



REDOX LIMITED

ABN 92 000 762 345

ANNUAL REPORT 2023

30 JUNE 2023

**1000 PRODUCTS,
ENDLESS
POSSIBILITIES**

www.redox.com

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ABOUT US

Redox has grown from humble beginnings to become one of the leading chemical, ingredients and raw material distributors in the world.

Bit by bit, inch by inch we expanded and re-invested in facilities and staff, exploring new industry sectors and new markets. The story of Redox has been shaped by the persistence and dedication to customer service of the Coneliano family who retain majority ownership and are still involved with daily operations.

Today we proudly serve thousands of customers from a multitude of industries across the globe.

**"WE PROVIDE PRODUCTS
ACROSS A VARIETY OF
MARKETS FROM ANIMAL
HEALTH & NUTRITION TO
WATER TREATMENT, WITH A
SPECIALISED TEAM
APPOINTED TO EACH
SEGMENT THAT HAS THE
EXPERIENCE, KNOWLEDGE &
TECHNICAL KNOW-HOW"**



CORPORATE DIRECTORY

Directors

Ian Campbell
Raimond Coneliano
Renato Coneliano
Mary Verschuer
Garry Wayling

Company secretary

Erika Jasarevic

Notice of annual general meeting

The details of the annual general meeting of Redox Limited are:
Rydges World Square, 389 Pitt Street, Sydney 2000
10 am on Wednesday 8 November 2023

Registered office

2 Swettenham Road
Minto NSW 2566
Phone: 02-97333000

Principal place of business

2 Swettenham Road
Minto NSW 2566
Phone: 02-97333000

Share register

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 850505

Auditor

Deloitte Touche Tohmatsu
8 Parramatta Square
Level 37/10 Darcy St
Parramatta NSW 2150

Solicitors

Herbert Smith Freehills
Level 34, ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

Bankers

Westpac Banking Corporation and HSBC Bank Australia Ltd

Stock exchange listing

Redox Limited shares are listed on the Australian Securities Exchange (ASX code: RDX)

Website

www.redox.com

Business objectives

The Group's key business objectives are:

- To deliver strong and profitable growth through the sale of chemicals, ingredients and raw materials;
- To become truly global, replicating the ANZ model in new geographical jurisdictions;
- To maintain a low risk profile to protect the business and provide long-term stability;
- To be a workplace of choice within the industry; and
- To maintain satisfactory returns for shareholders.

Corporate Governance Statement

The Corporate Governance Statement can be found at <https://redox.com.au/investor-centre>

CHAIR'S LETTER



Ian Campbell
Independent Chair,
Redox

DEAR FELLOW SHAREHOLDERS,

It is my pleasure to present Redox Limited's (Redox) Annual Report for the 2023 financial year (FY23), our first report since becoming a listed company following our float on the Australian Securities Exchange (ASX) on 3 July 2023.

As part of the listing process, Redox raised A\$240.7 million in new funds, which was used to repay all the Group's debt, with \$81.7 million cash remaining to be used to support the Group's ongoing growth plans.

Although the listing process demanded a large amount of our senior executives' time, the business was still successful in executing against its strategic growth initiatives and outperformed not only against the internal growth targets and key performance metrics which had been set at the commencement of the financial year, but also against the forecasts set out in the Company's ASX listing Prospectus. This was achieved through the outstanding efforts and diligence of our employees across all our branches and geographical locations.

The business was able to organically grow sales from \$1.08 billion to \$1.26 billion, (a growth result which saw us outperform many of our global peers) and consolidate the profitability gains of the 2022 financial year (FY22). This was especially pleasing given this was achieved against the backdrop of the global supply chain difficulties which endured throughout the first half of FY23, and against rapidly falling commodity prices during the second and third quarters. In addition, the business generated cash from operations of \$134.7 million during the year. This was partly used to deleverage the balance sheet and fund the Group's strong sales growth, but most importantly enabled the Company to pay two substantive dividends to Shareholders during the year.

Concurrent with our ASX listing, four of the previous directors stepped aside from their roles as Executive Directors of the Company. Two of those directors have now retired, and two continue to serve as senior executives of the business. In total those four executives have contributed 144 years of service to Redox and have between them guided the business from humble beginnings to the powerhouse it has become today. I would like to thank all four for their efforts to date, and in particular the ex-Chairman and Managing Director, Robert Coneliano for his 50 years of service and outstanding leadership prior to his retirement last month.

I would also like to officially welcome my two fellow Non-Executive Directors, Mary Verschuer and Garry Wayling to the Board. Mary has extensive experience within the industrials sector and distribution businesses, as well as strong ESG expertise, and has become Chair of our People and Safety Committee. Garry served as an audit partner at Ernst and Young for many years, and has broad experience with growth companies and commercial experience within the resources sector, and will Chair our Audit and Risk Management Committee.

With a robust balance sheet and ample liquidity in place, strong sales growth momentum, and a refreshed and motivated management team and Board, Redox is in an excellent position to build on the strong organic growth achieved during FY23 while taking advantage of any inorganic opportunities that emerge in the current market.

Thank you all for your continued support.

Ian Campbell
Independent Chair

CEO AND MANAGING DIRECTOR'S REPORT



Raimond Coneliano
CEO | Managing
Director,
Redox

FY23 will certainly go down in the company's history books as a banner year and important evolution of the business.

Sales revenue increased 16% over 2022 reaching \$1.26 billion, against a backdrop of volatile pricing and uncertain economic conditions.

We continued to diligently implement our strategic plan to expand our presence in the United States with new locations opened during the year in Seattle, Dallas, Houston and most recently Atlanta. This will give us a platform to continue the strong growth we've achieved to date with good wins during the period across several industries but especially in the Human Health & Nutrition market. Mexico continues to provide some interesting possibilities and we have begun early scoping work on Canada.

In Asia we have registered an entity in Singapore to take advantage of opportunities where global customers have a requirement for delivered goods into that market. Malaysian sales have also made steady progress in 2023 although our principal international strategic growth focus in the short and medium terms will remain North America.

We maintain leadership in our home turf of Australia & New Zealand delivering important gains in share of wallet of some of our larger customers during the year, as well as adding exciting new products to our already diversified portfolio. One such new item is Sylfat from our friends at Kraton which is used in the recovery of rare earth metals and lithium and has been well received in our market.

Despite unsteady global trading conditions and price volatility we have been able to maintain our profit margins at a sustainable level during the year, which confirms the resilience of our business model, and importantly is a sign of the value Redox delivers to customers during difficult circumstances, such as those experienced during the supply chain crunch in the 2022 calendar year.

As we enter life as a listed company, I would like to thank our Redox team for the immense hard work and dedication they provided during the long and arduous process. I would like to welcome our new shareholders who are now joining my family in this business we faithfully shepherded since 1965.

To our loyal customers and suppliers, I thank you for your ongoing support and custom. I hope to catch up with as many of you as possible in the coming months.

Sincerely,

Raimond Coneliano
CEO & MD

↑ **16%**

Sales revenue

A\$1.26 billion up 16% from FY22

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

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ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Redox has been committed to Corporate Social Responsibility (CSR) since its inception and believes that CSR is about demonstrable, responsible and pro-active business leadership.

The Board assumes overall responsibility for Redox's CSR policies and procedures which cover areas such as workplace diversity, human-rights, anti-bribery and anti-corruption, health, safety and environmental matters.

CSR/ESG considerations influence how Redox's business is conducted, its interactions with stakeholders, and the value that the business contributes to society.

The longevity of this ethos is shown by Redox's status as a long-term signatory to the Responsible Care® program. The program is administered by Chemistry Australia and tackles a wide range of issues including environmental protection, employee health and safety, storage and transport safety, manufacturing process safety, product stewardship and industry transparency and engagement.

In 2023, Redox obtained its latest EcoVadis certification, which ranks the quality of the Company's sustainability management system against global applicants across a range of different industries. Redox achieved a silver medal indicating a top 25 percentile ranking.

Redox's values are centred around leadership, integrity, hard work, knowledge, service and health and safety.

Redox conducts business in a manner that is ethical, values-driven and in compliance with the laws of all countries in which it operates. Redox continues to develop its ESG strategy and intertwine it in its day-to-day business activities, influenced by Redox's values and stakeholder engagement.



Environmental Stewardship

Redox is committed to a number of initiatives to mitigate the Company's environmental impact, including through monitoring and evaluating Redox's greenhouse gas emissions footprint, installing solar generation systems in its Australian sites and offering returnable packaging solutions and package-free bulk delivery options to its customers and suppliers.

Greenhouse gas emissions footprint

In both of the last two years, Redox has engaged Carbon Neutral Pty Ltd (Carbon Neutral), an independent third-party consulting firm, to evaluate and assess the Scope 1, 2 and 3 greenhouse gas emissions associated with the Group's operations in the previous year. A summary of Carbon Neutral's assessment of Redox's greenhouse gas emissions footprint for the years ended 30 June 2021 (FY21) and 30 June 2022 (FY22) is outlined below.

ESG (CONTINUED)

Greenhouse gas emissions for Redox's FY21 and FY22 operations ^{1,2}

	Description	FY21 Emissions (t CO ₂ -e)	FY21 % of total	FY22 Emissions (t CO ₂ -e)	FY22 % of total
Scope 1	Direct greenhouse gas emissions from operations owned or controlled by Redox (e.g. natural gas, fleet fuel, refrigerant leaks, stationary fuel) ³	538	0.4%	434	0.2%
Scope 2	Indirect greenhouse gas emissions from the generation of purchased electricity consumed by Redox ³	1,585	1.0%	1,434	0.8%
Scope 3	Other indirect greenhouse gas emissions that occur in the value chain (e.g. purchased goods and services, staff commuting, business travel, resource disposal, indirect energy, inbound and outbound freight, upstream and downstream leased assets)	149,217	98.6%	173,158	98.9%
Total emissions		151,339	100.0%	175,025	100.0%

Sources of Scope 1 greenhouse gas emissions	FY21 Emissions (t CO ₂ -e)	FY21 % of total	FY22 Emissions (t CO ₂ -e)	FY22 % of total
Fuel consumption (stationary)	165	30.7%	158	36.4%
Fuel consumption (fleet)	373	69.3%	276	63.6%
Total Scope 1 emissions	538	100.0%	434	100.0%

Sources of Scope 3 greenhouse gas emissions ⁵	FY21 Emissions (t CO ₂ -e)	FY21 % of total	FY22 Emissions (t CO ₂ -e)	FY22 % of total
Purchased goods and services	1,226	0.8%	2,643	1.5%
Upstream and downstream leased assets	2,557	1.7%	3,076	1.8%
Indirect energy	329	0.2%	300	0.2%
Freight, inbound and outbound	143,757	96.3%	165,773	95.7%
Resource disposal (waste) generated in operations	813	0.5%	863	0.5%
Business travel	10	0.0%	38	0.0%
Staff commuting	524	0.4%	465	0.3%
Total Scope 3 emissions	149,217	100.0%	173,158	100.0%

[1] Carbon Neutral Report for Redox's FY21 operations prepared by Carbon Neutral as updated at 16 March 2023. Carbon Neutral Report for Redox's FY22 operations prepared by Carbon Neutral as at 16 March 2023 (the Carbon Neutral Report).

[2] Carbon Neutral has used the Greenhouse Gas Protocol to categorise greenhouse gas emissions associated with Redox's operations into 'scopes'. Due to the inherent uncertainty and limitations in measuring greenhouse gas emissions, all emissions data or references to emissions volumes (including ratios or percentages) are estimates based on available information and calculation methodologies. Greenhouse gas emissions are reported as units of carbon dioxide equivalents (CO₂-e), which provides the ability to compare various greenhouse gases as a single unit.

[3] To calculate Redox's scope 1 and 2 emissions, except as specified below, Carbon Neutral has used the methodology and emission factors presented by the Australian Government's Australian National Greenhouse Accounts (NGA) Factors. In calculating scope 1 emissions associated with fleet fuel consumption, Carbon Neutral used emission factors published by DBEIS (GOV, UK). In calculating scope 2 emissions associated with electricity use in locations outside of Australia, Carbon Neutral sourced the emission factor for Malaysia from the Institute for Global Environmental Strategies, the emission factor for the United States from the U.S. Environmental Protection Agency and the emission factor for New Zealand from the Ministry of Environment.

[4] Fuel consumption (stationary) includes diesel and LPG fuel usage by stationary equipment such as forklifts.

[5] Scope 3 emissions are difficult to estimate due to their indirect nature. To calculate Redox's scope 3 emissions, Carbon Neutral has used a variety of sources, with methodologies following the Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3) (including applying the principles of relevance, completeness, consistency, transparency and accuracy).

ESG (CONTINUED)

In FY22, Redox continued to implement various initiatives to mitigate its environmental impact. The Carbon Neutral report shows an annual reduction in Redox's scope 1 and scope 2 greenhouse gas emissions of 104t CO₂-e (-19.4%) and 151t CO₂-e (-9.5%) respectively. This reduction was predominantly driven by reductions in fleet fuel consumption and electricity use.

The report also showed that there was an annual increase in Redox's scope 3 greenhouse gas emissions of 23,941t CO₂-e (+16.0%). This increase was primarily due to the fact that Redox required more frequent inbound and outbound freight activity to service its significant annual sales growth.

Solar power generation

In 2017, in consultation with its landlords, Redox commenced a long-term project to progressively fit its Australian sites with solar generation systems. Redox has since completed projects to fit out six of its seven Australian sites with photovoltaic solar generation systems, with the last one being completed in May 2023. Redox's total generation capacity is now 600kW across those six sites.

Waste management and product stewardship

As an operator of manufacturing and warehouse facilities, Redox is required to adhere to strict environmental regulations and licence conditions. The business actively seeks pragmatic opportunities to prevent or minimise its impacts on the environment, taking a risk-based approach to environmental management.

Redox has clear waste management and disposal procedures for all its managed sites. Regulatory affairs employees regularly review applicable environmental legislation and regulation changes in relation to waste management and disposal to ensure all waste is appropriately classified and managed. Hazardous waste is classified by authorised personnel and is appropriately disposed of by suppliers who are licensed to accept waste for treatment by the environmental authority in each jurisdiction.

Redox is also cognisant of its environmental responsibility to minimize the impacts of its product packaging in the waste stream.

In order to reduce the generation of waste associated with its operations, Redox offers returnable packaging solutions and package-free bulk delivery options to its customers, with a preference for the use of returnable hire pallets and pooled equipment. In many of its locations Redox utilises reconditioned drums and Intermediate Bulk Containers (IBCs) which are able to be refilled and returned multiple times. Redox also utilises pneumatic and liquid tanker deliveries which are able to facilitate deliveries without the creation of packaging waste.

Redox has been a part of the DrumMUSTER stewardship programme since 2012. The program provides an environmentally friendly way of disposing empty farming containers across rural Australia, using approved processors who divert material away from landfill for recycling.⁶ In the period January 2020 to March 2023, Redox paid levies for the collection and disposal of 22,318 x 20 litre drums and 3,979 x 200 litre drums (over 66 tonnes of material) in support of that programme.

Redox is also a member of The Australian Packaging Covenant Organisation (APCO) and is in the process of determining appropriate targets. The business has committed to submitting its first annual report to APCO for the year ending 31 March 2024.

[6] Source: DrumMUSTER website, url: <https://www.drummuster.org.au/>.

ESG (CONTINUED)

SOCIAL RESPONSIBILITY

Redox recognises its responsibility to all its stakeholders including employees, suppliers, customers, communities and shareholders.

WORKPLACE**Diversity, equity and inclusion**

Redox is committed to providing equal employment opportunities, free from discrimination, with employment decisions based on job specifications, individual qualifications and business needs without regard to an employee or prospective employees' attributes. Redox also remains committed to fair employment practices and maintains a no tolerance policy for harassment and discrimination.

Redox has a Code of Conduct Policy, Harassment, Bullying and Discrimination Policy, Diversity Policy and Whistleblower Policy.

Redox acknowledges that the Company's employment register does not yet mirror the diversity seen in greater society and that the business has not as yet addressed gender diversity targets at Board level or across broader operations. This is because the Board in its current structure only came into place as part of the IPO process which was completed subsequent to the year end on 3 July 2023. This is something the current Board will now seek to address. Redox recognises that the best companies are diverse at all levels and is committed to tackling any gender bias and improving its diversity in leadership.

As at 30 June 2023, Redox's workforce was split 37% females and 63% males (year ended 30 June 2022: 38% and 62% respectively). Excluding warehouse employees the workforce split was 46% females and 54% males (year ended 30 June 2022: 47% and 53% respectively).

Workforce engagement

Redox's people are of vital importance to the Group's success, and the culture they work within is fundamental to creating an engaging, safe and inclusive workplace.

Redox works with its employees to accommodate flexible working arrangements where possible and has a variety of formal and informal arrangements in place with its employees, including maternity leave, work from home arrangements and return to work procedures. Furthermore, as the business continues its global expansion, opportunities exist for Australian based team members to move overseas and to expand the group culture into these new jurisdictions.

The Redox workforce is either covered by an award or employed via individual agreements, and performance is benchmarked and assessed on an annual basis.

Safety

Redox values its employees' health, safety and wellbeing and aspires to a zero workplace injury rate. The journey towards zero injuries is not a straight line, but the Board will not lose sight of this goal and will continue to strive for it, to make sure every employee goes home safely every day.

The Group operates two small manufacturing sites and five warehouses, of which one is a major hazard facility. The business mitigates the associated risks through rigorous safety management systems.

This year the business completed corporate health and safety audits at four of its seven managed sites. While the sites demonstrated some procedural improvement, further opportunities were identified, along with some good practice solutions which are being shared across all group sites.

The Group continues to emphasise workforce safety training, and is currently actively recruiting additional health and safety professionals to further embed safety culture and practices across the business.

Redox is also conscious of the pressures on the mental health and wellbeing of its workforce. The business offers an Employment Assistance Program (EAP), providing a service for employees to seek confidential one-on-one assistance with professional counsellors, psychological support services, management support and critical incident response services to deal with issues such as stress, alcohol and drug abuse, gambling, relationship issues, grief and loss, depression, anxiety, people management and workplace conflict.

Redox's Lost Time Injury Frequency Rate at 30 June 2023 was 12.80 (2022 – 12.35).

[6] Source: DrumMUSTER website, url: <https://www.drummuster.org.au/>.

ESG (CONTINUED)

Emergency response procedures

The Group has in place emergency response and major incident procedures which are documented and tested. These procedures include the following:

- Pollution Incident Response Management Plan (PIRMP), which is required under NSW environmental legislation. Redox's PIRMP was last tested at both the Minto and Girraween sites in November 2022;
- Fire safety drills, which are conducted every six months at every Redox managed site;
- IT system shutdowns: A disaster recovery test was last conducted in September 2022 and these are undertaken on an annual basis; and
- Product recalls: A Mock Product Recall was conducted in October 2022.

SUPPLY CHAIN

Ethical sourcing

Redox has implemented procedures and policies which aim to minimise ethical sourcing risks across its business operations and supply chains.

Redox has memberships with various organisations which aim to create more socially and environmentally sustainable supply chains, including Sedex, Roundtable on Sustainable Palm Oil (RSPO), Chemistry Australia and the National Association of Chemical Distributors (in the United States). This assists in seeking to ensure that Redox interacts within ethical supply chains and enables Redox to demonstrate leadership as a responsible business within the industry.

Modern Slavery

Redox aims to minimise the risk of modern slavery occurring within its business operations and supply chain.

Redox's Modern Slavery Policy requires that all suppliers to the business comply with Redox's Minimum Workplace Practices Code of Conduct (MWPPCC).

These minimum standards draw upon the key principles of the United Nations Universal Declaration of Human Rights, the United Nations Conventions on the Rights of the Child and International Labour Organisation Core Labour Standards.

A number of procedures have been put in place to help ensure that suppliers remain in compliance with the MWPPCC, including the use of ethical sourcing declaration forms and regular periodic reviews of "blacklists" available on US customs databases.

Redox prepares a Modern Slavery Statement on an annual basis covering the 1 July to 30 June period. Each statement is filed with the Attorney – General's Department and is available on Redox's corporate website once filed.

Community

Redox has a commitment to being a responsible corporate citizen and is open to aligning with charity or community outreach programs where possible.

Philanthropy

Redox's branches are encouraged to support local community initiatives. The business has implemented a one day per annum volunteering leave programme for all employees and supports numerous charities and community and sporting associations on an ad hoc basis.

In the US, Redox is supporting the Chemical Education Foundation, which is an organisation dedicated to chemistry education and awareness for students in grades K-8, allowing for greater Science, Technology, Engineering and Mathematics exposure at an earlier age.

Furthermore Redox continues to support a number of philanthropic initiatives at a broader corporate level including Médecins Sans Frontières in support of the work they do around the world, and RUOK, which is an Australian charity that encourages people to stay connected and have conversations that can help others through difficult times in their lives.

Tax transparency

Redox believes in paying its fair share of taxes to help support the broader community, and remains committed to tax transparent operations.

ESG (CONTINUED)**Governance**

Redox's People and Safety Committee and Audit and Risk Management Committee are charged with overseeing, directing and supporting the Group's risk and compliance frameworks, with responsibilities extending to all aspects of ESG. During the year each committee met on four separate occasions. The Committees report and make recommendations on key business risks, policies and procedures to the Board.

The Board's assessment of the key business risks of Group and some related commentary are set out in the Operating and Finance Report (see pages 20 - 24).

Details concerning the Group's key remuneration strategies and policies are set out in the Remuneration Report (see pages 35 - 44).

Copies of Redox's FY23 Corporate Governance Statement and Board and Committee Charters are available on Redox's corporate website at <https://redox.com/investor-centre/> along with further details of the business' overall corporate governance and CSR frameworks.

OPERATING AND FINANCIAL REVIEW

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OPERATING AND FINANCIAL REVIEW

History

Redox was established in 1965 by Roland Coneliano, who utilised his contacts and personal relationships across Europe to deliver sought-after, quality products to the Australian marketplace. Since 1965, Redox has grown to become a leading supplier and distributor of chemicals, ingredients and raw materials with 17 offices across four countries. This includes almost all major cities across Australia and New Zealand as well as a growing presence in the USA where four new locations were opened during the 2023 financial year.

BUSINESS MODEL

Principal activities

Redox purchases chemicals, ingredients and raw materials from manufacturers and sells to businesses which utilise the chemicals, ingredients and raw materials as inputs into their manufacturing or production processes. The significant majority of those products are sourced outside of Australia.

Principal activities

- Sourcing, negotiating and regulatory management, which includes:
 - Accessing overseas suppliers;
 - Tracking international market pricing;
 - Obtaining bulk purchase rates;
 - Arranging international shipping and customs clearances; and
 - Negotiating regulatory requirements
- Warehousing, value-add services, testing and packaging which includes:
 - Warehousing and storage;
 - Mixing, blending and formulating;
 - Filling, packaging and labelling; and
 - Laboratory testing
- Transport facilitation to customers which includes:
 - Logistics co-ordination; and
 - Bundling and delivery

Information technology

Redox's information and technology systems include its website and integrated Enterprise Resource Planning, Customer Relationship Management, Business Intelligence and Document Management software platform, Redebiz. Redebiz facilitates all aspects of Redox's business model, from tracking market opportunities and forecasting costs to monitoring customer orders and managing Redox's regulatory and compliance obligations. Redebiz is specifically designed with the functionality to assist Redox in a variety of ways, including the navigation of multiple regulatory complexities and real-time database management across an extensive range of products, suppliers and customers.

Sales and marketing strategies

Redox's sales strategies are underpinned by a focus on collecting market information to enable sustainable revenue growth whilst simultaneously managing risk, with a focus on expansion into new products and markets and leveraging customer relationships.

Redox aims to sustainably grow revenue whilst ensuring that growth does not incur unacceptable risk – this is achieved by maximising Redox's market share through the expansion of its existing product range, whilst introducing new products when significant opportunities are identified. Pricing is tailored to market demands to deliver profitability and maintain sustainable growth.

Redox also deploys a range of marketing strategies to gain new business, which have been carefully formulated through years of in-house experience and expertise. Marketing strategies are underpinned by the market intelligence Redox has accumulated in Redebiz. This information provides Redox with extensive market information to service its broad range of suppliers and customers.

Portfolio diversification

A key component of Redox's risk management strategy is to actively seek to grow and diversify its supplier, customer and product portfolios. At 30 June 2023 the business sold over 4,500 skus, sourced from over 940 different suppliers, to more than 6,400 customers, across approximately 170 industries.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Group results

This Operating and Financial Review (OFR) includes financial information based on the audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS measures have also been included in this OFR including underlying EBITFX, underlying EBITDAFX and underlying NPATFX. These measures have been defined on pages 19 - 20 of this report and have been included as they are used internally by management to assess the performance of Redox's business, make decisions on the allocation of its resources and assess operational and executive management, including the Executive Directors (see page 39 of the Remuneration Report). Non-IFRS measures have not been subject to audit or review. Given the proximity of the Group's ASX Listing to the date of the financial statements, the Group has also presented its Prospectus forecasts for FY23 within the summary financial results below.

All amounts are in Australian dollars.

All amounts are in Australian dollars.

	Consolidated				
	2023	2022	Change	Prospectus ¹	Change
	\$000	\$000	%	\$'000	%
Summary financial results					
Revenue	1,257,520	1,081,816	16.2%	1,244,100	1.1%
Cost of goods sold	(995,491)	(838,027)	(18.8%)	(988,800)	(0.7%)
Gross profit	262,029	243,789	7.5%	255,300	2.6%
Underlying operating expenses	(126,768)	(115,288)	(10.0%)	(126,300)	(0.4%)
Underlying EBITFX	135,261	128,501	5.3%	129,000	4.9%
Net finance costs	(12,954)	(7,210)	(79.7%)	(10,900)	(18.8%)
Underlying net profit before tax	122,307	121,291	0.8%	118,100	3.6%
Tax at effective tax rate	(37,210)	(35,093)	(6.0%)	(35,430)	(5.0%)
Underlying NPATFX	85,097	86,198	1.3%	82,670	2.9%
Other Information					
Gross profit margin	20.8%	22.5%	(1.7pps)	20.5%	0.3pps
Underlying EBITDAFX	143,051	135,731	5.4%	136,600	4.7%
EBITDA	136,775	138,300	(1.1%)	125,800	8.7%
Listing costs (non-recurring)	(2,143)	(1,498)	(43.1%)	(1,100)	(94.8%)
Net unrealised (losses)/gains on forward exchange contracts	(4,133)	4,067	(201.6%)	(9,600)	56.9%
Effective tax rate	30.4%	28.9%	1.5pps	30.0%	(0.4pps)
Statutory NPAT	80,730	88,024	(8.3%)	75,100	7.5%
Dividends paid or payable in respect of twelve month period	49,542	52,821	(6.2%)	49,535	-
Dividend payout ratio ²	61.4%	60.0%	1.4pps	66.0%	(4.6pps)
Underlying earnings per share ³ (cents)	19.76	20.02	(1.3%)	19.20	2.9%
Basic earnings per share ³ (cents)	18.75	20.44	(8.3%)	17.44	7.5%
Total dividends per share ³ in respect of twelve month period (cents)	11.50	12.27	(6.2%)	-	11.50%

EARNINGS

Revenue

In the year ended 30 June 2023, revenue grew by 16.2% to \$1,258 million.

Revenue performance was particularly strong in the first half of the year due to the business making a strategic decision to elevate its inventory levels to be able to provide reliable supply under difficult industry procurement and logistic conditions, compared to a number of competitors who were unable to supply customers as reliably. These industry wide supply difficulties largely abated in the second half of the year and contributed to a strong growth in revenue in the first half of the year, and a comparative flattening of year on year revenue growth in the second half.

The Group had a number of significant new business wins during the year. These are expected to provide continued revenue growth into the 2024 financial year (FY24), when a full year of revenue from these new business wins during FY23 is expected.

In the Group's core Australia and New Zealand market, revenue grew by 15.2% to \$1,170 million. This was mainly driven by revenue growth with existing customers through price inflation in the first half of the year in particular and also by selling more products to those customers.

In addition, the Group continued its strong growth momentum in North America, with revenue growing by 42.0% to reach \$76 million. This has been driven by new customer wins, and by geographical expansion, with the business opening four new locations in the US during the year, increasing the number of locations from two to six.

[1] Underlying amounts per Prospectus have been recomputed for disclosure purposes. Prospectus forecasts included statutory and pro forma figures only

[2] Calculated as total dividends paid or payable for the year divided by statutory net profit after tax.

[3] In June 2023 the Company undertook a share multiplication in preparation for its ASX listing, with shareholders receiving 184.119 shares for every share held previously. 2022 comparatives for earnings per share have therefore been divided by a factor of 185.119 to enable year on year comparability.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Gross Margin

Gross margin for FY23 was 20.8%, which is slightly ahead of long-term historical averages, although 1.7 percentage points lower than the margin for FY22. However the FY22 gross margin level was unusually high, reflective of general trends seen in the industry caused by pricing volatility. The FY23 gross margin reflects a reversion towards expected longer term levels, with margins expected to fall slightly further in FY24 and eventually stabilise during the year at closer to longer term averages.

Expenses

The table below summarises the operating expenses incurred in the 2023 and 2022 financial years:

	2023 \$000	Consolidated 2022 \$000
Administration expenses	(60,886)	(58,112)
Distribution and storage expenses	(49,228)	(41,411)
Other expenses	(16,654)	(15,765)
Underlying operating expenses	(126,768)	(115,288)
One-off operating expenses	(2,143)	(1,498)
Total operating expenses	(128,911)	(116,786)
Underlying operating expense %	10.1%	10.7%
Unrealised (losses)/gains on forward exchange contracts	(4,133)	4,067

The increase in administration expenses in FY23 of \$2.8 million (4.8%) is mainly due to annual salary increases and additional employees hired during the year to support sales growth.

The increase in distribution and storage expenses of \$7.8 million (18.9%) during the year is reflective of increased volumes from strong sales growth, increases in freight and warehouse rates and cost inefficiencies caused by the global supply chain crisis.

The increase in other costs of \$0.9 million (5.6%) during the year was driven by increases in insurance costs in line with strong growth in revenue and profitability, and also due to increases in travel costs with the easing of COVID-19 restrictions.

One-off operating expenses comprise ASX Listing costs incurred during both years, and principally relate to legal, tax and accounting due diligence fees.

Unrealised (losses)/gains on forward exchange contracts relate to non-cash mark to market adjustments on Redox's open forward exchange contracts at year end. These amounts arise as Redox secures its foreign currency denominated purchasing prices by entering into forward exchange contracts on or around the date of agreeing the related purchase order. The year-end balances are determined by movements in exchange rates between the date the forward exchange contract was executed and the closing year end rate. This accounting treatment is necessitated because the Group chooses not to adopt the more onerous administration and documentation requirements to qualify for hedge accounting under the specific criteria of AASB 9 as Redox consolidates hundreds of small purchase orders and then enters into a forward exchange contract for the consolidated amount. The accounting standard requires individual contracts to be taken out against each individual purchase order in order to qualify for hedge accounting treatment, and therefore avoid the requirement at year end to mark to market the open forward exchange contracts. The computed year-end mark to market adjustments are non-cash amounts, subject to exchange rate volatility, and are transient in nature as they are based on exchange rates at an exact point in time. Management does not therefore consider these movements to be part of underlying profitability.

Net finance costs

Approximately \$1.4 million of net finance costs (2022: \$1.5 million) relates to the recognition of interest on the Group's property lease liabilities in accordance with AASB 16. The additional \$11.9 million (2022: \$5.7 million) relates to interest on the Group's loan balances. The annual movement is reflective of movements in bank and loan commercial interest rates during the year, and of fluctuations in the corresponding loan balances.

The Group does not expect to incur net finance costs from debt during the 2024 financial year as funds raised at the Company's ASX listing were used to repay in full the Group's related party loan in early July 2023, and have also been applied progressively to repay the Group's bank borrowings as they fall due during FY24.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Profitability

Reconciliations of the Group's EBITDA to underlying EBITDAFX, statutory NPAT to underlying NPATFX, and statutory NPAT to EBITDA are shown below:

Reconciliation of statutory NPAT to underlying NPATFX

	Consolidated	
	2023	2022
	\$'000	\$'000
Statutory NPAT	80,730	88,024
Add: Statutory tax	35,301	35,836
Add: Listing costs	2,143	1,498
Add/(Less): Unrealised losses / (gains) on forward exchange contracts	4,133	(4,067)
(Less): Tax @ 30.4% (FY22: 28.9%) (effective tax rate)	(37,210)	(35,093)
Underlying NPATFX	85,097	86,198

Reconciliation of EBITDA to underlying EBITDAFX

	Consolidated	
	2023	2022
	\$'000	\$'000
EBITDA	136,775	138,300
Add: Listing costs	2,143	1,498
Add: Unrealised losses / (gains) on forward exchange contracts	4,133	(4,067)
Underlying EBITDAFX	143,051	135,731

Reconciliation of statutory NPAT to EBITDA

	Consolidated	
	2023	2022
	\$'000	\$'000
Statutory NPAT	80,730	88,024
Add: Net finance costs	12,954	7,210
Add: Income tax expense	35,301	35,836
Add: Depreciation and amortisation	7,790	7,230
EBITDA	136,775	138,300

Dividends

As part of Redox's ASX Listing process the Board reaffirmed its dividend policy of distributing 60%-80% of annual statutory net profit after tax. An interim dividend of 8.11 cents per share was paid in March 2023 (2022: 4.79 cents per share, paid in March 2022), and a final dividend of 3.39 cents per share was paid in May 2023 (2022: 7.48 cents per share paid in September 2022). In total this represented a distribution of 61.4% of FY23 statutory NPAT (2022: 60.0%).

The Company's next dividend is planned to be an interim dividend for the year ended 30 June 2024, which is expected to be paid in March 2024.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cash Flow

	Consolidated	
	2023 \$000	2022 \$000
Underlying net operating cash flow	136,886	(47,479)
Add: Listing costs	2,143	1,498
Statutory net operating cash flow	134,743	(48,977)
Cash flows from investing activities	(2,805)	(1,219)
Statutory cash flow before financing	131,938	(50,196)
Add: Listing costs	2,143	1,498
Underlying cash flow before financing	134,081	(48,698)

Underlying net operating cash flow increased by \$183 million to an inflow of \$134 million in FY23 by comparison to an outflow of \$49 million in FY22. This is because there was a working capital inflow of \$33 million in FY23 compared to an outflow of \$141 million in FY22. The FY22 outflow was primarily driven by an increase in inventories of \$134 million in the year, and the FY23 inflow was driven by an unwind of the FY22 inventory position. The reasons for these large inventory movements are discussed in the working capital section below.

Balance Sheet Management

	Consolidated Pro Forma As at 30 ⁴ June 2023 \$000	Consolidated As at 30 June 2023 \$000	Consolidated As at 30 June 2022 \$000
Financial metrics			
Net cash / (debt)	81,703	(145,690)	(181,395)
Net working capital	-	367,920	401,165
NWC/revenue (%)	-	29.3%	37.1%
Net debt/ underlying EBITDAFX	-	1.0x	1.3x
Return on invested capital	-	21.3%	23.5%

Net debt

Redox's net debt balance at 30 June 2023 was \$146 million compared to \$181 million at 30 June 2022. The reduction was primarily attributable to a strong working capital inflow of \$33 million.

In early July 2023 the Group repaid all of its related party debt out of the proceeds of capital raised as part of its ASX Listing. The bank borrowings of the parent company will also be progressively repaid out of the listing proceeds as and when they fall due during the year. The pro forma column in the table above shows a net cash position of \$82 million assuming that net cash received as part of the Group's ASX Listing in early July.

Net working capital

Net working capital decreased during 2023 from \$401 million at the start of the year to \$368 million by year end. Redox's working capital had increased to unusually high levels at the start of 2023 due to the impacts of the COVID-19 pandemic and global supply chain disruptions. This had occurred due to:

- management making the strategic decision to build inventory balances to help maintain supply to customers during a period of supply disruptions;
- inventory lead times increasing as a result of delays in international shipping and port congestion;
- increases in input prices inherently increasing the valuation of inventory levels and receivables; and
- growth in revenue, which had grown debtor balances (although average debtor days has remained relatively stable).

During 2023 the global supply chain difficulties progressively alleviated, input prices decreased, and customers scaled back their levels of forward orders as a result of the deflationary environment and increased confidence in supply. These factors helped deliver a decrease in inventory of \$58 million in the year.

The net working capital to revenue percentage ratio also improved during the year due to the same reasons to 29.3%, an improvement of 7.8 percentage points versus the unusually high ratio at the end of 2022.

[4] Pro forma net cash of \$81.7 million is calculated by adding IPO net cash proceeds of \$227.4 million (after float costs) to the year-end net debt balance of \$145.7 million.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Net debt/underlying EBITDAFX (core leverage)

Core leverage was 1.0x at 30 June 2023, and was reduced to zero in early July 2023 by the inflow of funds from the Company's ASX Listing.

The Board chose to repay debt as part of the ASX listing to ensure that the balance sheet has the financial flexibility if required to deliver future revenue growth at above historical average growth rates.

Available debt facilities of \$183 million in place prior to the IPO have been retained. The Board would be comfortable operating within a 1.5x to 2.0x core leverage ratio and intends to apply free cashflow in future periods to growth opportunities.

Return on invested capital (ROIC)

The Group achieved an average ROIC of 21.3% in FY23. Other things being equal, this metric would be expected to further improve if the Group can maintain its year end FY23 stock holding level throughout FY24.

Outlook

Redox delivered 16.2% revenue growth in 2023 and the Board expects that a full year of new customer and product growth delivered part way through 2023 will contribute towards continued revenue growth in the 2024 financial year. Additionally, in the first half of 2023 Redox experienced revenue and cost downsides associated with industry-wide supply chain issues and disruptions. There was an easing in those supply chain headwinds during the year, meaning there will be some upsides in FY24 from a non-repeat of the associated issues and disruptions. However, some of the challenges continued throughout the second half of FY23 and are expected to continue into FY24. Revenue has therefore been forecast to increase by 5.6% in FY24 to \$1.33 billion as set out in the Group's ASX Listing Prospectus.

However there continues to be uncertainty and volatility in relation to the broader global political and macroeconomic environment. These uncertainties and others have the potential to quickly change market dynamics and are expected to increase the competitive environment across all regions. The Board expects these uncertainties to generate further margin pressure during FY24, with margins expected to fall slightly further towards longer term averages. Average annual gross margin for FY24 has therefore been forecast to decrease slightly and then stabilise, as set out in the Group's ASX Listing Prospectus.

Underlying operating costs for FY24 are expected to continue to increase as the business continues to grow. The business' FY24 profitability forecast is as set out in the ASX listing Prospectus, in which underlying NPATFX⁵ for FY24 was forecast at \$97 million.

Non-IFRS Measures

Non-IFRS measures used in this OFR are defined as follows:

Term	Definition
Gross margin	Gross profit as a percentage of revenue
Underlying operating expenses	Operating expenses (being administration, distribution and storage and other expenses) less listing costs
Underlying EBITFX	Earnings before net finance costs, taxation, net unrealised currency movements on forward exchange contracts and listing costs
Underlying EBITDAFX	Underlying EBITFX before depreciation and amortisation
Underlying net profit before tax	Earnings before taxation, net unrealised currency movements on forward exchange contracts and listing costs
Underlying NPATFX / underlying earnings	Underlying net profit before tax less taxation at effective tax rate (30.4% in FY23)
Effective tax rate	Statutory income tax benefit/(expense) divided by net profit after tax
Net debt	Current loans and borrowings, plus non-current loans and borrowings, plus cash and cash equivalents
Net working capital (NWC)	The sum of trade receivables, inventory, prepayments, trade payables (including accruals), and employee benefit provisions.
NWC/revenue (%)	Net working capital as a percentage of annual revenue

[5] Presented as pro forma NPAT in the Prospectus

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Core leverage ratio	Net debt/ underlying EBITDAFX
Net underlying operating profit after tax (NOPATFX)	Underlying EBITFX less taxation at effective tax rate (30.4% in FY23)
Return on invested capital (ROIC)	NOPATFX divided by average invested capital (total equity plus net debt including lease liabilities) for the financial year
Underlying net operating cash flow	Net cash from operating activities excluding listing costs cash flows
Underlying cash flows before financing	Net cash from operating activities excluding listing costs cash flows less cash flows from investing activities

Key business risks

Redox's Audit and Risk Management Committee is charged with overseeing, directing and supporting the Group's risk and compliance frameworks. The Committee reports and makes recommendations on key business risks, policies and procedures to the Board. The group's processes for managing risk are set out in the group's Corporate Governance statement which is available in the investor centre section of Redox's website at <https://redox.com/investor-centre/>

A summary of the material risks that could impact the achievement of Redox's business objectives is included below. These risks are set out in no particular order. There are interdependencies between them and so an increased exposure for one risk may elevate the exposure of other risks. Redox may be impacted by other more general risks that Australian businesses with global operations may face as well as emerging risks that are not listed below.

TRADING RISKS

Risk

Customer demand may fluctuate

Description

Redox's customers often engage with Redox on an as needed basis. There is therefore a risk that existing customers may decide not to continue their business with Redox in the future or at the same level as in prior periods.

Redox's ability to retain and grow existing customer relationships and develop new ones may be impacted by changes in customer demand which is in turn impacted by various factors including underlying industry trends and economic activity.

Customers may also change their demand or ordering patterns from time to time in order to adjust to changes in market conditions, consumer demand for their products, changes in product purchasing to address environmental considerations and/or ongoing operational considerations.

Adverse changes in customer demand and ordering levels may in turn lead to lower sales volumes or the requirement for Redox to hold greater levels of "at-risk" inventory.

How is this risk being managed?

Redox continues to seek to diversify and grow its customer base across all industry sectors and multiple geographical jurisdictions in order to limit the exposure to individual customers and industries.

The business maintains a strong customer service focussed philosophy.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk

Redox may be unable to source products in appropriate quantity or quality

How is this risk being managed?

The competitive landscape may change adversely

How is this risk being managed?

General global economic conditions may worsen

How is this risk being managed?

Description

Redox is exposed to the risk that its existing suppliers may decide not to continue their business with Redox in the future or at the same level as in prior periods or may seek to increase pricing for the products or services provided to Redox, which Redox may not then be able to pass on to its customers in whole or part. There is also a risk that there are changes in the availability of suppliers' products or services due to one or more of several factors, such as climatic conditions, supply interruptions, business failure or economic or geo-political considerations.

There are also risks that the quality of the products being supplied deteriorates or that certain batches are contaminated, defective, incorrectly packaged or labelled, damaged, detained or delayed en-route or otherwise and do not meet the stated specifications. Furthermore, there are risks that suppliers or other third-party providers fail to comply with packaging, import or other applicable laws or industry standards.

Should any of these events occur, Redox may not be able to fulfil customer orders or it may be required to source products from alternative suppliers at higher prices than those agreed with the customer, both of which could lead to decreased profitability.

Redox seeks to continue to diversify and grow its supplier base across multiple jurisdictions in order to limit the group's overall exposure to individual suppliers and geographical locations.

The product management team actively works to ensure the business has multiple alternate suppliers identified and approved for many of its key product groups.

Redox competes in all its markets with many other suppliers, distributors, wholesalers, brokers, and suppliers who supply customers. Competitors could change their pricing or supply strategies which in turn could negatively impact Redox's competitiveness in the markets in which it operates and could lead to lower sales volumes, sales prices and margins for Redox.

Redox continues to monitor closely its competitors' strategies and activities.

The business is continuing to grow its exposure to speciality chemicals and exclusive supply agreements which may not be as susceptible to competitor activities.

Redox continues to seek out organic and inorganic growth opportunities in order to increase share in its existing markets.

The operating and financial performance of Redox is influenced by the general global economic conditions. An escalation in the current conflict between Russia and Ukraine, or the manifestation of other geo-political risks may trigger a downturn in general economic conditions or create localised supply issues which may impact Redox's ability to source products.

High inflation and rising interest rates may impact Redox's operating costs, which may not be able to be offset by corresponding increases in product prices.

A prolonged downturn in general economic conditions may also impact the demand for Redox's products as customers change their demand and ordering patterns to adjust to such a downturn in economic conditions. These factors may in turn have an adverse impact on Redox's financial position and performance.

Redox seeks to pass on to its customers any positive or adverse cost movements.

The business seeks to maintain the pricing tension in its supply sources to ensure that the business is in a position to offer competitive pricing solutions.

Redox continues to seek growth opportunities in industries less exposed to demand elasticity in order to reduce its overall exposure to a general economic downturn.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk

Risk of inventory mismanagement

How is this risk being managed?

Description

Redox manages a significant level of inventory. There is a risk that Redox may underestimate demand which could lead to loss of sales or having to pay higher prices to suppliers that cannot be passed to customers or having to sell products at lower prices to customers. Redox may also overestimate demand which could lead to obsolete inventory. Prices of Redox's products as well as transportation costs also fluctuate over time, which Redox may not necessarily be able to pass on to its customers.

The business seeks to reduce its "at-risk" inventory by ensuring that for most of its inventory purchases a "back-to-back" sales order has previously been obtained, inclusive of an agreed price. Inventory purchases denominated in foreign currencies are then hedged to eliminate exchange rate risk.

Product managers (buyers) are allocated specific product groups to manage and are incentivized to avoid stock losses.

Purchase orders require senior executive approval.

OPERATIONAL RISKS

Risk

Information technology platforms may be disrupted or compromised

How is this risk being managed?

Failure to comply with regulation

How is this risk being managed?

Description

Redox has invested significant resources and capital in developing its information and technology systems including its website and integrated ERP/CRM system, Redebiz, which is crucial to the operation of the business. These systems are inherently susceptible to malfunctions, interruptions, damages and failure which could impact Redox's operations and reputation.

There is a risk that the measures taken to protect or enhance Redox's information technology systems from accidental or deliberate events may prove to be inadequate and may result in a significant disruption to Redox's systems and operations or loss of confidential or proprietary information.

Key competitive advantages could be lost in the event that proprietary information stored within the Group's IT platforms are compromised. Furthermore, Redox may incur costs to rectify concerns, including system vulnerabilities or in introducing additional safeguards to minimise the risk of future events of this nature, or may suffer operational losses during any prolonged period of downtime.

The ongoing development and maintenance of Redebiz relies on Redox attracting and retaining appropriate staff, this can be difficult at times and any loss of key personnel could lead to damaging interruptions or ongoing systems issues.

The Group maintains a disciplined approach to cyber and information security, conducting rigorous ongoing testing on its IT infrastructure and networks to ensure information stored in Redebiz and other systems is safe from both internal and external breaches. Redox has various measures in place to prevent or minimise IT disruption including, employee training, offsite real-time data back-ups, anti-virus software, best-in-class firewalls and threat detection systems, and IT disaster recovery plans.

On an ongoing annual basis, the business engages third-party testing of its systems and networks to validate all facets of its security implementation, and also acts upon alerts from trusted government bodies and organisations, such as the Australian Cyber Security Centre.

The Group also maintains comprehensive business interruption insurance.

In each jurisdiction in which it operates, Redox must comply with a range of laws, regulations and industry standards including product quality requirements, import regulations, fair trade laws, anti-bribery and corruption legislation, sanctions legislation, food safety, drug and chemical weapons precursors, consumer protection laws, employment laws, work, health and safety laws and taxation laws. These laws, regulations and standards are constantly evolving and failure by Redox to comply with requirements may result in litigation, regulatory enquiry or investigation, fines and penalties, revocation of permits and licences, or significant reputational damage which could have an adverse effect on Redox's financial position and performance.

Redox's regulatory compliance processes are managed internally by its regulatory affairs team, who keep abreast of important legislative changes.

The business has policies and procedures in place to enable it to monitor legislative developments related to key operational areas, including annual internal testing routines, which keeps Redox's records current and in line with evolving legislative requirements and relevant industry standards.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk

Risk of a significant health, safety and environmental incident occurring

How is this risk being managed?

Reliance on key personnel

How is this risk being managed?

Disruption from COVID-19 or other pandemics

How is this risk being managed?

Description

Redox is required to comply with a range of health, safety and environmental regulations. Risks of accidents, injuries and potential health hazards in Redox's workplaces must be minimised in line with applicable Work, Health and Safety laws and industry standards. Redox's operations and facilities must also comply with applicable chemical handling, storage, transportation and disposal codes to prevent environmental contamination, human exposure and use of products in illegal activities. Regulatory and industry requirements are particularly rigorous for Redox's hazardous and dangerous goods distribution. There is an inherent risk of accidents, injuries and potential health hazards in Redox's workplaces, occurring from accidents, negligence or other unforeseen events, potentially resulting in injuries and substantial damages to property and the environment and breaches of applicable laws. This could lead to revocation of permits and licences, requirement for Redox to remediate any issues, civil and criminal action being brought against Redox as well as reputational damage impacting supplier and customer relationships, all of which could adversely impact Redox's financial position and performance.

Redox's work health and safety and environmental compliance processes are managed internally by its regulatory affairs and human resources teams.

The business has strict policies and procedures in place to enable it to monitor and mitigate health, safety and environmental risks.

Redox's quality management system has been certified as complying with the requirements of ISO 9001 for the procurement and sale of chemical raw materials and food ingredients, warehousing operations and the dilution and packing of chemicals.

Redox's Executive Management Team and employees are skilled in areas such as customer and supplier negotiation, chemical industry expertise and regulatory compliance. There is a risk that key personnel could leave the business or that competition within the labour market could increase the demand and cost for quality employees. If Redox is unable to attract or retain employees or key personnel, this may result in a loss of operational knowledge and capabilities, key supplier and customer relationships, and industry expertise, which in turn may have an adverse effect on Redox's financial position and performance.

Redox has implemented remuneration policies and procedures designed to motivate, reward and retain its existing personnel. Further information on the Group's remuneration policies and procedures is included in the remuneration report.

Redox requires its employees to maintain up to date records within the Redebiz database of their individual daily customer and supplier communications. This ensures that key information is not lost if employees leave the business.

Despite the increasing prevalence of COVID-19 vaccinations, effective measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains continued uncertainty as to the emergence and impact of new COVID strains or other pandemics and the future response of governments and authorities. Given this uncertainty, there also remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward, with applicable impacts on financial performance.

The business has implemented, tested and maintained COVID 19 response procedures which would enable the business to continue to operate if restrictions need to be increased.

The product management team has identified and tested multiple supply sources for many of its products, which would reduce the impact of any localized restrictions on the Group's operations.

DIRECTORS' REPORT

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Redox') consisting of Redox Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023 ('FY23').

Directors

The following persons were Directors of Redox Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian Campbell
Raimond Coneliano
Renato Coneliano
Mary Verschuer (appointed on 13 June 2023)
Garry Wayling (appointed on 13 June 2023)
Robert Coneliano (resigned on 5 July 2023)
Malcolm Perrins (resigned on 13 June 2023)
Richard Coneliano (resigned on 13 June 2023)
Kenneth Perrins (resigned on 13 June 2023)

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DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS



Name: Ian Campbell
Title: Non-Executive Chair
Experience and expertise: Ian has significant expertise across the corporate sector with 30 years' experience as a Partner of Ernst & Young and predecessor firms.

Ian has served as an Independent Director and Chairman of the Audit Committee on the boards of Gloria Jeans Coffees International Pty Limited, Green's Foods Holdings Pty Limited, Bigstone Capital Pty Limited and Riskflo Associates Limited. He was also a Partner in the board search practice at Talent Partners.

Ian currently serves as Non-Executive Chairman on the board of Kip McGrath Education Centres Limited, an ASX-listed education provider, and as Non-Executive Director and Chairman of the Audit Committee of CVC Limited, an ASX-listed investment company. He is also the Chairman of the Finance Committee of The Bridge Church Sydney.

Ian is a Member of the Australian Institute of Directors and has been an Independent Non-Executive Director of Redox since 2009.

Other current directorships: Kip McGrath Education Centres Limited, CVC Limited

Former directorships (last 3 years): None

Special responsibilities: Member of Audit and Risk Management Committee and People and Safety Committee

Interests in shares: None

Interests in options: None



Name: Raimond Coneliano
Title: Chief Executive Officer and Managing Director
Experience and expertise: After having served as a Director on the Board of Redox for nine years and sitting on the People and Safety Committee, Raimond has recently been appointed Chief Executive Officer and Managing Director.

Raimond is a skilled negotiator and relationships expert. He has overseen the development of Redox's largest bulk product lines and brokered the Company's biggest trades over his 27+ year career. He has led the sales team through acquisitions, into new markets and products, and broken sales records.

A collaborative, cross-functional leader who takes pride in facilitating growth through his extensive industry knowledge, his passion and verve for connecting customers to Redox's global network of suppliers while delivering industry best service shines through in every animated discussion.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 11,886,864 fully paid C class ordinary shares

Interests in options: None

DIRECTORS' REPORT (CONTINUED)



Name: Renato Coneliano

Title: Executive Director

Experience and expertise: Renato joined Redox in 1980. He has had many roles over time including both sales and product management responsibilities, as well as Joint Managing Director in 2022. He was instrumental in developing the supply chain and identifying critical suppliers, building these relationships through extensive overseas travel.

As Marketing Director, he controls Product Management processes at Redox, controlling open positions, reducing risks, and ensuring that Redox has the market information that adds value to the supply chain. With a focus on gaining new agencies, he facilitates and assists marketing staff in seeking supply partners where shared values and common goals align for mutual benefit.

Renato has been a Director of Redox since 1986.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 78,964,378 fully paid C class ordinary shares (total beneficial ownership, held in own name and by an associated party)

Interests in options: None



Name: Mary Verschuer

Title: Non-Executive Director

Experience and expertise: Mary has significant experience in executive leadership roles with responsibility for manufacturing, supply chain management and sales and marketing.

Mary was the President of the Minerals and Metals division for Schenck Process, a German private equity owned business, and was Vice President of the Asian division of Huhtamaki, a Finnish listed niche packaging business. Mary previously served on the board of ASX-listed Nuplex Industries Ltd, a leading global resins business.

Mary currently serves as Non-Executive Chair of the board of ASX-listed MaxiPARTS, and as a Non-Executive Director and Chair of Audit and Risk Committee with Forestry Corporation of NSW. Additionally, Mary is Chair of The Infants Home, a not-for-profit provider of early education and care. Mary also mentors CEOs with the CEO Institute and Kilfinan Australia.

Mary's key qualifications include a Bachelor of Applied Science (Chemistry) from UTS, a Master of Science and Society from UNSW, a Master of Business Administration from Macquarie University, and a Master of Arts (Research Methods) from Macquarie University.

Other current directorships: Non-Executive Chair of MaxiPARTS Limited

Former directorships (last 3 years): None

Special responsibilities: Chair of People and Safety Committee and Member of Audit and Risk Management Committee

Interests in shares: None

Interests in options: None

DIRECTORS' REPORT (CONTINUED)



Name: Garry Wayling
Title: Non-Executive Director
Experience and expertise:

Garry has over 30 years of experience in the professional services sector. Garry was an Audit Partner for 11 years with Arthur Andersen Sydney and then an Audit Partner in the Strategic Growth division at Ernst & Young until 2010.

Garry held executive roles for ASX-listed resources companies. Garry was Independent Director and Chair of the Audit and Risk Committee of ASX-listed OneVue Holdings Limited, and Independent Director of its subsidiary Trustee companies. Garry was also an Independent Director and Chair of the Audit and Risk Committee of ASX-listed Inabox Group Limited. He also served 10 years as an Independent Director and Chair of the Audit and Risk Committee for Odyssey House (NSW) retiring in March 2023 at the end of his tenure.

Garry is currently an Executive Director of The Australian Olympic Foundation Limited.

Garry's key qualifications include a Bachelor of Commerce degree from UNSW, ACA and GAICD.

- Other current directorships:** None
- Former directorships (last 3 years):** None
- Special responsibilities:** Chair of Audit and Risk Management Committee and Member of People and Safety Committee
- Interests in shares:** None
- Interests in options:** None



Name: Robert Coneliano
Title: Non-Executive Director, Former Executive Director and Chairman
Experience and expertise:

Robert joined Redox in 1971, moving through many different parts of the business. He became a Managing Director in 2013, a role he held until November 2022.

Robert is best known as a logical, visionary leader with excellent business acumen derived from his 50 years at Redox. Under his careful guidance Redox has progressed and modernised in all facets of operation using systems, procedures, and standardisation.

Robert is a Graduate Member of the AICD and has been a Director of Redox since 1983.

- Other current directorships:** None
- Former directorships (last 3 years):** None
- Special responsibilities:** None
- Interests in shares:** 3,702,381 fully paid B Class ordinary shares and 64,052,299 fully paid C Class ordinary shares (total beneficial ownership, held in own name and by an associated party)
- Interests in options:** None

DIRECTORS' REPORT (CONTINUED)



Name:	Malcolm Perrins
Title:	Former Executive Director
Experience and expertise:	Malcolm joined Redox in 1983, initially in accounts and then moving into IT as the Company grew. In 1986 he became the Logistics Manager, leading the logistics group where he was responsible for shipping, environmental investigations, regulatory approval, and liaising with the Company's warehouse providers. Malcolm was the Company Secretary of Redox from May 1986 to July 2021 and was a Director from 1986 until June 2023. He sat on the Safety, Health and Environment committee, Governance and Nominations committee and Remuneration and Appointments committee. Malcolm Graduated from the Australian Institute of Company Directors in 2003.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director



Name:	Richard Coneliano
Title:	Former Executive Director
Experience and expertise:	Richard began his career as a computer programmer at Redox 28 years ago, where he has made significant contributions to the Company's success. His most notable achievement has been his role, along with others, in the development of Redox's integrated ERP/CRM software platform Redebiz. Throughout his career at Redox, Richard has held various positions, including IT Manager for 25 years, where he was instrumental in building the Company's IT infrastructure and security systems. He also led the successful integration of several acquisitions made by Redox. Currently, Richard has responsibility for all administrative functions at Redox, with Finance, Human Resources, Information Technology, Quality Assurance and Legal departments reporting into him. His vast experience in the tech industry and his passion for innovative solutions continue to drive Redox's success.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

DIRECTORS' REPORT (CONTINUED)



Name:	Kenneth Perrins
Title:	Former Executive Director
Experience and expertise:	Ken joined Redox in 1996 and has held sales and product management roles during his career, with a strong focus on building Redox's presence as a supplier of ingredients to the food industry. He was integral in setting up the Company's Malaysian operation. Ken currently assumes overall responsibility for Redox's business in Malaysia, and for the Company's largest industry sector, Human Health and Nutrition. He has also taken the lead on a number of the Group's environmental initiatives. Ken was a Director of Redox from 2017 until June 2023 and served on the Governance and Nominations Committee. He has an MBA from Wollongong University.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Interest in shares and options are stated at 30 June 2023.

Company secretary
Erika Jasarevic



Erika joined Redox as the General Counsel in April 2020 and was appointed Company Secretary in July 2021.

Erika earned a bachelor's degree in Political Science from Florida International University and a law degree from St. Thomas University, in the United States, before obtaining her law degree in Australia; she holds a practicing certificate in New South Wales. Erika also completed the Governance Institute of Australia Course – Meeting ASX Listing Rules Requirements in 2021.

Prior to joining Redox, Erika previously served as Corporate Counsel of JELD-WEN Australia where she advised c-suite executives and senior management on a wide array of strategic matters. She also served as Director and Solicitor of her own boutique general practice law firm for several years and practiced law in Sydney as well as the United States.

DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Directors Name	Full Board ¹		People and Safety Committee ²		Audit and Risk Management Committee ³	
	Attended	Held	Attended	Held	Attended	Held
Ian Campbell	15	15	4	4	4	4
Raimond Coneliano	15	15	2	2	-	-
Renato Coneliano	15	15	2	2	4	4
Mary Verschuer	3	3	-	-	-	-
Garry Wayling	3	3	-	-	-	-
Robert Coneliano	13	15	4	4	3	4
Malcolm Perrins	11	12	4	4	-	-
Richard Coneliano	12	12	4	4	4	4
Kenneth Perrins	11	12	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Review of Operations

The Group has presented a detailed operating and financial review (OFR) on pages 14 - 24 of this annual report. The disclosures in this section should be read in conjunction with the detailed management commentary set out in the OFR.

1. Principal activities

The principal activity of the Group during the financial year was wholesaling of chemicals, ingredients, plastics and other raw materials.

2. Business model

See the business model section on page 14 of the OFR for an overview of the Group's business model.

3. Future strategy

Redox's strategic objectives are:

- To continue to gain market share by increasing share of wallet, winning new customers, entering into new industries and developing new product offerings;
- To expand globally by growing in North America and entering into new markets;
- To focus on supply chain through optimising service and profitability and minimising risk from point of order to point of sale;
- To leverage Redebiz by developing enhanced functionality to optimize our commerciality and protect our business; and
- To engage our people by driving accountability, enhancing safety, providing clarity, recognizing excellence and supporting growth and development.

Some of the operational and sales and marketing strategies employed to deliver these objectives are set out in the business model section on page 14 of the OFR.

4. Risk management

Redox's Audit and Risk Management Committee is charged with overseeing, directing and supporting the Group's risk and compliance frameworks. A summary of the material risks that could impact the achievement of Redox's business objectives is set out in the key business risks section on pages 20 - 24 of the OFR.

[1] The majority of these meetings were held before the appointment of Mary Verschuer and Garry Wayling on 13 June 2023 in preparation for the Company's ASX listing. Prior to that date Mary and Garry attended all Board meetings as observers.

[2] During the year ended 30 June 2023, the Company had in place a Remuneration & Appointments Committee, which convened on 23 September 2022 and 2 December 2022. In February 2023 the Remuneration and Appointments Committee was dissolved and amalgamated with the Safety Committee. The People and Safety Committee was created by the Board effective 22 February 2023. The People and Safety Committee during the year ended 30 June 2023 convened on 8 March 2023 and 2 June 2023. The total number of People and Safety Committee meetings held and attended by each Director reflected in the above table is an amalgamation of the number of meetings held and the attendance records for each Director, for both the former Remuneration and Nominations Committee and the People and Safety Committee during the year ended 30 June 2023. Raimond Coneliano, Renato Coneliano, Mary Verschuer and Garry Wayling became members of the People and Safety Committee on 13 June 2023 in preparation for the Company's ASX listing. They attended all meetings as observers prior to that date.

[3] Prior to 13 June 2023 Raimond Coneliano was not a member of the Audit and Risk Management Committee. From 13 June 2023 Raimond Coneliano attends the Audit and Risk Management Committee meetings as an invited guest.

DIRECTORS' REPORT (CONTINUED)

5. Review of Operations

See management commentary in the group results section on pages 14 - 24 of the OFR for an overview of the Group's results, cash flows and key balance sheet metrics for the 2023 financial year.

6. Likely developments and expected results of operations

See management commentary in the outlook and key business risk sections on pages 20 - 24 of the OFR for an overview of likely developments and expected results of operations.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Interim dividend for the year ended 30 June 2023 of \$15.02 per ordinary share paid on 9 March 2023:		
B Class ordinary shares	300	-
C Class ordinary shares	34,635	-
Interim dividend for the year ended 30 June 2022 of \$8.86 per ordinary share paid on 9 March 2022:	-	-
B Class ordinary shares	-	177
C Class ordinary shares	-	20,431
	<u>34,935</u>	<u>20,608</u>
Final dividend for the year ended 30 June 2023 of \$6.28 per ordinary share paid on 11 May 2023:	126	-
B Class ordinary shares	14,480	-
C Class ordinary shares	<u>14,606</u>	-
Final dividend for year ended 30 June 2022 of \$13.85 per ordinary share paid on 5 September 2022:	277	-
B Class ordinary shares	31,937	-
C Class ordinary shares	-	-
Final dividend for year ended 30 June 2021 of \$7.07 per ordinary share paid on 2 September 2021:	-	-
B Class ordinary shares	-	141
C Class ordinary shares	-	16,303
	<u>32,214</u>	<u>16,444</u>
	<u>81,755</u>	<u>37,052</u>

Dividend per share amounts are shown prior to the impacts of share multiplication, which occurred on 13 June 2023.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 3 July 2023, the Company successfully completed an initial public offering ('IPO') of shares and raised \$241 million through the allotment of 94,511,383 shares at \$2.55 per share.

The \$241 million was used to repay all the Group's related party loans and progressively pay down bank borrowings, with surplus cash remaining after float costs to be used to support the Group's ongoing growth plans.

The Company was admitted to the official list of ASX Limited ('ASX') on 3 July 2023 and its shares began trading on 5 July 2023 ('Listing date').

No other matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

Operational licenses granted to the Group regulate the management of water, air and noise quality, storage and handling of dangerous and hazardous materials and disposal of waste.

The Group's operations are compliant with applicable environmental laws and regulatory permissions relevant to its operations within Australia and other countries in which it operates. Where instances of non-compliance occur, the Group's procedures require that relevant government authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised or avoided. Throughout the year there have been no material breaches of relevant environmental regulatory requirements.

REMUNERATION REPORT

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REMUNERATION REPORT (AUDITED)

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2023. This report sets out the remuneration information for our Non-Executive Directors and Key Management Personnel ('KMP') and describes our approach to remuneration.

Our remuneration approach has been set to align with our broader business strategy to grow the business and deliver shareholder value. Through short and long-term variable reward programmes, it aims to reward Executives for delivering target financial outcomes and improved shareholder value.



Mary Verschuer
Chair, People and Safety Committee

Introduction

This Remuneration Report details the KMP remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations and is the Group's first remuneration report subsequent to becoming a listed entity.

Prior to the ASX Listing on 3 July 2023 (which occurred after the end of the reporting period), the Company was not required to prepare a remuneration report in accordance with the Corporations Act 2001. As such, Remuneration Report information is presented only for FY23.

Prior to the ASX Listing, the Group's remuneration strategy and practices reflected its status as an Australian-centric family-owned private entity. However substantial sales and profit growth during the years ended 30 June 2022 and 30 June 2023, international expansion and listing on the ASX have necessitated an evolution in the Group's approach to its remuneration strategies and practices. The purpose of this evolution is to enable the Group to compete more effectively for talent in a competitive labour market and to motivate, reward and retain senior personnel who are vital to the ongoing development and success of the business.

Given the transformational nature of the changes to remuneration strategy and practices which occurred immediately prior to the ASX listing, the Company has taken the approach of disclosing the FY23 remuneration outcomes, and also outlining the remuneration structure for the year ended 30 June 2024 which, for implementation purposes, took effect immediately prior to the listing date, but after the FY23 year end.

This Remuneration Report (as part of the Directors' Report) complements, and should be read in conjunction with the information contained in the corresponding annual Corporate Governance Statement which is available at <https://redox.com.au/investor-centre>

Key management personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The KMP comprise of the following Directors of the Group:

Name	Title
Ian Campbell	Non-Executive Director (Chair)
Raimond Coneliano	Chief Executive Officer and Managing Director
Renato Coneliano	Executive Director and Marketing Director
Mary Verschuer (appointed on 13 June 2023)	Non-Executive Director
Garry Wayling (appointed on 13 June 2023)	Non-Executive Director
Robert Coneliano (resigned on 5 July 2023)	Non-Executive Director, Former Executive Director
Malcolm Perrins (resigned on 13 June 2023)	Former Executive Director
Richard Coneliano (resigned on 13 June 2023)	Former Executive Director
Kenneth Perrins (resigned on 13 June 2023)	Former Executive Director

Malcolm Perrins, Richard Coneliano and Kenneth Perrins are no longer considered to fall within the definition of KMP beyond the date of their resignation from their director roles (13 June 2023).

REMUNERATION REPORT (CONTINUED)

Principles used to determine the nature and amount of executive remuneration

The Group's executive remuneration framework reflects the Board's philosophy of providing competitive remuneration relative to businesses of similar scale and complexity while rewarding strong results with appropriate incentives. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board ensures that the executive reward framework satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage
- transparency

The reward framework is designed to align executive rewards to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having sustainable profitability as a core component of plan design;
- focusing on sustained growth in shareholder value, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing executives on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

The key components of the remuneration framework are shown below.

Remuneration component	Description	Objectives	Priorities and conditions
Fixed	Includes fixed pay and superannuation	Designed to attract and retain high quality executives	Appropriate to the scale and complexity of the business and reflects the executive's role and accountabilities in implementing the Group's strategies
Short Term Incentive (STI)	A variable, at-risk cash incentive calculated by reference to current year performance	Designed to motivate delivery of the Group's profit targets	Rewards delivery of annual EBITDAFX growth (FY23 STI plan), or achievement of 95% or above on a sliding scale of the EBITDAFX target (FY24 STI plan)
Long Term Incentive (LTI)	An annual grant of performance rights which, if they vest on the achievement of long-term performance hurdles, give the right to acquire a number of ordinary shares in the Company at a nil exercise price	Designed to align the interests of executives with the interests of shareholders by motivating executives to drive long term growth in shareholder value	Performance tested over three years against the Company's total shareholder return relative to the performance of the S&P/ASX 300 Index. Rewards performance on a sliding scale above the 50th percentile of the comparator group

REMUNERATION REPORT (CONTINUED)

People and Safety Committee

The Board established the People and Safety Committee ('PSC'), which operates under a Charter. Its role is to assist and advise the Board on matters relating to the overall remuneration strategies and policies of the Group including the remuneration arrangements of the Directors, KMP and senior executive team. In doing so, it may take into consideration information provided by other Board committees, on a range of matters including culture, diversity, safety and environmental performance, governance, and financial and risk management.

In addition, it also receives reports on organisation capability, skills, training and development, and succession planning for critical roles.

At 30 June 2023, the PSC was comprised entirely of Non-Executive Directors – Mary Verschuer (Chair), Ian Campbell (member) and Garry Wayling (member).¹

The Board has delegated responsibility for implementing remuneration policies and practices to the People and Safety Committee. The Chief Executive Officer and Managing Director may provide the PSC with insights and recommendations to assist it with its executive remuneration strategies. The Chief Executive Officer and Managing Director has delegated authority from the Board to approve the remuneration of employees outside of the senior executive team.

Additional information regarding the PSC's roles and responsibilities can be found in the Committee Charter at <https://redox.com/investor-centre/>

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors are set at a level to attract and retain Directors with the necessary skills and experience and to reflect the demands and responsibilities of their roles. Non-Executive Directors' fees and payments are reviewed annually by the PSC. The PSC may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are in line with the market and appropriate given the size and complexity of the Group's operations. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors' fees are fixed, and the Non-Executive Directors do not receive share options or other incentives.

The Board's approach with regards to Non-Executive Director remuneration is to position remuneration having regards to comparably sized listed entities. At 30 June 2023 the approved fee pool for Non-Executive Directors' remuneration was \$1,250,000 per annum (inclusive of superannuation).

At 30 June 2023, the annual Non-Executive Directors' base fee agreed to be paid by the Company to:

- the Chair is \$200,000; and
- each of the other Non-Executive Directors is \$100,000.

Non-Executive Directors are paid committee fees of \$20,000 per year for each Board committee of which they are a chair. Directors will not receive additional fees for being a member of a Board committee.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with an appropriate level and mix of remuneration which has both fixed and variable components to ensure a focus on performance, and alignment with shareholder interests.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments (subsequent to 1 July 2023); and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration. When determining the relative split of the individual components of an executive's remuneration, the Board has sought to appropriately balance the interests of shareholders and executives with particular reference to the individual executive's role in the Company.

The Board undertook a benchmarking assessment during the year by reference to appropriate peer companies to ensure that its executive remuneration framework subsequent to the ASX Listing would continue to motivate, reward and retain its existing executives. As a result a new remuneration structure was implemented in early July 2023 which provides greater alignment to the market practice of comparable ASX listed entities and better alignment with shareholder expectations.

^[1] Mary Verschuer, Ian Campbell and Garry Wayling were appointed to the PSC on 13 June 2023. Prior to that date all three attended PSC meetings throughout the year as advisors / observers, and the Committee was chaired by Renato Coneliano and comprised all six Executive Directors of the business and three further executives. All nine previous Members of the PSC stood down when Mary, Ian and Garry were appointed.

REMUNERATION REPORT (CONTINUED)**Executive fixed remuneration**

The Group's fixed remuneration strategy is designed to attract and retain high quality executives appropriate to the scale and complexity of the business, and to reflect the executive's role and accountabilities in implementing the Group's strategies.

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits, and is reviewed annually by the PSC based on the executive's and relevant business unit's performance, the responsibilities and skills associated with the role, and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

As a result of the benchmarking exercise undertaken during the year, the following new fixed remuneration rates (inclusive of superannuation) will apply for the ongoing Executive Directors from the date of the ASX Listing:

Name	Amount (\$)
Raimond Coneliano	600,000
Renato Coneliano	500,000

Executive incentive plans

The Company offers both short-term incentive ('STI') plans and long-term incentive ('LTI') plans to its executives, the details of which are set out below.

It is at the Board's discretion whether any grant or payment is made under the executive STI or LTI plans having regard to any matters that it considers relevant (including any adjustments for unusual or non-recurring items that the Board considers appropriate). The plans' rules provide the Board with broad clawback powers if, for example, the participant has acted fraudulently or dishonestly, or is in breach of his or her obligations to any company in the Group.

Grants under the incentive plans may be made to any executives of the business. However the Non-Executive Directors are not entitled to participate in the executive LTI plan.

The current weighting of remuneration between the executive STI and LTI plans for individual executives is considered by the Board to provide appropriate alignment with the retention of key executives and long-term share price performance.

Executive STI plans

The Group's short-term incentive strategy is designed to reward executives for the delivery of the Group's profit targets against the annual plan, and to reflect the executive's role in achieving those profit targets. It consists of an annual cash payment based on the level of achievement compared to the relevant profit target.

Remuneration for the key executives of the business is directly linked to the performance of the Group. All cash bonus and incentive payments are dependent on Earnings before Interest, Tax, Depreciation, Amortisation and Foreign exchange differences ('EBITDAFX') targets being met. The PSC is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

REMUNERATION REPORT (CONTINUED)

FY23 STI plan

For the year ended 30 June 2023, the participants in the plan were Raimond Coneliano, Renato Coneliano, Richard Coneliano, Kenneth Perrins, and Malcolm Perrins.

For the year ended 30 June 2023 the total annual STI payable was set at 3.33% of the total annual increase in EBITDAFX from the preceding financial year, with each of the eligible participants receiving a pro rata share of the total amount payable based on that participant's fixed remuneration for the year.

In the year ended 30 June 2023 the total amount payable to all eligible employees under the executive STI plan was \$246,766, based on an increase in EBITDAFX of \$6,676,000 compared to prior year.

FY24 STI plan

From 5 July 2023 (post ASX Listing) Renato Coneliano and Raimond Coneliano will participate in a new STI plan. Performance will be measured on a sliding scale based on EBITDAFX against target EBITDAFX. Payment entitlements will be based on EBITDAFX achieved compared to the target as set out below:

Performance

EBITDAFX for the year is below 95% of the target
EBITDAFX for the year is between 95% and target.
EBITDAFX for the year exceeds the target by less than 10%
EBITDAFX for the year exceeds the target by more than 10%

Entitlement as a % of maximum STI

0%
Based on a sliding scale from 0% to 50%
Based on a sliding scale from 50% to 100%
100%

Executive LTI plan

In June 2023 the Board implemented an LTI plan. The LTI plan is designed to assist in the motivation, retention and reward of senior executives and to align the interests of executives with the interests of shareholders by providing an opportunity for executives to receive an equity interest in the Company.

The LTI plan rules provide flexibility for the Company to grant options, performance rights or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of vesting conditions determined by the Board from time to time.

On July 1 2023 the Company issued the following performance rights pursuant to the LTI plan:

- \$700,000 to Raimond Coneliano, being 117% of fixed annual remuneration;
- \$300,000 to Renato Coneliano, being 60% of fixed annual remuneration;
- \$300,000 to Richard Coneliano, being 75% of fixed annual remuneration; and
- \$300,000 to Ken Perrins, being 75% of fixed annual remuneration.

The number of performance rights to be granted to each executive will be calculated by dividing the executive's LTI award (described above) by the volume weighted average price (VWAP) of the Company's shares traded on the ASX on the five trading days up to and including the date on which the performance condition is tested.

A performance right entitles the participant to acquire shares on vesting at nil exercise price, subject to the satisfaction of vesting conditions. The Board has determined to use performance rights because they create share price alignment between executives and shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the performance rights vest.

The performance rights will be performance tested from 1 July 2023 to 30 June 2026 against the Company's total shareholder return (TSR) relative to the performance of the S&P/ASX 300 Index (TSR Comparator Group) over the performance period. The performance rights vesting percentages will be calculated by ranking the Company's TSR performance relative to the TSR Comparator Group over the relevant performance period, as provided in the table below:

TSR Rights	Threshold Award	Target Award	Maximum Award
TSR relative to TSR of TSR Comparator Group	At or below the 50th percentile	Above the 50th percentile	At or above the 75th percentile
Vesting (as % of maximum)	0%	50%	100%

REMUNERATION REPORT (CONTINUED)

The Board believes relative TSR is an appropriate hurdle, as it links executive reward to the Company's relative share performance which is consistent with creating shareholder value relative to the Company's peer group.

The S&P/ASX 300 Index is considered an appropriate peer group as a comparator group for relative TSR performance, as it represents a meaningful statistical sample and an appropriate group of alternative potential investments for shareholders with which to compare the Company's performance.

Use of remuneration consultants

During the financial year ended 30 June 2023, the Group did not engage remuneration consultants on a formal basis to review its existing remuneration policies or to provide recommendations on how to improve both the STI and LTI plans.

Details of remuneration

Prior to the ASX Listing on 3 July 2023, the Company was not required to prepare a Remuneration report in accordance with the Corporations Act 2001. As such, Remuneration report information is presented only for FY23.

Statutory remuneration table

Details of the remuneration of KMP of the Group are set out in the following tables.

2023	Short-term benefits			Post-employment benefits	Long-term benefits	Total	Proportion of remuneration performance related
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave		
	\$	\$	\$	\$	\$	\$	
Non-Executive Directors:							
Ian Campbell	192,279	-	-	8,534	-	200,813	0%
Mary Verschuer ¹	5,198	-	-	546	-	5,743	0%
Garry Wayling ¹	5,198	-	-	546	-	5,743	0%
Robert Coneliano ²	84,187	-	-	-	-	84,187	0%
Executive Directors:							
Raimond Coneliano	435,709	51,111	14,624	20,411	6,236	528,091	10%
Renato Coneliano	387,529	51,381	47,016	33,557	6,286	525,769	10%
Robert Coneliano ²	181,586	-	135,165	10,061	2,496	329,308	0%
Malcolm Perrins ³	317,098	40,615	-	34,118	4,698	396,529	10%
Richard Coneliano ³	299,576	36,314	-	11,492	4,123	351,505	10%
Kenneth Perrins ³	304,316	42,890	27,282	36,056	5,288	415,831	10%
	2,212,674	222,311	224,087	155,321	29,127	2,843,519	8%

[1] Mary Verschuer and Garry Wayling were appointed as Non-Executive Directors on 13 June 2023. The table therefore shows their directors fees for the 17 day period to 30 June 2023. Prior to their appointment, both served as independent advisors to the Board and its governance committees for the period 1 July 2022 to 13 June 2023 and were paid an advisory fee of \$114,257 each in their advisory capacities.

[2] Robert Coneliano served as an Executive Director until 30 November 2022, and then as a Non-Executive Director for the remainder of the year, prior to his resignation post year end on 5 July 2023.

[3] From 1 July 2022 to 13 June 2023, which was their date of resignation as a Director.

REMUNERATION REPORT (CONTINUED)

As incentives for the year ended 30 June 2023 were set based on total EBITDAFX growth compared to the previous year and were not capped based on a percentage of fixed remuneration, it is not relevant or possible to calculate a percentage of fixed remuneration forfeited.

Subsequent to the LTI grants made to the Executive Directors on 1 July 2023, and the new remuneration framework put in place on the date of the ASX Listing, the proportion of remuneration linked to performance for FY24 and the fixed proportion of remuneration for FY24 are expected to be as follows:

	Fixed remuneration 2024 %	At risk - STI 2024 ⁴ %	At risk - LTI 2024 ⁴ %
Non-Executive Directors:			
Ian Campbell	100%	-	-
Mary Verschuier	100%	-	-
Garry Wayling	100%	-	-
Executive Directors:			
Raimond Coneliano	32%	32%	36%
Renato Coneliano	39%	39%	22%

Executive service agreements

All aspects of the Executive Directors' terms and conditions of employment are formalised in service agreements. These agreements provide for the provision of performance related incentive payments where applicable. All service agreements with executives comply with the requirements of Part 2 D.2 of the Corporations Act (regarding termination benefits).

The executives' overall remuneration packages were determined having regard to relevant market data.

Key provisions in the ongoing executive service agreements (from 5 July 2023 onwards) of the two current Executive Directors are set out below:

[4] Based on 100% of STI and LTI being achieved.

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REMUNERATION REPORT (CONTINUED)

Name Title	Raimond Coneliano Chief Executive Officer and Managing Director
Fixed annual remuneration	\$600,000, inclusive of superannuation. (\$452,568 inclusive of superannuation for the year ended 30 June 2023)
Short-term incentive (STI)	Eligible to participate in the Company's STI arrangements on the following basis: - For the year ended 30 June 2023, eligible to receive a cash payment under the terms of the FY23 STI plan; - From 5 July 2023, eligible to receive a cash payment of up to 100% of fixed annual remuneration in cash as an incentive under the FY24 STI plan.
Long-term incentive (LTI)	Eligible to participate in the Company's LTI plan as described on pages 39 - 40 1 July 2023. From 1 July 2023, eligible to receive up to \$700,000 of performance rights (subject to vesting), being 117% of fixed annual remuneration.
Notice period, termination and termination payments	Employment may be terminated by either party upon giving 12 months' notice. In either event, the Company may make payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, the Company may terminate the employment contract immediately without payment in lieu of notice.
Non-solicitation/restrictions of future activities	Following termination of employment, Raimond would be subject to post-employment non-competition and non-solicitation restraints that apply across Australia for a period of 12 months.

Name Title	Renato Coneliano Executive Director and Marketing Director
Fixed annual remuneration	\$500,000, inclusive of superannuation. (\$452,251 inclusive of superannuation for the year ended 30 June 2023)
Short-term incentive (STI)	Eligible to participate in the Company's STI arrangements on the following basis: - For the year ended 30 June 2023, eligible to receive a cash payment under the terms of the FY23 STI plan; - From 5 July 2023, eligible to receive a cash payment of up to 100% of fixed annual remuneration in cash as an incentive under the FY24 STI plan.
Long-term incentive (LTI)	Eligible to participate in the Company's LTI plan as described on pages 39 - 40 from 1 July 2023. From 1 July 2023, eligible to receive up to \$300,000 of performance rights (subject to vesting), being 60% of fixed annual remuneration.
Notice period, termination and termination payments	Employment may be terminated by either party upon giving six months' notice. In either event, the Company may make payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, the Company may terminate the employment contract immediately without payment in lieu of notice.
Non-solicitation/restrictions of future activities	Following termination of employment, Renato would be subject to post-employment non-competition and non-solicitation restraints that apply across Australia for a period of 12 months.

Share-based compensation**Issue of shares**

There were no shares issued to KMP as part of compensation during the year ended 30 June 2022 and 30 June 2023.

Performance rights

There were no performance rights over ordinary shares issued to KMP as part of compensation that were outstanding as at 30 June 2022 and 30 June 2023.

REMUNERATION REPORT (CONTINUED)

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Sales revenue	1,257,520	1,081,816	796,341	718,467	704,935
EBITDA	136,775	138,300	81,965	53,973	47,985
EBITDAFX	140,908	132,242	73,885	59,425	46,477
Profit after income tax	80,730	88,024	47,577	33,160	28,540

The factors that could be considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (\$) ¹	-	-	-	-	-
Total dividends declared (cents per share) ²	11.50	12.27	5.84	5.33	4.66
Basic earnings per share (cents per share)	18.75	20.44	11.05	7.70	6.63
Diluted earnings per share (cents per share)	18.75	20.44	11.05	7.70	6.63

Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions ³	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ian Campbell	-	-	-	-	-
Raimond Coneliano	11,886,864	-	-	-	11,886,864
Renato Coneliano	78,964,378	-	-	-	78,964,378
Mary Verschuer	-	-	-	-	-
Garry Wayling	-	-	-	-	-
Robert Coneliano	67,754,680	-	-	-	67,754,680
Malcolm Perrins	12,976,660	-	-	-	12,976,660
Richard Coneliano	16,100,729	-	-	-	16,100,729
Kenneth Perrins	9,560,843	-	13,314,502	-	22,875,345
	197,244,154	-	13,314,502	-	210,558,656

As part of the Company's ASX Listing, on 3 July 2023 Ian Campbell, Mary Verschuer and Garry Wayling purchased shares in the Company at the listing price (\$2.55 per share), as follows:

- Ian Campbell – 58,824 ordinary shares
- Mary Verschuer – 19,608 ordinary shares
- Garry Wayling – 19,608 ordinary shares

[1] The Company did not list on the ASX until after the year end, and there were no share sales or transfers made during the previous five years. As such there was no reliable market price at year end for the Company's shares

[2] Based on 430,570,044 shares on issue at 30 June 2023, after dividing by a factor of 185.119 for the impacts of share multiplication, which occurred in June 2023. Actual dividends per share paid based on the pre-multiplication number of shares were: 2023: Interim - \$15.02 per share, final - \$6.28 per share. 2022: interim - \$8.86 per share, final - \$13.85 per share

[3] Received on distribution of the deceased estate of Anna Perrins

REMUNERATION REPORT (CONTINUED)**Loans to KMP and their related parties**

There were no loans to KMP during the year ended 30 June 2022 and 30 June 2023.

Other transactions with KMP and their related parties

Prior to their appointments as Directors on 13 June 2023, Mary Verschuer and Garry Wayling provided consulting services to the value of \$114,257 for the period from 1 July to 13 June 2023 (2022: \$120,000) each to the Company under normal commercial terms and conditions.

The Group leases a number of its commercial properties from Ceneda Investments Pty Ltd (Ceneda Investments) under commercial terms at market rates. Ceneda Investments is a related entity of the Company, and all of the Company's Executive Directors during the year are indirect shareholders of Ceneda Investments.

The Group has a loan from Ceneda Pty Ltd (Ceneda), a related entity of the Company, and all of the Company's Executive Directors during the year are indirect shareholders of Ceneda.

The details of the related parties transactions and balances are set out in note 30 to the financial statements.

There were no other transactions or balances with KMP or their related parties.

This concludes the Remuneration Report, which has been audited.

DIRECTORS' REPORT (CONTINUED)

Shares under option

There were no unissued ordinary shares of Redox Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Redox Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares under Performance Rights

There were no unissued ordinary shares of Redox Limited under Performance Rights outstanding at 30 June 2023.

Shares issued on the exercise of Performance Rights

There were no ordinary shares of Redox Limited issued on the exercise of Performance Rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of directors, officers and auditor

During the financial year, the Group paid a premium in respect of a contract insuring the Directors and Executive Officers of the Group against any liability incurred in their role as Director or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity 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 Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

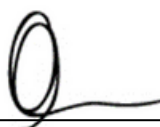
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Ian Campbell
Director



Raimond Coneliano
Director

24 August 2023
Sydney

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
ABN 74 490 121 060
8 Parramatta Square
10 Darcy Street
Parramatta NSW 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

24 August 2023

The Board of Directors
Redox Limited
2 Swettenham Rd
Minto NSW 2566

Dear Board Members,

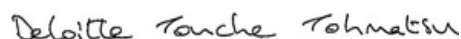
Auditor's Independence Declaration to Redox Limited

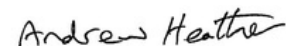
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Redox Limited.

As lead audit partner for the audit of the financial report of Redox Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully


DELOITTE TOUCHE TOHMATSU



Andrew Heather
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

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**Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023**

		Consolidated	
	Note	2023 \$'000	2022 \$'000
Revenue	5	1,257,520	1,081,816
Cost of sales		(995,491)	(838,027)
Gross profit		262,029	243,789
Net unrealised (loss)/gain on forward exchange contracts	6	(4,133)	4,067
Distribution and storage expenses		(49,228)	(41,411)
Administration expenses		(60,886)	(58,112)
Other expenses		(18,797)	(17,263)
Operating profit		128,985	131,070
Finance income	8	295	7
Finance costs	8	(13,249)	(7,217)
Profit before income tax expense		116,031	123,860
Income tax expense	9	(35,301)	(35,836)
Profit after income tax expense for the year attributable to the owners of Redox Limited		80,730	88,024
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss Foreign currency translation		2,167	720
Other comprehensive income for the year, net of tax		2,167	720
Total comprehensive income for the year attributable to the owners of Redox Limited		82,897	88,744
		Cents	Cents
Basic earnings per share	10	18.75	20.44
Diluted earnings per share	10	18.75	20.44

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 30 June 2023

		Consolidated	
	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	11	35,028	40,597
Trade and other receivables	12	210,780	204,044
Inventories	13	279,990	338,348
Derivative financial instruments	19	2,529	6,648
Prepayments		4,182	2,689
Total current assets		532,509	592,326
Non-current assets			
Property, plant and equipment	14	9,571	8,602
Right-of-use assets	15	34,813	37,821
Deferred tax	9	2,966	807
Total non-current assets		47,350	47,230
Total assets		579,859	639,556
Liabilities			
Current liabilities			
Trade and other payables	16	106,169	123,036
Borrowings	17	47,072	108,762
Lease liabilities	18	5,768	5,200
Income tax	9	10,550	11,587
Employee benefits	20	8,816	8,070
Total current liabilities		178,375	256,655
Non-current liabilities			
Borrowings	17	133,646	113,230
Lease liabilities	18	31,378	34,628
Employee benefits	20	1,498	1,223
Total non-current liabilities		166,522	149,081
Total liabilities		344,897	405,736
Net assets		234,962	233,820
Equity			
Issued capital	21	2,326	2,326
Reserves	22	4,707	2,540
Retained profits		227,929	228,954
Total equity		234,962	233,820

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	2,326	1,820	177,982	182,128
Profit after income tax expense for the year	-	-	88,024	88,024
Other comprehensive income for the year, net of tax	-	720	-	720
Total comprehensive income for the year	-	720	88,024	88,744
Transactions with owners in their capacity as owners: Dividends paid (note 23)	-	-	(37,052)	(37,052)
Balance at 30 June 2022	2,326	2,540	228,954	233,820

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	2,326	2,540	228,954	233,820
Profit after income tax expense for the year	-	-	80,730	80,730
Other comprehensive income for the year, net of tax	-	2,167	-	2,167
Total comprehensive income for the year	-	2,167	80,730	82,897
Transactions with owners in their capacity as owners: Dividends paid (note 23)	-	-	(81,755)	(81,755)
Balance at 30 June 2023	2,326	4,707	227,929	234,962

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

		Consolidated	
	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		1,376,186	1,132,336
Payments to suppliers and employees		(1,198,457)	(1,148,135)
Interest received	8	295	7
Interest and other finance costs paid		(4,785)	(7,217)
Income taxes paid		(38,496)	(25,968)
Net cash from/(used in) operating activities	33	134,743	(48,977)
Cash flows from investing activities			
Payments for property, plant and equipment	14	(3,111)	(1,585)
Proceeds from disposal of property, plant and equipment		306	366
Net cash used in investing activities		(2,805)	(1,219)
Cash flows from financing activities			
Net (repayment of) / proceeds from borrowings	33	(61,690)	70,742
Net proceeds from related party loans		11,952	39,181
Repayment of lease liabilities	33	(5,553)	(5,124)
Dividends paid	23	(81,755)	(37,052)
Net cash (used in) / from financing activities		(137,046)	67,747
Net (decrease) / increase in cash and cash equivalents		(5,108)	17,551
Cash and cash equivalents at the beginning of the financial year		40,597	23,244
Effects of exchange rate changes on cash and cash equivalents		(461)	(198)
Cash and cash equivalents at the end of the financial year	11	35,028	40,597

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2023

Note 1. General information

The financial statements cover Redox Limited (the 'Company' or 'parent') and the entities it controlled (together the 'Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Redox Limited's functional and presentation currency.

Redox Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Swettenham Road
Minto NSW 2566
Australia

A description of the nature of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 August 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted the following new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments which are at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and its New Zealand branch (refer to note 32) as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation**Foreign currency transactions**

Foreign currency transactions are translated into the Company's functional currency using the average exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of goods

Revenue from the sale of goods is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The only performance obligation of the Group is from the sale of the goods and accordingly, revenue is recognised for this performance obligation at the point in time when control over the corresponding good is transferred to the customer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 - 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Stock in hand is stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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, with the movement recognised in profit or loss.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives at the following rates:

Buildings	2.5% - 4%
Plant and equipment	7.5% - 40%
Furniture and fittings	5% - 13%
Motor vehicles	12.5% - 20%
Computer and office equipment	20% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

All finance costs are expensed in the period in which they are incurred.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**EMPLOYEE BENEFITS****Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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.

EARNINGS PER SHARE**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of Redox Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2023. These amendments are not expected to have a significant impact on the financial statements of the Group on adoption.

The amendments that may have some relevance to the Group are as follows:

	Effective for annual reporting period beginning on or after
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023
During the period, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:	
IFRS S1 General Requirements of Sustainability-related Financial Information, which sets out the core content for a complete set of sustainability-related financial disclosures, thereby establishing a comprehensive baseline of sustainability-related financial information; and	1 July 2025
IFRS S2 Climate-related Disclosures, which will require the Group to provide information that enables the users of its financial statements to understand the Group's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.	1 July 2025

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of Inventories

Inventories are valued at lower of cost or net realisable value. The Group assesses the net realisable value of each product at least twice a year for those products which have been in the warehouse for at least 12 months. This involves assessing the value of the inventory at the current market value taking into account the cost to completion, selling and transportation. When assessing the likelihood of the inventories being obsolete, it takes into account the condition, ageing, expiry (if applicable), sales history of the product and current marketability of the product.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

	Consolidated	
	2023	2022
	\$'000	\$'000
Net unrealised (loss)/gain on forward exchange contracts	(4,133)	4,067

Note 7. Expenses

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	1,900	1,712
Right-of-use assets	5,890	5,518
Total depreciation	7,790	7,230
Impairment		
Net allowance for expected credit losses	363	31
Net gain on disposal		
Net gain on disposal of property, plant and equipment	(53)	(105)
Leases		
Short-term lease payments	78	-
Employee benefits expense		
Employee benefits	53,869	53,025
Post-employment benefits	1,005	1,058
Total employee benefits expense	54,874	54,083
ASX Listing costs		
Advisor fees	2,143	1,498

Note 8. Finance costs (net)

	Consolidated	
	2023	2022
	\$'000	\$'000
Finance income		
Interest income	(295)	(7)
Finance costs		
Interest and finance charges paid/payable on loans	11,875	5,730
Interest and finance charges paid/payable on lease liabilities	1,374	1,487
Total finance costs	13,249	7,217
Finance costs (net)	12,954	7,210

Note 9. Income tax

	Consolidated	
	2023	2022
	\$'000	\$'000
Income tax expense		
Current tax	37,460	34,776
Deferred tax - origination and reversal of temporary differences	(2,159)	1,060
	<u>35,301</u>	<u>35,836</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(2,159)	1,060
	<u>(2,159)</u>	<u>1,060</u>
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	116,031	123,860
	<u>116,031</u>	<u>123,860</u>
Tax at the statutory tax rate of 30%	4,809	37,158
Tax effect amounts which are not (assessable)/deductible in calculating taxable income:		
Sundry items	(103)	233
	<u>(103)</u>	<u>233</u>
Adjustments recognised for prior periods	34,706	37,391
Utilisation of tax losses in foreign jurisdiction	862	(159)
Tax rate differential in foreign jurisdiction	(44)	(1,100)
Tax rate differential in foreign jurisdiction	(213)	(214)
Other	(10)	(82)
	<u>(277)</u>	<u>(1,255)</u>
Income tax expense	<u>35,301</u>	<u>35,836</u>

	Consolidated	
	2023	2022
	\$'000	\$'000
Deferred tax balances		
Deferred tax balances comprises temporary differences attributable to:		
Amounts recognised in statement of financial position:		
Property, plant and equipment	(1,431)	(864)
Accruals and provisions	1,238	652
Accrued employee provisions	3,073	2,722
Unrealised foreign exchange gains	(605)	(2,297)
Leases	691	594
	<u>691</u>	<u>594</u>
Net deferred tax asset	<u>2,966</u>	<u>807</u>
Movements:		
Opening balance	807	1,867
Credited/(charged) to profit or loss	2,159	(1,060)
	<u>2,159</u>	<u>(1,060)</u>
Closing balance	<u>2,966</u>	<u>807</u>
Provision for income tax		
Provision for income tax	<u>10,550</u>	<u>11,587</u>

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Note 10. Earnings per share

	Consolidated	
	2023 \$'000	2022 \$'000
Profit after income tax attributable to the owners of Redox Limited	80,730	88,024
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	430,570,044	430,570,044
Weighted average number of ordinary shares used in calculating diluted earnings per share	430,570,044	430,570,044
	Cents	Cents
Basic earnings per share	18.75	20.44
Diluted earnings per share	18.75	20.44

On 13 June 2023 the Company undertook a share multiplication in preparation for its ASX Listing, with shareholders receiving 184.119 shares for every share held previously. The share multiplication has been applied to 2022 comparatives for earnings per share to enhance year on year comparability.

Note 11. Cash and cash equivalents

	Consolidated	
	2023 \$'000	2022 \$'000
Current assets		
Cash on hand	11	11
Cash at bank	35,017	40,586
	35,028	40,597

Note 12. Trade and other receivables

	Consolidated	
	2023 \$'000	2022 \$'000
Current assets		
Trade receivables	211,498	204,398
Less: Allowance for expected credit losses	(718)	(354)
	210,780	204,044

NOTE 12. TRADE AND OTHER RECEIVABLES (CONTINUED)**Allowance for expected credit losses**

Allowance for expected credit losses

The Group has recognised a net loss of \$364,000 (2022: \$31,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	131,926	188,696	-	89
0 to 30 days overdue	-	-	70,046	12,349	2	-
31 to 60 days overdue	-	-	5,365	2,103	10	6
61 to 90 days overdue	2%	6%	1,728	547	28	33
91 to 120 days	55%	26%	199	109	109	28
Over 120 days	25%	33%	2,234	594	569	198
			<u>211,498</u>	<u>204,398</u>	<u>718</u>	<u>354</u>

The Group has maintained trade credit insurance for its debtor balances throughout 2023 and 2022.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2023	2022
	\$'000	\$'000
Opening balance	354	323
Additional provisions recognised	745	387
Reversal of provisions recognised	(381)	(356)
Closing balance	<u>718</u>	<u>354</u>

Note 13. Inventories

	Consolidated	
	2023	2022
	\$'000	\$'000
Current assets		
Inventory on hand - at cost	193,041	209,128
Inventory in transit - at cost	86,949	129,220
	<u>279,990</u>	<u>338,348</u>

During the year ended 30 June 2023, the Group wrote down inventories by \$4,356,000 (2022: \$2,563,000). These amounts were recognised in inventories in the statement of financial position. The cost of inventories recognised as an expense during the year in respect of continuing operations was \$990,066,000 (2022: \$834,609,000)

Note 14. Property, plant and equipment

	Consolidated	
	2023 \$'000	2022 \$'000
Non-current assets		
Buildings - at cost	999	830
Less: Accumulated depreciation	(774)	(596)
	<u>225</u>	<u>234</u>
Plant and equipment - at cost	11,029	10,345
Less: Accumulated depreciation	(7,057)	(6,777)
	<u>3,972</u>	<u>3,568</u>
Furniture and fittings - at cost	6,092	6,015
Less: Accumulated depreciation	(3,966)	(3,725)
	<u>2,126</u>	<u>2,290</u>
Motor vehicles - at cost	3,366	3,078
Less: Accumulated depreciation	(1,099)	(1,003)
	<u>2,267</u>	<u>2,075</u>
Computer and office equipment - at cost	3,211	2,814
Less: Accumulated depreciation	(2,230)	(2,379)
	<u>981</u>	<u>435</u>
	<u><u>9,571</u></u>	<u><u>8,602</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings \$'000	Plant and equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer and office equipment \$'000	Total \$'000
Balance at 1 July 2021	237	3,689	2,463	2,183	409	8,981
Additions	176	417	182	560	250	1,585
Disposals	-	(9)	(3)	(247)	(2)	(261)
Exchange differences	(1)	(1)	1	7	3	9
Depreciation expense	(178)	(528)	(353)	(428)	(225)	(1,712)
Balance at 30 June 2022	234	3,568	2,290	2,075	435	8,602
Additions through business combinations	168	1,010	226	822	885	3,111
Disposals	-	(39)	(6)	(197)	(11)	(253)
Exchange differences	-	-	2	9	-	11
Depreciation expense	(177)	(567)	(386)	(442)	(328)	(1,900)
Balance at 30 June 2023	<u><u>225</u></u>	<u><u>3,972</u></u>	<u><u>2,126</u></u>	<u><u>2,267</u></u>	<u><u>981</u></u>	<u><u>9,571</u></u>

Note 15. Right-of-use assets

	Consolidated	
	2023 \$'000	2022 \$'000
Non-current assets		
Buildings - right-of-use	56,095	53,309
Less: Accumulated depreciation	(21,282)	(15,488)
	<u>34,813</u>	<u>37,821</u>

The Group leases buildings for its offices and warehouses under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The average lease term is 5 years (2022: 5 years).

For AASB 16 Lease disclosures refer to:

- note 7 for depreciation on right-of-use assets;
- note 8 for interest on lease liabilities;
- note 18 for lease liabilities and total cash outflow for leases; and
- consolidated statement of cash flows for repayment of lease liabilities.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings \$'000
Balance at 1 July 2021	40,609
Additions/modification	2,718
Exchange differences	12
Depreciation expense	(5,518)
Balance at 30 June 2022	<u>37,821</u>
Additions/modification	2,871
Exchange differences	11
Depreciation expense	(5,890)
Balance at 30 June 2023	<u>34,813</u>

Aggregated non-current assets located outside of Australia was \$1,537,000 (2022: \$939,000)

Note 16. Trade and other payables

	Consolidated	
	2023 \$'000	2022 \$'000
Non-current assets		
Trade payables	97,741	115,587
Sundry payables and accrued expenses	8,428	7,449
	<u>106,169</u>	<u>123,036</u>

The standard term of payment to our suppliers is 30 days from end of month. The directors consider that the carrying amount of trade payables approximates to their fair value.

Note 17. Borrowings

	Consolidated	
	2023	2022
	\$'000	\$'000
Current liabilities		
Trade finance	47,072	108,762
Non-current liabilities		
Loan from related party	133,646	113,230
	180,718	221,992

Refer to note 24 for further information on financial instruments and note 30 for further information on the loan from related party.

Trade finance

The trade finance facilities are renewed on an annual basis. During the year Westpac trade facility was increased by \$30 million and HSBC trade facility was increased by \$10 million.

Loan from related party

Redox has entered into a loan arrangement with Ceneda Pty Ltd, which is a related party as both parties have common shareholders. The interest payable on the loan was amended to a fixed rate of 8.78% per annum with effect from 24 February 2023 (2022: 5% per annum) and is unsecured. The loan is contracted to be repaid on 30 June 2026.

The Company elected to repay the entire balance of the related party loan in early July 2023 out of proceeds raised pursuant to the ASX Listing.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit facility:

	Consolidated	
	2023	2022
	\$'000	\$'000
Total facilities		
Trade finance	183,277	143,368
Used at the reporting date		
Trade finance	47,072	108,762
Unused at the reporting date		
Trade finance	136,205	34,606

Note 18. Lease liabilities

	Consolidated	
	2023	2022
	\$'000	\$'000
Current liabilities		
Lease liability	5,768	5,200
Non-current liabilities		
Lease liability	31,378	34,628
	37,146	39,828

The Group had total cash outflows for leases of \$6,926,000 during the year ended 30 June 2023 (2022: \$6,611,000).

Refer to note 24 for maturity analysis of lease liabilities.

Note 19. Derivative financial instruments

	Consolidated	
	2023 \$'000	2022 \$'000
Current Asset		
Forward foreign exchange contracts	2,529	6,648

Refer to note 25 for further information on fair value measurement.

Note 20. Employee benefits

	Consolidated	
	2023 \$'000	2022 \$'000
Current liabilities		
Annual leave	4,132	3,861
Long service leave	4,684	4,209
	8,816	8,070
Non-current liabilities		
Long service leave	1,498	1,223
	10,314	9,293

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

Note 21. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
B Class ordinary shares - fully paid (i)	3,702,381	20,000	20	20
C Class ordinary shares - fully paid (ii)	426,867,663	2,305,909	2,306	2,306
	430,570,044	2,325,909	2,326	2,326

Movements in B Class ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	20,000		20
Balance	30 June 2022	20,000		20
Issue of shares ¹	13 June 2023	3,682,381	\$0.00	-
Balance	30 June 2023	3,702,381		20

[1] On 13 June 2023 the Company undertook a share multiplication in preparation for its ASX Listing, with shareholders receiving 184.119 shares for every share held previously.

NOTE 21. ISSUED CAPITAL (CONTINUED)

Movements in C Class ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	2,305,909		2,306
Balance	30 June 2022	2,305,909		2,306
Issue of shares ¹	13 June 2023	424,561,754	\$0.00	-
Balance	30 June 2023	426,867,663		2,306

Subsequent to the year end, on 3 July 2023, a further 94,511,383 shares were allotted at \$2.55 per share pursuant to the Company's ASX listing.

Ordinary shares

- (i) B Class ordinary shares entitle the holder to vote, to receive dividends as declared by the board of directors and to participate in capital on winding up.
- (ii) C Class ordinary shares entitle the holder to vote when B Class ordinary shares are no longer in existence. C Class ordinary shares continue to receive dividends as declared by the board of directors and to participate in capital on a winding up.

Subsequent to the year end, on 3 July 2023, all B Class and C Class shares were converted to ordinary shares.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2022 Annual Report.

Note 22. Reserves

	Consolidated	
	2023 \$'000	2022 \$'000
Foreign currency translation reserve	4,707	2,540

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

[1] On 13 June 2023 the Company undertook a share multiplication in preparation for its ASX Listing, with shareholders receiving 184.119 shares for every share held previously.

NOTE 22. RESERVES (CONTINUED)**Movements in reserve**

Movement in reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation \$'000
Balance at 1 July 2021	1,820
Foreign currency translation	720
Balance at 30 June 2022	2,540
Foreign currency translation	2,167
Balance at 30 June 2023	4,707

Note 23. Dividends**Dividends**

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Interim dividend for the year ended 30 June 2023 of \$15.02 per ordinary share paid on 9 March 2023:		
B Class ordinary shares	300	-
C Class ordinary shares	34,635	-
Interim dividend for the year ended 30 June 2022 of \$8.86 per ordinary share paid on 9 March 2022:		
B Class ordinary shares	-	177
C Class ordinary shares	-	20,431
	34,935	20,608
Final dividend for the year ended 30 June 2023 of \$6.28 per ordinary share paid on 11 May 2023:		
B Class ordinary shares	126	-
C Class ordinary shares	14,480	-
	14,606	-
Final dividend for year ended 30 June 2022 of \$13.85 per ordinary share paid on 5 September 2022:		
B Class ordinary shares	277	-
C Class ordinary shares	31,937	-
Final dividend for year ended 30 June 2021 of \$7.07 per ordinary share paid on 2 September 2021:		
B Class ordinary shares	-	141
C Class ordinary shares	-	16,303
	32,214	16,444
	81,755	37,052

Dividend per share amounts are shown prior to the impacts of share multiplication, which occurred on 13 June 2023.

NOTE 23. DIVIDENDS (CONTINUED)

Franking credits

	Consolidated	
	2023 \$'000	2022 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	20,076	21,425

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that arise from the payment of the amount of income tax at the reporting date.
- franking debits that arise from the payment of dividends recognised as a liability at the reporting date.
- franking credits that arise from the receipt of dividends recognised as receivables at the reporting date.

Note 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group's exposure to market risk is mainly arising from interest rate risk, foreign currency risk, operating expenditure risk and price risk (sales and margin).

Key sensitivities	Consolidated	
	2023 \$'000	2022 \$'000
Revenue (+/-1%)	12,575	10,818
Gross profit margin (+/-1%)	2,620	2,413
Other operating costs (+/-1%)	(1,419)	(1,216)
Interest expense (+/-1%)	(1,807)	(2,220)

MARKET RISK

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year.

The carrying amounts of the Group's significant foreign currency denominated net monetary assets/(liabilities) and impact on profit is set out below:

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Currency	Assets		Liabilities		Net exposure		Impact on profit*	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Euros	-	-	(1,390)	(1,486)	(1,390)	(1,486)	(207)	(205)
US dollars	13,257	12,666	(40,256)	(59,261)	(26,999)	(46,595)	(3,702)	(6,149)
New Zealand dollars	14,887	11,985	(604)	(679)	14,283	11,306	1,193	927

Sensitivity - impact on profit*

The table above details the Group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to the Board and represents finance's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where currency units strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

Price risk

The Group is not exposed to any significant price risk. Any contractual obligations in the supply of goods to customers will have reciprocal contractual obligations from our suppliers.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowing:

Consolidated	2023		2022	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Trade finance	5.33%	47,072	2.38%	108,762
Net exposure to cash flow interest rate risk		47,072		108,762

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Sensitivity

A 2 per cent increase or decrease is used when reporting interest rate risk internally and represents finance's assessment of the reasonably possible change in interest rates. If interest rates had been 2 per cent higher/lower and all other variables were held constant, there would be a \$941,000 (2022: \$2,175,000) impact on the Group's profitability.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. In addition, the Group manages its credit risk by insuring its receivables via trade credit insurance policy with a reputable insurance company.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

The Group evaluates the risk of default on individual debts at the reporting date on an account by account basis. To support the evaluation process the Group takes into account both qualitative and quantitative information including recent sales experience, historical collection rates of individual accounts and forward-looking information that is available. Forward looking information taken into account includes future industry volatility expectations from industry expert reports and governmental bodies, and multiple external sources of future economic information pertaining to the individual debtor's industry sector.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. As such the Group has no significant credit risk with any single customer or group of customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 17. These facilities have remained in place subsequent to the repayment of all bank borrowings pursuant to the Company's ASX Listing.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	106,172	-	-	106,172
Interest-bearing - variable					
Trade finance	5.33%	47,386	-	-	47,386
Lease liability	3.88%	6,954	27,352	6,800	41,106
Interest-bearing - fixed rate					
Loan from related party	8.78%	11,734	157,114	-	168,848
Total non-derivatives		172,245	184,466	6,800	363,512

Consolidated - 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	123,036	-	-	123,036
Interest-bearing - variable					
Trade finance	2.38%	111,348	-	-	111,348
Lease liability	3.93%	6,494	32,008	6,345	44,847
Interest-bearing - fixed rate					
Loan from related party	5.00%	5,662	113,230	-	118,892
Total non-derivatives		246,540	145,238	6,345	398,123

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

The Company elected to repay the entire balance of the related party loan in early July 2023 out of proceeds raised pursuant to the ASX listing. Other than this repayment, the cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 25. Fair value measurement**Fair value hierarchy**

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contracts	-	2,529	-	2,529
Total assets	-	2,529	-	2,529

Consolidated - 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contracts	-	6,648	-	6,648
Total assets	-	6,648	-	6,648

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using values derived from adjusted quoted prices. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 26. Key management personnel disclosures**Compensation**

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	2,659,072	5,183,380
Post-employment benefits	155,321	268,750
Long-term benefits	29,127	180,303
	<u>2,843,519</u>	<u>5,632,433</u>

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2023	2022
	\$	\$
Audit services		
Audit or review of the financial statements	410,000	275,000
Other services		
Tax services	49,144	58,002
Other non-audit services	792,332	837,347
	841,476	895,349
	1,251,476	1,170,349

Other non-audit services principally comprises amounts paid in connection with the provision of services associated with the Company's ASX Listing.

Note 28. Contingent liabilities

Contingent liabilities for current and previous period are set out below:

	Consolidated	
	2023	2022
	\$'000	\$'000
Bank guarantees	3,376	3,287
Surrendered bills of lading	6,712	2,892
Documentary letters of credit	2,688	6,747
IPO underwriting costs and management fee	8,964	-
	21,740	12,926

The bank guarantees are provided to relevant government authorities for access to the deferred GST scheme. No contingent liability has been recognised for litigation as it is unlikely to have any material impact on the financial result of the Group. Litigation risk is mitigated via the Group's terms and condition of sales and various insurance policies.

IPO underwriting costs and management fee of \$8,964,000 was payable to the Company's lead IPO advisors contingent upon the IPO occurring. This occurred on 3 July 2023 and the amount crystallised on that date.

Note 29. Commitments

The Group had no capital commitments as at 30 June 2023 and 30 June 2022.

Note 30. Related party transactions

Parent entities

Redox Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the Remuneration Report included in the Directors' report.

NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)**Transactions with related parties**

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Other expenses:		
Interest expense on related party loan	8,463,451	4,691,692
Lease expense to related party	6,734,808	6,344,228

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2023	2022
	\$	\$
Non-current borrowings:		
Loan from related party ¹	133,645,877	113,230,497

The Group leases a number of its commercial properties from Ceneda Investments Pty Ltd (Ceneda Investments) under commercial terms at market rates. Ceneda Investments is a related entity of the Company, and all of the Company's Executive Directors during the year are indirect shareholders of Ceneda Investments.

The Group has a loan from Ceneda Pty Ltd (Ceneda) a related entity of the Company, and all of the Company's Executive Directors during the year are indirect shareholders of Ceneda.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity:

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$'000	\$'000
Profit after income tax	79,579	84,329
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	79,579	84,329

[1] Refer to note 17 for terms, note 33 for reconciliation of loan from related party and note 34 for repayment after the year end.

NOTE 31. PARENT ENTITY INFORMATION (CONTINUED)

Statement of financial position

	Parent	
	2023 \$'000	2022 \$'000
Total current assets	492,974	548,176
Total non-current assets	65,406	82,202
Total assets	558,380	630,378
Total current liabilities	160,826	248,173
Total non-current liabilities	166,344	148,869
Total liabilities	327,170	397,042
Net assets	231,210	233,336
Equity		
Issued capital	2,326	2,326
Foreign currency translation reserve on translation of NZ Branch	(277)	(588)
Retained profits	229,161	231,598
Total equity	231,210	233,336

Contingent liabilities

The parent entity contingent liabilities at 30 June 2023 and 30 June 2022 are disclosed in note 28.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries and the New Zealand branch (Redox Limited New Zealand Branch) in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Redox Chemicals Sdn Bhd	Malaysia	100%	100%
Redox Inc	USA	100%	100%
Redox Ingredientes Mexico, S.A de C.V	Mexico	100%	100%
Redox UK Ltd ¹	UK	100%	100%
Redox Investments Pty Ltd ¹	Australia	100%	100%
Redox Ingredients Pte Ltd ²	Singapore	100%	-

[1] Dormant during 2023 and 2022.

[2] Incorporated on 28 February 2023 and commenced trading.

Note 33. Cash flow information**Reconciliation of profit after income tax to net cash from/(used in) operating activities**

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit after income tax expense for the year	80,730	88,024
Adjustments for:		
Net gain on disposal of property, plant and equipment	(53)	(105)
Depreciation	7,790	7,230
Finance costs - non cash	6,401	-
Allowance for expected credit losses	350	31
Unrealised loss / (gain) on forward foreign exchange contracts	4,133	(4,058)
Unrealised foreign exchange loss	2,594	909
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(7,086)	(58,978)
Decrease / (increase) in inventories	58,354	(133,615)
(Increase) / decrease in deferred tax assets	(2,159)	1,060
(Increase) in other operating assets	(1,492)	(1,074)
(Decrease) / increase in trade and other payables	(14,802)	41,737
(Decrease) / increase in provision for income tax	(1,037)	8,807
Increase in employee benefits	1,020	1,055
Net cash from / (used in) operating activities	134,743	(48,977)

Non-cash investing and financing activities

	Consolidated	
	2023	2022
	\$'000	\$'000
Additions to right-of-use assets	2,871	2,718

Changes in liabilities arising from financing activities

Consolidated	Trade finance \$'000	Loan from related party \$'000	Lease liability \$'000	Total \$'000
Balance at 1 July 2021	38,020	74,049	42,210	154,279
Net cash (used in)/from financing activities	70,742	39,181	(5,124)	104,799
Additions/modification	-	-	2,734	2,734
Exchange differences	-	-	8	8
Balance at 30 June 2022	108,762	113,230	39,828	261,820
Net cash (used in)/from financing activities	(61,690)	14,015	(5,553)	(53,228)
Additions/modification	-	-	2,871	2,871
Non-cash interest	-	6,401	-	6,401
Balance at 30 June 2023	47,072	133,646	37,146	217,864

Note 34. Events after the reporting period

On 3 July 2023, the Company successfully completed an initial public offering ('IPO') of shares and raised \$241 million through the allotment of 94,511,383 shares at \$2.55 per share.

The \$241 million was used to repay all the Group's related party loans and progressively pay down bank borrowings, with surplus cash remaining after float costs to be used to support the Group's ongoing growth plans.

The Company was admitted to the official list of ASX Limited ('ASX') on 3 July 2023 and its shares began trading on 5 July 2023 ('Listing date').

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION 30 JUNE 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Ian Campbell
Director

24 August 2023
Sydney



Raimond Coneliano
Director

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INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report to the Members of Redox Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Redox Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- 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 then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition As disclosed in Note 5 the Group recognised \$1,257 million of revenue for the year ended 30 June 2023. In line with AASB 15, the Group recognizes revenue when a performance obligation is satisfied by transferring control over a promised good. This leads to an increased risk relating to the recording of revenue and sales cut-off not being recorded in the proper accounting period. We consider revenue recognition to be a key audit matter due to: - the number of transactions that occur during the year; - the volume of transactions that occur close to year-end; - the elevated level of manual involvement in determining revenue cut-off.	Our audit procedures included, but were not limited to: - Obtaining an understanding of the material revenue streams and the appropriateness of the Group's principles for determining revenue recognition in accordance with the criteria in the relevant accounting standards; - Assessing the design and implementation of key manual controls over the recognition and measurement of revenue; - Performing substantive testing, on a sample basis, of revenue transactions for material revenue streams, including: - testing the revenue recognised in the year to customer purchase documentation, sales invoices and proof of despatch or delivery documents; - assessing revenue cut off by testing revenue recognised pre and post year end against despatch or delivery documents to confirm appropriate timing of recognition of revenue in accordance with shipping terms. We also assessed the adequacy of the disclosures in Note 2 and Note 5 to the financial statements.
Inventory existence and valuation As disclosed in Note 13 the Group has total inventories of \$280 million as at 30 June 2023, representing 48% of the Group's total assets. Inventories are held at 20 Redox leased warehouses and around 200 third party warehouse locations in Australia and around the world. Inventories are valued at the lower of cost and net realisable value. The Group determines the cost of inventories by including the invoiced purchase price, foreign currency conversion and additional costs of transport, storage and overhead allocations.	Our audit procedures included, but were not limited to: - Understanding the Group's processes and controls for inventory existence, costing and the measurement of inventory provisions; - Evaluating the existence of inventory by: - Attending stocktakes at a sample of Redox leased warehouses and third party warehouse locations to observe the stocktake process and the condition of inventory and, on a sample basis, tracing items recorded in the inventory system to their warehouse physical location or from the physical location to the inventory system; - Testing the recording of stocktake results to the general ledger and testing inventory movements from count date to year-end; - Agreeing, on a sample basis, confirmation of inventory quantities held by third party warehouse providers to the inventory system;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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Given the high number of locations, the magnitude of inventory recognised in the Group's consolidated financial report and the determination of the cost of inventory, inventory existence and valuation is considered a key audit matter.	- Assessing the valuation of inventory by: - Assessing the application of inventory costing methodologies for compliance with Australian Accounting Standards, including the recalculation of weighted average cost, on a sample basis, with reference to supplier invoices and other direct costs and overhead allocations; - Assessing whether inventory is recorded at the lower of cost and net realisable value by testing a sample of inventory items to the most recent sales price less costs to sell; - Obtaining an understanding of and assessing the Group's methodology for identifying and calculating any required impairment for inventory. We also assessed the adequacy of the disclosures in Note 2 and Note 13 to the financial statements.
IT systems The IT systems across the Group are complex and there are varying levels of integration. These systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process and as a result the assessment of IT systems forms a key focus of our external audit.	In conjunction with our IT specialists, our procedures included but were not limited to: - Obtaining an understanding of the IT environment and the identification of key processes and controls; - Performing inquiries with management on the status of the deficiencies identified; - Where we identified design and operating effectiveness matters relating to IT systems relevant to our audit we varied the nature, timing and extent of our substantive procedures; In addition, we manually tested the accuracy and completeness of system reports generated by the Group's various IT systems used for the purpose of our substantive testing.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Deloitte.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 44 of the Directors' Report for the year ended 30 June 2023.

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Heather

Andrew Heather
Partner
Chartered Accountants
Sydney, 24 August 2023

SHAREHOLDER INFORMATION 30 JUNE 2023

The shareholder information set out below was applicable as at 18 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	333	0.03	-	-
1,001 to 5,000	460	0.27	-	-
5,001 to 10,000	449	0.71	-	-
10,001 to 100,000	619	2.91	-	-
100,000 over	49	96.08	-	-
	<u>1,910</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
Holding less than a marketable parcel	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Estate of Silvia Coneliano	139,139,914	26.50
Robert Coneliano	53,157,673	10.12
Citicorp Nominees Pty Ltd	40,285,031	7.67
Renato Coneliano	32,048,549	6.10
Catherine Coneliano	31,122,954	5.93
J P Morgan Nominees Australia Pty Ltd	23,139,423	4.41
HSBC Custody Nominees (Australia) Limited	21,659,543	4.12
Claudia Walters	18,699,615	3.56
Christopher Perrins	17,950,993	3.42
Kenneth Perrins	17,056,498	3.25
National Nominees Limited	16,801,655	3.20
Richard Coneliano	11,817,445	2.25
UBS Nominees Pty Ltd	11,502,558	2.19
Malcolm Perrins	10,381,291	1.98
Raimond Coneliano	8,635,989	1.64
Judith Coneliano	8,441,428	1.61
Cassandra Shoukry	8,098,588	1.54
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	6,305,986	1.20
HSBC Custody Nominees (Australia) Limited - A/C 2	3,248,839	0.62
Peta-Lee Gaida	3,248,654	0.62
	<u>485,991,280</u>	<u>92.55</u>

Unquoted equity securities

There are no unquoted equity securities.

The shareholder information set out below was applicable as at 18 August 2023.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Estate of Silvia Coneliano	139,139,914	26.50
Robert Coneliano	53,157,673	10.12
Renato Coneliano	32,048,549	6.10
Catherine Coneliano	31,122,954	5.93

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	31 August 2024	176,027,104
Ordinary shares	31 August 2025	191,316,088

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