Ridley Corporation Limited

Appendix 4E Preliminary final report

ABN 33 006 708 765

Results for announcement to the market

Reporting period:	Financial year ended 30 June 2023
Previous corresponding period:	Financial year ended 30 June 2022
Release date:	17 August 2023

				$millions
Revenue from ordinary activities	Up	20.1%	to	1,260.1
EBITDA from ongoing operations	Up	10.0%	to	88.5
Net profit after tax from ordinary activities attributable to members and Net profit for the period attributable to members	Down	1.4%	to	41.8
Total comprehensive income attributable to members	Down	1.4%	to	41.8

	30 June 2023	30 June 2022
Net tangible assets per ordinary share	0.76	0.75

Dividends

The Board has declared a final dividend of 4.25 cents per share (**cps**), fully franked and payable on Thursday 26 October 2023 for a cash outlay of approximately $13.4 million (**m**). A dividend of 4 cents per share was paid in the previous corresponding period and an interim dividend of 4 cents per share was paid, both were fully franked.

Record date for determining entitlements to the final dividend	5.00 pm on Thursday 5 October 2023.

Further detail of the above figures is set out on the following pages and in the Company's separate results investor presentation.

RIDLEY CORPORATION LIMITED
DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Directors of Ridley Corporation Limited (**Ridley** or the **Company**) present their report for the Group (the **Group**), being the Company and its subsidiaries, and the Group's interest in equity accounted investments at the end of, or during, the financial year (**FY**) ended 30 June 2023 (**FY23**).

1. Directors

The following persons were directors of Ridley Corporation Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

M P McMahon
Q L Hildebrand
R Jones
R J van Barneveld
P M Mann
E Knudsen
J E Raffe (appointed 1 Sep 2022)
D J Lord (resigned 24 Nov 2022)

2. Principal activities

The principal continuing activities of the Group during the year were the production of premium quality, high performance animal nutrition solutions.

3. Results

The highlights of the Ridley Corporation Limited consolidated group (**Ridley or Group**) FY23 results are:

- Total Comprehensive income of $41.8 million (m), representing a $5.6m, or 15.5% increase when compared to ongoing operations of FY22. The Reported FY22 result included $6.2m of Individually Significant Items after tax, which were largely related to gains on the sale of various sites.
- EBITDA from ongoing operations of $88.5m, representing an $8.4m, or 10.5% increase on FY22 achieved through the execution of Ridley's Growth Strategy.
- The operating cashflow of $105.3 represents an improvement on FY22 of 45.8%, as the business reduced working capital, making an orderly reduction to inventory as macro supply chains normalised. The FY22 Consolidated cash inflow including the proceeds from the sale of various assets.
- The Balance Sheet strength was maintained with debt increasing by just $6.6m after increasing dividend payments, conducting an on-market share buy-back and investing in growth capital in the business.

SUMMARY ($ million unless otherwise stated)	2023	2022	Movement
Total Comprehensive income - Net Profit After Tax ("NPAT")	41.8	42.4	▼ 0.6
Comprehensive Income (NPAT) – ongoing operations	41.8	36.2	▲ 5.6
EBITDA - ongoing operations [1]	88.5	80.1	▲ 8.4
Operating cashflow [2]	105.3	72.2	▲ 33.1
Consolidated cash inflow / (outflow)[3]	(6.6)	60.2	▼(66.8)
Net debt	29.5	22.9	▲ 6.6
Leverage ratio (times) [4]	0.33	0.29	▲ 0.04
Earnings Per Share – ongoing operations (cents)	13.4	11.3	▲ 2.1

[1] *FY23 calculated as NPAT of $41.8m adjusted for Net Finance Costs ($5.1m), Tax Expense ($16.8m), Depreciation and Amortisation ($24.8m).*

[2] *FY23 operating cashflow is EBITDA ($88.5m) plus or minus the change in working capital ($16.8M).*

[3] *Calculated as Closing Net debt less Opening Net debt*

[4] *Calculated as Net debt / Last 12 months EBITDA per banking facility covenant calculations.*

The Directors believe that the presentation of the unaudited non-IFRS financial summary above is useful for users of the accounts as it reflects the underlying financial performance of the business.

4. Review of operations

The first priority of the Board and Management of Ridley is the safety of our employees, suppliers and customers. In FY23 Ridley recorded a Lost Time Injury Rate (LTIFR) of 5.15 and Total Recordable Frequency Rate (TRFR) of 8.83.

For statutory reporting purposes, the Consolidated Profit and Loss from continuing operations after income tax for the year was a profit of $41.8m (FY22: $42.4m). The prior year included gains from individually significant items of $8.9m ($6.2m after tax), primarily related to the sale of the Westbury Facility and other surplus assets.

Segment Performance

The Packaged Feeds and Ingredients segment lifted earnings significantly with an EBITDA of $65.8m (FY22: $58.0m).

The Ingredient Recovery business unit was the primary driver of this increase where there is an ongoing strategy to invest in differentiating our products for premium markets which is generating higher returns. In FY23, the business also benefitted from higher market prices for rendered tallows, oils and protein meals in the first half (H1). Whilst these prices moderated in H2, higher volumes offset the price impact. Volumes through the Packaged Products business grew by 6% year on year as we expanded market share and increased pet product lines into urban retail chains. The Aquafeed sector underperformed resulting in more extrusion capacity being allocated to petfood production. NovaqPro® operations delivered their first profit with sales primarily to domestic prawn customers, albeit export sales did commence in FY23. The ongoing improvement in operating efficiency at the Thailand facility is resulting in a meaningful reduction in the cost base.

The Bulk Stockfeeds segment contributed an EBITDA of $36.0m (FY22: $34.4m).

The strategy to leverage our procurement and nutrition capability, drive asset utilisation and share scale benefits and expertise with our customers is continuing to deliver with volume growth of 3% in monogastric sales and 11% in ruminant sales in FY23. The challenges reported in H1 where wet conditions delayed the transition to new season grains impacting margins, normalised in H2.

All business units continued their focus on operating efficiency whilst ensuring that where inflationary costs could not be off-set that they were passed through. In FY23, $11.3m in maintenance capex was committed and $23m in growth capex projects. The growth capex included four de-bottlenecking projects, the ongoing delivery of Project Boost and various other capability enhancing projects across the group.

Corporate cost

The unallocated corporate cost of $13.3m (FY22: $12.2m), included a $1m accrual related to the CEO retention payment announced in May. Other corporate costs were in line with the prior years, despite the significant pressures on both employee costs (inflationary) and insurance (market drivers).

Interest costs have increased to $5.0m from $2.2m and while this includes a contribution from the small increase in net debt during the period, the primary reason for the increase is the higher interest cost on the debt facilities.

Cashflows and debt

The operating cash flow of $105.3m for FY23 (FY22: $72.2m) represents a significant improvement as the business was able to make an orderly reduction in the strategic inventory held previously as macro supply chains normalised.

Net Debt as at 30 June 2023 was $29.5m (FY22: $22.9m) and the FY23 Leverage ratio is 0.33 times (FY22: 0.29). During the period, the business funded an increase in dividends of $8.2m and a $7.0m share buy-back.

Earnings per share

The earnings per share as at 30 June is reflected in the table below:

	2023 Cents	2022 Cents
Basic / Diluted earnings per share	**13.1 / 12.7**	13.3 / 12.8
Basic / Diluted earnings per share -before Individually Significant Items	**13.1 / 12.7**	11.3 / 10.9

The Directors believe that the presentation of the unaudited non-IFRS EPS calculation before significant items above is useful for users of the accounts as it reflects the underlying earnings per share of the business.

Events occurring after the balance sheet date

There were no matters or circumstances that have arisen since 30 June 2023.

Risks

The following is a summary of the key continuing significant operational risks facing the business and the way in which Ridley manages these risks.

- **Cyclical variations impacting the demand for animal nutrition products -** by operating across different business sectors within the domestic economy, (namely poultry and pig, dairy, aqua, beef and sheep, companion animals, consumer goods packaged products and ingredient recovery) some of which have a positive or negative correlation with each other, Ridley is not dependent upon a single business sector or agricultural cycle and is able to spread the sector and adverse event risk across a diversified portfolio.

- **Commodity pricing fluctuations impacting raw material input prices -** through properly managed procurement practices and many of our customers retaining responsibility for the supply of raw materials for the feed Ridley manufactures on their behalf, the impact of fluctuations in raw material prices associated with domestic and world harvest cycles is reduced.

- **Commodity pricing fluctuations impacting end product sales prices** - the selling price of protein meals, tallow and oils by our ingredient recovery business varies as a result of domestic and export demand for these products, however the impact on the returns for Ridley are moderated due to raw material contracts with suppliers, which share a portion of the benefit or reduction in selling price with those suppliers.

- **Cyber breach -** the business has implemented system controls that are reviewed and tested periodically to assist the business in being able to detect and react to a potential cyber-attack.

- **Influence of natural pasture on supplementary feed decision making -** whilst not being able to control the availability of natural pasture, Ridley believes there is a compelling commercial justification for supplementary feeding in each of its ruminant sectors of operation, whether that be measured in terms of milk yield or herd well-being and feed conversion.

- **Impact on domestic and export markets in the event of disease outbreak in livestock -** Ridley operates in several business sectors exposed to different animal species and has a footprint of feed mills dispersed across the Eastern states of Australia that provide geographical segregation to reduce the exposure to a disease outbreak occurring within a customer's (supplier's in the case of ingredient recovery) operations.

- **Claims or market access restrictions due to product contamination or the delivery of product that is not in specification -** Ridley has a strategy of plant segregation, and operational controls in place to effectively manage its own risk of product contamination across the various species sectors. HACCP (Hazard Analysis and Critical Control Points) Plans are deployed across the business to adhere to product specifications.

- **Customer and supplier concentration and risk of customer and supplier vertical integration or risk of losing a significant customer or supplier -** Ridley endeavours to enter into long term sales and supply contracts with its customers and suppliers. This strategy provides a degree of confidence in order to plan appropriate shift structures, procurement and supply chain activities in the short term, and capital expenditure programs in the long term, while actively managing the risk of stranded assets and backward integration into feed production by significant customers and forward integration into rendering by significant suppliers.

- **Commercialising NovaqPro® -** the commercialisation of NovaqPro®, including risk mitigation strategies, is being actively managed by Ridley, however there are significant risks with any start-up business, some of which are beyond Ridley's control and could further delay commercialisation.

- **Thailand Operational and Regulatory risk –** with the establishment of commercial operations in Thailand the business is actively managing the operational risks through the appointment of an established local management team that work closely with the Australian operations. The business owns the land upon which it operates reducing the risk of changes in the regulatory environment.

- **Sustainability and Climate Change** – Ridley has worked with its customers and suppliers to develop a sustainability pathway that is focussed on:

    - sourcing high-quality raw materials that are produced with respect to social and environmental boundaries,
    - optimising our manufacturing and supply chain process to reduce our footprint,
    - developing technical solutions that enable farmers to produce more from less, and
    - creating safe, healthy and diverse workplaces that support vibrant communities.

- **Corporate -** risks such as safety, recruitment and retention of high calibre employees, inadequate innovation and new product development, customer credit non-payment, interest rate increases, foreign exchange fluctuations, the purchase of inappropriate raw material, lower than anticipated return on capital invested and consequences of lower underlying earnings are all managed through the Group's risk management framework which includes review and monitoring by the executive lead team.

Outlook

Ridley expects ongoing earnings growth for the year ahead by delivering:
- further premiumisation for the petfood sector in the Packaged & Ingredients segment; and
- volume increases in the Bulk Stockfeeds segment enabled by the de-bottlenecking projects.

Macro-economic conditions are expected to remain challenging, however the business continues to take steps to reduce the adverse impact of inflationary pressures and changes in commodity cycles.

Cash generated from operations, and a strong balance sheet, are expected to support the ongoing investment in the business, the payment of progressive dividends and the potential to pursue growth opportunities.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year ended 30 June 2023.

6. Dividends and distributions to shareholders

An FY22 Final Dividend of 4.0 cents per share franked to 100% was paid on 27 October 2022.

An FY23 Interim Dividend of 4.0 cents per share franked to 100% was paid on 27 April 2023.

Following a year of strong operating performance, cash generation and debt retirement, the Board has declared a final dividend of 4.25 cents per share (**cps**), fully franked and payable on 26 October 2023 for a cash outlay of approximately $13.4m.

7. Directors' and executives' remuneration

Refer to the Remuneration Report.

8. Meetings of Directors

The number of Directors' meetings and meetings of committees of Directors held during the financial year, and the number of meetings attended by each Director as a committee member, are as shown in the following table.

Directors	Board		Audit and Risk Committee		Remuneration and Nominations Committee		Ridley Innovation and Operational Committee	
	H	A	H	A	H	A	H	A
M McMahon	9	9	4	4	3	3		
Q L Hildebrand	9	9					4	4
P M Mann	9	9	4	4				
R J van Barneveld	9	9	4	4			4	4
E Knudsen	9	9					4	4
R Jones	9	9			3	2		
D J Lord [1]	9	9			3	3		
J Raffe [2]	9	9			3	3		

[1] Resigned 24 Nov 22
[2] Appointed 1 Sep 22

References to director meeting attendance table:

H: Number of meetings held during period of office
A: Number of meetings attended

9. Information on Directors

Particulars of shares and Performance Rights in the Company held by directors, together with a profile of the directors, are set out in the Board of Directors section in the annual report and in the Remuneration Report.

10. Share options and performance rights

Unissued ordinary shares of Ridley Corporation Limited and controlled entities under options and performance rights at the date of this report are as follows:

	Number	Expiry Date
Ridley Corporation Long Term and Special Retention Incentive Plan (**Performance Rights**)	11,371,355	Various
Ridley Employee Share Scheme (**Options**) [1]	3,162,837	Various

[1] The share grant and supporting loan together in substance comprise a share option.

No holder has any right under the above plan and scheme to participate in any other share issue of the Company or of any other entity. The Company will issue shares when the options and performance rights are exercised. Further details are provided in Note 22 in the Notes to the Financial Statements and in the Remuneration Report.

The names of all persons who currently hold options granted under the option plans are entered in the register kept by the Company, pursuant to section 215 of the Corporations Act 2001. The register is available for inspection at the Company's registered office.

12. Environmental regulation

The Group's manufacturing activities are subject to environmental regulation. Management ensures that any registrations, licences or permits required for the Group's operations are obtained and observed.

Ridley has environmental risk management reporting processes that provide senior management and the directors with periodic reports on environmental matters, including rectification actions for any issues as identified. In accordance with its environmental procedures, the Group monitors environmental compliance of all of its operations on an ongoing basis. The Board is not aware of any environmental matters likely to have a material financial impact.

The Group is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (Cth) (**NGER**), which governs the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects and energy use and production. Ridley continues to comply with its NGER reporting requirements.

13. Post balance date events

There were no matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the Group's state of affairs in future financial years.

14. Insurance

Regulation 113 of the Company's Constitution indemnifies officers to the extent now permitted by law.

A Deed of Indemnity (**Deed**) was approved by shareholders at the 1998 Annual General Meeting. Subsequent to this approval, the Company has entered into the Deed with all the Company's directors, the secretary of the Company, and the directors of all the subsidiaries.

The Deed requires the Company to maintain insurance to cover the directors in relation to liabilities incurred while acting as a director of the Company or a subsidiary and costs involved in defending proceedings. During the year the Company paid a premium in respect of such insurance covering the directors and secretaries of the Company and its controlled entities, and the general managers of the Group.

15. Non-audit services

The Company may decide to employ the auditor (**KPMG**) on assignments in addition to the statutory audit function where the auditor's expertise and experience with the Company and/or the Group are important and valuable.

The Board has considered the non-audit services and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of such expertise on separately negotiated fee arrangements is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services provided during FY23 have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20 and forms part of this report.

During the year the following fees were paid or are payable for services provided by the auditor of the parent entity and its related practices:

	$
Audit and review of financial reports	411,691
Taxation and other services	21,422
Total	433,113

16. Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

Signed in Melbourne on 17 August 2023 in accordance with a resolution of the Directors.

Mick McMahon
Director and Ridley Chair

Quinton Hildebrand
CEO and Managing Director

REMUNERATION REPORT – Audited

The Directors of Ridley Corporation Limited **(Ridley or Company)** present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and the Group, being the Company and its subsidiaries (**Group**), and the Group's interest in equity accounted investments, for the financial year ended 30 June 2023. This report forms part of the Directors' Report for the year ended 30 June 2023.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee, (throughout the Remuneration Report referred to as the Committee) consisting of at least three independent non-executive directors, advises the Ridley Board of Directors (Board) on remuneration policies and practices generally. The Committee makes specific resolutions in its own right and recommendations to the Board on remuneration packages and other terms of employment for the Managing Director, other senior executives and non-executive directors. The Committee is responsible for reviewing Board size and composition, setting the criteria for membership, and identifying and evaluating candidates to fill vacancies on behalf of the Ridley Board.

Executive remuneration and other terms of employment are reviewed annually by the Committee, having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

The number of meetings held during the year is shown as item 8 of the Directors' Report.

Services from remuneration consultants

As part of its annual review of remuneration strategy and structures, the Board has confirmed its executive remuneration and diversity disclosure policies in the context of current Australian corporate governance best practice.

Korn Ferry was engaged to complete salary benchmarking in FY23. Total remuneration consultancy fees for the period amounted to $11,000.

Remuneration of Directors and executives

Principles used to determine the nature and amount of remuneration

Remuneration packages are set at levels that are intended to attract and retain directors and executives capable of directing and managing the Group's operations and achieving the Group's strategic objectives.

Executive Remuneration is benchmarked against a Comparator Group of Companies comprised of ASX and private companies of similar function and size to Ridley.

Executive remuneration is structured to align reward with the achievement of annual objectives, successful business strategy implementation and shareholder returns. The remuneration strategy is to:

(i) offer a base Total Employment Package **(TEP)** that can attract and retain talented people;

(ii) provide short-term performance incentives to encourage personal performance;

(iii) provide long term incentives to align the interests of executives more closely with those of Ridley shareholders; and

(iv) reward sustained superior performance, foster loyalty and staff retention.

The overall level of executive reward considers the performance of the Group primarily for the current year.

Non-Executive Directors

Non-Executive Directors' fees are determined within an aggregate non-executive directors' fee pool limit which is reviewed periodically, with proposed amendments recommended to shareholders for approval. The maximum currently stands at $850,000 as approved at the 2022 Annual General Meeting. The Chair receives incremental fees of $75,000, the Chair of the Audit and Risk Committee receives $10,000 and the Chair of the Ridley Innovation and Operational Committee and Remuneration and Nominations Committee each receive $5,000 of incremental fees, in addition to their base fees. The total amount paid to non-executive directors in FY23 was $708,217 (FY22: $648,900).

Executives

The executive pay and reward framework comprises the three components of base pay and benefits, short-term incentives and long-term incentives.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for creation of shareholder wealth, the Committee has regard to the following indices in respect of the last five years.

		2023	2022	2021	2020	2019
Comprehensive income / (loss) (NPAT)	$'000	41,825	42,430	24,896	(10,748)	23,565
Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA)** before Individually Significant Items	$'000	88,505 [1]	80,144	69,148	59,418	48,154
EBITDA after individually significant items	$'000	88,505 [2]	89,077	69,148	15,084	54,315
Earnings Before Interest and Tax	$'000	63,722	63,303	39,549	(11,075)	35,412
Cash flow from operating activities (statutory)	$'000	43,023	46,588	85,778	22,367	36,824
Return on Net Assets [3]	%	13.2	13.4	8.7	(4.1)	8.3
Dividends paid	$'000	25,500	17,253	-	13,226	13,083
TSR [4]	%	16.2	61.8	67.9	(35.5)	(10.4)
Year end closing share price	$	2.00	1.79	1.14	0.72	1.19
Short Term Incentive to KMP	$'000	1,335	1,270	1,086	445	-

[1] *FY23 Non-IFRS measure calculated as Net Profit After Tax (NPAT) of $41.8m adjusted for Net Finance Costs ($5.1m), Tax Expense ($16.8m), Depreciation and Amortisation ($24.8m) and before Individually Significant Items of $0m.*

[2] *FY23 EBITDA calculated above including Individually Significant Items of $0m.*

[3] *Calculated as NPAT as a percentage of Net Assets*

[4] *Total Shareholder Returns (TSR) is calculated as the change in share price for the year plus dividends paid per share for the year, divided by the opening share price, expressed as a percentage.*

Base pay and benefits

Executives receive a Base Package which may be delivered as a mix of cash and, at the executive's discretion, other benefits, including superannuation in excess of the superannuation contribution guarantee payments.

External consultants provide analysis and advice to ensure the Base Package and benefits for non-executive staff are set to reflect the market rate for a comparable role. An executive's pay may also be reviewed on promotion.

The Group sponsors the Ridley Superannuation Plan - Australia (the Fund), and contributes to other employee nominated superannuation plans. The Fund provides benefits on a defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement.

Short-term incentives

For FY23, executives and employees in senior positions are eligible for short-term incentive (STI) payments based on two performance streams, being the Group Financial Performance component (70% weighting) and the Personal Key Performance Indicators (KPIs) component (30% weighting).

The Group Financial Performance component of the STI is assessed against a stretch budget Earnings Before Interest, Tax, Depreciation and Amortisation before significant items (EBITDA). Where achievement of 90% of stretch budget EBITDA is reached, the payment of a partial STI based on the achievement of Personal KPIs will be assessed by the Board at its sole discretion.

Personal KPIs for FY23 comprised targets relevant to each participant’s responsibilities and include targets relevant to safety, quality, operational excellence, sales growth, expansion/innovation, capital management, strategy development and sustainability progress.

KPIs for the Managing Director are initially considered and recommended by the Remuneration and Nominations Committee and then approved by the Board based on the adopted business strategy. These approved KPIs are then cascaded down to the KMPs, Direct Reports of the CEO referred to as C-Suite Executives, and throughout the business, recognising the relative contributions required of each role within the organisation to achieve the stated objectives.

STI incentives by role range from 100% of the TEP for the Managing Director down to 10% of the TEP for the least senior participants in the plan.

A summary of the STI award structure for FY23 is shown in the following table, subject always to the exercise of discretion by the Board.

Metric	Proportion of budgeted EBITDA	Award
Financial	< Stretch Budget minus $5m	Nil
Financial	Stretch Budget minus $5m to Stretch Budget	51-100% of the 70% Group Financial component straight line pro rata of incremental EBITDA up to $5m
Financial	≥ Stretch Budget	Capped at 100% of the 70% financial component
Personal	< 90%	Nil
Personal	90% or greater	100% of the 30% Personal KPI component subject to the individual meeting his or her own KPIs for the year and to Board discretion

Following the end of the 2023 financial year, the financial results and each individual's performance against KPIs have been reviewed to determine STI payments for each executive and employees in senior positions. Given the underlying consolidated EBITDA performance was greater than the EBITDA stretch budget, the Board has resolved to award 100% of the Group Financial component. The FY23 STI entitlements awarded also reflect the performance of the individual assessed against their Personal KPIs, with the maximum 100% awarded only to those employees who have exceeded all of their performance targets for the year.

In September 2023, the FY23 STI award, which was fully provided for as at 30 June 2023, will be satisfied through the monthly Payroll.

For each KMP included in the annual remuneration tables, the percentage of the available STI that was awarded for the financial year, and the percentage that was forfeited because the service and performance criteria were not achieved, are set out in the following table, together with the maximum amount of $1,593,797 (2022: $1,348,920) payable to KMP had all STI performance targets been achieved.

KMP Name	STI percentage range of TEP [1]	STI Maximum potential award in $ [2]	2023 STI award in $ [3]	2023		2022	
				Paid %	Forfeited %	Paid %	Forfeited %
Q Hildebrand	0-100%	750,000	637,500	85.0%	15.0%	92.5%	7.5%
R Betts	0-60%	330,000	305,250	92.5%	7.5%	92.5%	7.5%
C Klem	0-40%	152,000	129,200	85.0%	15.0%	92.5%	7.5%
R Singh	0-40%	160,000	148,000	92.5%	7.5%	100%	0%
H Slattery[4]	0-40%	77,797	-	-	100%	77.5%	22.5%
K Clarke	0-40%	124,000	114,700	92.5%	7.5%	92.5%	7.50%
S Clowes	0-40%	-	-	-	-	-	-
		1,593,797	**1,334,650**	83.7%	16.3%	94.0%	6.0%

[1] *STI percentage applicable subject to pro rata adjustment for the period of employment or in the KMP role.*

[2] *Maximum financial value applicable to the maximum percentage.*

[3] *FY23 STI award to be paid via the September 2023 Payroll.*

[4] *Pro rata award calculation in line with when STI participant ceased role as KMP (15 February 2023).*

[5] *KMP from 13 March 2023 and is not eligible for the FY23 STI.*

Long Term Incentives

In FY23 there was an issue of Indeterminate Performance Rights (Rights) to senior executives and officers under the Ridley LTIP with an effective grant date of 1 July 2022. The standard terms and conditions of these issuances is stated below. The LTIP aligns the interests of executives with those of Ridley shareholders in rewarding sustained superior performance. Company policy prohibits employees from entering into any transaction that is designed or intended to hedge any exposure to Ridley securities.

Ridley Corporation Long-Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide long term rewards through the delivery of long term, sustainable business objectives that are directly linked to the generation of shareholder returns. Under the LTIP, which was introduced in October 2006, selected executives and the Managing Director may be offered a number of Rights, each Right providing the entitlement to acquire one Ridley share at nil cost.

Rights vest subject to continued employment (with an exclusion for cessation of employment for a Qualifying Reason such as death, disability or redundancy) and to the satisfaction of performance hurdles set for the three-year term of the Rights.

For all Rights currently on issue, there are two performance measures, namely Return on Funds Employed (ROFE) and Absolute Total Shareholder Returns (TSR). The maximum rights issue is limited to a % of each participant’s total fixed remuneration.

ROFE is calculated as being the Ridley Consolidated Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before significant items divided by the Funds Employed (FE).

TSR is expressed as a percentage and calculated as the sum of the cents per share increase in the Ridley share price from the effective date of grant to the last day of the three-year performance period plus the aggregate of cents per share dividends paid throughout the performance period, divided by the Ridley share price at the effective date of grant. All Ridley share prices adopted in the calculations comprise the five-day VWAP immediately prior to the relevant start and end dates of the performance period.

The number of Rights issued to each participant is divided into two tranches, Tranche A and Tranche B. The performance measure for Tranche A Rights is the ROFE hurdle while the Absolute TSR is the performance hurdle for Tranche B Rights. Each tranche is independently tested, such that one tranche could hypothetically result in 100% vesting while the other could result in 100% forfeiture, or any combination thereof.

The fair value of Tranche B Rights has been calculated by an independent expert in accordance with Share-Based Payment accounting standard AASB2 on an option-equivalent basis, while the accounting fair value of Tranche A Rights is estimated excluding the impact of the ROFE hurdle (as this is considered a "non-market condition"). The impact of the ROFE hurdle is then taken into consideration by adjusting the estimated number of Tranche A Rights that will vest based on current and projected performance.
The performance criteria for Rights on issue in FY23 are set out in the following table:

Tranche	Metric	Performance hurdle FY23 [1]	Performance hurdle FY24 [2]	Performance hurdle FY25 [3]	Award
A	ROFE	< 19%	< 15%	< 15%	Nil
A	ROFE	19%			50%
A	ROFE	19% - 30%	15% - 25%	15% - 25%	50- 100% on a straight-line pro rata basis
A	ROFE	> 30%	> 25%	> 25%	100%
B	Absolute TSR	< 30%	< 30%	< 30%	Nil
B	Absolute TSR	30%	30%	30%	50%
B	Absolute TSR	30% - 70%	30% - 70%	30%- 52%	50% - 100% on a straight-line pro rata basis
B	Absolute TSR	>70%	>70%	> 52%	100%

[1] Actual vesting of this Tranche A of Rights is determined by ROFE performance for the final year of the performance period, being from 1 July 2022 to 30 June 2023.
[2] Actual vesting of this Tranche A of Rights is determined by the average ROFE performance for all three years of the performance period, being from 1 July 2021 to 30 June 2024.
[3] Actual vesting of this Tranche A of Rights is determined by the average ROFE performance for all three years of the performance period, being from 1 July 2022 to 30 June 2025.

Summary of Ridley performance

The following table provides a summary of the performance for each tranche of the LTIP Rights on issue to KMP's at year end, rebased to the effective date of grant and using 30 June 2023, being the actual test date for the FY21 issue and the hypothetical end date for the FY22 and FY23 tranches. The data does not take account future dividends and are therefore only an indicative and incomplete measure of Absolute TSR performance. The ROFE has been assessed for all three tranches based on the assessed ROFE at 30 June 2023.

Start date	Test date	Tranche	Ridley ROFE	Ridley TSR	Number of rights on issue	% of rights Hypothetically vested as at 30 June 2023	Number of rights Hypothetically vested as at 30 June 2023
1 Jul 2020	30-Jun-23	A	25.6%		940,207	80%	752,166
01-Jul-20	30-Jun-23	B		175.0%	1,216,580	100%	1,216,580
1 Jul 2021	30-Jun-24	A	25.6%		948,044	80%	758,435
01-Jul-21	30-Jun-24	B		87.6%	1,132,487	100%	1,132,487[1]
01-Jul-22	30-Jun-25	A	25.6%		633,688	80%	506,950
01-Jul-22	30-Jun-25	B		17.2%	760,200	14%	106,428[4]

[1] Based on actual dividends paid to date during the performance period and the dividend to be paid in October 2023 i.e. excluding consideration of any undeclared future dividends payable during the performance period.

Shares purchased on-market

3,666,387 shares were allocated to participating employees under the LTIP during the 2023 financial year, with a total market value of $7,147,709.

Ridley Corporation Special Retention Plan

In May 2023 it was announced that, subject to shareholder approval at the 2023 Annual General Meeting, the Managing Director, Quinton Hildebrand would be issued with 1,500,000 rights on 1 July, 2023 in addition to his ordinary allotment of LTIP rights. These rights will be tested on the same basis as the FY24 LTIP. These rights were issued as part of special retention arrangements put in place for Mr Hildebrand, the details of which are discussed later in this report.

Directors and Key Management Personnel

The following persons were the directors and executives with the greatest authority for the strategic direction and management of the Group (Key Management Personnel or **KMP**) throughout FY23 unless otherwise stated.

Name	Position and status
DIRECTORS	
M P McMahon	Director and Chair
Q L Hildebrand	Managing Director and CEO
P M Mann	Non-Executive Director
R J Van Barneveld	Non-Executive Director
E Knudsen	Non-Executive Director
D J Lord	Non-Executive Director up until 24 November 2022
R Jones	Non-Executive Director
J Raffe	Non-Executive Director from 1 September 2022
EXECUTIVES	
R Betts	Chief Financial Officer
C Klem	Chief Operating Officer Ingredients Recovery
R Singh	Chief Operating Officer Ruminant Stockfeeds, Packaged products and Aquafeed
K Clarke	General Counsel and Company Secretary
S Clowes	Chief Operating Officer Monogastric Stockfeeds from 13 March 2023
H Slattery	General Manager Aquafeed up until 15 February 2023.

Details of KMP remuneration

Details of the remuneration of each director of Ridley Corporation Limited and each of the KMP of the Group during the financial year are set out below. In accordance with the requirements of Section 300A of the Corporations Act 2001 and Regulation 2M.3.03, the remuneration disclosures for the 2023 and 2022 financial years only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP. All values are in A$ unless otherwise stated. The salary package may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits) and certain other benefits.

FY23 Remuneration Table

	Short-term benefits		**Other Benefits**		**Share-Based payments**		**Share-Based payment reversal**			
Name	Directors' Fees and Cash Salary $	FY23 STI $	Super-annuation $	Other allow-ances $	Perfor-mance Rights $	**Sub-total $**	Perfor-mance Rights $	**Total $**	**%[1]**	**%[2]**
DIRECTORS										
M P McMahon	163,864	-	17,206	-	-	181,069	-	181,069	-	-
Q L Hildebrand - CEO and Managing Director	722,500	637,500	27,500	47,945[8]	594,621	2,030,066	-	2,030,066	29%	61%
P M Mann	96,514	-	10,134	-	-	106,647	-	106,647	-	-
R J van Barneveld[3]	103,925	-	-	-	-	103,925	-	103,925	-	-
E Knudsen[3]	96,275	-	-	-	-	96,275	-	96,275	-	-
D J Lord[4]	35,810	-	3,760	-	-	39,570	-	39,570	-	-
R Jones[3]	96,275	-	-	-	-	96,275	-	96,275	-	-
J Raffe[5]	76,430	-	8,025	-	-	84,455	-	84,455	-	-
Total Directors	1,391,593	637,500	66,625	47,945	594,621	2,738,284	-	2,738,284		
EXECUTIVES										
R Betts	498,512	305,250	25,292	26,195[9]	216,928	1,072,177	-	1,072,177	20%	49%
C Klem	352,500	129,200	27,500	-	112,485	621,685	-	621,685	18%	40%
R Singh	372,500	148,000	27,500	-	117,043	665,043	-	665,043	18%	40%
H Slattery[6]	176,012	-	19,638	-	57,795	253,445	-	253,445	23%	23%
K Clarke	280,543	114,700	29,457	-	72,175	496,875	-	496,875	15%	38%
S Clowes[7]	100,243	-	10,526	-	-	110,769	-	110,769	-	-
Total Executives	1,780,310	697,150	139,913	26,195	576,426	3,219,994	-	3,219,994		
Total	3,171,903	1,334,650	206,537	74,140	1,171,047	5,958,278	-	5,958,278		

[1] *Percentage remuneration consisting of performance rights.*
[2] *Percentage remuneration performance related.*
[3] *Director fees paid as an invoice rather than through payroll.*
[4] *Director until 24 November 2022.*
[5] *Director from 1 September 2023.*
[6] *KMP until 15 February 2023.*
[7] *KMP from 13 March 2023.*
[8] *Rental for accommodation in Melbourne.*
[9] *Vehicle allowance awarded via salary sacrifice.*

FY22 Remuneration Table

	Short-term benefits		Other Benefits		Share-Based payments		Share-Based payment reversal			
Name	Directors' Fees and Cash Salary $	FY22 STI $	Super-annuation $	Other allow-ances $	Perfor-mance Rights $	**Sub-total $**	Perfor-mance Rights $	**Total $**	**%[1]**	**%[2]**
DIRECTORS										
M P McMahon	163,864	-	16,386	-	-	180,250	-	180,250	-	-
Q L Hildebrand - CEO and Managing Director	672,500	453,250	27,500	-	441,585	1,594,835	-	1,594,835	28%	56%
P M Mann	88,955	-	8,895	-	-	97,850	-	97,850	-	-
R J van Barneveld[3]	97,850	-	-	-	-	97,850	-	97,850	-	-
E Knudsen[3]	87,550	-	-	-	-	87,550	-	87,550	-	-
D J Lord	88,955	-	8,895	-	-	97,850	-	97,850	-	-
R Jones[3]	87,550	-	-	-	-	87,550	-	87,550	-	-
Total Directors	1,287,224	453,250	61,676	-	441,585	2,243,735	-	2,243,735		
EXECUTIVES										
R Betts[4]	493,140	279,325	21,604	-	108,689	902,758	-	902,758	12%	43%
A Boyd[5]	71,848	37,732	3,615	-	16,295	129,490	(152,000)	129,490	13%	42%
C Klem	340,541	136,175	27,500	-	91,964	596,180	(95,000)	596,180	15%	38%
R Singh	352,500	152,000	27,500	1,822[8]	49,510	583,332	-	583,332	8%	35%
H Slattery	272,727	93,000	27,273	-	55,114	448,114	-	448,114	12%	33%
K Clarke[6]	229,371	92,753	22,937	-	35,571	380,632	-	380,632	9%	34%
Total Executives	1,760,127	790,985	130,429	1,822	357,143	3,040,506	(247,000)	3,040,506		
Total	3,047,351	1,244,235	192,105	1,822	798,728	5,284,241	(247,000)	5,284,241		

1 *Percentage remuneration consisting of performance rights.*
2 *Percentage remuneration performance related.*
3 *Director fees paid as an invoice rather than through payroll.*
4 *KMP from 1 August 2021.*
5 *KMP until 25 August 2021.*
6 *KMP from 30 August 2021.*
7 *KMP from 13 March 2023.*
8 *Travel allowance.*

Non-Executive Directors – Fee Structure

On 28 April 2023, the Board approved a policy that non-executive directors may elect to receive up to 20% of their fee by way of Company securities in lieu of cash. An election must be made by directors at least six months in advance and immediately prior to 1 January and/or immediately prior to 1 July. Elections remain on foot until such time as the director elects to opt out. Opting out requires 6 months notice and aligns with twice yearly election dates.

Contracts of employment

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement which includes provision of performance related bonuses and other benefits, eligibility to participate in the Ridley LTIP, STI and ESS. Other major provisions of the agreements relating to remuneration are set out below:

Q L Hildebrand, CEO and Managing Director

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement which includes provision of performance related bonuses and other benefits, eligibility to participate in the Ridley LTIP and STI. Other major provisions of the agreements relating to his remuneration are set out below:

Base remuneration, inclusive of superannuation and any elected benefits, of $750,000, to be reviewed annually each June with any changes to be effective from the following 1 July.

- Full STI scheme participation up to 100% of total Base Package based on the achievement of certain agreed KPIs as approved by the Board, split 70% on consolidated Group EBITDA performance and 30% on personal KPIs. The split of personal KPIs for FY23 comprised targets for Safety (10%), Quality (10%), Operational Excellence for optimisation of savings (20%), Strategy Development (underlying 30% and growth 20% for an aggregate of 50%) and Sustainability progress (10%). The 70% of Ridley financial performance STI for FY23 is assessed solely against budgeted EBITDA before any Individually Significant Item(s).
- Eligible to participate in the Ridley LTIP and Ridley to use its best endeavours to obtain shareholder approval for the issue of equity securities under the scheme. Shareholder approval was received on 24 November 2022 for the 716,905 performance rights issued to Mr Hildebrand in FY23 with a performance test period from 1 July 2022 to 30 June 2025.
- The CEO's contract of employment has no fixed term, and Ridley is able to terminate the contract by giving the CEO 12 months' notice in writing. Conversely, the CEO may terminate his contract by giving the Company 12 months' notice in writing. Ridley is able to terminate the contract of employment without notice or payment in lieu if the CEO engages in fraud or other serious misconduct, commits a serious or persistent breach of the contract, disobeys a lawful and reasonable direction of the Company, or is found guilty of an offence precluding or inhibiting further performance of the duties of the CEO office. Payment of termination benefits on early termination by the employer is not to exceed the threshold above which shareholder approval is required under the Corporations Act 2001, and comprises any amount of the total remuneration package accrued but unpaid at termination, plus accrued but unpaid leave entitlements, and any other entitlements accrued under applicable legislation.
- In May 2023 it was announced that the Managing Director, Quinton Hildebrand would be issued with a one-off retention cash payment of $1,000,000 payable on 1 July 2023, and 1,500,000 rights to be issued effective 1 July, 2023 in addition to his allotment of annual LTIP rights. These rights would be tested on the same basis as the FY24 LTIP. These amounts were part of the special retention arrangements put in place for Mr Hildebrand, which also included an increase in the STI scheme participation up to 150% of total Base Package (previously 100%). The $1,000,000 cash payment was accrued in full in FY23 and the 1,500,000 rights will be accounted for over the qualifying period on the same basis as the FY24 LTIP rights.

Other senior executives have individual contracts of employment but with no fixed term of employment.

Notice periods

The notice period for terminating employment of KMP ranges from between three and six months for executives to twelve months for the Managing Director.

Equity instrument disclosures relating to directors and executives

Performance rights provided as remuneration

Details of Rights over ordinary shares in the Company issued under the Ridley LTIP as remuneration to the Managing Director of Ridley Corporation Limited and each of the other KMP of the Group are set out in the table below.

KMP LTIP Rights Holdings

Recipients of LTIP rights	LTIP percentage range of TEP [1]	Year of grant	Granted	Grant Date	Fair Value of Rights at Grant Date $
Directors					
Q L Hildebrand	0-170%	2021 [2]	1,566,108	01 Jul 2020	663,531
		2022 [3]	1,045,173	01 Jul 2021	638,171
		2023 [4]	716,905	01 Jul 2022	690,759
Key Management Personnel					
R Betts	0-100%	2022 [3]	483,063	01 Jul 2021	326,068
		2023 [4]	309,253	01 Jul 2022	324,716
C Klem	0-60%	2021 [2]	290,618	01 Jul 2020	129,325
		2022 [3]	193,950	01 Jul 2021	130,916
		2023 [2]	128,199	01 Jul 2022	134,609
R Singh	0-60%	2021 [2]	300,061	01 Jul 2020	133,527
		2022 [3]	200,252	01 Jul 2021	135,170
		2023 [4]	134,947	01 Jul 2022	141,694
K Clarke	0-60%	2022 [3]	158,093	01 Jul 2021	106,713
		2023 [4]	104,584	01 Jul 2022	109,813
S Clowes	0-60%	2023 [4]	-	01 Jul 2022	-
Total issued to Directors and Key Management Personnel			**5,631,206**		**3,665,012**

[1] *LTI percentage applicable subject to pro rata adjustment for the period of employment or in the KMP role.*

[2] *Percentage remuneration consisting of performance rights effective grant date for the FY21 LTIP was 1 July 2020. The Fair Value per Right at the grant date was \$0.67 for Tranche A Rights before adjusting for the initial assessment of the likelihood of exceeding the ROFE performance hurdle and \$0.22 for Tranche B Rights. Each participant's holding split equally between the two tranches A and B excluding the CEO and Managing Director's, which are split 41% Tranche A and 59% Tranche B.*

[3] *Percentage remuneration consisting of performance rights effective grant date for the FY22 LTIP was 1 July 2021. The Fair Value per Right at the grant date was \$1.04 for Tranche A Rights before adjusting for the initial assessment of the likelihood of exceeding the ROFE performance hurdle and \$0.31 for Tranche B Rights.*

[4] *Percentage remuneration consisting of performance rights effective grant date for the FY23 LTIP was 1 July 2022. The Fair Value per Right at the grant date was \$1.54 for Tranche A Rights before adjusting for the initial assessment of the likelihood of exceeding the ROFE performance hurdle and \$0.56 for Tranche B Rights.*

KMP Shareholdings

The numbers of shares in the parent entity held during the financial year by each director of Ridley Corporation Limited and each of the KMP of the Group who hold shares, including their personally-related entities, are set out in the table below.

Director / Executive	Balance at 1 July 2022	Acquired during the year [3]	(Disposed) during the year	Holding at date of no longer being a KMP	Balance at 30 June 2023
M P McMahon	541,750	-	-	-	541,750
Q L Hildebrand	323,323	1,028,376	-	-	1,351,699
P M Mann	99,044	-	-	-	99,044
R J van Barneveld	83,053	-	-	-	83,053
E Knudsen	703,286	-	-	-	703,286
D J Lord	134,275	-	-	134,275	-
R Jones	115,000	-	-	-	115,000
J Raffe [1]	25,906	-	-	-	25,906
Total Directors	**2,025,637**	**1,028,376**	**-**	**134,275**	**2,919,738**
R Betts	91,227	-	-	-	91,227
C Klem	750,326	186,675	734,509	-	202,492
R Singh	-	-	-	-	-
H Slattery	22,500	-	10,000	12,500	-
K Clarke	-	-	-	-	-
S Clowes [2]	-	-	-	-	-
Total Executives	**864,053**	**186,675**	**744,509**	**12,500**	**293,719**
Total Key Management Personnel	**2,889,690**	**1,215,051**	**744,509**	**146,775**	**3,213,457**

1. Director from 1 September 2022.
2. KMP from 13 March 2023.
3. Conversion of 1,215,051 performance rights to 1,215,051 ordinary shares granted under LTIP expired 30 June 2022.

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

To the Directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Ridley Corporation Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

J. Carey.

KPMG

Julie Carey

Partner

Melbourne

17 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Revenue	4	1,260,133	1,049,086
Cost of sales		(1,148,775)	(949,523)
Gross profit		**111,358**	**99,563**
Finance income	5(b)	397	-
Other income	4	328	13,045
Expenses:			
Selling and distribution		(13,669)	(13,632)
General and administrative	5	(34,295)	(35,673)
Finance costs	5(b)	(5,484)	(2,849)
Profit before income tax expense		**58,635**	**60,454**
Income tax (expense)	6	(16,810)	(18,024)
Profit after income tax	6	**41,825**	**42,430**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**41,825**	**42,430**
Total comprehensive income for the year attributable to:			
Ridley Corporation Limited		**41,825**	**42,430**
Earnings per share			
Basic earnings per share	1	**13.1c**	13.3c
Diluted earnings per share	1	**12.7c**	12.8c

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	7	43,023	27,078
Trade and other receivables	8	133,010	133,126
Inventories	9	107,049	117,131
Tax asset	12	705	-
Total current assets		**283,787**	**277,335**
Non-current assets			
Property, plant and equipment	10	258,617	246,902
Intangible assets	11	73,988	74,972
Deferred tax asset	12	1,309	8,157
Total non-current assets		**333,914**	**330,031**
Total assets		**617,701**	**607,366**
Current liabilities			
Trade and other payables	13	205,189	202,205
Lease liabilities	13	4,160	4,420
Provisions	14	15,636	15,112
Tax liability	12	-	11,860
Total current liabilities		**224,985**	**233,598**
Non-current liabilities			
Lease liabilities	13	4,505	7,374
Borrowings	15	72,500	50,000
Provisions	14	325	364
Total non-current liabilities		**77,330**	**57,738**
Total liabilities		**302,315**	**291,336**
Net assets		**315,386**	**316,030**
Equity			
Share capital	16	218,090	225,114
Reserves	17	(1,889)	3,146
Retained earnings	17	99,185	87,770
Total equity		**315,386**	**316,030**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

2023

	Share Capital $'000	Share Based Payments Reserve $'000	Treasury Shares $'000	Retained Earnings $'000	Total $'000
Opening balance at 1 July 2022	**225,114**	**3,146**	**-**	**87,770**	**316,030**
Profit for the year	-	-	-	41,825	**41,825**
Other Comprehensive (Loss) / Income	-	-	-	-	-
Total Comprehensive (Loss) / Income for the year	-	-	-	**41,825**	**41,825**
Transactions with owners recognised directly in equity:					
Dividends paid / declared	-	**261**	-	**(25,500)**	**(25,239)**
Treasury share buyback	-	-	**(20,314)**	-	**(20,314)**
Treasury shares cancelled [1]	**(7,024)**	-	**7,024**	-	-
Treasury shares buyback and release of LTIP [2]	-	-	**7,175**	**(7,175)**	-
Transfer to Retained Earnings	-	**(2,264)**	-	**2,264**	-
Share based payment transactions	-	**3,084**	-	-	**3,084**
Total transactions with owners recognised directly in equity	**(7,024)**	**1,081**	**(6,115)**	**(30,410)**	**(42,468)**
Balance at 30 June 2023	**218,090**	**4,227**	**(6,115)**	**99,185**	**315,386**

[1] On 18 August 2022, the Group announced the plan to buy back ordinary shares of Ridley Corporation Limited on- market up to a total value of $20m between 12 October 2022 to 30 June 2023. As at 30 June 2023, 3.7 million shares at a total consideration of $7.0m have been bought back and cancelled.

[2] During FY23, the Group purchased its own shares on- market at a value of $7.2m for the purpose of allocating these shares to eligible employees as a part of the Group's Long Term Incentive Plan. As at 30 June 2023, all of these shares have been issued to the eligible employees.

2022

	Share Capital $'000	Share Based Payments Reserve $'000	Treasury Shares $'000	Retained Earnings $'000	Total $'000
Opening balance at 1 July 2021	**225,114**	**1,706**	**-**	**60,725**	**287,545**
Profit for the year	-	-	-	42,430	**42,430**
Other Comprehensive (Loss) / Income	-	-	-	-	-
Total Comprehensive (Loss) / Income for the year	-	-	-	**42,430**	**42,430**
Transactions with owners recognised directly in equity:					
Transfer to Retained Earnings	-	(1,868)	-	1,868	-
Dividends paid / declared	-	-	-	(17,253)	(17,253)
Share based payment transactions	-	3,308	-	-	3,308
Total transactions with owners recognised directly in equity	-	**1,440**	-	**(15,385)**	**(13,945)**
Balance at 30 June 2022	**225,114**	**3,146**	**-**	**87,770**	**316,030**

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The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		1,393,158	1,141,706
Payments to suppliers and employees		(1,287,732)	(1,082,482)
Other income received		206	334
Interest paid		(4,983)	(2,224)
Interest received		397	-
Income tax payments		(21,965)	(10,746)
Net cash from operating activities		**79,081**	**46,588**
Cash flows from investing activities			
Payments for property, plant and equipment		(34,270)	(23,797)
Payment for intangibles		(500)	88
Proceeds from sale of non-current assets		-	60,072
Net cash from / (used in) investing activities		**(34,770)**	**36,363**
Cash flows from financing activities			
LTIP share purchase		(13,291)	(431)
Share Buyback		(7,023)	-
Increase / (Repayment) of borrowings		22,206	(73,021)
Dividends paid	2	(25,239)	(17,054)
Payment of lease liabilities		(5,019)	(5,271)
Net cash used in financing activities		**(28,366)**	**(95,777)**
Net movement in cash held		**15,945**	**(12,826)**
Cash at the beginning of the financial year		**27,078**	**39,904**
Cash at the end of the financial year	7	**43,023**	**27,078**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Index of Notes to and forming part of the financial report

Note 1 – Earnings per share

	2023 Cents	2022 Cents
Basic / Diluted earnings per share	**13.1/ 12.7**	**13.3 / 12.8**
Basic / Diluted earnings per share - before Individually Significant Items	**13.1/ 12.7**	**11.3 / 10.9**

	2023		2022	
Earnings used in calculating earnings per share:	**Basic $’000**	**Diluted $’000**	Basic $’000	Diluted $’000
Profit after income tax	41,825	41,825	42,430	42,430
Profit after income tax before individually significant items	41,825	41,825	36,177	36,177

Weighted average number of shares used in calculating:	**2023**	2022
Basic earnings per share	**315,832,713**	319,494,975
Diluted earnings per share	**330,157,232**	331,920,423

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares on issue during the financial year.

There were no Ridley shares issued in FY23.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Based on the vesting conditions and exercise price, as at 30 June 2023, there are 11,590,048 (30 June 2022: 12,425,448) dilutive potential ordinary shares outstanding based on the hypothetical vesting of Performance Rights on issue as at 30 June 2023 as detailed in the Remuneration Report.

Note 2 – Dividends

Dividends paid during the year	**Franking**	**Payment date**	**Cents per share**	**2023 $’000**	2022 $’000
Interim dividend	Fully franked	27 April 2023	4.0 (2022: 3.4)	**12,720**	10,863
Final dividend	Fully franked	27 October 2022	4.0 (2022: 2.0)	**12,780**	6,390
				25,500	17,253

	2023	2022
Paid in cash	**25,239**	17,054
Non-cash dividends paid applied to employee in-substance option loan balances	**261**	199
	25,500	17,253

Note 2 – Dividends (continued)

Since the end of the financial year, the Board has declared the following dividend	**2023 $'000**	2022 $'000
Following a year of strong operating performance, cash generation and debt retirement in FY23, the Board has declared a final dividend of 4.25 cents per share (**cps**), fully franked and payable on Thursday 26 October 2023.	**13,422**	12,779
Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years (prior to the above dividend declaration)	**32,243**	20,435

Note 3 – Operating segments

The Group determines and presents operating segments based on information that internally is provided to and used by the Managing Director, who is the Group's Chief Operating Decision Maker (**CODM**).

Segment results reported to the Managing Director include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, borrowings and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

In accordance with the organisational structure and internal reporting to the CODM, Ridley has adopted the following segment reporting:

- Packaged Feeds and Ingredients – comprising the Group's premium quality, high performance animal nutrition feed and ingredient solutions delivered in packaged form ranging from 1 tonne bulka bag down to 3kg bags, and includes the Extrusion Business Unit.

- Bulk Stockfeeds – comprising the Group's premium quality, high performance animal nutrition stockfeed solutions delivered in bulk.

The basis of inter-segmental transfers is market pricing.

Geographical locations

While the Group predominantly operates in Australasia, it has established a platform for NovaqPro® commercial operations at Chanthaburi, Thailand. From 1 July 2020 the site became fully operational and has been reported through the profit and loss since that date.

In addition to Thailand, legal entities have not traded but have been established in India and Ecuador in anticipation of an international expansion of NovaqPro® operations, commencing with commercial trials.

Total Property, Plant and Equipment by geographical segment	**2023 $'000**	2022 $'000
Australia	**234,581**	221,787
Thailand	**24,036**	25,115
	258,617	246,902

Total Revenue by geographical segment	**2023 $'000**	2022 $'000
Australia	**1,260,461**	1,062,131
Thailand	**-**	-
	1,260,461	1,062,131

Note 3 – Operating segments (continued)

Major Customers

The Group conducts business with two customers (2022: two) where the revenue generated from each customer exceeds 10% of the Group's revenue. Revenue from these customers was:

For the year ended 30 June	**2023** **$'000**	2022 $'000
Customer A	**198,706**	172,083
Customer B	**139,239**	125,221
	337,945	297,304

2023 financial year in $'000	**Bulk Stockfeeds**	**Packaged / Ingredients**	**Corporate**	**Consolidated**
Total income (Note 4)	**869,958**	**390,175**	**-**	**1,260,133**
EBITDA before Significant Items	36,013	65,794	(13,304)	**88,503**
Depreciation and amortisation expense (Note 5(a))	(15,428)	(9,336)	(17)	**(24,781)**
Finance costs (Note 5(b))	-	-	(5,086)	**(5,086)**
Reportable segment profit/(loss) before income tax and individually significant items	**20,584**	**56,458**	**(18,407)**	**58,635**
Individually significant items	-	-	-	-
Reportable segment profit/(loss) before income tax	**20,584**	**56,458**	**(18,407)**	**58,635**
Total segment assets	299,809	250,642	67,250	**617,701**
Segment liabilities	(171,296)	(55,668)	(75,351)	**(302,315)**
Acquisitions of assets [1]	20,855	14,649	4	**35,509**

2022 financial year in $'000	**Bulk Stockfeeds**	**Packaged / Ingredients**	**Corporate**	**Consolidated**
Total income (Note 4)	**695,399**	**353,688**		**1,049,086**
EBITDA before Significant Items	34,363	58,014	(12,233)	**80,144**
Depreciation and amortisation expense (Note 5(a))	(15,649)	(10,109)	(17)	**(25,775)**
Finance costs (Note 5(b))	-	-	(2,849)	**(2,849)**
Reportable segment profit/(loss) before income tax and individually significant items	**18,715**	**47,905**	**(15,099)**	**51,521**
Individually significant items	-	-	8,934	8,934
Reportable segment profit/(loss) before income tax	**18,714**	**47,905**	**(6,166)**	**60,453**
Total segment assets	280,233	269,816	57,315	**607,365**
Segment liabilities	(161,468)	(66,431)	(63,437)	**(291,336)**
Acquisitions of assets [1]	11,424	12,416	4,102	**23,845**

[1] *Acquisitions include Property, plant and equipment and Intangibles.*

Note 4 – Revenue and other income

	2023 $'000	2022 $'000
Revenue		
Sale of goods	**1,260,133**	1,049,086
Other income		
Rent received	**50**	70
Gain on sale of assets held for sale (Note 5(d))	**-**	12,266
Credit card fees	**122**	122
Other	**156**	586
Other income	**328**	13,045
	1,260,461	1,062,131

Revenue recognition

For the sale of feed, the Group generally has one performance obligation. Consequently, revenue is currently recognised when the feed is either collected from the Ridley premises or delivered to the customers' premises, which are taken to be the points in time at which the customer accepts the feed and the performance obligation has been met when the control transfers. Revenue is recognised at these points, depending on agreed terms, provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Interest income is recognised using the effective interest rate method.

Note 5 – Expenses

Profit before income tax is arrived at after charging the following individually significant items:

(a) Depreciation and amortisation (i)	2023 $'000	2022 $'000
Buildings	**2,121**	2,098
Plant and equipment	**17,324**	18,220
Software	**509**	592
Intangible assets	**240**	240
Right of use assets	**4,588**	4,624
	24,782	25,775

(i) The depreciation and amortisation charge is included either as Cost of Goods sold or within General and Administrative expenses in the Consolidated Statement of Comprehensive Income, depending on the use of the asset.

(b) Finance costs	2023 $'000	2022 $'000
Interest expense	**4,983**	2,224
Interest expense on lease liabilities	**391**	484
Amortisation of borrowing costs	**109**	141
Interest income	**(397)**	-
	5,086	2,849

Finance costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets, being assets which normally take more than 12 months from commencement of activities necessary to prepare for their intended use or sale to the time when substantially all such activities are complete.

Note 5 – Expenses (continued)

(c) Other expenses

	2023 $'000	2022 $'000
Employee benefits expense	**90,584**	83,032
Expenses relating to short term leases and low value assets	**895**	713
Impairment loss on trade receivables – net of recoveries	**129**	59
Foreign exchange (gain) / loss	**(591)**	174
Loss on disposal of property, plant and equipment	**-**	70
Research and development	**9,878**	10,739

(d) Individually Significant Items on a pre-tax basis

	2023 $'000	2022 $'000
Software-as-a-Service change in accounting policy	-	2,260
Closure of NovaqPro® Yamba site	-	836
Restructuring of Thailand entity	-	237
Total Individually Significant Items – losses included in General and Administrative expenses	-	3,334
Gain on sale of Westbury extrusion plant	-	(6,032)
Gain on sale of former feedmills at Bendigo, Mooroopna and Murray Bridge	-	(6,234)
Total Individually Significant Items – (gains) included Other Income	-	(12,266)
Net Individually Significant Items - (gains)	-	(8,933)

The Westbury extrusion plant was subject to a sale agreement that became unconditional on 9 July 2021, and was reclassified as a current asset held for sale as at 30 June 2021 at its carrying value of $45.3m. The sale was completed on 2 August 2021 and a pre-tax profit of $6.0m reported as an Individually Significant Item in FY22.

The former feedmills at Murray Bridge, Bendigo and Mooroopna, which had a net carrying value of $0.8m as at 30 June 2021, were sold in FY22 for gross proceeds of $5.0m and a pre-tax aggregate gain on sale of $6.2m, including the reversal in full of the unutilised balance of the prior year restructuring provision of $2.1m, which was reported as an Individually Significant item in FY22.

Note 6 – Income tax expense

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by unused tax losses.

Ridley Corporation Limited and its wholly-owned Australian controlled entities are part of a tax consolidated group. The entities in the tax consolidated group are party to a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ridley Corporation Limited. The agreement provides for the allocation of income tax liabilities between the entities should Ridley Corporation Limited default on its tax payment obligations. At balance date the possibility of default is considered to be remote.

	2023 $'000	2022 $'000
(a) Income tax expense		
Current tax	**9,891**	15,976
Deferred tax	**6,846**	1,275
Under provided in prior year	**73**	773
Aggregate income tax expense	**16,810**	18,024
Income tax expense is attributable to:		
Profit from continuing operations	**16,810**	18,024
(b) Income tax recognised directly in equity		
Aggregate current and deferred tax arising in the period and not recognised in net comprehensive income but directly debited or (credited) to equity	**-**	-
(c) Reconciliation of income tax expense and pre-tax accounting profit		
Consolidated group profit before income tax expense	**58,635**	60,453
Income tax expense using the Group's tax rate of 30%	**17,592**	18,136
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	**(9)**	1
Under provision in prior year	**73**	773
Research and development allowance	**(840)**	(913)
Accounting gain on disposal of sale of properties	**-**	(3,756)
Capital gain on disposal of sale of properties	**-**	3,644
Tax effect of overseas losses	**-**	-
Other	**(6)**	138
Income tax expense	**16,810**	18,024

Note 7 – Cash and cash equivalents

Cash and cash equivalents comprise cash balances in Australian dollars and foreign currencies.

	2023 $'000	2022 $'000
Cash at bank	**43,023**	**27,078**

Reconciliation of net cash inflow from operating activities to profit after income tax

	2023 $'000	2022 $'000
Net Profit after tax for the year	**41,825**	42,430
Adjustments for non-cash items:		
Depreciation and amortisation (Note 5(a))	**24,781**	25,775
Net gain on sale of non-current assets (Note 5(d))	**-**	(12,520)
Non-cash share-based payments expense (Note 22)	**3,582**	3,540
Non-cash finance movements	**500**	625
Other non-cash movements	**734**	(2)
Change in operating assets and liabilities:		
Decrease / (increase) in prepayments	**(5,483)**	(2,712)
Decrease / (increase) in receivables	**5,722**	(19,256)
Decrease / (increase) in inventories	**10,083**	(35,184)
Decrease / (increase) in deferred income tax asset	**6,845**	1,276
Increase in trade creditors	**1,923**	36,714
Increase / (decrease) in provisions	**567**	(100)
Increase in net income tax liability	**(12,565)**	6,002
Net cash from operating activities	**78,516**	46,588

Note 8 – Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade debtors	**122,154**	127,975
Less: Allowance for impairment loss on trade receivables **(a)**	**(226)**	(144)
	121,928	127,831
Derivative assets **(b)**	**58**	58
Prepayments and other receivables	**11,025**	5,237
	133,010	133,126

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less the provision for impairment loss. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Under the requirements of AASB 9, the Group adopts a forward-looking credit loss (**ECL**) approach, whereby the Group records an allowance for ECLs for all loans and other debt financial assets, including Trade and other receivables. For Trade and other receivables, the Group applies the standard's simplified approach and calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the

Note 8 – Trade and other receivables (continued)

debtors and the economic environment. A provision has been recognised, determined with reference to forward looking ECL.

(a) Movement in the allowance for impairment loss:	2023 $'000	2022 $'000
Balance brought forward at 1 July	**144**	86
Provision raised during the year	**211**	81
Receivables written off during the year	**(129)**	(23)
Balance carried forward at 30 June	**226**	144

As at 30 June 2023, a provision for impairment loss of $226,407 (2022: $143,671) was raised against trade receivables. This is considered to be adequate provision against the balance of any overdue receivables to the extent they are not covered by collateral and/or credit insurance. Based on historic default rates and having regard to the ageing analysis referred to immediately below, the Group believes that, apart from those trade receivables which have been impaired, no further impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days, as receivables relate to customers that have a good payment record with the Group.

The Group's policy is to write off debts when there is no longer a reasonable expectation of recovery. Debts that are written off are still subject to enforcement activity. Any write off of debt is presented to and approved by the Audit and Risk Committee.

Concentration of risk

Within the Trade Debtors ledger at 30 June 2023, the top 5 customer balances represent 40% (2022: 43%) of the total, and the top 20 represent 63% (2022: 70%).

Ageing Analysis

At 30 June 2023, the age profile of trade receivables that were past due amounted to $2.3m (2021: $4.3m) as shown in the following table.

The ageing analysis of trade receivables is shown as follows:	2023 $'000	2022 $'000
Past due by 1-30 days	**1,614**	3,037
Past due by 31-60 days	**319**	700
Past due by 61-90 days	**583**	220
Past due by greater than 90 days	**(205)**	340
	2,311	4,297

(b) Derivative assets

Represents the fair value of the mark to market unrealised gain on forward futures contracts used to hedge the fair value risk associated with the purchase of raw materials (Note 30(v)(b)).

Note 9 – Inventories

Current	2023 $'000	2022 $'000
Raw materials - at cost	**59,838**	71,308
Finished goods - at cost	**41,483**	29,605
- at net realisable value	**5,727**	16,218
	107,049	117,132

Note 9 – Inventories (continued)

Inventory included in cost of goods sold equals $1,148m for FY23 (FY22 $949.5m). Included in this number are write-downs of inventories to net realisable value of $0.9m (2022: $0.6m).

Inventories are valued at the lower of cost and net realisable value. Costs are determined on the first in, first out and weighted average cost methods. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Note 10 – Property, plant and equipment

2023 in $'000	Land and Buildings	Plant and Equipment	Capital work in progress	Right of use assets	Total
Cost at 1 July 2022	85,804	319,617	31,177	25,968	462,566
Accumulated depreciation	(15,424)	(185,988)	-	(14,251)	(215,663)
Carrying amount at 1 July 2022	**70,380**	**133,629**	**31,177**	**11,717**	**246,902**
Additions	-	-	34,451	1,476	35,927
Transfers	3,703	17,849	(21,551)	-	-
Other lease movements	-	-	-	-	-
Disposals	(3)	(178)	-	-	(181)
Depreciation	(2,121)	(17,324)	-	(4,588)	(24,032)
Carrying amount at 30 June 2023	**71,959**	**133,975**	**44,077**	**8,606**	**258,617**
At 30 June 2023					
Cost	89,504	337,287	44,077	27,444	498,312
Accumulated depreciation	(17,545)	(203,312)	-	(18,839)	(239,695)
Carrying amount at 30 June 2023	**71,959**	**133,975**	**44,077**	**8,606**	**258,617**

2022 in $'000	Land and Buildings	Plant and Equipment	Capital work in progress	Right of use assets	Total
Cost at 1 July 2021	85,338	313,341	13,973	22,871	435,523
Accumulated depreciation	(13,326)	(167,768)	-	(9,627)	(190,721)
Carrying amount at 1 July 2021	**72,012**	**145,573**	**13,973**	**13,244**	**244,802**
Additions	185	15	23,746	3,251	27,197
Transfers	281	6,261	(6,542)	-	-
Other lease movements	-	-	-	(154)	(154)
Disposals	-	-	-	-	-
Depreciation	(2,098)	(18,220)	-	(4,624)	(24,942)
Carrying amount at 30 June 2022	**70,380**	**133,629**	**31,177**	**11,717**	**246,902**
At 30 June 2022					
Cost	85,804	319,617	31,177	25,968	462,566
Accumulated depreciation	(15,424)	(185,988)	-	(14,251)	(215,663)
Carrying amount at 30 June 2022	**70,380**	**133,629**	**31,177**	**11,717**	**246,902**

Note 10 – Property, plant and equipment (continued)

Property, plant and equipment

Land and buildings, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, being 13-40 years for Buildings and 2-30 years for plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the Consolidated Statement of Comprehensive Income.

Note 11 – Intangible assets

2023 in $'000	**Software**	**Goodwill**	**Contracts**	**Assets under development**	**Total**
Carrying amount at 1 July 2022	**818**	**68,951**	**952**	**4,250**	**74,972**
Additions	534	-	-	3	537
Disposals	-	-	-	-	-
Amortisation charge	(509)	-	(772)	(240)	(1,521)
Carrying amount at 30 June 2023	**843**	**68,951**	**180**	**4,013**	**73,988**
At 30 June 2023					
Cost	18,627	69,904	2,685	5,000	96,216
Accumulated amortisation and impairment	(17,784)	(953)	(2,505)	(987)	(22,228)
Carrying amount at 30 June 2023	**843**	**68,951**	**180**	**4,013**	**73,988**

2022 in $'000	**Software**	**Goodwill**	**Contracts**	**Assets under development**	**Total**
Carrying amount at 1 July 2021	**1,412**	**68,951**	**1,688**	**3,842**	**75,892**
Additions	-	-	-	650	650
Disposals	(2)	-	-	-	(2)
Amortisation charge	(592)	-	(736)	(240)	(1,568)
Carrying amount at 30 June 2022	**818**	**68,951**	**952**	**4,251**	**74,972**
At 30 June 2022					
Cost	18,093	69,904	2,685	4,997	95,678
Accumulated amortisation and impairment	(17,275)	(953)	(1,733)	(746)	(20,706)
Carrying amount at 30 June 2022	**818**	**68,951**	**952**	**4,251**	**74,972**

Note 11 – Intangible assets (continued)

The amortisation charge is included within General and Administrative expenses in the Consolidated Statement of Comprehensive Income.

Intangible assets

(i) *Software*

Capitalised Intangible Software, excluding Software-as-a-Service, has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The cost of system development, including purchased software, is capitalised and amortised over the estimated useful life, being three to eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill is not amortised.

The Group has two reporting segments namely Packaged and Ingredients and Bulk Stockfeed (Note 3). The Cash Generating Unit (CGU) that makes up the "Packaged and Ingredients" segments are Ingredients Recovery, Extrusion, Supplements and NovaqPRO. For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2023 $'000	**2022 $'000**
Packaged and Ingredients: Ingredients Recovery	**56,616**	56,616
Bulk Stockfeed	**12,334**	12,334
Total Goodwill	**68,950**	68,950

(iii) *Contracts*

Amortisation methods, useful lives and residual values are and were reviewed at each financial year end and adjusted if appropriate. Contracts are amortised as a reduction in revenue.

(iv) *Assets under development*

Assets under development as at 30 June 2023 comprised the cumulative value of the five year NovaqPro® alliance with CSIRO under which the Group contributed $1.0m per annum and CSIRO an equivalent value in kind.

Research and development expenditure

Research and development (**R&D**) expenditure of $9,877,839 has been incurred in the current year (2022: $10,738,703) which is expected to be included as eligible R&D in the R&D Tax Incentive schedule for FY23. Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Comprehensive Income as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends, and has sufficient resources, to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly

Note 11 – Intangible assets (continued)

attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses as part of either Intangibles or Property, plant and equipment.

Amortisation

Amortisation is calculated to write off the cost of the Intangible assets less their residual values using the straight line method over their estimated useful lives, and is generally recognised in Profit or Loss.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that have previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing

Package and Ingredients: Ingredients Recovery & Bulk Stockfeed

The recoverable amount for these two CGUs was based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the respective CGUs.

The key assumptions for Ingredients Recovery and Bulk Stockfeed used in the estimation of value in use were as follows:

Description	**2023**	**2022**
Discount rate (Post Tax)	**8.0%**	8.0%
Terminal value growth rate	**2.0%**	2.0%
Budgeted EBIT growth rate (average over next 5 years)	**2.0%**	2.0%

The Group applies a post tax discount rate to post tax cash flows as the valuation calculated using this method closely approximates applying a pre tax discount rates to a pre tax cash flows.

Budgeted EBIT for Bulk Stockfeed and Ingredients recovery for FY23 was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, which was approved by the Board. The Group applied a constant growth rate of 2% (FY22: 2%) to the period beyond FY23.

Increases in discount rates or changes in other key assumptions such as operating conditions or financial performance, may cause the recoverable amount to fall below the carrying values.

Based on current economic conditions and CGU performance, there are no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in an impairment.

Impairments during the year

There have been no impairments raised in either FY23 or FY22.

Note 12 – Tax assets and liabilities

Current	2023 $'000	2022 $'000
Tax asset	**705**	-
Tax liability	**-**	11,860
Non-current		
Deferred tax asset	**1,309**	8,155
Movement in deferred tax asset:		
Opening balance at 1 July	**8,155**	9,431
(Charged) / Credited to the Consolidated Statement of Comprehensive Income	**(6,846)**	(1,276)
Closing balance at 30 June	**1,309**	8,155

Recognised deferred tax assets and liabilities

Consolidated balances	Assets		Liabilities		Net	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Intangibles	**946**	1,577	**(314)**	(314)	**632**	1,263
Doubtful debts	**34**	43	**(156)**	(12)	**(122)**	31
Property, plant and equipment	**1,422**	1,823	**(5,811)**	-	**(4,389)**	1,823
Employee entitlements	**4,788**	4,718	**-**	-	**4,788**	4,718
Provisions	**1,302**	707	**-**	-	**1,302**	707
Other	**-**	-	**(902)**	(388)	**(902)**	(388)
Tax assets / (liabilities)	**8,492**	8,869	**(7,183)**	(714)	**1,309**	8,155

Movement in net deferred tax assets and liabilities

Consolidated movements

	Balance 30 June 2021 $'000	Recognised in FY22 profit or loss $'000	**Balance 30 June 2022 $'000**	Recognised in FY23 profit or loss $'000	**Balance 30 June 2023 $'000**
Intangibles	**1,785**	(521)	**1,264**	(632)	**632**
Doubtful debts	**26**	5	**31**	(153)	**(122)**
Property, plant and equipment	**2,100**	(277)	**1,823**	(6,212)	**(4,389)**
Employee entitlements	**4,633**	85	**4,718**	70	**4,788**
Provisions	**928**	(221)	**707**	595	**1,302**
Other	**(41)**	(347)	**(388)**	(514)	**(902)**
Tax assets / (liabilities)	**9,431**	(1,276)	**8,155**	(6,846)	**1,309**

Income tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

Note 12 – Tax assets and liabilities (continued)

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable comprehensive income.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Note 13 – Trade and other payables

	2023 $'000	2022 $'000
Current		
Trade creditors and accruals	159,538	152,209
Other financial liability – trade payables facility	45,650	49,997
Lease liabilities	4,161	4,420
	209,349	206,626
Non-current		
Lease liabilities	**4,505**	7,374

Trade Payables Facility

The Group has a trade payable facility which is an unsecured funding arrangement for the purposes of funding trade related payments associated with the purchase of various raw materials from approved suppliers. Trade bills of exchange are paid by the facility direct to the importer and the Group pays the facility on 180 day terms within an overall facility limit of $50,000,000 (2022: $50,000,000). The amount utilised and recorded within trade creditors at 30 June 2023 was $45,650,084 (2022: $49,996,948).

Note 14 – Provisions

	2023 $'000	2022 $'000
Current		
Employee entitlements	**15,636**	15,112
Non-current		
Employee entitlements	**325**	364

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability.

Note 14 – Provisions (continued)

(i) Provision for employee entitlements

Current liabilities for wages and salaries, including non-monetary benefits, short term incentive payments, annual leave, accumulating sick leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in accruals and provisions for employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefit on-costs, including payroll tax, are recognised and included in both employee benefit liabilities and costs.

(ii) Provision for employee entitlements (continued)

The non-current liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the timing of estimated future cash outflows.

Superannuation

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Note 15 - Borrowings

	2023 $'000	**2022 $'000**
Non-current		
Bank loans (unsecured)	**72,500**	50,000

Total loan facilities available to the Group

All in AUD$'000		**2023**		2022	
		Limits	**Utilised**	Limits	Utilised
Long Term Loan facility	(a)	**100,000**	**42,500**	100,000	20,000
Trade receivables facility	(b)	**30,000**	**30,000**	30,000	30,000
		130,000	**72,500**	130,000	50,000

(a) Long-Term Loan Facility

In May 2023 the Group refinanced $100m its Long-Term Loan Facility (**Facility**) with ANZ and Westpac. The Facility term has an expiry date of August 2026 while the available funding facility continues to be split equally between the two financiers. The Facility comprises unsecured bank loans with floating interest rates subject to bank covenant arrangements in respect of a Leverage Cover Ratio, Interest Cover Ratio, Gearing Ratio and Consolidated Net Worth. The Group is in compliance with all Facility covenants and reports as such to the two financiers on a six-monthly basis coinciding with the release of the half year and full year financial reports.

(b) Trade Receivables Facility

The Group operates a fully drawn $30m Trade Receivables Facility with Cooperative Rabobank U.A. Australia Branch (**Rabobank**). In addition to adopting the same bank covenants calculation and reporting arrangements as prevailing under the Facility, a detailed monthly analysis of the Trade Receivables Ledger is provided by the Group to Rabobank.

Note 15 – Borrowings (continued)

Offsetting of financial instruments

The Group does not set-off financial assets with financial liabilities in the consolidated financial statements.

Under the terms of the Facility agreement, subject to the paragraph following, if the Group does not pay an amount when due and payable, the banks may apply any credit balance in any currency in any account that the Group has with the bank, in or towards satisfaction of that amount.

Under the terms of the Rabobank facility, ANZ as the Group's transactional bank has agreed not to exercise its right of set off until Rabobank has received payment in full of the amount advanced to the Group under the Trade Receivables Facility.

As at 30 June 2023, the value of legally enforceable cash balances which upon default or bankruptcy would be applied to the loan facility is $43.0m (2022: $27.1m).

Note 16 – Share capital

	Parent entity	
Fully paid up capital:	**2023 $'000**	2022 $'000
315,832,713 ordinary shares with no par value (2022: 319,494,975).	**218,090**	225,114

Issued share capital was reduced by 3,662,262 ordinary shares in FY23 through the Share Buyback (announced in on 18 August 2022).

Ordinary shares

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares entitle the holder to receive dividends and the proceeds on winding up the interest in proportion to the number of shares held. On a show of hands, every shareholder present at a shareholders' meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Group manages capital to ensure it maintains optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the optimal cost of capital available to the Group.

The Group reviews, and where appropriate, adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. The Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital through the gearing ratio (net debt / total equity). The gearing ratios as at 30 June are as follows:

	2023 $'000	2022 $'000
Gross debt	**72,500**	50,000
Less: cash	**(43,023)**	(27,078)
Net debt	**29,477**	22,922
Total equity	**315,386**	316,029
Gearing ratio	**9.3%**	7.3%

Note 17 – Reserves and retained earnings

Reserves	2023 $'000	2022 $'000
Share-based payments reserve / Treasury Shares		
Opening balance at 1 July	**3,146**	1,706
Options and performance rights expense	**2,861**	3,540
Dividends Paid / declared	**261**	-
Share-based payment transactions	**223**	(232)
Transfer to Retained earnings	**(2,264)**	(1,868)
Treasury Shares	**(6,115)**	-
Closing balance at 30 June	**(1,889)**	3,146

The share-based payments reserve is used to recognise the fair value of performance rights and options issued to employees in relation to equity settled share-based payments. Treasury Shares represents the cost of the Company's shares held by the Group.

Retained earnings	2023 $'000	2022 $'000
Opening balance at 1 July	87,769	60,725
Net Profit for the year	41,825	42,430
Dividends paid	(25,500)	(17,253)
Release of LTIP	(7,175)	-
Share-based payments reserve transfer	2,264	1,868
Closing balance at 30 June	99,185	87,769

Note 18 – Investment in controlled entities

The ultimate parent entity within the Group is Ridley Corporation Limited.

Name of Entity	Country of Incorporation	Class of Shares	Ownership Interest 2023	Ownership Interest 2022
Ridley AgriProducts Pty Ltd and its controlled entity:	Australia	Ordinary	**100%**	100%
CSF Proteins Pty Ltd	Australia	Ordinary	**100%**	100%
Barastoc Stockfeeds Pty Ltd	Australia	Ordinary	**100%**	100%
Ridley Corporation (Thailand) Co., Ltd	Thailand	Ordinary	**100%**	100%
Ridley Corporation Ecuador S.A.	Ecuador	Ordinary	**100%**	100%
Ridley Corporation (India) Private Limited	India	Ordinary	**100%**	100%
Pen Ngern Feed Mill Co., Ltd. (PNFM)	Thailand	Ordinary	**100%**	100%
RCL Retirement Pty Limited	Australia	Ordinary	**100%**	100%
Ridley Land Corporation Pty Ltd [1] and its controlled entities:	Australia	Ordinary	**100%**	100%
Lara Land Development Corporation Pty Ltd	Australia	Ordinary	**100%**	100%
Moolap Land Development Corporation Pty Ltd	Australia	Ordinary	**100%**	100%

[1] Following the completion of the divestment of all Moolap and Lara properties in FY22, application has been made after balance date to de-register Ridley Land Corporation Pty Ltd and its two controlled entities

Note 19 – Parent entity

As at 30 June 2023 and throughout the financial year ending on that date, the parent company of the Group was Ridley Corporation Limited.

	2023 $'000	2022 $'000
Result of the parent entity		
Income / (loss) for the year	**43,008**	(6,942)
Total comprehensive income / (loss) for the year	**43,008**	(6,942)
Financial position of the parent entity at year end		
Current assets	**1,208**	2,350
Non-current assets	**269,410**	256,440
Total assets	**270,618**	258,790
Current liabilities	**2,224**	13,073
Non-current liabilities	**72,500**	50,364
Total liabilities	**74,724**	63,437
Net assets	**195,894**	195,353
Share capital	**218,090**	225,114
Share based payment reserve	**4,227**	3,144
Treasury Shares	**(6,115)**	-
Profit Reserve	**74,500**	25,000
Retained earnings	**(94,808)**	(57,906)
Total equity	**195,894**	195,353

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees the debts of certain of its subsidiaries which are party to the deed. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 20.

Note 20 – Deed of Cross Guarantee

Ridley Corporation Limited, Ridley AgriProducts Pty Ltd and CSF Proteins Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other entities.

The above companies represent a Closed Group for the purposes of the ASIC Class Order which governs the operation and establishment of the Deed of Cross Guarantee. As there are no other parties to the Deed of Cross Guarantee that are controlled but not wholly owned by Ridley Corporation Limited, they also represent the Extended Closed Group.

(a) Consolidated statement of comprehensive income

	2023 $'000	**2022 $'000**
Revenue	1,252,239	1,043,672
Cost of sales	(1,142,745)	(945,355)
Gross profit	**109,494**	98,317
Finance income	**397**	-
Other income	**328**	13,045
Expenses:		
Selling and distribution	**(13,669)**	(13,632)
General and administrative	**(34,129)**	(35,720)
Finance costs	**(5,484)**	(2,849)
Profit before income tax	**56,937**	59,161
Income tax expense	**(16,810)**	(17,636)
Profit after income tax	**40,127**	41,525
Other comprehensive income	**-**	-
Total comprehensive income for the year	**40,127**	41,525

(a) Summary of movements in retained profits

	2023 $'000	2022 $'000
Opening balance at 1 July	**89,535**	65,590
Comprehensive income for the year	**40,127**	41,525
Dividends paid	**(25,500)**	(17,253)
Share based payment reserve net transfer	**(4,909)**	(327)
Closing balance at 30 June	**99,253**	89,535

Note 20 – Deed of Cross Guarantee (continued)

(b) Balance sheet

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	**42,103**	26,349
Receivables	**125,089**	130,039
Inventories	**106,623**	115,114
Total current assets	**273,816**	271,503
Non-current assets		
Receivables	**9,847**	9,372
Property, plant and equipment	**235,770**	222,976
Intangible assets	**73,988**	74,972
Investments	**20,408**	20,409
Deferred tax asset	**1,310**	8,155
Total non-current assets	**341,323**	335,884
Total assets	**615,138**	607,387
Current liabilities		
Payables	**207,424**	204,860
Provisions	**15,636**	15,112
Tax Liability	**(705)**	11,860
Total current liabilities	**222,355**	231,832
Non-current liabilities		
Borrowings	**4,505**	7,395
Payables	**72,500**	50,000
Provisions	**325**	364
Total non-current liabilities	**77,330**	57,759
Total liabilities	**299,685**	289,591
Net assets	**315,454**	317,795
Equity		
Share capital	**218,089**	225,114
Reserves	**(1,889)**	3,146
Retained earnings	**99,253**	89,535
Total equity	**315,454**	317,795

Note 21 – Related party disclosures

Dr Robert van Barneveld, a director of Ridley Corporation, is the Group CEO and Managing Director of the SunPork Group. Ridley supply feed to the SunPork Group. All transactions between Ridley and the SunPork Group are on normal commercial terms in the ordinary course of business.

There were no other transactions with related parties in the current or prior period.

Other related parties
Contributions to superannuation funds on behalf of employees are disclosed in Note 23.

Key Management Personnel compensation

	2023 $	2022 $
Short-term employee benefits	**3,171,903**	3,047,351
Post-employment benefits	**206,538**	192,105
Short term incentive remuneration	**1,334,650**	1,244,235
Other Benefits	**74,140**	1,822
Share-based payments accrual	**1,171,047**	798,728
Share-based payments reversal	**-**	(247,000)
Total Key Management Personnel compensation	**5,958,278**	5,037,241

Note 22 – Share-based payments

Share-based payment expense	2023 $'000	2022 $'000
Shares issued under the employee share scheme	**458**	334
Performance rights issued under the Ridley long-term incentive plan	**3,124**	3,206
Total Share-based payment expense	**3,582**	3,540

Share-based payment arrangements

The fair value at grant date of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the period of vesting 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, such as the ESS, the fair value at grant date is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

Ridley Corporation Special Retention Plan

In May 2023 it was announced that, subject to shareholder approval at the 2023 Annual General Meeting, the Managing Director, Quinton Hildebrand would be issued with 1,500,000 rights on 1 July, 2023 in addition to his ordinary allotment of LTIP rights. These rights will be tested on the same basis as the FY24 LTIP. These rights were issued as part of special retention arrangements put in place for Mr Hildebrand, the details of which are discussed later in the FY23 remuneration report.

Note 22 – Share-based payments (continued)

Ridley Corporation Long-Term Incentive Plan

The purpose of the Ridley Corporation Long-Term Incentive Plan (**LTIP**) is to provide long-term rewards that are linked to shareholder returns. Under the LTIP, selected executives and the Managing Director may be offered a number of performance rights (**Right**). Each Right provides the entitlement to acquire one Ridley share at nil cost subject to the satisfaction of performance hurdles. The fair value of Rights granted is recognised as an employee benefit expense over the performance period with a corresponding increase in equity.

Current year issues under the Ridley Corporation Long-Term Incentive Plan

For FY21, FY22 and FY23, there were two performance measures, namely Return on Funds Employed (**ROFE**) and Absolute Total Shareholder Return (**TSR**).

The number of Rights issued to each participant in FY23 is divided equally into two tranches, Tranche A and Tranche B. The performance measure for Tranche A Rights issued in FY23 is the ROFE hurdle as applied to all three years of the performance period (FY21 and FY22: year three of the performance period only). The Absolute TSR is the performance hurdle for Tranche B Rights as applied across the entire three year performance period (FY21 and FY22: also the full three years). The testing of each tranche is independent of the other tranche, such that one tranche could hypothetically result in 100% vesting while the other could result in 100% forfeiture, or any combination thereof.

The fair value of Tranche B Rights has been calculated by an independent expert in accordance with AASB2 on an option-equivalent basis, while the accounting fair value of Tranche A Rights is estimated excluding the impact of the ROFE hurdle (as this is considered a “non-market condition”). The impact of the ROFE hurdle is then taken into consideration via adjusting the estimated number of Tranche A Rights that will vest based on current and projected performance.

The model inputs for the Tranche A and Tranche B Rights granted during the reporting period under the LTIP included:

	2023	**2022**	**2021**
Grant date	**1 July 2022**	1 July 2021	1 July 2020
Expiry date	**30 June 2025**	30 June 2024	30 June 2023
Share price at grant date	**$1.74**	$1.15	$0.75
Fair value at grant date: Tranche A / Tranche B	**$1.54 [1] / $0.56**	$1.04 [1] / $0.31	$0.67 [1] / $0.22
Expected price volatility of the Company’s shares	**26.0%**	25.0%	25.3%
Expected dividend yield	**6.70 cps**	5.00 cps	3.50 cps
Risk-free interest rate being the Commonwealth Government Bond rate at the date of grant	**3.01%**	0.195%	0.27%

[1] *The fair of Tranche A Rights before adjusting for the initial estimate of the likelihood of exceeding the ROFE hurdle. A 100% probability was attached to the likelihood of exceeding the ROFE hurdle.*

The expected share price volatility is based on the historic volatility (based on the remaining life of the Rights), adjusted for any expected changes to future volatility due to publicly available information.

Note 22 – Share-based payments (continued)

Details of Rights outstanding under the plans at balance date are as follows:

2023

Grant Date	Expiry Date	Balance at 1 July 2022	Granted during the year	Cancelled during the year	Vested during the year	Balance at 30 June 2023
Long-Term Incentive Plan						
1 July 2019	30 Jun 2022 [1]	3,520,056	-	(373,503)	(3,146,553)	-
1 Sept 2020	30 Jun 2023	5,764,913	-	(798,313)	(419,629) [2]	4,546,971
1 July 2021	30 Jun 2024	4,400,436	-	(361,307)	(100,303) [2]	3,938,826
1 July 2022	30 June 2025	-	3,033,730	(148,172)	-	2,885,558
		13,685,405	**3,033,730**	**(1,681,295)**	**(3,666,485)**	**11,371,355**

1 *The performance targets for this tranche of Performance Rights were met to 100% and consequently all of these Rights vested and were converted into ordinary shares in FY23.*

2 *Rights of former executives who departed from Ridley in FY23 and on an agreed arrangement, whereby these rights vested prior to the original test date and were converted into ordinary shares in FY23.*

2022

Grant Date	Expiry Date	Balance at 1 July 2021	Granted during the year	Cancelled during the year	Vested during the year	Balance at 30 June 2022
Long-Term Incentive Plan						
1 July 2018	30 Jun 2021 [1]	2,350,000	-	(2,350,000)	-	-
1 Sept 2019	30 Jun 2022	3,553,391	-	(33,335)	-	3,520,056
1 July 2020	30 Jun 2023	5,921,884	-	(156,971)	-	5,764,913
1 July 2021	30 June 2024	-	4,537,030	(136,594)	-	4,400,436
		11,825,275	**4,537,030**	**(2,676,900)**	**-**	**13,685,405**

1 *The performance targets for this tranche of Performance Rights were not met and consequently all of these Rights were forfeited on 1 July 2021.*

Ridley Employee Share Scheme (ESS)

Under the ESS, shares are offered to permanent employees with a minimum of 6 months’ continuous service prior to the offer date, at a discount of 50%. Employees can elect to receive an interest free loan to fund the purchase of the shares. The maximum discount per employee is limited to $1,000 annually in accordance with current Australian taxation legislation. Dividends on the ESS shares are applied against the outstanding loan balance until such balance is fully extinguished. The amount of the discount and number of shares allocated is at the sole discretion of the Board. The purpose of the ESS is to align employee and shareholder interests and to foster a sense of loyalty and ownership in the Company.

Shares issued to employees under the ESS vest immediately on grant date. Dividends on the shares are allocated against the balance of any loan outstanding. The shares issued are accounted for as ‘in-substance’ options which vest immediately. The fair value of these ‘in-substance’ options is recognised as an employee benefit expense with a corresponding increase in equity.

Note 22 – Share-based payments (continued)

An offer under the Scheme was made in September 2022, such that 342,000 (FY22: 426,618) shares were allocated to participating employees during the year, of which nil (FY22: 300,000) were purchased on market and 342,000 (FY22: 126,618) were allocated from the RCL Retirement Pty Ltd account in which Company shares are accumulated upon the departure of ESS scheme participant employees. The fair value at grant

date of the options issued in FY23 through the ESS was measured based on the binomial option pricing model using the following inputs:

	2023	2022
Grant date	30 Sept 2022	30 Sept 2021
Restricted life	3 years	3 years
Share price at grant date	$2.04	$1.34
Fair value at grant date	$1.34	$0.78
Expected price volatility of the Company's shares	25.0%	25.0%
Expected dividend yield per annum in cents per share (**cps**)	8.9 cps	6.0 cps
Risk-free interest rate being the Commonwealth Government Bond rate at the date of grant	3.895%	1.445%

Ridley ESS loan movements

2023 Number of shares

Grant date	Date shares become unrestricted	Weighted Average exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Balance at end of the year	Exercisable at end of the year
30 April 2010	30 April 2013	$0.61	87,912	-	(14,652)	73,260	73,260
30 April 2011	30 April 2014	$0.66	78,416	-	(12,064)	66,352	66,352
30 April 2012	30 April 2015	$0.61	102,548	-	(19,848)	82,700	82,700
26 April 2013	26 April 2016	$0.41	240,669	-	(48,620)	192,049	192,049
23 May 2014	23 May 2017	$0.48	279,660	-	(56,880)	222,780	222,780
31 May 2015	31 May 2018	$0.66	251,403	-	(58,839)	192,564	192,564
20 May 2016	20 May 2019	$0.85	266,220	-	(59,160)	207,060	207,060
19 May 2017	19 May 2020	$0.84	288,080	-	(65,095)	222,985	222,985
31 May 2018	31 May 2021	$0.84	348,090	-	(67,920)	280,170	280,170
21 June 2019	21 June 2022	$0.64	441,967	-	(113,367)	328,600	328,600
1 Sept 2020	1 Sept 2023	$0.41	668,220	-	(59,570)	608,650	-
1 Sept 2021	1 Sept 2024	$0.78	386,136	-	(26,469)	359,667	-
30 Sept 2022	30 Sept 2025	$1.34	-	342,000	(16,000)	326,000	-
			3,439,321	342,000	(618,484)	3,162,837	1,868,520
Weighted average exercise price			$0.64	$1.34	$0.67	$0.70	$0.68

Note 22 – Share-based payments (continued)

2022 Number of shares

Grant date	Date shares become unrestricted	Weighted Average exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Balance at end of the year	Exercisable at end of the year
30 April 2010	30 April 2013	$0.61	112,332	-	(24,420)	87,912	87,912
30 April 2011	30 April 2014	$0.66	99,528	-	(21,112)	78,416	78,416
30 April 2012	30 April 2015	$0.61	127,358	-	(24,810)	102,548	102,548
26 April 2013	26 April 2016	$0.41	299,013	-	(58,344)	240,669	240,669
23 May 2014	23 May 2017	$0.48	353,130	-	(73,470)	279,660	279,660
31 May 2015	31 May 2018	$0.66	319,157	-	(67,754)	251,403	251,403
20 May 2016	20 May 2019	$0.85	344,607	-	(78,387)	266,220	266,220
19 May 2017	19 May 2020	$0.84	382,260	-	(94,180)	288,080	288,080
31 May 2018	31 May 2021	$0.84	461,290	-	(113,200)	348,090	348,090
21 June 2019	21 June 2022	$0.64	524,117	-	(82,150)	441,967	441,967
1 Sept 2020	1 Sept 2023	$0.41	779,590	-	(111,370)	668,220	-
1 Sept 2021	1 Sept 2024	$0.78	-	426,618	(40,482)	386,136	-
			3,802,382	426,618	(789,697)	3,439,321	2,384,965
Weighted average exercise price			$0.62	$0.78	$0.66	$0.64	$0.68

The "Exercisable at end of the year" column in the above tables reflects the fact that the options remain restricted for 3 years.

Note 23 – Retirement benefit obligations

Superannuation

The Group endorses the Ridley Superannuation Plan – Australia which is administered by Mercer. The fund provides available benefits on a defined contribution basis for employees or their dependents on retirement, resignation, total and permanent disability, death and in some cases, on temporary disablement. The members and the Group make contributions as specified in the rules of the plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in comprehensive income in the periods during which services are rendered by employees.

Group contributions in terms of awards and agreements are legally enforceable, and in addition, contributions for all employees have to be made at minimum levels for the Group to comply with its obligations. Other contributions are in the main not legally enforceable, with the right to terminate, reduce or suspend these contributions upon giving written notice to the trustees.

Benefits are based on an accumulation of defined contributions. The amount of contribution expense recognised in the Consolidated Statement of Comprehensive Income for the year is $6,297,663 (2022: $5,538,222).

Note 24 – Financial risk management

The Group's activities expose it to a variety of financial risks: market risk including currency, interest rate, commodity, credit and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to manage certain risk exposures. Any derivatives used to manage these exposures are designated into either fair value or cashflow hedging relationships (as appropriate).

Risk management is carried out by management under policies approved by the Board. Management evaluates and hedges financial risks where appropriate. The Board approves written principles for overall risk management, as well as written policies covering specific areas such as mitigating foreign exchange, interest rate and credit risks.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the relevant entity's functional currency. The Group is exposed to foreign exchange risk through the purchase and sale of goods in foreign currencies.

Forward contracts and foreign currency bank balances are used to manage foreign exchange risk. Management is responsible for managing exposures in each foreign currency by using external forward currency contracts and purchasing foreign currency that is held in US dollar, New Zealand dollar, Thai Baht and Euro bank accounts. Where possible, borrowings are made in the currencies in which the assets are held in order to reduce foreign currency translation risk. The Group does not hedge account on forward foreign currency contracts.

Foreign currency

The Group holds foreign currency bank accounts in US dollars, New Zealand dollars, Thai Baht and Euros which are translated into AUD using spot rates. These foreign currency bank accounts, and at times forward foreign exchange contracts, are entered into for purchases and sales denominated in foreign currencies. The Group classifies forward foreign exchange contracts as financial assets and liabilities and measures them at fair value.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2023				2022			
$'000 Australian	**USD**	**NZD**	**EUR**	**THB**	USD	NZD	EUR	THB
Cash	**1,340**	**22**	**78**	**914**	291	554	8	724

Foreign currency sensitivity

A change of a 10% strengthening or weakening in the closing exchange rate of the foreign currency bank balances at the reporting date for the financial year would have decreased by $213,990 (2022: $136,367) or increased by $261,543 (2022: $175,954) the Group's reported comprehensive income and the Group's equity. A sensitivity of 10% has been selected as this is considered reasonable, taking into account the current level of exchange rates and volatility observed both on a historical basis and on market expectations for future movements. The Directors cannot and do not seek to predict movements in exchange rates.

(a) Commodity Risk

Impact of movements in commodities is managed through procurement practices and many of our customers retaining responsibility for the supply of raw materials for the feed Ridley manufactures on their behalf, as a result , the impact of fluctuations in commodity prices is reduced.

(b) Interest Rate Risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

Note 24 – Financial risk management (continued)

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to ensure that the interest cover ratio does not fall below the ratio limit set by the Group's financial risk management policy. At balance date, bank borrowings of the Group were incurring an average variable interest rate of 5.51% (2022: 2.68%).

Interest Rate Risk Exposures

The Group's exposure to interest rate risk (defined as interest on drawn and undrawn facilities plus allocation of prepaid facility fee establishment costs) and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

In $'000	**Interest rate**	**2023**	Interest rate	2022
Variable rate instruments				
Cash	**-**	**43,023**	-	27,078
Bank loans	5.51%	**72,500**	2.68%	50,000

Interest rate sensitivity

A 100 basis point change in interest rates at the reporting date annualised for the financial year would have increased or decreased the Group's reported comprehensive income and equity (i.e. after income tax) by $0.5m (2022: $0.4m).

(d) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk arises principally from the Group's receivables from customers. Wherever possible, the Group mitigates credit risk through securing of collateral and/or credit insurance. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group holds collateral and/ or credit insurance over certain trade receivables.

Derivative counterparties and cash transactions are limited to financial institutions with a high credit rating. The Group has policies that limit the amount of credit exposure to any one financial institution. The maximum exposure to credit risk at the reporting date was:

	2023 $'000	2022 $'000
Trade receivables	**121,928**	127,732
Other receivables	**-**	-
Cash and cash equivalents	**43,023**	27,078
	164,951	154,810

Further credit risk disclosures on trade receivables are disclosed in Note 8.

(e) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The ultimate responsibility for liquidity risk management rests with the Board which has established an appropriate risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's Corporate Finance Manager manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Details of finance facilities are set out in Note 15.

Note 24 – Financial risk management (continued)

The following tables disclose the contractual maturities of financial liabilities, including estimated interest payments:

2023 in $'000

	Carrying Amount	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total contractual cash flows
Non-derivative financial liabilities							
Trade and other payables	205,188	205,188	-	-	-	-	205,188
Lease liabilities	8,666	4,250	3,044	1,767	632	22	9,715
Bank loans	72,500	3,995	38,210	7,419	44,195	-	93,819
	286,354	213,433	41,254	9,186	44,827	22	308,722

2022 in $'000

	Carrying Amount	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total contractual cash flows
Non-derivative financial liabilities							
Trade and other payables	202,206	202,206	-	-	-	-	202,206
Lease liabilities	11,815	4,420	3,426	2,466	1,382	121	11,815
Bank loans	50,000	2,506	31,859	20,721	-	-	55,087
	264,021	209,132	35,285	23,187	1,382	121	269,108

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts, noting that the maturity of the contractual cashflows for the Group's borrowings reflects the impact of the waivers granted by the Group's lenders.

(f) Financial Instruments

Non-derivative financial assets

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in

Note 24 – Financial risk management (continued)

(f) Financial Instruments (continued)

the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans, borrowings, trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Consolidated Statement of Comprehensive Income. Refer Note 30.

(g) Fair Values

Fair values versus carrying amounts

The carrying amount of financial assets and liabilities approximates their fair value.

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Valuation inputs include forward curves, discount curves and underlying spot and futures prices.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 25 – Leases

While the majority of the Group's operations are conducted on sites owned by the group, the Group leases certain sites and warehouses on long term lease periods of up to ten years in duration, preferably with options for Ridley to renew in order to provide operational flexibility. Each lease is negotiated in the context of market conditions and unique terms and conditions as offered by the individual lessor.

The Group leases motor vehicles and certain items of mobile plant under a number of different lease arrangements with external fleet management entities. The Group leases certain IT equipment with contract terms of up to three years. These leases are considered to be short term and for low value individual items.

Right-of-use assets – in $'000

2023 in $'000	**Property**	**Motor vehicles**	**Plant**	Total
Balance as at 1 July 2022	**7,839**	**968**	**2,910**	**11,717**
Additions to right-of-use assets	-	947	132	1,079
Execution of extension option	232	165	-	397
Cancellation of leases	-	-	-	-
Depreciation	(2,502)	(955)	(1,131)	(4,588)
Balance as at 30 June 2023	**5,570**	**1,124**	**1,911**	**8,605**

Note 25 – Leases (continued)

Right-of-use assets – in $'000

2022 in $'000	**Property**	**Motor vehicles**	**Plant**	Total
Balance as at 1 July 2021	**9,563**	**706**	**2,975**	**13,244**
Additions to right-of-use assets	1,019	1,075	1,157	3,251
Execution of extension option	-	147	50	197
Cancellation of leases	(164)	-	(187)	(351)
Depreciation	(2,579)	(960)	(1,085)	(4,624)
Balance as at 30 June 2022	**7,839**	**968**	**2,910**	**11,717**

(i) Lease liabilities – in $'000

2023 in $'000	**Property**	**Motor vehicles**	**Plant**	**Total**
Balance as at 1 July 2022	**(8,196)**	**(773)**	**(2,846)**	**(11,815)**
Additions to lease liability	-	(947)	(132)	(1,079)
Execution of extension option	(225)	(165)	-	(390)
Cancellation of leases	-	-	-	-
Accretion of interest	(255)	(43)	(94)	(391)
Payments	2,787	1,002	1,220	5,009
Balance as at 30 June 2023	**(5,889)**	**(925)**	**(1,852)**	**(8,666)**
Current	**2,779**	**602**	**779**	**4,161**
Non-current	**3,109**	**323**	**1,073**	**4,505**
	5,889	**925**	**1,852**	**8,666**

2022 in $'000	**Property**	**Motor vehicles**	**Plant**	**Total**
Balance as at 1 July 2021	**(9,797)**	**(684)**	**(3,042)**	**(13,523)**
Additions to lease liability	(1,019)	(1,075)	(1,157)	(3,251)
Execution of extension option	-	(147)	(50)	(197)
Cancellation of leases	179	-	187	366
Accretion of interest	(308)	(50)	(125)	(484)
Payments	2,749	1,183	1,340	5,271
Balance as at 30 June 2022	**(8,196)**	**(773)**	**(2,846)**	**(11,815)**
Current	**2,734**	**590**	**1,096**	**4,420**
Non-current	**5,462**	**183**	**1,751**	**7,395**
	8,196	**773**	**2,846**	**11,815**

Note 25 – Leases (continued)

(ii) Extension options

Some leases contain extension options exercisable by the Group up to one year before the expiry of the initial lease term. The Group assesses at the commencement of the initial lease term, or whenever there is a significant event or change in circumstances relating to a lease, the likelihood of it exercising its option to extend the lease.

The Group considers the potential future lease payments associated with the exercise of any lease term extension options to be immaterial or uncertain.

(iii) Amounts recognised in profit or loss and statement of cash flows

The financial impact of lease accounting on profit or loss was $5.0m (2022: $5.1m), comprising interest and amortisation (Refer Note 5(b) and Note 10). The total cash outflows for leases in the year was $5.0m (2022: $5.3m).

Note 26 – Commitments for expenditure

	2023 $'000	2022 $'000
Expenditure contracted for but not recognised as liabilities:		
Capital Plant and equipment	**17,978**	18,147

Capital Plant and equipment

At 30 June 2023 there were $18.0m (2022: $18.1m) of capital plant and equipment commitments in place in respect of capital projects.

Note 27 – Contingent liabilities

Guarantees

The Group is, in the normal course of business, required to provide certain guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance obligations. These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligations.

	2023 $'000	2022 $'000
Bank guarantees	**950**	971

Litigation

In the ordinary course of business the Group may be subject to legal proceedings or claims. Where there is significant uncertainty as to whether a future liability will arise in respect of these items, or the amount of liability (if any) which may arise cannot be reliably measured, these items are accounted for as contingent liabilities. Based on information available as of the date of this report, the Group does not expect any of these items to result in a material charge to profit and loss.

Note 28 – Events occurring after the balance sheet date

There were no matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

Note 29 – Auditor's remuneration

	2023	2022
(a) Audit and review of financial reports	**$**	$
Auditor of the Company - KPMG Australia	**411,691**	424,878
(b) Other services		
Auditor of the Company - KPMG Australia - in relation to taxation and other services	**21,422**	165,677
Total remuneration of auditor	**433,113**	590,555

Note 30 – Corporate information and accounting policy summary

Ridley Corporation Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia, whose registered office is at level 4, 565 Bourke Street, Melbourne, Victoria, 3000 and whose shares are publicly traded on the Australian Securities Exchange (**ASX**). The consolidated financial statements as at, and for the year ended, 30 June 2023 comprise Ridley Corporation Limited, the "parent entity'' and its subsidiaries. Ridley Corporation Limited and its subsidiaries together are referred to in this financial report as "the Group". The Group is a "for-profit" entity and is primarily involved in the manufacture of animal nutrition solutions.

The financial report was authorised for issue by the Directors on 17 August 2023 and is presented in Australian Dollars, being the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

Basis of preparation

The principal accounting policies as outlined below and as adopted in the preparation of the financial report are set out in either the relevant note to the accounts or below. These policies have been consistently applied except if mentioned otherwise. Certain comparative amounts have been restated, reclassified or re-presented to conform with the current year's presentation.

(i) Statement of compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (**AASBs**) (including Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

The Group has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current financial year, and has not early adopted and new or amended standards in preparing these consolidated financial statements.

(ii) AASB 16 Leases

Lease accounting standard AASB 16 requires all leases to be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

Note 30 – Corporate information and accounting policy summary (continued)

(ii) AASB 16 Leases (continued)

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 uses the definition of a lease in AASB 16.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if:

- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee,
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or
- if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group has no material contractual arrangements where it is the Lessor of an operating or finance lease.

Note 30 – Corporate information and accounting policy summary (continued)

(c) Short-term leases and lease of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Use of lease estimates and judgements

- *Determining the lease term of contracts with renewal and termination options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

- *Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay" which requires estimation when no observable rates are available.

Where leases are held in non-Australian dollar currencies, the spot exchange rates on 1 July 2023 have been used to value them. Lease liabilities will be revalued to spot exchange rates at each future balance sheet date.

(iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis (unless otherwise stated) except for the Cash settled share-based payment arrangements, which are measured at fair value (in the balance sheet).

(iv) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed following.

(a) Estimated recoverable amount of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (Cash Generating Units, or CGUs). Refer to Note 11 for further details on impairment testing.

(b) Estimated Research and Development costs and tax provisions

As at the date of adoption of these financial statements, the total cost of projects eligible to claim the Research and Development Tax Incentive (**RDTI**) and the tax provisions are estimates only. The actual RDTI claimable cost and income tax return are finalised in the first half of the ensuing financial year in order to facilitate respective lodgements within the required deadlines.

Note 30 – Corporate information and accounting policy summary (continued)

(c) Provision for ECL on receivables

The group calculates the doubtful debts provision under the expected credit loss (**ECL**) model. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Measurement of ECL allowance for trade receivables is disclosed in Note 8.

(v) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Non-derivative financial assets and liabilities

The net fair value of cash and non-interest bearing monetary financial assets and liabilities of the Group approximates their carrying amounts.

Ridley buys large volumes of grain for stock feed manufacture, with price risk mainly offset through sales of finished feed. Where Ridley commits to forward grain purchases at a fixed price and future date, unsupported by a finished feed sale contract, Ridley may look to offset price risk through the use of a forward futures contract derivative instrument which creates a floating purchase price to mitigate the price risk in the intervening period.

In such instances, the futures contract hedge is deemed to be highly effective because (a) volumes are consistent across the committed purchase and sold futures contract, (b) timeframes for grain delivery and futures maturity are aligned, and (c) pricing reference points are consistent.

(b) Non-derivative financial assets and liabilities

The forward futures contracts and the committed purchases in place at balance sheet date have been revalued at 30 June 2023. The hedge is classified as a Fair Value hedge of a firm commitment per IFRS 9 / 39. Both the derivative and the commitment have been revalued at 30 June 2023 and recognised on balance sheet at their fair value. The difference between the two revaluations represents the "ineffectiveness" in the hedge relationship and gives rise to a Mark to Market gain (or loss) and is recognised in Profit or Loss.

As at 30 June 2023, the Group had nil (2022: 2) forward futures contracts in the form of swaps in Australian dollar currency with a Mark to Market gain of $nil (2022: $1,137,212).

(c) Derivative financial instruments

The fair values of forward exchange contracts are estimated using listed market prices if available. If a listed market price is not available, then the fair value is estimated by discounting the contractual cash flows at their forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

(vi) Basis of consolidation - Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Note 30 – Corporate information and accounting policy summary (continued)

(vi) Basis of consolidation - Business combinations

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(vii) 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 on which control commences until the date on which control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

(viii) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

(ix) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates prevailing at balance date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates prevailing at the date of the transactions.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Ridley Corporation Limited (the **Company**):

(a) The consolidated financial statements and notes set out on pages 20 to 62 and the Remuneration Report are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the financial year ended on that date.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe the members of the Extended Closed Group identified in note 20 will be able to meet any obligations or liabilities to which they are or may be become subject, by virtue of the Deed of Cross Guarantee, between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

4. The consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 32.

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

M McMahon Director and Ridley Chair	Q L Hildebrand CEO and Managing Director

Melbourne
17 August 2023

KPMG

Independent Auditor's Report

To the shareholders of Ridley Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Ridley Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Consolidated balance sheet* as at 30 June 2023;
- *Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended;
- Notes including a summary of significant accounting policies; and
- *Directors Declaration.*

The ***Group*** consists of Ridley Corporation Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- *Valuation of Goodwill*
- *Existence of Inventory*

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of Goodwill ($68.9m)	
Refer to Note 11 Intangible assets to the financial report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter was the Group's annual testing of goodwill for impairment due to: ▪ the magnitude of the goodwill balance (being 11% of total assets) and ▪ the judgment required by the management in assessing whether an impairment was required. Management tests goodwill for impairment on an annual basis. The models are largely manually developed, use a range of internal and external sources as inputs to the assumptions. Using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • Testing the key controls over the discounted cash flow models, including inspection of Board approval of key assumptions and budgets, which form the basis of the cash flow forecasts. • Assessing the Group's discounted cash flow models and key assumptions by: - Considering the appropriateness of the value in use methodology applied by the Group to perform the test for impairment against the requirements of the accounting standards. - Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. - Comparing the forecast cash flows contained in the value in use models to the Board approved forecasts. - Challenging the Group's significant forecast cash flow and growth assumptions in light of the potential variability in demand from customers operating in the agriculture industry. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. - Considering the sensitivity of the models by varying key assumptions, such as annual growth rates, terminal value growth rate and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. - Working with our valuation specialists, we: ○ independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; and ○ compared forecast growth rates and terminal value growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. - Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Existence of Inventory ($107m)	
Refer to Note 9 Inventories to the financial report	
The key audit matter	**How the matter was addressed in our audit**
Existence of inventory is a key audit matter due to: • The size of the inventory balance relative to the Group's financial position (17% of total assets); • The Group's diverse and broad product range for different market segments; and • Inventory being held at geographically diverse locations around Australia at various distribution centres managed by the Group or third parties. These conditions result in greater audit effort across locations and across product ranges to gather sufficient evidence.	Our procedures included: • Obtaining an understanding of the Group's key processes for accounting for inventory. • Attending a sample of inventory counts to test the existence and condition of inventory at year end. Observing the Group's processes, which included identifying slow moving and potentially obsolete finished goods inventory, we performed sample counts ourselves and compared count results to the Group's and to their underlying system records. • For stocktakes attended, assessing the processing of count discrepancies to underlying inventory systems and financial reporting records for consistencies with amounts determined by the stocktake. • Obtaining external confirmations for a sample of third party managed locations and comparing the external parties' records of inventory quantity to the Group's.

Other Information

Other Information is financial and non-financial information in Ridley Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

The Other Information we obtained prior to the date of this Auditor's Report was the Financial Report (including Directors' report and the Remuneration Report). The Introduction, Chair and Managing Director's Joint Review, Five Year Summary, Sustainability Review, Board of Directors, and Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Ridley Corporation Limited for the year ended 30 June 2023, complies with *Section 300A of the Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in *pages 9 to 19* of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

J.Carey.

Julie Carey

Partner

Melbourne

17 August 2023