD

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

PEOPLE COMMITTEE

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

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

NOMINATIONS COMMITTEE

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

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

MANAGEMENT

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

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

EXTERNAL CONSULTANTS

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

The input of external consultants is one factor considered by the Board, however is not substituted for proper consideration and process by the receiver. No 'remuneration recommendations' for the purposes of section 9B of the *Corporations Act 2001* (Cth) were received during FY23.

OTHER STATUTORY DISCLOSURES

Service contracts

Each KMP has entered into new service agreements with the Group, the key terms of which are as follows.

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

(a) The period required for termination by notice by either party under an Executive's service agreement.
(b) The maximum period that the Group may elect to pay fixed remuneration to an Executive.

TABLE 21

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

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

Statutory remuneration of KMP

Table 22 on the following page shows the accounting expense of remuneration paid or payable to each Executive and Non-Executive Director in relation to the financial years ending March 2022 and March 2023, determined in accordance with accounting standards.

For information on the remuneration received (non-IFRS and non-audited) by Executives during FY23 refer to Table 2.

Notes to Table 22 (following)

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

(b) Non-monetary benefits include the provision of healthcare, motor vehicles and other benefits.

(c) Performance Rights are granted annually under the LTI Plan to Executives – refer to financial statements note 8a for details. The fair value of Performance Rights granted is calculated using Binomial Tree (EPS, EBITDA, and ROCE hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date. Note that the valuation is not reflective of actual remuneration received by the Executive. For FY23 the value of share-based awards also includes an accrual to March 2023 of the estimated value of any Service Rights earned as deferred compensation under the STI – refer to Financial Statements note 8a for details.

(d) Mr Naran, Mr Damasceno, Mr McDonald, Mr Jonsson and Mr Deane were employed outside Australia during FY23. Relevant portions of their salaries, STIs and pension benefits have been converted into Australian dollars using applicable average FX rates.

(e) Mr Damasceno and Mr Jonsson each received increases to their annual salary (effective from 1 April 2021) as a result of market competitive pay review and overall high-level of performance.

(f) Ms Walsh ceased employment with the Group on 8 October 2021, with the amounts set out in Table 22 representing the accounting value of remuneration paid to her for the period between 1 April 2021 and her cessation date. In connection with her cessation, Kristen Walsh forfeited her entitlements to 2019 and 2020 Long Term Incentive awards.

(g) Mr Possemiers was appointed to the Board as a Non-Executive Director effective 1 November 2022.

(h) Mr Deane was appointed as the Acting Managing Director and CEO effective 7 March 2023 and is considered KMP from this date. The amounts disclosed in the table below reflect the income earned whilst considered KMP.

(i) Mr Naran resigned as Managing Director and CEO effective 7 March 2023.

The remuneration information disclosed for Mr Naran does not include any benefits associated with Mr Naran's termination. As part of the termination agreement between the Group and Mr Naran the Group will:

(i.) Pay one year's remuneration and health and other benefits from the date of termination in monthly instalments. The estimated cost of this is USD$1.06 million.

(ii.) Allow Mr Naran's LTI entitlements granted prior to termination to continue to exist. These will vest to Mr Naran over the forward 3 years should the terms of these instruments allow vesting to be achieved. If 100% vest this will entitle Mr Naran to 471,457 shares. The remaining unrecorded expense in relation to these instruments (assuming 100% vest) is AUD$ 2.1 million.

The receipt of the above benefits by Mr Naran are conditional on Mr Naran complying with certain requirements which are commensurate with normal terms and conditions associated with the retirement of a Managing Director.

Remuneration as determined in accordance with accounting standards:

		Short-term			Long-term			
KMP (In AUD)		**Salary/ fees**	**STI [(a)]**	**Non-monetary benefits [(b)]**	**Value of share-based awards [(c)]**	**D&O insurance premiums**	**Post-employment Superannuation & pension benefits**	**Total remuneration received**
Executive Director								
Malcolm Deane [(d) (h)]	2023	73,298	198,548	1,986	42,705	274	1,376	**318,186**
	2022	-	-	-	-	-	-	**-**
Continuing Executives								
Bruce McDonald [(d)]	2023	734,547	443,476	6,321	524,623	3,283	–	**1,712,249**
	2022	686,117	426,334	6,173	353,924	4,822	–	**1,477,371**
Andreas Jonsson [(d) (e)]	2023	642,903	154,914	–	412,221	3,283	273,795	**1,487,116**
	2022	608,069	346,743	–	284,436	4,822	237,525	**1,481,595**
Tim Kilmister	2023	543,900	185,973	–	351,556	3,283	27,500	**1,112,212**
	2022	493,077	322,129	–	250,953	4,822	26,923	**1,097,905**
Luis Damasceno [(d) (e)]	2023	802,295	346,226	25,535	521,614	3,283	18,572	**1,717,524**
	2022	693,882	440,776	21,615	364,323	4,822	15,913	**1,541,333**
Sub-total: Continuing Executives	2023	2,796,942	1,329,137	33,842	1,852,720	13,404	321,244	**6,347,288**
	2022	2,481,146	1,535,982	27,789	1,253,636	19,290	280,361	**5,598,203**
Former Executive Director								
Raj Naran [(d) (i)]	2023	**1,812,671**	**554,317**	**42,521**	**1,411,293**	**3,743**	**17,885**	**3,842,430**
	2022	1,542,714	803,047	15,158	1,144,614	5,201	15,913	**3,526,647**
Former Executives								
Kristen Walsh [(f)]	2023	-	-	-	-	-	-	**-**
	2022	431,590	-	-	(133,516)	2,813	14,080	**314,967**
Total: All Executives	**2023**	**4,609,613**	**1,883,454**	**76,363**	**3,264,013**	**17,147**	**339,128**	**10,189,718**
	2022	**4,455,450**	**2,339,029**	**42,947**	**2,264,734**	**27,304**	**310,354**	**9,439,817**

KMP (In AUD)		Short-term			Long-term			
		Salary/ fees	STI [a]	Non-monetary benefits [b]	Value of share-based awards [c]	D&O insurance premiums	Post-employment Superannuation & pension benefits	Total remun-eration received
Non-Executive Directors								
Bruce Phillips	2023	345,894	–	–	–	3,743	24,861	**374,498**
	2022	329,174	–	–	–	5,201	23,926	**358,301**
John Mulcahy	2023	182,934	–	–	–	3,743	18,979	**205,655**
	2022	168,601	–	–	–	5,201	16,649	**190,451**
Charlie Sartain	2023	206,879	–	–	–	3,743	5,034	**215,656**
	2022	187,392	–	–	–	5,201	4,358	**196,951**
Tonianne Dwyer	2023	191,994	–	–	–	3,743	19,919	**215,656**
	2022	174,517	–	–	–	5,201	17,233	**196,951**
Siddhartha Kadia	2023	206,480	–	–	–	3,743	–	**210,222**
	2022	191,219	–	–	–	5,201	–	**196,420**
Leslie Desjardins	2023	211,599	–	–	–	3,743	–	**215,342**
	2022	204,643	–	–	–	5,201	–	**209,844**
Peter Possemiers[g]	2023	79,405	–	–	–	1,248	559	**81,211**
	2022	–	–	–	–	–	–	**-**
Total: All Non-Executive Directors	**2023**	**1,425,183**	–	–	–	**23,706**	**69,352**	**1,518,240**
	2022	1,255,546	–	–	–	31,206	62,166	**1,348,918**

TABLE 22

KMP equity instruments and transactions

Ordinary shares

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

	Opening Balance	Purchases	Acquired due to vesting of Performance /Service Rights	Sales	Other [(b)]	Closing Balance
Directors						
Bruce Phillips	60,160	–	–	–	–	60,160
John Mulcahy	54,027	25,000	–	–	–	79,027
Charlie Sartain	90,000	–	–	–	–	90,000
Tonianne Dwyer	27,148	–	–	–	–	27,148
Siddhartha Kadia	9,380	–	–	–	–	9,380
Leslie Desjardins	7,300	6,800	–	–	–	14,100
Malcolm Deane	–	–	–	–	–	–
Peter Possemiers	–	11,470	–	–	–	11,470
Executives						
Bruce McDonald	40,160	–	34,390	(41,000)	–	33,550
Luis Damasceno	38,670	–	35,930	(40,000)	–	34,600
Andreas Jonsson	71,383	–	27,467	–	–	98,850
Tim Kilmister	85,102	–	33,122	(59,912)	–	58,312
Former Executive Director						
Raj Naran [(a)]	259,680	–	123,359	(208,708)	(174,331)	-

TABLE 23

(a) Raj Naran ceased employment with the Group on 7 March 2023.
(b) Represents balance of shareholding when Mr Naran ceased to be KMP

Performance Rights and Service Rights over ordinary shares granted as remuneration

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

	Type of Right	Opening Balance	Granted as compensation[(a)]	Vested & exercised	Lapsed [(b)]	Closing Balance	Total Rights held at close
Executive Director							
Malcolm Deane [(c)]	Performance	44,896	34,097	(13,648)	-	65,345	**71,553**
	Service	798	6,208	(798)	-	6,208	
Executives							
Bruce McDonald	Performance	104,943	61,206	(34,390)	-	131,759	**154,119**
	Service	8,003	14,357	-	-	22,360	
Luis Damasceno	Performance	110,221	62,210	(35,930)	-	136,501	**186,507**
	Service	6,707	43,299	-	-	50,006	
Andreas Jonsson	Performance	84,657	55,631	(27,467)	-	112,821	**153,710**
	Service	6,498	34,391	-	-	40,889	
Tim Kilmister	Performance	76,708	49,441	(26,062)	-	100,087	**110,935**
	Service	7,060	10,848	(7,060)	-	10,848	
Former Executive Director							
Raj Naran [(d)]	Performance	380,676	166,938	(123,359)	-	424,255	**471,457**
	Service	20,159	27,043	-	-	47,202	

TABLE 24

(a) Relates to grants of deferred equity under FY22 STI plan (issued on 15 June 2022 at $12.73 per share), plus retention arrangements for Mr Damasceno and Mr Jonsson as noted in the Chairman's letter.

(b) The number of Rights lapsed represents those Rights which either lapsed due to performance hurdles not being met and/or upon cessation of employment.

(c) This total includes 15,493 performance rights that were granted to Mr Deane in August 2022 in accordance with the 2022 LTI Plan but were inadvertently omitted from the Director's Initial Interest notice on his appointment as Acting CEO on 7th March 2023. In accordance with best practice, and in accordance with the requirements of the Listing Rules, shareholder approval will be sought for the issue of these performance rights at the upcoming Annual General Meeting.

(d) Mr Naran's termination benefits as footnoted in table 22.

Vested and outstanding Performance Rights and Service Rights

Details of vested and outstanding Right over shares granted as remuneration to each KMP as either (a) Performance Rights under the LTI Plan or (b) Service Rights under the STI Plan (either in FY21 pursuant to mandatory 30% STI deferral or deferral for previous years' STI outperformance) are presented in the table below:

Directors / Executives	Type of Right [(a)]	Grant date	Number of Rights granted [(b)]	Fair value per Right at grant date[(c)]	Issue price used to determine no. of Rights granted[(c)]	Vesting date	Number of Rights vested & exercised	Number of Rights lapsed	% of Rights lapsed
Malcolm Deane (Director)	Performance	23-Aug-22	34,097	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	15,702	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	15,546	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	13,648	$5.88	$7.06	1-Jul-22	(13,648)	-	0.0%
	Service	15-Jun-22	6,208	$12.73	$12.73	1-Apr-24	-	-	-
	Service	29-Jul-20	798	$7.33	$7.33	1-Apr-22	(798)	-	0.0%

Directors / Executives	Type of Right [(a)]	Grant date	Number of Rights granted [(b)]	Fair value per Right at grant date[(c)]	Issue price used to determine no. of Rights granted[(c)]	Vesting date	Number of Rights vested & exercised	Number of Rights lapsed	% of Rights lapsed
Bruce McDonald	Performance	23-Aug-22	61,206	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	31,953	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	38,60,0	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	34,390	$5.88	$7.06	1-Jul-22	(34,390)	-	0.0%
	Service	15-Jun-22	14,357	$12.73	$12.73	1-Apr-24	-	-	-
	Service	28-Jul-21	8,003	$12.40	$12.40	1-Apr-23	-	-	-
Andreas Jonsson	Performance	23-Aug-22	55,631	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	28,468	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	28,722	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	27,467	$5.88	$7.06	1-Jul-22	(27,467)	-	0.0%
	Service	28-Mar-23	22,714	$11.27	$11.27	30-May-25	-	-	-
	Service	15-Jun-22	11,677	$12.73	$12.73	1-Apr-24	-	-	-
	Service	28-Jul-21	6,498	$12.40	$12.40	1-Apr-23	-	-	-
Tim Kilmister	Performance	23-Aug-22	49,441	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	25,161	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	25,485	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	26,062	$5.88	$7.06	1-Jul-22	(26,062)	-	0.0%
	Service	15-Jun-22	10,848	$12.73	$12.73	1-Apr-24	-	-	-
	Service	29-Jul-20	7,060	$7.33	$7.33	1-Apr-22	(7,060)	-	0.0%
Luis Damasceno	Performance	23-Aug-22	62,210	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	33,366	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	40,925	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	35,930	$5.88	$7.06	1-Jul-22	(35,930)	-	0.0%
	Service	28-Mar-23	28,456	$11.27	$11.27	30-May-25	-	-	-
	Service	15-Jun-22	14,843	$12.73	$12.73	1-Apr-24	-	-	-
	Service	28-Jul-21	6,707	$12.40	$12.40	1-Apr-23	-	-	-
Former Executive Director									
Raj Naran	Performance	23-Aug-22	166,938	$10.12	$12.73	1-Jul-25	-	-	-
	Performance	28-Jul-21	112,574	$11.20	$12.40	1-Jul-24	-	-	-
	Performance	29-Jul-20	144,743	$7.38	$7.22	1-Jul-23	-	-	-
	Performance	31-Jul-19	123,359	$5.88	$7.06	1-Jul-22	(123,359)	-	0.0%
	Service	15-Jun-22	27,043	$12.73	$12.73	1-Apr-24	-	-	-
	Service	28-Jul-21	20,159	$12.40	$12.40	1-Apr-23	-	-	-

TABLE 25

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

(b) The number of Performance Rights issued to participants in August 2022 was determined using the volume weighted average price of the Company's shares during the ten trading days following the announcement of the Group's annual financial results. This total includes 15,493 performance rights that were granted to Mr Deane in August 2022 in accordance with the 2022 LTI Plan but were inadvertently omitted from the Director's Initial Interest notice on his appointment as Acting CEO on 7th March 2023. In accordance with best practice, and in accordance with the requirements of the Listing Rules, shareholder approval will be sought for the issue of these performance rights at the upcoming Annual General Meeting.

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

End of remuneration report

EVENTS SUBSEQUENT TO REPORTING DATE

Increase of loan facility

In May 2023, the Group has entered into new additional two-year bilateral revolving multi-currency senior bank facilities totalling USD100 million (AUD149.3 million) with three of its existing bank Lenders. Following the availability of these new bilateral facilities, liquidity available to the Group increases to a revised total of AUD574 million, and the proforma weighted average debt maturity for the Group is expected to be 5.3 years.

Appointment of new CEO and Managing Director

As announced to the ASX on 8 May 2023, the Board has appointed Malcolm Deane as the new CEO and Managing Director of the Company. Malcolm had previously been appointed as the Interim CEO and Managing Director effective from 7 March, following the resignation of the former CEO and Managing Director with effect from this date.

Acquisitions post balance date

Subsequent to 31 March 2023, the Group entered into the following sale purchase agreements. These purchases are either complete or expected to be completed in the near term and are subject to normal terms and conditions precedent. The acquisitions and their expected purchase price are as follows:

Business Acquired	ALS Segment	Consideration $m
ASR Laboratorios Group (Brazil)	Life Sciences	13.5
Hidro Lab d.o.o. (Croatia)	Life Sciences	3.1
Analytical Solutions Group (India)	Life Sciences	28.0

LIKELY DEVELOPMENTS

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

DIRECTORS' INTERESTS

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

	No. of Ordinary shares
Bruce Phillips	60,160
John Mulcahy	79,027
Charlie Sartain	90,000
Tonianne Dwyer	27,148
Siddhartha Kadia	9,380
Leslie Desjardins	14,100
Peter Possemiers	11,470
Malcolm Deane	-

DIRECTORS' MEETINGS

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

	Board Meetings		Audit and Risk Committee Meetings (1)		People Committee Meetings (1)		Sustainability and Innovation Committee Meetings (1)		Nomination Committee Meetings (1)	
	A	B	A	B	A	B	A	B	A	B
Bruce Phillips	12	12	-	-	3	3	-	-	3	3
Raj Naran	10	10	-	-	-	-	-	-	-	-
John Mulcahy	12	12	4	4	3	3	-	-	3	3
Charlie Sartain	12	11	4	4	-	-	2	2	3	3
Tonianne Dwyer	12	12	-	-	3	3	2	2	3	3
Siddhartha Kadia	12	11	-	-	3	3	2	1	3	3
Leslie Desjardins	12	12	4	4	-	-	-	-	3	3
Peter Possemiers	4	4	-	-	-	-	1	1	1	1
Malcolm Deane	1	1	-	-	-	-	-	-	-	-

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

B – Number of meetings attended

(1) – All non-member directors generally attend Committee meetings on a standing invitation basis.

NON-AUDIT SERVICES

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

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

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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

In millions of AUD	2023	2022
Services other than audit and review of financial statements:		
Other non-assurance services	0.1	0.1
	0.1	0.1

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

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 103 and forms part of the directors' report for the financial year ended 31 March 2023.

Rounding off

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

Signed in accordance with a resolution of the directors:

Bruce Phillips
Chairman
Brisbane
29 May 2023

Malcolm Deane
CEO & Managing Director
Brisbane
29 May 2023

2023 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

In millions of AUD	Note	2023	2022
Continuing operations			
Revenue	*1c*	2,279.2	1,951.8
Expenses	*1d*	(1,693.3)	(1,490.7)
Other expenses	*1f*	-	(20.4)
Share of profit of equity-accounted investees, net of tax		2.5	9.0
Profit before financing costs, depreciation, and amortisation (EBITDA)		588.4	449.8
Amortisation on right-of-use assets		(54.3)	(43.6)
Amortisation and depreciation		(98.1)	(87.6)
Profit before net financing costs (EBIT)		436.0	318.5
Finance income		5.4	1.4
Finance cost on loans and borrowings		(40.9)	(32.0)
Finance cost on deferred consideration		(2.1)	(1.3)
Finance cost on lease liabilities		(7.7)	(6.7)
Net financing costs		(45.3)	(38.5)
Profit before tax		390.7	280.0
Income tax expense	*6a*	(114.4)	(88.4)
Profit from continuing operations		276.3	191.6
Discontinued operations			
Profit of discontinued operations, net of tax	*1e*	16.2	0.6
Profit for the year		292.5	192.2
Profit attributable to:			
Equity holders of the company		291.2	190.5
Non-controlling interest		1.3	1.7
Profit for the year	*3b*	292.5	192.2
Other comprehensive income			
Other comprehensive items that may be reclassified to profit and loss in subsequent periods:			
Foreign exchange translation		142.0	(5.4)
Income on hedge of net investments in foreign subsidiaries, net of tax		(26.5)	12.7
(Loss) on cash flow hedges, net of tax		(3.4)	(0.1)
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods, net of income tax		112.1	7.2
Other comprehensive items that will not be reclassified to profit and loss in subsequent periods:			
Share of other comprehensive profit/(loss) of an associate		18.2	(0.4)
Net (loss) on equity instruments designated at fair value through OCI		(0.2)	-
Other comprehensive (loss) that will not be reclassified to profit and loss in subsequent periods, net of income tax		18.0	(0.4)
Other comprehensive income/(loss) for the year, net of tax		130.1	6.8
Total comprehensive income for the year		422.6	199.0
Total comprehensive income attributable to:			
Equity holders of the company		421.3	197.3
Non-controlling interest		1.3	1.7
Total comprehensive income for the year		422.6	199.0
Earnings per share			
Basic earnings per share attributable to equity holders	*1b*	60.23	39.45
Diluted earnings per share attributable to equity holders	*1b*	59.96	39.26
Basic earnings per share attributable to equity holders from continuing operations	*1b*	56.88	38.56
Diluted earnings per share attributable to equity holders from continuing operations	*1b*	56.62	38.38

The notes on pages 75 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

In millions of AUD	*Note*	**2023**	**2022**
Current assets			
Cash and cash equivalents	*3a*	179.6	122.8
Trade and other receivables	*2a*	416.6	386.6
Inventories	*2c*	101.3	71.2
Other assets	*2h*	55.8	61.3
Total current assets		**753.3**	**641.9**
Non-current assets			
Investment property	*2f*	9.8	9.9
Investments accounted for using the equity method		283.7	240.9
Deferred tax assets	*6b*	24.3	41.8
Property, plant and equipment	*2e*	580.8	494.6
Right-of-use assets	*4f*	231.7	198.8
Intangible assets	*2g*	1,413.9	1,194.8
Other assets	*2h*	32.7	21.5
Total non-current assets		**2,576.8**	**2,202.3**
Total assets		**3,330.1**	**2,844.2**
Current liabilities			
Trade and other payables	*2d*	346.3	310.8
Loans and borrowings	*3d*	179.5	342.3
Employee benefits		58.4	67.2
Other liabilities	*2h*	28.6	18.3
Total current liabilities		**612.8**	**738.6**
Non-current liabilities			
Loans and borrowings	*3d*	1,268.7	895.3
Deferred tax liabilities	*6b*	22.5	26.2
Employee benefits		7.9	8.0
Other liabilities	*2h*	40.0	45.4
Total non-current liabilities		**1,339.1**	**974.9**
Total liabilities		**1,951.9**	**1,713.5**
Net assets		**1,378.2**	**1,130.7**
Equity			
Share capital	*4b*	1,326.1	1,321.0
Reserves		(8.7)	(124.7)
Retained earnings		49.5	(76.2)
Total equity attributable to equity holders of the company		**1,366.9**	**1,120.1**
Non-controlling interest		11.3	10.6
Total equity		**1,378.2**	**1,130.7**

The notes on pages 75 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

In millions of AUD	Note	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 31 March 2021		**1,304.6**	**(144.5)**	**3.6**	**9.8**	**(114.8)**	**1,058.7**	**10.8**	**1,069.5**
Profit for the year		-	-	-	-	190.5	190.5	1.7	192.2
Other comprehensive income		-	7.3[19]	(0.2)	-	(0.3)	6.8	-	6.8
Total comprehensive income for the period		-	7.3	(0.2)	-	190.2	197.3	1.7	199.0
Transactions with owners in their capacity as owners:									
Dividends to equity holders	*4b*	-	-	-	-	(146.6)	(146.6)	(1.2)	(147.8)
Shares issues under dividend reinvestment plan (1,285,575 shares @ $12.88 per share)		16.6	-	-	-	-	16.6	-	16.6
Equity-settled performance rights awarded and vested	*4b*	(0.2)	-	(0.1)	(0.6)	(5.0)	(5.9)	-	(5.9)
Total contributions and distributions to owners		16.4	-	(0.1)	(0.6)	(151.6)	(135.9)	(1.2)	(137.1)
Changes in ownership interests									
Capital raising by subsidiary		-	-	-	-	-	-	0.2	0.2
Non-controlling interest ownership of subsidiary acquired		-	-	-	-	-	-	(0.9)	(0.9)
Total changes in ownership interest		-	-	-	-	-	-	(0.7)	(0.7)
Total transactions with owners		16.4	-	(0.1)	(0.6)	(151.6)	(135.9)	(1.9)	(137.8)
Balance 31 March 2022		**1,321.0**	**(137.2)**	**3.3**	**9.2**	**(76.2)**	**1,120.1**	**10.6**	**1,130.7**
Profit for the year		-	-	-	-	291.2	291.2	1.3	292.5
Other comprehensive income		-	115.4	(3.4)	-	18.2	130.3	-	130.3
Total comprehensive income for the period		-	115.4	(3.4)	-	309.4	421.5	1.3	422.8
Transactions with owners in their capacity as owners:									
Dividends to equity holders	*4b*	-	-	-	-	(180.5)	(180.5)	(1.3)	(181.9)
Shares issues under dividend reinvestment plan (456,340 shares @ $11.59 per share)	*4b*	5.3	-	-	-	-	5.3	-	5.3
Equity-settled performance rights awarded and vested		(0.3)	-	(0.1)	4.1	(3.1)	0.5	-	0.5
Total contributions and distributions to owners		5.0	-	(0.1)	4.1	(183.7)	(174.7)	(1.3)	(176.0)
Changes in ownership interests									
Capital raising by subsidiary		-	-	-	-	-	-	0.7	0.7
Total changes in ownership interest		-	-	-	-	-	-	0.7	0.7
Total transactions with owners		5.0	-	(0.1)	4.1	(183.7)	(174.7)	(0.6)	(175.4)
Balance 31 March 2023		**1,326.1**	**(21.8)**	**(0.1)**	**13.3**	**49.5**	**1,366.9**	**11.3**	**1,378.2**

The notes on pages 75 to 114 are an integral part of these consolidated financial statements.

[19] *The movement includes $26.9 million of cumulative FCTR on intercompany loans to foreign subsidiaries that was realised during the year ended 31 March 2023 and reclassified as an expense in the profit and loss.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

In millions of AUD	Note	2023	2022
Cash flows from operating activities			
Cash receipts from customers		2,697.9	2,334.7
Cash paid to suppliers and employees		(2,124.7)	(1,902.8)
Cash generated from operations		573.2	431.9
Interest paid		(48,8)	(40.4)
Interest received		5.4	1.4
Income taxes paid		(89.9)	(106.1)
Net cash from operating activities	*3b*	439.9	286.8
Cash flows from investing activities			
Payments for property, plant and equipment		(146.1)	(118.9)
Loans (to)/from associate entities		6.0	(0.3)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	*5a*	(181.7)	(53.7)
Deferred and contingent consideration payments for acquisitions of controlled entities		(50.5)	(11.2)
Acquisition of investment in Nuvisan	*2i*	-	(226.7)
Proceeds from business divestments		98.9	-
Dividend from associates		3.6	2.7
Proceeds from sale of other non-current assets		2.8	2.2
Net cash (used in) investing activities		(267.0)	(405.9)
Cash flows from financing activities			
Proceeds from borrowings		640.7	407.8
Repayment of borrowings		(532.4)	(153.9)
Principal portion of lease payments		(52.9)	(45.2)
Dividends paid		(176.6)	(131.3)
Net cash (used in)/from financing activities		(121.2)	77.4
Net movement in cash and cash equivalents		51.7	(41.7)
Cash and cash equivalents 1 April		122.8	168.6
Effect of exchange rate fluctuations on cash held		5.1	(4.1)
Cash and cash equivalents 31 March	*3a*	179.6	122.8

The notes on pages 75 to 114 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

About this report

ALS Limited (the "Company") is a for-profit company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2023 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

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

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

1. FINANCIAL OVERVIEW

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

1a. Operating segments

1b. Earnings per share

1c. Revenue

1d. Expenses (continuing operations)

1e. Discontinued operations

1f. Other expenses

1a. Operating segments

The Group has two reportable segments, as described below, representing two distinct strategic business units each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Commodities – provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies and provides specialist services to the coal industry such as coal sampling, analysis and certification, formation evaluation services, tribology testing services and related analytical testing.
- Life Sciences – provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, consumer products, and animal health.

1a. Operating segments (continued)

2023 *In millions of AUD*	Commodities Statutory	Life Sciences Non-Statutory[20]	Life Sciences 49% Nuvisan[21]	Life Sciences Statutory excl Nuvisan[22]	Other Statutory[23]	Continuing Consolidated non-Statutory[24]	Elimination Nuvisan[25]	Continuing consolidated Statutory	Dis -continued	Con-solidated Statutory
Revenue	1,087.1	1,334.1	142.0	1,192.1	-	2,421.2	(142.0)	2,279.2	121.7	2,400.9
Africa	54.5	-	-	-	-	54.5	-	54.5	-	54.5
Asia/Pacific	428.4	336.2	-	336.2	-	764.6	-	764.6	118.9	883.5
Europe/Middle East	125.3	531.1	142.0	389.1	-	656.4	(142.0)	514.5	-	514.5
Americas	478.9	466.8	-	466.8	-	945.7	-	945.7	2.8	948.4
Underlying EBITDA[26]	390.3	302.9	22.9	280.0	(45.2)	648.0	(25.7)	622.3	11.8	634.1
Amortisation on right-of-use assets	(26.7)	(38.4)	(11.0)	(27.4)	(0.2)	(65.3)	11.0	(54.3)	(2.9)	(57.2)
Depreciation and amortisation	(33.6)	(57.6)	(3.8)	(53.8)	(0.8)	(92.0)	3.8	(88.2)	(3.2)	(91.4)
Underlying EBIT[26]	330.3	206.9	8.1	198.8	(46.2)	490.7	(10.9)	479.7	5.6	485.5
Restructuring & other items, including net COVID-19 subsidies[26]	(0.4)	(10.4)	(1.6)	(8.8)	(12.2)	(23.0)	1.6	(21.4)	-	(21.4)
Amortisation of intangibles	-	-	-	-	(9.9)	(9.9)	-	(9.9)	-	(9.9)
Segment EBIT[26]	329.6	196.5	6.5	190.0	(68.3)	457.8	(9.3)	448.5	5.6	454.1
Net interest	(3.3)	(4.7)	(0.6)	(4.1)	(37.9)	(45.9)	0.6	(45.3)	(0.3)	(45.6)
Segment profit/(loss) before income tax	326.3	191.8	5.9	185.9	(106.2)	411.9	(8.7)	403.2	5.3	408.5
Underlying EBIT margin[26]	30.4%	15.5%	5.7%	16.7%		20.3%		21.0%	4.6%	20.2%
Underlying EBITDA margin[26]	35.9%	22.7%	16.1%	23.5%		26.8%		27.3%	9.7%	26.4%
Segment Assets	1,167.7	-	-	1,928.0	30.5	3,126.2	-	3,126.2	-	3,126.2
Cash and cash equivalents										179.6
Tax assets										24.3
Total assets per the balance sheet										3,330.1
Segment liabilities	(264.3)	-	-	(404.5)	(29.4)	(698.2)	-	(698.2)	-	(698.2)
Loans and borrowings										(1,202.6)
Tax liabilities										(51.1)
Total liabilities per the balance sheet										(1,951.9)

20 Includes Life Sciences Statutory results plus 49% of Nuvisan's revenue and expenses, non-IFRS.
21 49% of Nuvisan's revenue and expenses.
22 EBIT and EBITDA excludes the Group's share of loss in Nuvisan of $2.9 million.
23 Represents unallocated corporate costs. Net expenses of $46.2 million in 2023 comprise net foreign exchange gains of $2.4 million and other corporate costs of $48.6 million.
24 Consolidated statutory results plus 49% of Nuvisan's revenue and expenses, excluding the Group's share of loss in Nuvisan of $2.9 million, non -IFRS
25 49% of Nuvisan revenue and expenses plus the Group's share of loss in Nuvisan of $2.9 million.
26 Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosure and are unaudited. The terms 'Underlying' and 'Restructuring & other items" are defined in the Directors' report.

1a. Operating segments (continued)

2022	Commodities Statutory	Life Sciences Non-Statutory[27]	Life Sciences 49% Nuvisan[28]	Life Sciences Statutory excl Nuvisan[29]	Other Statutory[30]	Continuing Consolidated non-Statutory[31]	Elimination Nuvisan[32]	Continuing consolidated Statutory	Discontinued	Consolidated Statutory
Revenue	886.5	1,139.1	73.8	1,065.3	-	2,025.6	(73.8)	1,951.8	141.3	2,093.1
Africa	45.5	-	-	-	-	45.5	-	45.5	-	45.5
Asia/Pacific	352.8	294.4	-	294.4	-	647.2	-	647.2	128.7	775.8
Europe/Middle East	109.0	443.7	73.8	369.9	-	552.7	(73.8)	478.9	-	478.9
Americas	379.2	401.1	-	401.1	-	780.3	-	780.3	12.6	793.0
Underlying EBITDA[33]	302.8	276.5	19.1	257.4	(46.3)	533.0	(14.2)	518.8	14.2	533.0
Amortisation on right-of-use assets	(18.8)	(30.9)	(6.2)	(24.7)	(0.2)	(49.9)	6.2	(43.6)	(3.5)	(47.2)
Depreciation and amortisation	(28.7)	(50.8)	(2.3)	(48.5)	(0.9)	(80.4)	2.3	(78.0)	(4.1)	(82.1)
Underlying EBIT[33]	255.4	194.8	10.6	184.2	(47.4)	402.8	(5.7)	397.1	6.6	403.7
Restructuring & other items, including net COVID-19 subsidies[33]	(12.1)	(13.3)	-	(13.3)	(43.6)	(69.1)	-	(69.1)	(3.7)	(72.7)
Amortisation of intangibles	-	-	-	-	(9.6)	(9.6)	-	(9.6)		(9.6)
Segment EBIT[33]	243.3	181.5	10.6	170.9	(100.6)	324.2	(5.7)	318.5	2.9	321.4
Net interest	(2.5)	(4.3)	(0.2)	(4.1)	(31.9)	(38.7)	0.2	(38.5)	(0.5)	(39.0)
Segment profit/(loss) before income tax	240.7	177.2	10.4	166.8	(132.5)	285.4	(5.5)	279.9	2.5	282.4
Underlying EBIT margin[33]	28.8%	17.1%	14.4%	17.3%		19.9%		19.9%		19.3%
Underlying EBITDA margin[33]	34.2%	24.3%	25.9%	24.2%		26.3%		26.3%		25.5%
Segment Assets	1,001.9	-	-	1,541.3	41.3	2,584.5	-	2,584.5	95.2	2,679.6
Cash and cash equivalents										122.8
Tax assets										41.8
Total assets per the balance sheet										2,844.2
Segment liabilities	(221.5)	-	-	(362.0)	(21.4)	(604.9)	-	(604.9)	(39.7)	(644.6)
Loans and borrowings										(1,024.4)
Tax liabilities										(44.5)
Total liabilities per the balance sheet										(1,713.5)

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

28 *49% of Nuvisan's revenue and expenses.*

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

30 *Represents unallocated corporate costs. Net expenses of $47.4 million in 2023 comprise net foreign exchange gain of $2.6 million and other corporate costs of $50.0 million.*

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

32 *49% of Nuvisan revenue and expenses plus the Group's share of profit in Nuvisan of $4.9 million.*

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

Geographical segments

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

In millions of AUD	Consolidated			
	2023		2022	
	Revenues	Non-current assets	Revenues	Non-current assets
Africa	54.5	28.7	45.5	24.2
Asia/Pacific	883.5	812.7	775.8	737.3
EMENA	514.5	766.0	478.9	648.6
Americas	948.4	969.4	792.9	792.2
Total	2,400.9	2,576.8	2,093.1	2,202.3

Accounting policy – Operating segments

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

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

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

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

1b. Earnings per share

Cents per share	Consolidated 2023	2022
Basic earnings per share	60.23c	39.45c
Diluted earnings per share	59.96c	39.26c
Basic earnings per share from continuing operations	56.88c	38.56c
Diluted earnings per share from continuing operations	56.62c	38.38c
Basic earnings per share from discontinued operations	3.35c	0.89c
Diluted earnings per share from discontinued operations	3.34c	0.89c

BASIC AND DILUTED EARNINGS PER SHARE

The calculations of both basic and diluted earnings per share were based on the profit attributable to equity holders of the Company of $291.2 million profit (2022: $190.5 million).

BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

The calculations of both basic and diluted earnings per share from continuing operations were based on the profit attributable to equity holders of the Company of $275.0 million profit (2022: $186.2 million).

BASIC AND DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS

The calculations of both basic and diluted earnings per share from discontinued operations were based on the gain of discontinued operations of $16.2 million profit (2022: $4.3 million).

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC AND DILUTED)

In millions of shares	Note	Consolidated 2023	2022
Issued ordinary shares 1 April	*4b*	483.7	482.4
Weighted average number of ordinary shares 31 March (Basic)		483.7	482.4
Effect of shares issued Dec 2022 (DRP)		(0.2)	0.5
		483.5	482.9
Effect of potential shares relating to performance rights granted to employees as compensation, but not yet vested		2.2	2.3
Weighted average number of ordinary shares 31 March (Diluted)		485.7	485.2

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ACCOUNTING POLICY – EARNINGS PER SHARE

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

1c. Revenue

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

DISAGGREGATION OF REVENUE

Revenue is disaggregated by geographical locations of external customers.

Disaggregation of revenue from continuing operations

In millions of AUD	Consolidated	
	2023	**2022**
Africa	54.5	45.5
Asia/Pacific	764.6	647.2
EMENA	514.5	478.9
Americas	945.7	780.3
Total revenue	2,279.2	1,951.8

ACCOUNTING POLICY – REVENUE

Services rendered

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

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

Once services are rendered, the customer is invoiced, and payment is due as per the terms of the agreement, typically between 30-90 days.

For long-term projects, the Group recognise revenue in the profit and loss statement over time. Revenue from these projects is recognised based on the measure of progress. When the Group has a right to consideration from a customer at the amount corresponding directly to the customer's value of the performance completed to date, revenue is recognised in the amount to which the Group has a right to invoice.

Long-term contract invoices are issued per contractually agreed instalments and prices, with payment due typically between 30-90 days from invoicing.

Dividend Income

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

1d. Expenses (continuing operations)

Profit before income tax includes the following specific expenses:

In millions of AUD	*Note*	Consolidated	
		2023	**2022**
Employee expenses		983.9	851.1
Raw materials and consumables		252.2	224.4
Occupancy costs		133.2	109.9
External service costs		62.1	51.2
Equity-settled share-based payment transactions	*8a*	7.9	5.3
Contributions to defined contribution post-employment plans – incl in employee expenses above		50.6	42.7
Loss on sale of property plant and equipment		0.8	7.8
Net (gain)/loss on foreign exchange		(2.4)	(2.6)

ACCOUNTING POLICY – EXPENSES

Finance income and finance expense

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

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

Foreign currency gains and losses

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

DEFINED CONTRIBUTION SUPERANNUATION FUNDS

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

Short-term service benefits

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

Long-term service benefits

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

Share-based payment transactions

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

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

1e. Discontinued operations

	Consolidated	
In millions of AUD	**2023**	**2022**
Revenue	121.7	141.3
Amortisation and depreciation	(6.1)	(7.6)
Other expenses	(109.8)	(130.8)
Results from operations	5.8	2.9
Gain on disposal	12.3	-
Interest	(0.3)	(0.5)
Profit of discontinued operations	17.8	2.4
Income tax	(1.6)	(1.8)
Profit of discontinued operations, net of tax	16.2	0.6
Basic earnings per share from discontinued operations	3.35	0.89
Diluted earnings per share from discontinued operations	3.34	0.89

Cash flows from discontinued operations

	Consolidated	
In millions of AUD	**2023**	**2022**
Net cash from operating activities	5.2	(0.8)
Net cash from investing activities	(1.3)	(3.9)
Net cash from financing activities	(4.4	(4.4)
Net cash from discontinued operations	(0.5)	(9.1)

1f. Other expenses

During FY22 the Group repaid and expensed to the profit and loss account net JobKeeper of $3.0 million and net CEWS of $20.4 million, after deducting costs associated with the repayment.

In millions of AUD	Consolidated	
	2023	**2022**
Covid-19 subsidies & grants (repaid)/received, net of costs	-	(23.4)
	-	(23.4)

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2. CAPITAL EMPLOYED: WORKING CAPITAL AND OTHER INSTRUMENTS

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

2a. Trade and other receivables

2b. Related party transactions

2c. Inventories

2d. Trade and other payables

2e. Property, plant & equipment

2f. Investment property

2g. Intangible assets

2h. Other assets and liabilities

2i. Investments accounted for using the equity method

2a. Trade and other receivables

In millions of AUD	Consolidated 2023	2022
Current		
Trade receivables	341.9	321.8
Other receivables	74.7	64.8
	416.6	386.6
Aging of trade receivables		
Current	206.8	202.9
30 days	91.3	78.2
60 days	22.6	22.2
90 days and over	29.9	24.8
Total	350.6	328.1
Allowance for expected credit loss		
Opening balance	6.3	8.9
Write off	(2.3)	(4.3)
Movement in provision	4.7	1.7
Closing balance	8.7	6.3

Trade receivables are shown net of allowance for expected credit losses of $8.7 million (2022: $6.3 million) and are all expected to be recovered within 12 months. Expected credit loss allowances on trade receivables charged as part of operating costs was $3.8 million (2022: $1.3 million).

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

Other receivables of $74.7 million (2022: $64.8 million) largely comprises amounts related to VAT receivable and services completed not contractually invoiced, all within payment terms.

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

ACCOUNTING POLICY – TRADE AND OTHER RECEIVABLES

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

2b. Related party transactions

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

All receivables and payables to and from related parties, except for related party borrowings are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided to any related party. For the period ended 31 March 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: nil).

In thousands AUD	%	Sales to related parties*	Consolidated 2023	2022
Australian Laboratory Services Arabia Co. Ltd.	42%	5,715.5	1,192.4	481.0
ALS Technichem (M) Sdn Bhd	40%	402.0	290.0	812.1
PT. ALS Indonesia	20%	107.6	96.3	112.8
		6,225.1	1,578.7	1,405.9

** Period ended 31 March 2023*

2c. Inventories

In millions of AUD	Consolidated 2023	2022
Raw materials and consumables	95.2	64.3
Work in progress	4.9	5.9
Finished goods	1.2	1.0
	101.3	71.2

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

ACCOUNTING POLICY

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

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

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

2d. Trade and other payables

In millions of AUD	Consolidated 2023	2022
Trade payables	100.7	72.8
Contract liabilities	38.6	20.7
Contingent consideration and deferred payments relating to acquisitions	37.9	63.0
Other payables and accrued expenses	169.1	154.3
	346.3	310.8

ACCOUNTING POLICY

Trade and other payables

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

Provisions

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

Contract Liabilities

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

2e. Property, plant & equipment

In millions of AUD	Freehold land and buildings	Plant and equipment	Leasehold improvements	Capital works in progress	Total
At cost	235.8	826.8	173.3	25.2	1,261.1
Accumulated depreciation	(67.1)	(623.2)	(116.6)	-	(806.9)
Net book amount 1 April 2021	168.7	203.6	56.7	25.2	454.2
Additions	8.0	94.4	10.1	3.4	115.9
Additions through business combinations	1.1	2.1	-	4.2	7.4
Disposals	(1.8)	(4.0)	(0.7)	-	(6.5)
Transfers	0.1	0.1	(0.1)	0.6	0.7
Depreciation expense	(7.1)	(61.4)	(9.4)	-	(77.9)
Exchange differences	(1.6)	1.6	0.5	0.4	0.8
Net book amount 31 March 2022	167.4	236.4	57.1	33.8	494.6
At cost	240.5	878.0	176.8	33.8	1,329.1
Accumulated depreciation	(73.1)	(641.6)	(119.7)	-	(834.5)
Net book amount 1 April 2022	167.4	236.4	57.1	33.8	494.6
Additions	3.9	97.4	10.4	26.8	138.5
Additions through business combinations	5.5	18.1	0.5	0.3	24.4
Disposals	(1.1)	(9.7)	(0.3)	(1.2)	(12.3)
Transfers	(3.7)	2.6	1.4	(4.3)	(4.0)
Depreciation expense	(6.6)	(70.1)	(10.4)	-	(87.1)
Exchange differences	8.5	12.3	4.5	1.5	26.8
Net book amount 31 March 2023	173.7	287.0	63.2	56.9	580.8
At cost	260.2	911.0	180.8	56.9	1,409.0
Accumulated depreciation	(86.4)	(624.0)	(117.6)	-	828.2
Net book amount 31 March 2023	173.7	287.0	63.2	56.9	580.8

ACCOUNTING POLICY – PROPERTY, PLANT & EQUIPMENT

Owned assets

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

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

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

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

Borrowing costs

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

Reclassification to investment property

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

Subsequent costs

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

Depreciation

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

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

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

2f. Investment property

In millions of AUD	Consolidated	
	2023	2022
Carrying amount at the beginning of the year	9.9	9.8
Additions	-	0.2
Depreciation	(0.1)	(0.1)
Carrying amount at end of year	9.8	9.9

Investment property comprises a commercial property leased to a third party. The current lease expired in September 2022 and is rolling on a monthly basis while the extension is under negotiation. See note 4f (Leases) for further information.

Fair value of the property is estimated to be $26.0 million (2022: $26.0 million) based on a capitalisation rate of 6.1% (2022: 6.1%).

ACCOUNTING POLICY – INVESTMENT PROPERTY

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

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2g. Intangible assets

In millions of AUD	Goodwill	Purchased trademarks & brand names	Customer Relationships	Technology & Non-Compete Agreements	Software	Total
	Consolidated					
Balance 1 April 2021	**1,073.7**	**0.5**	**61.2**	**0.6**	**15.0**	**1,151.0**
Additions through business combinations	36.2	-	7.5	0.4	-	44.1
Additions	-	-	-	-	3.2	3.2
Transfer	-	-	-	-	(0.3)	(0.3)
Amortisation	-	(0.2)	(9.1)	(0.2)	(4.2)	(13.7)
Effect of movements in foreign exchange	8.7	0.1	1.6	(0.1)	0.2	10.5
Balance 31 March 2022	**1,118.6**	**0.4**	**61.2**	**0.7**	**13.9**	**1,194.8**
Additions through business combinations	153.3	0.3	39.6	0.1	0.9	194.2
Additions	-	-	-	-	7.6	7.6
Transfer	-	-	-	-	(0.9)	(0.9)
Disposal	(39.8)	-	-	-	(1.9)	(41.7)
Amortisation	-	-	(10.2)	(0.2)	(4.2)	(14.6)
Effect of movements in foreign exchange	68.6	-	5.4	0.1	0.4	74.5
Balance 31 March 2023	**1,300.7**	**0.7**	**96.0**	**0.7**	**15.8**	**1,413.9**

IMPAIRMENT TESTS FOR CASH GENERATING UNITS CONTAINING GOODWILL

Calculation of recoverable amounts

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

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

Carrying value	Consolidated	
In millions of AUD	**2023**	**2022**
ALS Commodities	529.2	423.2
ALS Life Sciences	771.5	590.0
ALS Industrial	-	105.4
	1,300.7	1,118.6

On 1 April 2022 the Group implemented a new 5-year Strategic Plan which has facilitated a change in the process to service both its clients and necessitate a reorganisation of management reporting lines to align to the new global service line model. As a result of the reorganisation, the Group revised its CGU's and changed the level that goodwill is monitored to reflect the information being reviewed by the Chief Operating Decision Maker i.e., ALS Commodities and ALS Life Sciences. The goodwill reallocation was confined within CGU's such that at a segment level, no change in goodwill carrying values result.

The former ALS Industrial CGU previously comprised both the Asset Care and Tribology business units. With the disposal of the Asset Care business occurring during FY23, the remaining Tribology business was reclassified within ALS Commodities. Refer note 1e.

The value in use calculations performed for all cash generating units use cash flow projections based on actual operating results, the Board approved budget for FY24, and forecasts drawn from FY25 to FY28 which are based on management's estimates of underlying economic conditions, past financial results, and other factors anticipated to impact the cash generating units' performance. The terminal value of all CGU's has been forecasted using a nominal growth rate of 2.75%.

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

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

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

In millions of AUD	
ALS Commodities	13.6%
ALS Life Sciences	11.2%

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

The determination of the recoverable amounts of the Group's cash generating units involves significant estimates and judgements and the results are subject to the risk of adverse and sustained changes in the key markets and/or geographies in which the Group operates. Sensitivity analyses performed indicate a reasonably possible change in any of the key assumptions for the Group's remaining CGUs would not result in impairment.

ACCOUNTING POLICY – INTANGIBLE ASSETS

Goodwill

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

Subsequent measurement

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

Other intangible assets

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

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

Subsequent expenditure

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

Amortisation

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

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

- Capitalised computer software 3-10 Years
- Trademarks and brand names 2-5 Years
- Customer relationships & contracts 1-15 Years
- Technology & Non-Compete Agreements 4 Years

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

2h. Other assets and liabilities

In millions of AUD	Consolidated	
	2023	2022
Other assets and liabilities		
Current assets		
Prepayments	47.4	41.8
Promissory note	-	13.8
Other	8.4	5.7
	55.8	61.3
Non-current assets		
Related party loans	1.6	1.4
Fair value derivative	-	4.8
Investments in other corporations	8.3	7.7
Other	22.8	7.6
	32.7	21.5
Current liabilities		
Income tax	28.6	18.3
	28.6	18.3
Non-current liabilities		
Related party loans	6.2	-
Contingent consideration and deferred payments relating to acquisitions	30.1	40.2
Other	3.7	5.2
	40.0	45.4

2i. Investments accounted for using the equity method

The Group has a 49% shareholding in both Nuvisan GmbH and Nuvisan ICB GmbH (collectively Nuvisan), both pharmaceutical testing companies with operations in Germany and France. Both entities are private entities not listed on any public exchange. The Group's interest in Nuvisan is accounted for using the equity method in the consolidated financial statements.

The 49% ownership interest in Nuvisan, and the 51% interest in Nuvisan not owned by the Group, are subject to a put and call option arrangement (the Option). Option exercise dates range from 1 January 2024 to 30 September 2026 and the availability of certain options is subject to 3rd party approval. If exercised, the Option could result in a change in the Group's ownership interest, including the disposal of Nuvisan ICB GmbH or the purchase of the 51% interest in Nuvisan not already owned; the exercise price under the Option to acquire that interest is 13 times the attributable adjusted EBITDA for the 12-month period preceding the exercise of the option. At 31 March 2023 the Group is under no obligation to pay or receive any amounts under the Option.

The Option is a derivative financial instrument carried at fair value, and at 31 March 2023 was estimated to have a fair value of nil.

The following table illustrates the summarised financial information of the Group's investment in Nuvisan.

In millions of AUD	2023	2022
Current assets	138.2	139.9
Non-current assets	234.4	258.6
Current liabilities	(146.0)	(140.0)
Non-current liabilities	(161.9)	(229.0)
Equity	64.7	29.5
Group's share in equity 49%	31.7	14.5
Goodwill	169.0	154.4
Other intangibles	94.4	86.2
Amortisation of intangibles	(16.2)	(4.9)
Deferred tax liability	(23.5)	(24.4)
Foreign currency translation reserve	2.5	(3.6)
Group's carrying amount of investment	257.9	222.2
Revenue	289.7	150.6
Expenses	(291.1)	(141.3)
Other income	14.1	12.3
Financing costs	(1.2)	(0.4)
Profit before tax	11.5	21.2
Income tax expense	(1.9)	(4.1)
Profit for the year	9.6	17.1
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	37.2	(0.9)
Total comprehensive income for year	46.8	16.2
Group's share of net profit for year at 49%	4.7	8.4
Amortisation of intangibles	(7.6)	(3.5)
Group's share of net (losses)/profit for year	(2.9)	4.9

The associate requires the Group's consent to distribute its profits.

The Group has a loan payable of $6.2 million (2022: Nil) to Nuvisan as at 31 March 2023.

The associate had no contingent liabilities or capital commitments as at 31 March 2023.

3. NET DEBT

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

3a. Cash and cash equivalents

3b. Reconciliation of operating profit to net cash

3c. Reconciliation of liabilities arising from financing activities

3d. Loans and borrowings

3a. Cash and cash equivalents

In millions of AUD	Consolidated	
	2023	2022
Cash and cash equivalents in the statement of cash flows	179.6	122.8

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

ACCOUNTING POLICY – CASH AND CASH EQUIVALENTS

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

3b. Reconciliation of operating profit to net cash

In millions of AUD	Consolidated	
	2023	2022
Profit for the period	292.5	192.2
Adjustments for:		
Amortisation and depreciation	158.6	138.9
Loss on sale of property plant and equipment	2.3	3.9
Accrued interest on deferred consideration	2.2	-
Gain on sale of Asset Care	(12.3)	-
Share-settled performance rights amounts recognised during the year	(7.2)	(11.0)
Share of associates and joint venture net profit	(2.5)	(9.0)
Net non-cash expenses	15.6	0.7
Operating cashflow before changes in working capital and provisions	449.2	315.7
(Increase) in trade and other receivables	(40.9)	(55.9)
(Increase)/decrease in inventories	(17.9)	(7.2)
Increase/(Decrease) in trade and other payables	23.3	50.1
(Decrease)/increase in taxation provisions	26.2	(15.9)
Net cash from operating activities	439.9	286.8

3c. Reconciliation of liabilities arising from financing activities

In millions of AUD	Long-term notes	Bank loans	Lease liabilities	Total
1-Apr-22	775.5	248.9	213.2	**1,237.6**
Net cash flows	12.6	95.7	(52.9)	**55.4**
Non-cash changes				
Acquisition	-	8.5	72.3	**80.8**
Foreign exchange movements	43.8	17.6	13.0	**74.4**
31-Mar-23	831.9	370.7	245.6	**1,448.2**

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

3d. Loans and borrowings

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

In millions of AUD	Consolidated	
Current Liabilities	2023	2022
Bank loans	128.3	46.0
Long term notes	-	253.7
Lease liabilities	51.2	42.6
	179.5	342.3
Non-current liabilities		
Bank loans	242.4	202.9
Long term notes	831.9	521.8
Lease liabilities	194.4	170.6
	1,268.7	895.3

BANK LOANS

The Group maintains revolving bank facilities with a group of six banks totalling USD$350.0 million. These bank facilities will mature in May 2024 (USD$200 million) and May 2026 (USD$150 million). Funding available to the Group from these committed undrawn facilities at 31 March 2023 amounted to $336.0 million (2022: $382.3 million).

The Group maintains a separate bullet maturity fixed rate EUR110.0m bank facility. The EUR funds drawn under this facility will mature in September 2024 (EUR31 million) and October 2023 (EUR79 million) respectively.

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

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans at balance date is 3.4% (2022: 0.9%).

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

LONG-TERM NOTES

The Company's controlled entities Australian Laboratory Services Pty Ltd, ALS Group Finance Pty Ltd, ALS Testing Services Group Inc. and ALS Canada Ltd have issued long-term, fixed rate notes to investors in the US Private Placement market.

The original issuances occurred in July 2019, November 2020 and again in July 2022. The notes are issued in tranches and denominated in Australian dollars, US dollars, Euros, Pound Sterling and Canadian dollars. The notes mature as follows – due November 2030: $285.3 million, due July 2032: $292.1 million and due July 2034: $254.6 million.

Interest is payable semi-annually to noteholders. The weighted average interest rate (incorporating the effect of interest rate contracts) for all long-term notes at balance date is 3.2% (2022: 3.5%).

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

ACCOUNTING POLICY – LOANS AND BORROWINGS

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

4. RISK & CAPITAL MANAGEMENT

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

4a. Financial & capital risk management

4b. Capital & reserves

4c. Financial Instruments

4d. Contingencies

4e. Capital commitments

4f. Leases

4a. Financial & capital risk management

RISK MANAGEMENT FRAMEWORK

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

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

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

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

- Credit risk
- Liquidity risk
- Market risk

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

CREDIT RISK

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

Geographic concentrations of trade receivables are:	2023	2022
Australia	23.1%	29.3%
Canada	10.7%	10.3%
USA	13.0%	13.6%
UK	10.5%	9.8%
Other countries	42.8%	36.9%

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

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

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

LIQUIDITY RISK

The liquidity position of the Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Group maintains over $422.5 million available liquidity, 16.4x interest coverage and weighted average debt maturity of 5.8 years as at 31 March 2023.

The Group is party to a number of bilateral debt facility and long-term note agreements which provide funding for acquisitions and working capital (refer to note 3c) and has entered into new additional bilateral revolving bank facilities totalling USD100m (AUD149m) which have been finalised in May 2023 (refer to note 7e). Following the availability of these new facilities, available liquidity available to the Group increases to a revised total of AUD574m, and the proforma weighted average debt maturity for the Group is expected to be 5.3 years.

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

MARKET RISK

Interest rate risk

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

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

Foreign exchange risk

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

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

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

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

Capital management

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

Capital management involves the use of corporate forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements, including returns to shareholders. The Group monitors gearing and treasury policy breaches and exceptions. The gearing ratio (net debt to net debt plus equity) as at balance date is 42.6% (2022: 44.4%).

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

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4b. Capital & reserves

RECONCILIATION OF MOVEMENT IN CAPITAL

In millions of AUD	Consolidated	
	2023	2022
Issued and paid-up share capital		
484,167,684 ordinary shares fully paid (2022: 483,711,344)	1,326.1	1,321.0
Movements in ordinary share capital		
Balance at beginning of year	1,321.0	1,304.6
Shares issued under dividend reinvestment plan (456,340 @ $11.59 per share)	5.3	16.6
10,418 Net Treasury shares (purchased), vested and issued to employees (2022: -27503)	(0.2)	(0.2)
Balance at end of year	1,326.1	1,321.0

As at the end of year, the total number of treasury shares held by the ALS Limited LTI Plan Trust was 63,488 (2022: 53,070). These treasury shares are held by the Trust to meet the Company's future anticipated equity-settled performance rights obligations in respect of the LTI Plan.

TERMS AND CONDITIONS

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

RESERVES

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities or changes in fair value of derivatives that hedge the Company's net investment in a foreign subsidiary. The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to notes 1d and 8a.

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

DIVIDENDS

Dividends recognised in the current year by the Company are:

In millions of AUD	Cents per share	Franked amount (cents)	Total amount	Date of payment
2023				
Interim 2023 ordinary	20.3	-	98.3	16 Dec 22
Final 2022 ordinary	17.0	5.1	82.2	4 Jul 22
			180.5	
2022				
Interim 2022 ordinary	15.8	4.7	76.2	17 Dec 21
Final 2021 ordinary	14.6	10.2	70.4	5 Jul 21
			146.6	
Dividend declared after the end of the financial year:				
Final 2023 ordinary	19.4	1.9	93.9	6 Jul 23

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

In millions of AUD	Consolidated	
Dividend franking account	2023	2022
30% franking credits available to shareholders of ALS Limited for subsequent financial years	(7.8)	(10.9)

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

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

ACCOUNTING POLICY

Transaction costs

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

Dividends

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

4c. Financial Instruments

LIQUIDITY RISK

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

CONSOLIDATED

As at 31 March 2023 *In millions of AUD*	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Trade and other payables	346.3	-	-	-	-	346.3
Lease liabilities	31.0	27.3	46.4	93.6	80.8	279.1
Long term notes	13.5	13.5	27.0	80.9	952.0	1,086.9
Bank loans	6.8	130.6	138.9	108.6	-	385.0
Contingent consideration and deferred payments relating to acquisitions	10.5	27.4	29.0	1.0	-	67.9
Total	408.2	198.8	241.3	284.1	1,032.8	2,165.2

CONSOLIDATED

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

CURRENCY RISK

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

CONSOLIDATED

	2023			
In millions of AUD	USD	CAD	EUR	GBP
Trade and other receivables	17.8	-	6.0	1.2
Cash at bank	40.2	2.3	6.5	(2.3)
Long term notes	(29.9)	(27.6)	(129.9)	(64.6)
Bank loan	-	-	(178.6)	-
Trade and other payables	(2.9)	(0.1)	(0.6)	0.1
Net balance sheet exposure	25.2	(25.4)	(296.6)	(65.7)

CONSOLIDATED

	2022			
In millions of AUD	USD	CAD	EUR	GBP
Trade and other receivables	14.2	-	5.8	1.3
Cash at bank	22.1	-	2.1	(0.9)
Long term notes	-	(26.7)	(118.7)	(61.4)
Bank loan	-	-	(163.2)	-
Trade and other payables	(1.8)	-	(0.4)	-
Net balance sheet exposure	34.5	(26.7)	(274.4)	(61.0)

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

	31 March spot rate	
	2023	**2022**
USD	0.66986	0.74906
CAD	0.90636	0.93678
EUR	0.61579	0.67393
GBP	0.54160	0.57034

SENSITIVITY ANALYSIS

A 10% strengthening of the Australian dollar against the above currencies at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022. The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in foreign operation at 31 March for the effects of the assumed changes of the underlying risk.

In millions of AUD	**Consolidated**	
As at 31 March 2023	**Profit**	**Equity**
USD	(5.0)	2.7
CAD	(0.2)	2.5
EUR	(1.1)	28.0
GBP	0.1	5.9
	(6.2)	39.1

In millions of AUD	**Consolidated**	
As at 31 March 2022	**Profit**	**Equity**
USD	(3.1)	-
CAD	-	2.4
EUR	-	25.6
GBP	-	5.5
	(3.1)	33.5

A 10% weakening of the Australian dollar against the above currencies at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

In millions of AUD	**Consolidated**	
As at 31 March 2023	**Profit**	**Equity**
USD	6.1	(3.3)
CAD	0.2	(3.1)
EUR	1.3	(34.3)
GBP	(0.1)	(7.2)
	7.5	(47.9)

In millions of AUD	**Consolidated**	
As at 31 March 2022	**Profit**	**Equity**
USD	3.8	-
CAD	-	(3.0)
EUR	-	(31.3)
GBP	-	(6.8)
	3.8	(41.1)

INTEREST RATE RISK

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

Consolidated	**2023**	**2022**	**2023**	**2022**
In millions of AUD	**Fixed rate instruments**		**Variable rate instruments**	
Financial assets	-	-	179.6	122.8
Financial liabilities	(1,205.8)	(898.2)	(242.3)	(339.4)
	(1,205.8)	(898.2)	(62.7)	(216.6)

SENSITIVITY ANALYSIS

Fair value sensitivity analysis for fixed rate instruments

The Group has designated interest rate contracts as hedging instruments under a fair value hedge accounting model in relation to its fixed rate long-term notes. The interest rate contracts swap the fixed interest payable on a portion of the loan notes to variable interest rates for the term of the debt. In accordance with the Group's accounting policy (refer to note 3c) changes in fair value of the interest rate contracts together with the change in fair value of the debt arising from changes in interest rates are recognised in the profit and loss (to the extent the fair value hedge is effective). In 2023, the change in fair value of interest rate contracts was $nil million (2022: Nil) and was offset in the Group's profit and loss statement by an equal amount relating to the change in fair value of the hedged risk. A change of 50 basis points in interest rates at the reporting date would not materially impact the Group's profit and loss before income tax or equity (2022: Nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

Consolidated	**As at 31 March 2023**				**As at 31 March 2022**			
In millions of AUD	**Profit**		**Equity**		**Profit**		**Equity**	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Variable rate instruments	(0.3)	0.3	-	-	(1.1)	1.1	-	-
Cash flow sensitivity (net)	(0.3)	0.3	-	-	(1.1)	1.1	-	-

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of $929.8 million (2022: $898.7 million). The basis for determining fair values is disclosed in note 7c. The fair value at 31 March 2023 of derivative assets (2022: asset) which are the Group's only financial instruments carried at fair value, was a net loss of $4.8 million (2022: $0.2 million loss) measured using Level 2 valuation techniques as defined in the fair value hierarchy shown in note 7c. The Group does not have any financial instruments that are categorised as Level 1 in the fair value hierarchy.

4d. Contingencies

The directors are of the opinion that there are no material contingent liabilities at 31 March 2023.

4e. Capital commitments

In millions of AUD	**Consolidated**	
	2023	**2022**
Capital expenditure commitments		
Plant and equipment contracted but not provided for and payable within one year	26.1	24.6

4f. Leases

LEASES AS LESSEE

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

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

	Right-of-use assets				
In millions of AUD	**Property**	**Vehicles**	**Equipment**	**Total**	**Lease liabilities**
As at 1 April 2022	159.2	13.3	26.3	198.8	213.2
Net additions	42.5	4.6	31.5	78.6	72.3
Amortisation	(42.5)	(8.2)	(6.6)	(57.3)	
Interest					8.0
Payments					(60.4)
FX	11.2	0.4	0.0	11.6	12.5
As at 31 March 2023	170.4	10.1	51.2	231.7	245.6
As at 1 April 2021	157.7	16.7	2.7	177.1	185.5
Net additions	36.4	5.1	25.6	67.1	71.1
Amortisation	(36.8)	(8.4)	(2.0)	(47.2)	-
Interest	-	-	-	-	7.1
Payments	-	-	-	-	(52.3)
FX	1.9	(0.1)	-	1.8	1.8
As at 31 March 2022	159.2	13.3	26.3	198.8	213.2

The Group recognised rent expense from short-term leases of $4.3 million (2022: $3.6 million) and leases of low-value assets of $1.8 million (2022: $2.8 million) for the year ended 31 March 2023.

Maturity analysis – contractual undiscounted cash flows:

In millions of AUD	Consolidated	
	2023	**2022**
Due up to one year	58.3	49.9
Due between one and five years	140.0	118.7
Due after five years	80.8	80.1
Total undiscounted lease liabilities at period end	279.1	248.7
Lease liabilities included in the balance sheet at period end		
Current	51.2	42.6
Non-Current	194.4	170.6
	245.6	213.2

ACCOUNTING POLICY

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the right to use of an identified asset – this may be specified explicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset (If the supplier has a substantive substitution right, then the asset is not identified).
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

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

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for leases of land and buildings in which it is a lessee, the Group does not separate non-lease components and account for these lease and non-lease components as a single lease component.

Right-of-Use Assets

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

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

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

Lease Liabilities

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

Short-term leases and leases of low-value assets

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

Leases as lessor

The Group leases out its investment property held under operating lease (see note 2f).

During the year ended 31 March 2023 $2.2 million was recognised as rental income in the profit and loss statement (2022: $2.1 million).

5. GROUP STRUCTURE

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

5a. Acquisition of subsidiaries

5b. Global operating entities and ultimate parent

5c. Deed of cross guarantee

5d. Parent entity disclosures

5a. Acquisition of subsidiaries

BUSINESS COMBINATIONS

2023	Interest Acquired	Date acquired	Consideration paid
HRL Group	100%	Jul 2022	79.7
Servicios de Ingenieria y Ambiente S.A.S.	100%	Nov 2022	18.4
Reliance Clinical Testing Services, Inc.	100%	Nov 2022	20.3
ALS GoldSpot Discoveries Ltd.	100%	Dec 2022	28.7
Other			51.4
			198.5

Included in trade and other payables and other non-current liabilities is contingent consideration of $4.4 million as at 31 March 2023.

In millions of AUD 2022	Interest Acquired	Date acquired	Consideration
MinAnalytical Laboratory Services Australia Pty Ltd	100%	Dec 2021	43.6
Other			13.7
			57.3

Included in trade and other payables and other non-current liabilities is deferred and contingent liabilities of $3.4 million as at 31 March 2022. The purchase price allocation was finalised in FY23, which resulted in retrospective reduction in goodwill of $5.1 million, customer relationships of $11.9 million, deferred tax liabilities of $5 million.

HRL Group

In millions of AUD	Fair Value 2023
Property, plant and equipment	8.4
ROU assets	1.7
Trade and other receivables	4.1
Inventories	0.9
Cash and cash equivalents	1.2
Identifiable intangible assets	12.1
Investment in equity accounted entity	3.3
Trade and other payables	(3.1)
Interest bearing loans and borrowings	(5.3)
Lease liabilities	(1.8)
Deferred tax liability	(3.1)
Employee benefits	(1.1)
Net identifiable assets and liabilities	17.3
Goodwill on acquisition	62.4
Paid in cash	79.7
Cash (acquired)	(1.2)
Net cash outflow	78.5

In July 2022 the Group acquired 100 per cent of the issued capital of HRL Holdings Limited and its controlled entities. The cash purchase consideration was $79.7 million. The acquired net tangible assets were $17.3 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of $62.4 million was recognised.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of the HRL Group for the eight-month period from the acquisition date.

Directly attributable transaction costs of $2.5 million relating to this acquisition were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2023 the HRL Group contributed revenue of $21.2 million and a net loss after tax of $1.8 million to the consolidated net profit after tax for the year.

The HRL Group was acquired for the purpose of broadening the food and environmental service reach of the Group's existing Australasian Life Sciences division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Servicios de Ingenieria y Ambiente S.A.S.

In millions of AUD	Fair Value* 2023
Property, plant and equipment	2.4
Trade and other receivables	3.7
Cash and cash equivalents	0.8
Deferred tax asset	0.3
Trade and other payables	(1.7)
Lease liabilities	(1.9)
Employee benefits	(0.1)
Net identifiable assets and liabilities	3.5
Intangibles on acquisition	14.8
Total consideration	18.4
Deferred consideration	(4.4)
Paid in cash	14.0
Cash (acquired)	(0.8)
Net cash outflow	13.2

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

In November 2022 the Group acquired 100 per cent of the issued capital of Servicios de Ingenieria y Ambiente S.A.S. The cash purchase consideration was $14.0 million. The acquired net tangible assets were $3.5 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of $14.8 million was recognised.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Servicios de Ingenieria y Ambiente S.A.S. for the five-month period from the acquisition date. All acquired amounts and contingent consideration was recorded on a provisional basis at 31 March 2023.

Directly attributable transaction costs of $0.2 million relating to this acquisition were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2023 Servicios de Ingenieria y Ambiente S.A.S. contributed revenue of $4.7 million and a net profit after tax of $0.7 million to the consolidated net profit after tax for the year.

Servicios de Ingenieria y Ambiente S.A.S. was acquired for the purpose of broadening the environmental service reach of the Group's existing Latin American Life Sciences division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Reliance Clinical Testing Services, Inc.

In millions of AUD	Fair Value* 2023
Trade and other receivables	0.9
Cash and cash equivalents	3.2
Tax liability	(0.6)
Trade and other payables	(0.4)
Net identifiable assets and liabilities	3.1
Intangibles on acquisition	17.2
Total consideration	20.3
Deferred consideration	(3.1)
Paid in cash	17.2
Cash (acquired)	(3.2)
Net cash outflow	14.0

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

In November 2022 the Group acquired 100 per cent of the issued capital of Reliance Clinical Testing Services, Inc. The cash purchase consideration was $17.2 million. The acquired net tangible assets were $3.1 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of $17.2 million was recognised.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Reliance Clinical Testing Services, Inc. for the four-month period from the acquisition date. All acquired amounts and contingent consideration was recorded on a provisional basis at 31 March 2023.

Directly attributable transaction costs of $0.9 million relating to this acquisition were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2023 Reliance Clinical Testing Services, Inc. contributed revenue of $2.4 million and a net profit after tax of $0.7 million to the consolidated net profit after tax for the year.

Reliance Clinical Testing Services, Inc. was acquired for the purpose of broadening the pharma service reach of the Group's existing North American Life Sciences division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

ALS GoldSpot Discoveries Ltd.

In millions of AUD	Fair Value* 2023
Property, plant and equipment	1.7
ROU assets	
Trade and other receivables	1.8
Inventories	
Cash and cash equivalents	0.3
Tax assets	
Trade and other payables	(0.6)
Lease liabilities	
Employee benefits	(0.2)
Net identifiable assets and liabilities	3.1
Intangibles on acquisition	25.7
Total consideration	28.7
Deferred consideration	(2.7)
Paid in cash	26.0
Cash (acquired)	(0.3)
Net cash outflow	25.7

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

In December 2022 the Group acquired ALS GoldSpot Discoveries Ltd. The cash purchase consideration was $26.0 million. The acquired net tangible assets were $3.1 million. In addition to the acquired net tangible assets, goodwill (non-deductible for tax) of $25.7 million was recognised.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of ALS GoldSpot Discoveries Ltd for the three-month period from the acquisition date. All acquired amounts and contingent consideration was recorded on a provisional basis at 31 March 2023.

Directly attributable transaction costs of $0.8 million relating to these acquisitions were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2023 ALS GoldSpot Discoveries Ltd. contributed revenue of $2.7 million and a net loss after tax of $0.5 million to the consolidated net profit after tax for the year.

ALS GoldSpot Discoveries Ltd was acquired for the purpose of broadening the consulting service reach of the Group's existing North American Commodities division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Other acquirees' net assets at acquisition dates

In millions of AUD	Fair Value* 2023	Fair Value 2022
Property, plant and equipment	10.0	7.6
ROU assets	0.2	25.3
Trade and other receivables	4.8	8.7
Inventories	1.9	0.5
Cash and cash equivalents	1.5	1.9
Identifiable intangible assets	0.1	-
Tax assets/(liabilities)	-	2.1
Employee benefits	(0.6)	(1.3)
Interest bearing liabilities	(3.2)	-
Trade and other payables	(3.8)	(3.7)
Lease liabilities	(0.5)	(27.2)
Net identifiable assets and liabilities	10.4	13.7
Intangibles on acquisition	44.7	43.4
Total consideration	55.1	57.3
Contingent consideration	(10.3)	(3.6)
Paid in cash	44.8	53.7
Cash (acquired)	(1.5)	(1.9)
Net cash outflow	43.3	51.8

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

Directly attributable transaction costs of $3.1 million (2022: $1.5 million) relating to these acquisitions were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2023 the other acquirees contributed revenue of $18.1 million (2022: $1.5 million) and a net profit after tax of $1.0 million (2022: $0.1 million) to the consolidated net profit after tax for the year.

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

ACCOUNTING POLICY – BUSINESS COMBINATIONS

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

5b. Global operating entities and ultimate parent

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

Country	Parent entity
Australia	ALS Limited
Controlled entities	
Argentina	ALS Argentina S.A.
Australia	ACIRL Proprietary Ltd
Australia	ACIRL Quality Testing Services Pty Ltd
Australia	ALS Metallurgy Pty Ltd ATF Ammtec Unit Trust
Australia	Australian Laboratory Services Pty Ltd
Australia	ALS Water and Hydrographics Pty Ltd
Australia	MinAnalytical Laboratory Services Australia Pty Ltd
Bolivia	ALS Bolivia Ltda
Botswana	ALS Laboratory Botswana (Pty) Ltd
Brazil	ALS AMBIENTAL Ltda
Burkina Faso	ALS Burkina SARL
Cambodia	Australian Laboratory Services (ALS) (Cambodia) Co., Ltd.
Canada	ALS Canada Ltd.
Chile	ALS Patagonia S.A.
China	ALS Chemex (Guangzhou) Ltd
Colombia	ALS Life Sciences Colombia S.A.S.
Czech Republic	ALS Czech Republic s.r.o.
Denmark	ALS Denmark AS
Dominican Republic	ALS Dominican Republic SAS
Ecuador	ALS ECUADOR ALSECU S.A.
Egypt	Australian Laboratory Services Company
England	ALS Inspection UK Limited
England	ALS Laboratories (UK) Ltd
Ethiopia	ALS Services PLC
Finland	ALS Finland OY
Germany	Invitek Molecular GmbH
Ghana	ALS Ghana Limited
Greenland	ALS Greenland ApS
Hong Kong	ALS Technichem (HK) Pty Ltd
India	ALS Testing Services India Private Limited
Ireland	OMAC Laboratories Limited
Italy	ALS Italia S.r.l.
Ivory Coast	ALS Ivory Coast SARL
Kazakhstan	ALS KazLab LLP
Laos	Australian Laboratory Services (Lao) Ltd
Mali	Group de Laboratoire ALS MALI SARL
Mexico	ALS Chemex de Mexico S.A. de C.V.
Mexico	Laboratorio de Control ARJ, S. A. de C. V.

Controlled entities	
Mongolia	ALS Group LLC
Mozambique	ALS Inspection Mozambique Service, LDA
Myanmar	ALS Testing Services Company Limited
Namibia	ALS Laboratory Namibia (Proprietary) Ltd
Netherlands	ALS Inspection Netherlands BV
New Zealand	Analytica Laboratories Limited
Norway	ALS Laboratory Group Norway AS
Panama	ALS Panama S.A.
Peru	ALS LS PERU S.A.C.
Peru	ALS Peru S.A.
Poland	ALS Food & Pharmaceutical Polska Sp. z.o.o.
Portugal	ALS Life Sciences Portugal, SA
Romania	ALS Romania S.R.L
Russia	ALS Chita Laboratory LLC
Scotland	ALS Petrophysics Limited
Senegal	ALS Senegal SUARL
Serbia	ALS Laboratory Services DOO BOR
Singapore	ALS Technichem (S) Pte Ltd
Slovakia	ALS SK, s.r.o.
South Africa	ALS Chemex South Africa (Proprietary) Ltd
South Korea	ALS Inspection South Korea Limited
Spain	Aquimisa S.L.
Sudan	Australian Laboratory Services Co. Ltd.
Suriname	Australian Laboratory Services Suriname N.V.
Sweden	ALS Scandinavia AB
Thailand	ALS Laboratory Group (Thailand) Co Ltd
Turkey	ALS Laboratory Services Limited Sirketi
USA	ALS Group USA, Corp
USA	ALS Services USA, Corp
USA	ALS Testing Services Group USA
USA	ALS USA Inc
Uzbekistan	ALS Testing Toshkent LLC
Zambia	Australian Laboratory Group (Zambia) Limited

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

ACCOUNTING POLICY – CONSOLIDATED ENTITIES

Subsidiaries

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

Associates and joint ventures

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

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

Non-controlling interests

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

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

Transactions eliminated on consolidation

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

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

5c. Deed of cross guarantee

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

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

The subsidiaries subject to the Deed are:

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

A consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2023 is set out on the next page.

Summary profit and loss statement and retained profits

	Consolidated	
In millions of AUD	**2023**	**2022**
Profit before tax	143.8	189.5
Income tax expense	(17.8)	(24.9)
Profit after tax	126.0	164.6
Retained profits at beginning of year	(3.9)	(17.0)
Retained earnings adjustment[34]	(16.9)	-
Dividends recognised during the year	(183.7)	(151.5)
Retained profits at end of year	(78.5)	(3.9)

Statement of comprehensive income

	Consolidated	
In millions of AUD	**2023**	**2022**
Profit for the period	126.0	164.6
Total comprehensive income for the period	126.0	164.6

BALANCE SHEET

	Consolidated	
In millions of AUD	**2023**	**2022**
Assets		
Cash and cash equivalents	37.0	24.4
Trade and other receivables	115.1	121.4
Inventories	9.4	11.9
Other	11.3	12.5
Total current assets	172.8	170.2
Receivables	202.2	175.2
Investments accounted for using the equity method	22.0	18.7
Investment property	9.8	9.9
Deferred tax assets	35.8	30.2
Property, plant and equipment	164.5	160.4
Right-of-use assets	76.5	57.7
Intangible assets	362.4	326.3
Other investments	1,603.8	1,500.0
Total non-current assets	2,477.0	2,278.4
Total assets	2,649.9	2,448.6
Liabilities		
Trade and other payables	69.1	90.5
Loans and borrowings	16.8	12.0
Income tax payable	10.7	(3.4)
Employee benefits	31.0	38.4
Total current liabilities	127.6	137.5
Loans and borrowings	1,250.5	969.1
Employee benefits	4.1	5.2
Other	13.8	14.1
Total non-current liabilities	1,268.4	988.4
Total liabilities	1,396.0	1,125.9
Net assets	1,253.9	1,322.7
Equity		
Share capital	1,326.1	1,321.0
Reserves	6.3	5.6
Retained earnings	(78.5)	(3.9)
Total equity	1,253.9	1,322.7

5d. Parent entity disclosures

Result of parent entity

In millions of AUD	**2023**	**2022**
Profit for the period	162.1	133.5
Total comprehensive income for the period	162.1	133.5

Financial position of parent entity at year end

In millions of AUD	**2023**	**2022**
Current assets	20.8	30.3
Total assets	1,988.6	1,994.9
Current liabilities	20.3	11.4
Total liabilities	708.6	699.0
Net assets	1,280.0	1,295.9
Share capital	1,326.1	1,321.0
Reserves	6.2	5.4
Retained earnings	(52.3)	(30.5)
Total equity	1,280.0	1,295.9

Parent entity capital commitments

In millions of AUD	**2023**	**2022**
Plant and equipment contracted but not provided for and payable within one year	-	0.7
	-	0.7

Parent entity guarantees in respect of the debts of its subsidiaries

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

[34] *Represents amounts taken directly to retained earnings*

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6. TAXATION

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

6a. Income taxes

6b. Deferred tax assets and liabilities

6a. Income taxes

In millions of AUD	Consolidated	
Recognised in the profit and loss statement	**2023**	**2022**
Current tax expense		
Current year	101.8	98.2
Adjustments for prior years	2.9	1.0
	104.7	99.2
Deferred tax expense		
Origination and reversal of temporary differences	9.7	(10.8)
Total income tax expense in profit and loss statement	114.4	88.4
Reconciliation between tax expense and pre-tax net profit/(loss)		
Profit/(loss) before tax	390.7	280.0
Income tax using the domestic corporation tax rate of 30% (2022: 30%)	117.2	84.0
Difference resulting from different tax rates in overseas countries	(14.3)	(8.3)
	102.9	75.7
Increase in income tax expense due to:		
Non-deductible expenses	3.4	3.7
Non-deductible new market expansion and acquisition related costs	1.2	0.8
Tax losses of subsidiaries not recognised	0.5	5.8
Non-resident withholding tax paid upon receipt of distributions from foreign related parties	4.7	4.5
Non-deductible amortisation of intangibles	1.4	1.7
Under / (over) provided in prior years	2.9	1.0
	14.1	17.5
Decrease in income tax expense due to:		
Previously unrecognised tax losses utilised during the year	(0.2)	-
Share of associate entities net profit	(0.8)	(2.7)
Foreign statutory tax exemptions granted	-	(0.4)
Tax exempt revenues	(1.6)	(1.7)
	(2.6)	(4.8)
Income tax expense on pre-tax net profit/(loss)	114.4	88.4
Deferred tax recognised directly in equity		
Relating to hedging reserve	1.4	0.1
	1.4	0.1

6b. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities	
In millions of AUD	**2023**	**2022**	**2023**	**2022**
Property, plant and equipment	9.3	4.8	25.7	8.2
Unrealised FX losses/(gains)	12.9	4.0	2.4	4.5
Provisions and other payables	28.6	32.2	0.5	0.5
Intangible assets	-	-	26.9	13.7
Unearned Revenue	3.1	3.1	-	-
Fair value derivatives	-	-	-	2.7
Inventories	-	-	2.7	3.9
Other items	15.9	11.5	12.2	10.0
Tax value of loss carry-forwards recognised	2.4	3.5	-	-
Gross deferred tax assets / liabilities	72.2	59.1	70.4	43.5
Set off of tax	(47.9)	(17.3)	(47.9)	(17.3)
Net deferred tax assets / liabilities	24.3	41.8	22.5	26.2

Unrecognised deferred tax assets

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

In millions of AUD	Consolidated	
	2023	**2022**
Tax losses	40.7	45.1

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

ACCOUNTING POLICY

Income taxes

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

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

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

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

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

Tax consolidation

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

Nature of tax funding arrangements

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

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

Goods and services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

7. OTHER INFORMATION

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

7a. Basis of preparation

7b. Significant accounting policies

7c. Determination of fair value

7d. Auditor's remuneration

7e. Events subsequent to balance date

7a. Basis of preparation

STATEMENT OF COMPLIANCE

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

The financial report was authorised for issue by the directors on 29 May 2023.

GOING CONCERN

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

BASIS OF MEASUREMENT

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

COMPARATIVES

Certain comparative balances have been represented due to discontinued operations.

7b. Significant accounting policies

The accounting policies applied by the Group in this Financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2023.

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

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

IMPAIRMENT

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

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

HEDGING

Cash flow hedges

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

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

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

Fair value hedges

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

Economic hedges

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

FOREIGN CURRENCY

Foreign currency transactions

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

Financial statements of foreign operations

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

Hedge of net investment in foreign operations

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

Derivative financial instruments

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

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

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

7c. Determination of fair value

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

FAIR VALUE HIERARCHY

In determining fair value measurement for disclosure purposes, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

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

DERIVATIVES

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

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

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

LOANS AND BORROWINGS

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

TRADE AND OTHER RECEIVABLES / PAYABLES

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

LEASE LIABILITIES

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

SHARE-BASED PAYMENT TRANSACTIONS

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

CONTINGENT CONSIDERATION

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

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

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

7d. Auditor's remuneration

In thousands of AUD	Consolidated	
	2023	2022
Audit services		
Auditors of the Company		
EY Australia:		
Audit and review of consolidated and company financial reports	896.0	813.0
Other EY member firms:		
Audit and review of consolidated and company financial reports	1,920.0	1,652.0
	2,816.0	2,465.0
Other services		
Auditors of the Company		
EY Australia:		
Other assurance and investigation services	68.0	31.0
Other EY member firms:		
Other assurance and investigation services	-	7.0
	68.0	38.0

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

7e. Events subsequent to balance date

NEW LOAN FACILITIES

In May 2023, the Group has entered into new additional two-year bilateral revolving multi-currency senior bank facilities totalling USD100 million (AUD149.3 million) with three of its existing bank Lenders. Following the availability of these new bilateral facilities, liquidity available to the Group increases to a revised total of AUD574 million, and the proforma weighted average debt maturity for the Group is expected to be 5.3 years.

APPOINTMENT OF NEW CEO AND MANAGING DIRECTOR

As announced to the ASX on 8 May 2023, the Board has appointed Malcolm Deane as the new CEO and Managing Director of the Company. Malcolm had previously been appointed as the Interim CEO and Managing Director effective from 7 March, following the resignation of the former CEO and Managing Director with effect from this date.

ACQUISITIONS POST BALANCE DATE

Subsequent to 31 March 2023, the Group entered into the following sale purchase agreements. These purchases are either complete or expected to be completed in the near term and are subject to normal terms and conditions precedent. The acquisitions and their expected purchase price are as follows:

Business Acquired	ALS Segment	Consideration $m
ASR Laboratorios Group (Brazil)	Life Sciences	13.5
Hidro Lab d.o.o. (Croatia)	Life Sciences	3.1
Analytical Solutions Group (India)	Life Sciences	28.0

8. EMPLOYMENT MATTERS

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

8a. Share-based payments

8b. Key management personnel disclosures

8a. Share-based payments

The Group operates a Long-Term Incentive Plan (LTIP) designed as a retention and reward tool for high performing personnel. Under the Plan key employees may be granted conditional rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards). These conditional rights have performance hurdles which are assessed at the end of the performance period.

Service based rights were also issued during FY23 to some key management personnel (KMP) under the Short-Term Incentive Plan in respect of deferred compensation earned for STI during FY22. A further tranche of new Service-based rights in respect of deferred compensation earned for STI during FY23 will be granted to certain KMP during FY23. An estimated accrual for the fair value of services received in return for these new deferred STI service rights (yet to be granted) has been made at 31 March 2023 and included in the value of share-based awards for KMP shown in Table 21 of the Remuneration Report.

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

EQUITY-SETTLED PERFORMANCE AND SERVICE RIGHTS

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

Performance-hurdle rights granted year ended 31 March:	**2023**	**2022**	**2021**	**2020**
Scheme performance period	**2023-25**	**2022-24**	**2020-23**	**2019-22**
Date of grant	23-Aug-22	28-Jul-21	29-Jul-20	31-Jul-19
Testing date for performance hurdles	31-Mar-25	31-Mar-24	31-Mar-23	31-Mar-22
Vesting date and testing date for service condition	1-Jul-25	1-Jul-24	1-Jul-23	1-Jul-22
Number of rights:				
Opening balance 1 April	-	618,418	729,548	623,071
Granted	958,244	-	-	-
Vested & exercised	-	-	-	(593,397)
Lapsed (a)	(6,457)	(50,761)	(87,082)	(29,674)
Closing balance 31 March	951,787	567,657	642,466	-

Service-based rights granted year ended 31 March:	**2023**	**2023**	**2023**	**2022**	**2021**
Scheme performance period	**2023-25**	**2022-24**	**2022-24**	**2021-23**	**2020-22**
Date of grant	28-Mar-23	23-Aug-22	1-Jul-22	28-Jul-21	29-Jul-20
Vesting date and testing date for service condition	30-May-25	1-Apr-24	1-Jul-24	1-Apr-23	1-Apr-22
Number of rights:					
Opening balance 1 April	-	-	-	95,634	50,759
Granted	82,800	192,997	124,919	-	-
Vested & exercised	-	-	-	-	(48,689)
Lapsed (a)	-	(751)	-	-	(2,070)
Closing balance 31 March	82,800	192,246	124,919	95,634	-

CASH-SETTLED PERFORMANCE RIGHTS

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

Performance-hurdle rights granted year ended 31 March:	2023	2022	2021	2020
Scheme performance period	**2022-24**	**2021-24**	**2020-23**	**2019-22**
Date of grant	23-Aug-22	28-Jul-21	29-Jul-20	31-Jul-19
Testing date for performance hurdles	31-Mar-25	31-Mar-24	31-Mar-23	31-Mar-22
Vesting date and testing date for service condition	1-Jul-25	1-Jul-24	1-Jul-23	1-Jul-22
Number of rights:				
Opening balance 1 April	-	45,903	49,452	39,148
Granted	27,773	-	-	-
Vested & exercised	-	-	-	(39,148)
Lapsed (a)	-	(4,765)	(15,441)	-
Closing balance 31 March	27,773	41,138	34,011	-

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

CASH-SETTLED SERVICE-BASED RIGHTS

Service-based rights granted year ended 31 March:	2023	2023	2022
Scheme performance period	**2022-24**	**2022-24**	**2021-23**
Date of grant	23-Aug-22	1-Jul-22	28-Jul-21
Vesting date and testing date for service condition	1-Jul-24	1-Jul-24	1-Jul-23
Number of rights:			
Opening balance 1 April	-	-	7,933
Granted	7,915	15,519	-
Vested & exercised	–	-	-
Lapsed	(2,060)	-	(1,721)
Closing balance 31 March	5,855	15,519	6,212

VESTING CONDITIONS – PERFORMANCE HURDLE RIGHTS

Vesting conditions in relation to the performance-hurdle rights granted in August 2022 are set out below.

Employees must be employed by the Group on the vesting date (1 July 2025). The rights vest only if Earnings Per Share ("EPS"), relative Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), relative Total Shareholder Return ("TSR") or Return on Capital Employed ("ROCE") hurdles are achieved by the Company over the specified performance period. 25% of employees' rights are subject to each of these hurdles. The performance hurdles and vesting proportions for each measure are as follows:

Compound annual diluted Underlying EPS growth (April 2022 to March 2025)	Proportion of performance rights that may be exercised if Underlying EPS growth hurdle is met
Less than 8% per annum	0%
Between 8% and 12% per annum	Straight line vesting between 12.5% and 25% of total grant
12% or higher per annum	25% of total grant

Underlying EBITDA margin of ALS relative to Underlying EBITDA margin of comparator peer companies (April 2022 to March 2025)	Proportion of performance rights that may be exercised if Underlying EBITDA hurdle is met
Less than the 50th percentile	0%
Between the 50th and 75th percentile	Straight line vesting between 12.5% and 25% of total grant
75th percentile or higher	25% of total grant
Comparator peer companies: Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Applus (Spain) and Team Inc (USA).	

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

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

TSR of ALS relative to TSR of companies in ASX 100 Index over the period April 2022 to March 2025	Proportion of performance rights that may be exercised if TSR hurdle is met
Less than the 50th percentile	0%
Between 50th percentile and 75th percentile	Straight line vesting between 12.5% and 25% of total grant
75th percentile or higher	25% of total grant

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

ROCE Performance (3- year average over the period April 2022 to March 2024)	Proportion of performance rights that may be exercised if ROCE hurdle is met
Below 14.2%	0%
Between 14.2% and 19.2%	Straight line vesting between 0% and 25% of total grant
At or above 19.2%	25% of total grant

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

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

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

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

The fair value of services received in return for LTIP rights granted during the year ended 31 March 2023 is based on the fair value of the rights granted measured using Binomial Tree (EPS, EBITDA and ROCE hurdles and service condition) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

Equity-settled rights	Granted 2023	Granted 2022	Granted 2021
Date of grant	23 August 2022	28 July 2021	29 July 2020
Weighted average fair value at date of grant of performance-hurdle rights	$10.12	$11.20	$7.38
Share price at date of grant	$12.00	$12.62	$8.29
Expected volatility	35%	35%	33%
Expected life	2.9 years	2.9 years	2.9 years
Risk-free interest rate	3.30%	0.13%	0.29%
Dividend yield	3.42%	2.54%	2.65%

Cash-settled rights	Granted 2023	Granted 2022	Granted 2020
Date of grant	23 August 2022	28 July 2021	29 July 2020
Weighted average fair value at date of grant of performance-hurdle rights	$10.12	$11.20	$7.38
Share price at date of grant	$12.00	$12.62	$8.29
Expected volatility	35%	35%	33%
Expected life	2.9 years	2.9 years	2.9 years
Risk-free interest rate	3.30%	0.13%	0.29%
Dividend yield	3.42%	2.54%	2.65%

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

Service-based rights have been issued during FY23 to some key management personnel (KMP) under the Short-Term Incentive Plan in respect of deferred compensation earned for STI outperformance during FY22. These Service Rights have had their value estimated using the volume weighted average price (VWAP) of ALS Limited shares over the five trading days which followed 31 March 2023 ($12.73).

Retention incentives in the form of service-based rights were also issued during FY23 to nominated key executives. These new service-based rights will vest in May 2025.

As at 31 March 2023 there were 495,599 services rights on issue.

Service-based rights will be issued during FY24 to some key management personnel (KMP) under the Short-Term Incentive Plan in respect of deferred compensation earned for STI outperformance during FY23. An estimated accrual for the fair value of services received in return for these deferred STI service rights has been made at 31 March 2023 and included in the value of share-based awards for KMP shown in Table 21 of the Remuneration Report. As these service rights are yet to be issued, their value has been estimated using the volume weighted average price (VWAP) of ALS Limited shares over the five trading days which followed 31 March 2023.

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

In thousands of AUD	*Note*	Consolidated	
		2023	2022
Equity-settled rights	*1d*	7,925	5,289
Cash-settled rights		226	(21)
Total expenses recognised as employee costs		8,151	5,268
Carrying amount of liabilities for cash-settled rights		872	1,072

8b. Key management personnel disclosures

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

CURRENT NON-EXECUTIVE DIRECTORS

Bruce Phillips (Chairman)
John Mulcahy
Charlie Sartain
Tonianne Dwyer
Siddhartha Kadia
Leslie Desjardins
Peter Possemiers

EXECUTIVE DIRECTORS

Malcolm Deane (CEO and Managing Director)

EXECUTIVES

Bruce McDonald (GM Geochemistry)
Andreas Jonsson (GM Food & Pharma)
Tim Kilmister (GM Environmental)
Luis Damasceno (Chief Financial Officer)

FORMER EXECUTIVE DIRECTOR

Raj Naran

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

In AUD	Consolidated	
	2023	2022
Short term employee benefits	7,994,613	8,092,973
Post-employment benefits	408,480	372,519
Value of share-based awards	3,264,013	2,264,734
Other long-term benefits	40,853	58,508
	11,707,958	10,788,735

RELATED PARTY TRANSACTION

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

Directors' declaration

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

1. The consolidated financial statements and notes numbered 1a to 8b, and the remuneration report contained in the Directors' report, are in accordance with the Corporations Act 2001 including:
   a) giving a true and fair view of the Group's financial position as at 31 March 2023 and of its performance for the year ended on that date: and
   b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. the financial report also complies with the International Financial Reporting Standards as disclosed in note 7a.
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2023.

Signed in accordance with a resolution of the directors:

Bruce Phillips
Chairman
Brisbane
29 May 2023

Malcolm Deane
CEO & Managing Director
Brisbane
29 May 2023

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Independent auditor's report to the Members of ALS Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of ALS Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 March 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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

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1. Decentralised accounting functions and Group consolidation

Why significant	How our audit addressed the key audit matter
As detailed in Note 1a to the financial report certain segments of the Group are outside of Australia. Note 5b discloses the Group's significant controlled entities. The Group has operations in over 70 countries in diverse operating segments. The subsidiaries and associates ("components") in the Group use a wide range of accounting systems to capture financial information and report to the Group. The majority of the Group's results are generated in a currency other than the Group's presentation currency. Consolidation of the Group's results at year end involves significant oversight by the Group to monitor components' financial reporting. In our role as group auditor, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components within the Group to express an opinion on the consolidated financial report. We are responsible for the direction and supervision of the component audit teams. This is a key audit matter due to the significant number of components in the Group, the extent of foreign currency translation involved, and the diverse accounting systems used by the Group requiring significant audit effort by us.	Our audit considered the requirements of the Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and *AASB 8 Operating Segments*. To gather evidence on significant balances that consolidate to form the Group's financial reporting, we performed the following: ► Obtained an understanding of the components in the Group and considered the risks of material misstatement associated with them. ► Performed component audit scoping based on size and level of risk to the Group. Our selection also included components that did not meet the above criteria to introduce an element of unpredictability in our selection of components. ► Instructed the selected component audit teams to perform procedures on the financial information prepared for consolidation purposes, including setting component materiality levels. Our audit procedures included the review of component's compliance with the Group's accounting policies. ► Evaluated the sufficiency and appropriateness of work performed by the component audit teams and assessed the impact of accounting and auditing matters reported by the component audit teams. Our procedures included: reading the reporting deliverables of component audit teams; discussing with component audit teams the findings of their procedures and reading underlying working papers for areas of audit focus. We also participated in close out meetings with component audit teams and local management. ► Checked the financial data used in the consolidation process was consistent with the financial data audited by the component audit teams. We also tested the exchange rates and method used to translate and consolidate the results of foreign components. ► Assessed the adequacy of disclosure in the financial statements. For components not within the above scope we performed analytical procedures on the financial information, compared the actual financial performance to prior year results and made inquiries of the Group and component management, to address residual risk of material misstatements and corroborate our scoping decisions.

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2. Revenue recognition

Why significant	How our audit addressed the key audit matter

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 financial report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 58 of the directors' report for the year ended 31 March 2023.

In our opinion, the Remuneration Report of ALS Limited for the year ended 31 March 2023, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
29 May 2023

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Auditor's independence declaration to the directors of ALS Limited

As lead auditor for the audit of the financial report of ALS Limited for the financial year ended 31 March 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

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

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

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

Ernst & Young

Ernst & Young

Bradly Tozer

Brad Tozer
Partner
29 May 2023

Shareholder INFORMATION

10 Year Summary

In millions of AUD	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales Revenue	1,503.4	1,492.7	1,364.9	1,365.6	1,495.1	1,672.5	1,858.1	1,761.4	2,108.5	2,400.9
Funds Employed										
Share capital	1,061.0	1,134.1	1,452.7	1,453.4	1,348.1	1,325.9	1,303.9	1,304.6	1,321.0	1,326.1
Reserves	(54.9)	(23.1)	(51.4)	(77.6)	(8.9)	(32.7)	1.1	(131.1)	(124.7)	(8.7)
Retained earnings	401.6	104.5	(224.3)	(200.2)	(229.1)	(219.8)	(204.9)	(114.8)	(76.2)	49.5
Non-controlling interest	11.7	12.9	8.6	9.6	11.9	9.8	10.5	10.8	10.6	11.3
Non-current liabilities	784.2	976.8	767.6	727.8	720.1	534.1	1,233.1	1,032.6	974.9	1,339.1
Current liabilities	333.7	201.7	191.7	236.6	216.2	541.4	587.1	379.5	738.6	612.8
Total funds employed	2,537.3	2,406.9	2,144.9	2,149.6	2,058.3	2,158.7	2,930.8	2,481.6	2,844.2	3,330.1
Represented by										
Property, plant & equipment	481.6	491.9	457.3	395.5	400.0	438.4	507.3	454.2	494.6	580.8
Right-of-use assets	–	–	–	–	–	–	219.9	177.1	198.8	231.7
Current assets	585.4	598.7	691.5	710.0	602.2	611.9	936.7	611.1	641.9	753.3
Other non-current assets	57.6	65.9	72.4	62.3	75.5	62.4	106.3	88.2	314.1	350.4
Intangibles	1,412.7	1,250.4	923.7	981.8	980.6	1,046.0	1,160.6	1,151.0	1,194.8	1,413.9
Total assets	2,537.3	2,406.9	2,144.9	2,149.6	2,058.3	2,158.7	2,930.8	2,481.6	2,844.2	3,330.1
Trading Results (j)										
Financing costs on loans and borrowings (net)	26.8	33.1	34.5	27.3	25.8	32.0	34.4	32.8	31.9	35.5
Financing costs on lease liabilities	–	–	–	–	–	–	8.0	7.2	7.1	8.0
Amortisation & depreciation	83.2	95.8	101.6	80.3	75.5	76.3	88.8	88.0	91.7	101.3
Amortisation on right-of-use assets	–	–	–	–	–	–	45.6	44.6	47.2	57.2
Underlying profit before tax	236.0	190.2	143.4	144.3	190.9	243.5	262.0	261.4	371.5	452.3
Underlying profit before tax, Continued Operations	236.0	188.9	154.4	158.8	195.5	249.1	264.5	261.4	371.5	446.9
Income tax expense (statutory)	59.1	51.9	36.1	40.9	46.6	58.2	73.1	73.2	90.2	116.0
Underlying profit after tax	165.3	130.0	99.5	98.4	138.8	176.6	186.3	185.9	264.2	324.4
Underlying profit after tax, Continued Operations	171.9	134.1	108.4	112.7	142.2	181.0	188.8	185.9	264.2	320.6
Statutory profit/(loss) after tax	154.4	(174.5)	(240.7)	81.6	51.8	153.8	127.8	169.6	190.5	291.2
Dividend	152.0	84.5	60.8	68.0	80.8	97.5	111.0	70.4	146.6	180.5
Other Statistics	(a)	(b)	(c)	(d)	(e)	(f)	(g)		(h)	(i)
Net tangible asset backing per share (cents)	1.70	(5.40)	51.94	40.34	28.93	11.78	(55.95)	(54.00)	(54.35)	(55.23)
Underlying earnings per share (cents)	43.61	32.31	21.71	19.52	27.70	36.25	38.58	38.53	54.70	67.10
Underlying earnings per share Continued Operations (cents)	45.34	33.33	23.65	22.35	28.38	37.15	39.09	38.53	54.70	66.31
Statutory earnings per share (cents)	40.74	(43.37)	(52.51)	16.18	10.34	31.32	26.46	35.20	39.50	60.23
Dividends per share (cents)	39.00	21.00	13.50	13.50	17.00	22.50	17.60	23.10	32.80	39.70
Underlying return on average equity (%)	14.20	10.20	8.20	8.30	12.00	15.91	16.98	17.05	24.02	25.86
Statutory return on average equity (%)	12.80	(13.20)	(20.00)	6.90	4.50	13.84	11.65	15.56	17.32	23.21
Net debt (debt – cash) ($m)	729.00	762.20	437.60	484.50	507.30	629.60	800.10	613.60	901.60	1,023.0
Gearing ratio (net debt/(net debt + total equity)) (%)	33.90	38.30	27.00	29.00	31.10	36.74	41.87	36.46	44.36	42.60
Number of Employees	12,206	11,722	11,568	13,485	14,098	15,511	15,638	15,912	18,148	19,085

(a) Following the issue of 51,283,145 shares (incl 1:11 rights issue in July 2013).
(b) Following the issue of 12,994,033 shares.
(c) Following the issue of 96,968,595 shares (incl 5:21 rights issue in Dec 2015).
(d) Following the issue of 6,242 shares.
(e) Following the buyback of 15,456,767 shares.
(f) Following the buyback of 3,250,000 shares.
(g) Following the buyback of 3,088,607 shares.
(h) Following the issue of 1,285,575 shares.
(i) Following the issue of 456,340 shares.
(j) Refer page 15 of the Annual Report for a reconciliation of underlying profit to statutory profit.

Top 20 holdings

AS AT 22 MAY 2023

	Holder name	Number held	% of issued capital
1	Paradice Investment Management Pty. Ltd.	17,551,248	3.6%
2	The Vanguard Group, Inc.	16,378,763	3.4%
3	Impax Asset Management Ltd	15,988,593	3.3%
4	State Street Global Advisors Australia Ltd.	15,315,011	3.2%
5	Capital Research Global Investors	15,303,262	3.2%
6	Schroder Investment Management (Australia) Ltd.	13,603,883	2.8%
7	Global Alpha Capital Management Ltd.	13,191,624	2.7%
8	Dnr Capital Pty Ltd	10,957,501	2.3%
9	First Sentier Investors (Growth)	10,774,500	2.2%
10	Northcape Capital Pty. Ltd.	9,766,530	2.0%
11	Macquarie Investment Management Global Ltd.	9,513,704	2.0%
12	Australian Foundation Investment Company Limited	8,831,664	1.8%
13	Baumber Gavin	8,538,373	1.8%
14	Blackrock Institutional Trust Company, N.A.	8,488,776	1.8%
15	Vanguard Investments Australia Ltd.	7,634,493	1.6%
16	Credit Suisse Asset Management	7,147,120	1.5%
17	Washington H. Soul Pattinson And Company Limited	7,079,431	1.5%
18	Vinva Investment Management Limited	6,332,454	1.3%
19	Greencape Capital Pty. Ltd.	6,306,181	1.3%
20	Plato Investment Management Limited	5,971,208	1.2%
TOTAL		**214,674,319**	**44.5%**

Other ASX requirements

SUBSTANTIAL SHAREHOLDERS

There were no substantial shareholders in the Company as at 13 June 2023.

STATEMENT OF QUOTED SECURITIES

The Company's total number of shares on issue was 484,167,684 ordinary fully paid shares. 13 June 2023, the total number of shareholders owning these shares was 9,592 on the register of members maintained by Boardroom Pty Limited.

44.5% of total issued capital is held by or on behalf of the twenty largest shareholders.

VOTING RIGHTS

Under the Company's Constitution, every member entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

PROXIES

Where a member appoints 2 proxies, neither proxy is entitled to a vote on a show of hands.

POLL

On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Holdings Ranges	Holders
1-1,000	3,193
1,001-5,000	3,192
5,001-10,000	1,234
10,001-100,000	1,788
100,001-9,999,999,999	185
TOTAL	**9,592**

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares ($500 in value) at 13 June 2023 was 2,156.

UNCERTIFICATED SHARE REGISTER

The Company's share register is totally uncertificated. Two forms of uncertificated holdings are available to shareholders:

- Issuer Sponsored holdings (starts with an 'I'): sponsored by the Company. Has the advantage of being uncertificated without the need to be sponsored by a stockbroker.
- Broker Sponsored holdings (starts with an 'X'): sponsored by a stockbroker. This type is attractive to regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.
- Holding statements are usually issued to shareholders within 5 business days after the end of any month in which transactions occur that alter the balance of your shareholding.

SECURITIES EXCHANGE LISTING

The shares of ALS Limited are listed on the Australian Securities Exchange (ASX) under the trade symbol ALQ, with Sydney being the home exchange. Details of trading activity are published in most daily newspapers, generally under the abbreviation of ALS.

Note: The Company changed its name to ALS Limited from Campbell Brothers Limited on 1 August 2012 following shareholder approval at the 2012 AGM. The Company's previous ASX code was CPB.

Other Shareholder Information

Visit the Company's website at alsglobal.com for the latest information on the Company's activities.

SHARE REGISTRY

To update and manage your shareholding easily and quickly, go to **boardroomlimited.com.au** and login to InvestorServe to make changes to your holding details, or view balances. Any questions concerning your shareholding, share transfers or dividends, please contact our Share registry, Boardroom Pty Limited. They can be contacted by phone on 1300 737 760 (within Australia), +61 2 9290 9600, by fax on +61 2 9279 0664 or online at the above web address.

ANNUAL REPORTS

The latest Annual Report can be accessed from the Company's website at alsglobal.com. If you are a shareholder and wish to receive a hard copy of the annual report, please contact our Share registry, Boardroom Pty Limited, to request that the annual report be sent to you in future.

CHANGING YOUR ADDRESS?

If you change your address, please promptly notify our Share registrar in writing.

For Issuer Sponsored holders you should quote your SRN (Shareholder Reference Number) and also quote your old address as an added security check.

For CHESS sponsored holders, you need to advise your sponsoring participant (usually your broker) of your change of address.

DIRECT DEPOSIT INTO BANK ACCOUNTS

All dividends are paid directly into a bank, building society or credit union in your nominated currency on the dividend payment date. Details will be confirmed by an advice mailed or emailed to you on that date. Application forms are available from the Share registrar.

DIVIDEND REINVESTMENT PLAN (DRP)

The Company has a DRP which is currently suspended pending operation of the share buyback program.

Please contact our Share Registry Boardroom Pty Limited to request an Application form and a copy of the DRP Terms and Conditions. Alternatively, go to the Investor Relations section of the Company's website at **alsglobal.com.**

Principal GROUP OFFICES

ALS LIMITED REGISTERED HEAD OFFICE

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For all locations visit alsglobal.com/en/ALS-locations

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Coal Quality
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Oil, Fuel & Coolant Analisys
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Hermanos Carrera Pinto N° 159,
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General information

REGISTERED OFFICE

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alsglobal.com

DIRECTORS

Bruce Phillips (Chairman)
Malcolm Deane (Managing Director)
John Mulcahy
Tonianne Dwyer
Siddhartha Kadia
Leslie Desjardins
Peter Possemiers
Nigel Garrard

COMPANY SECRETARY

Michael Pearson

AUDITORS

Ernst & Young

SOLICITORS

Minter Ellison Lawyers
Baker McKenzie

BANKERS

Westpac Banking Corporation

Hongkong and Shanghai Banking Corporation Limited

Mizuho Bank Ltd

J P Morgan Chase Bank N.A.

Bank of America N.A.

Australia & New Zealand Banking Group Limited

SHARE REGISTRY

Boardroom Pty Limited
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