LEADING ANIMAL NUTRITION

ANNUAL REPORT | 2022

Contents

ABN 33 006 708 765

ABOUT THE COMPANY

Ridley Corporation Limited (Ridley) is Australia's leading provider of premium quality, high-performance animal nutrition solutions.

We believe smart animal nutrition is pivotal to solving the food production challenges of today and tomorrow.

Our business

As one of the largest domestic consumers of Australian-grown cereal grains and a significant employer in farming communities, Ridley is part of the economic and social fabric of rural Australia. Our operations supply a diverse range of customers, from commercial farms to backyard enthusiasts, in the dairy, poultry, pig, aquaculture, sheep and beef industries, and to the equine, canine and home layer markets in the retail sector.

Offering scale and operational capacity, Ridley's extensive product range supports the agriculture and aquaculture industries, delivering commercial stockfeeds direct to farm gate, packaged feeds for stock and companion animals and ingredients, including raw materials, additives, supplements and animal meals, delivered in packaged form ranging from one-tonne bulka bags to 3kg feed bags. Ridley's scale ensures dedicated facilities for some species whilst providing regional relevance for our commercial stockfeeds which are manufactured from Ridley facilities located in South Australia, Victoria, New South Wales and Queensland, consisting of an extrusion plant , supplements plant and 13 feed mills.

Ridley operates two ingredient recovery plants in Victoria and New South Wales, where we produce animal meals (including meat and bone meal, poultry meal, hydrolysed feather meal, blood meal, fish meal), our specialised ingredient Chicken Protein Concentrate (CPC) and animal fats, all of which are valuable sources of protein for animal feed produced from otherwise surplus co-products.

Ridley's ingredient recovery plants are the source of most of Ridley's own animal feed requirements and also supply the stockfeed, pet food and biofuel industries, both domestically and overseas.

With major brands including Barastoc, Rumevite, Cobber, Primo, Propel and Food for Dogs, and with a product range to accommodate starter feed solutions, Ridley has developed a portfolio that provides a first-class lifecycle solution.

Our products are backed by sustained investment in a dedicated team of nutritionists, our network of optimised manufacturing facilities operated in line with strict quality standards, and research and development that keeps us at the forefront of advances in animal nutrition and science.

BARASTOC

Rumevite

COBBER

PROPEL NovaqPRO

FOOD FOR Dogs

Monds Feed

HIGHLIGHTS

Delivered earnings growth

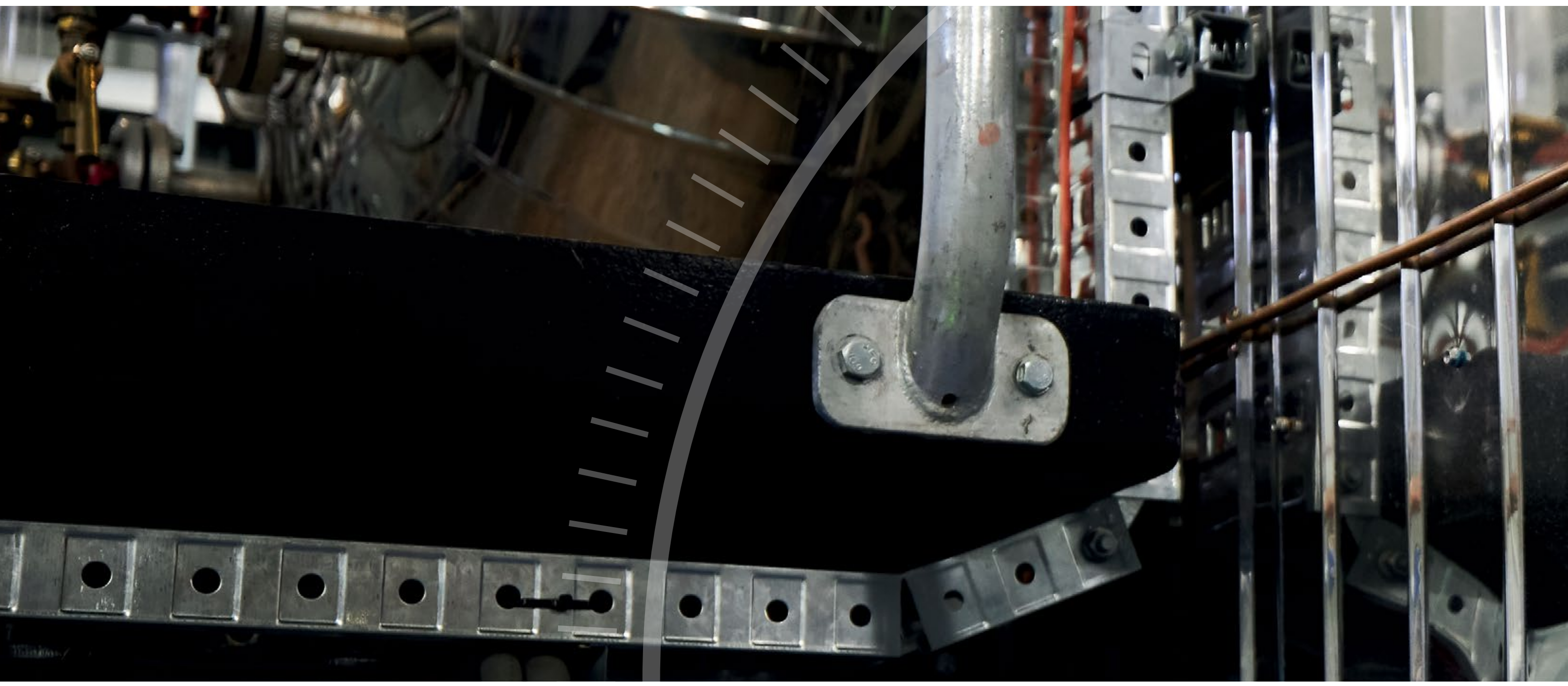
- 16% YOY EBITDA growth from ongoing operations
- Both reporting sectors grew organically

Strengthened the balance sheet

- Net debt reduction of $60.2m
- Disciplined capital management
- Funded proactive inventory hold

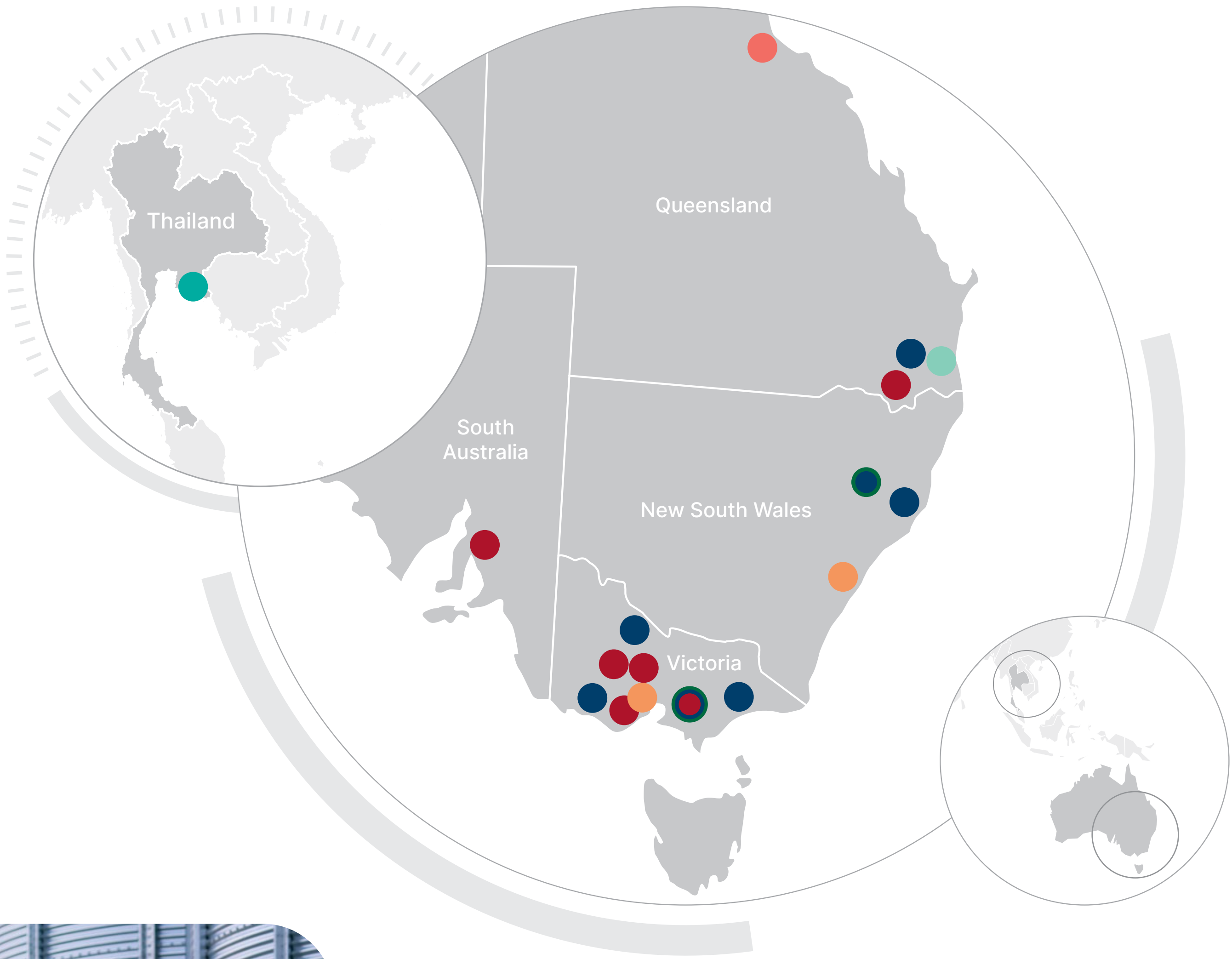
Created shareholder value

- Total Shareholder Return (TSR) of 62%
- Increased dividends paid/determined (interim 3.4cps + final 4.0cps fully franked)
- Announced on-market share buy-back (up to $20m commencing 1H FY23)



NPAT	**EBITDA** (Underlying)
$42.4m	$80.1m
+70% YOY growth	+16% YOY growth
Operating Cash Flow	**ROFE** (Underlying)
$46.8m	10.9%
PCP $82.4m	PCP 6.8%
Leverage	**Dividend** (100% franked)
0.29x	7.4 cps
PCP 1.20x	PCP 2.0 cps

LOCATIONS AND SECTORS



Business Unit	Products
Bulk Stockfeeds	
Monogastric	Pellet, meals, concentrates and premixes for poultry and pigs.
Ruminant	Pellet, meals, concentrates and premixes for dairy cattle, beef cattle and sheep.
Packaged Feeds and Ingredients	
Ingredient Recovery	Rendered poultry, red meat and fish products for the pet food, stockfeed and aquaculture sectors.
NovaqPro™	Novel value-adding feed ingredient being commercialised for sale into prawn feed globally.
Packaged Products	Bagged poultry, dairy, dog, horse and lifestyle animal feed.
Supplements	Block and loose lick supplements.
Aquafeed	Extruded and steam pelleted products for all major fin fish and prawns.

CHAIR AND MANAGING DIRECTOR'S JOINT REVIEW

Mick McMahon

Chair and Independent Non-Executive Director

Quinton Hildebrand

Chief Executive Officer and Managing Director

Continued momentum in the business as Ridley delivers its third successive year of earnings growth and we build the platform for future growth.

We are pleased to provide the Annual Report for FY22 following another strong financial performance by the Ridley business. In FY22, earnings grew to $80.1m, up 16% on the prior year, based on our key financial metric of EBITDA from ongoing operations. This pleasing outcome is the result of dedicated execution against the FY20-FY22 Growth Plan, which has seen EBITDA from ongoing operations lift from $48.1m over the three-year period.

Ridley's balance sheet strengthened in FY22, with a reduction in net debt of $60.2m, achieved with the sale of the Westbury extrusion plant and surplus land parcels as well as solid operational earnings. The net debt reduction was delivered despite an increase in working capital as strategic commodity positions were taken to off-set the impacts of rising raw material prices and persistent delays in the supply chain.

The key financial indicators are summarised in the table below.

Strong operational performance

In a year that saw COVID-19 continue to challenge operations, along with extreme volatility in commodity markets (including as a result of the Ukraine conflict), Ridley continued to meet the needs of its customers, increased market share and handled greater volume through its operations.

Ridley operations demonstrated resilience in managing higher absenteeism due to COVID-19 infections and 'close contact' restrictions, while maintaining the focus on safety. In FY22, Ridley recorded a Lost Time Injury Frequency Rate (**LTIFR**) of 3.23 and Total Recordable Frequency Rate (**TRFR**) of 5.65. Our number one priority remains the safety of our employees, suppliers and customers and continually embedding a safety culture.

Both reporting segments grew in FY22 demonstrating the strength of our portfolio.

The Packaged Feeds and Ingredients segment performed strongly, delivering an EBITDA of $58.0m (FY21: $46.5m). The main contributor to this segment was the Ingredient Recovery business, which is benefiting from the ongoing capital investment in product premiumisation and higher market prices for tallows and oils.

SUMMARY ($ million unless otherwise stated)	2022	2021	Movement
Total comprehensive income – Net Profit After Tax (NPAT)	**42.4**	24.9	▲ 17.5
Comprehensive income (NPAT) – ongoing operations	**36.2**	24.9	▲ 11.3
EBITDA – ongoing operations	**80.1**	69.1	▲ 11.0
Consolidated cash inflow	**60.2**	64.1	▼ 3.9
Net debt	**22.9**	83.1	▼ 60.2
Leverage ratio (times)	**0.29**	1.20	▼ 0.91
Earnings Per Share – ongoing operations (cents)	**11.3**	7.8	▲ 3.5


METTLER TOLEDO

Volumes in the branded Packaged Products business grew strongly year on year, with expanded market share and increased product lines into the urban pet specialty chains. Aquafeed volumes reduced following the sale of the Westbury facility in August 2021. Sales to salmon customers were curtailed while production was allocated to maintaining our supply to the growing barramundi and prawn customers. The NovaqPro™ operations in Thailand broke even; however, prior to the closure of the Yamba site in May 2022, this operation contributed a small loss that is carried in this reporting segment.

The Bulk Stockfeeds segment contributed an EBITDA of $34.4m (FY21: $32.5m), with the stronger performance driven by increasing throughput and efficiencies. The business gained market share over FY22, led by increased sales volumes in both the poultry and dairy sectors.

Corporate cost of $12.2m (2021: $9.9m) increased due to additional accruals for employee incentives linked to Ridley's improved operating results. The 38% reduction in net finance costs to $2.8m reflects the continuation of debt retirement and lower interest rates.

Sustainability Pathway

In May 2022, Ridley announced its Sustainability Pathway, which is designed to embed animal nutrition as a key contributor to more sustainable and profitable farming. We are working with our customers and suppliers to deliver real value in sustainable ways with a focus on:

- **smarter ingredients** – sourcing high-quality raw materials that are produced with respect to social and environmental boundaries;
- **optimised production** – refining our manufacturing and supply chain processes to reduce our footprint;
- **effective solutions** – developing technical solutions that enable our customers to produce more from less; and
- **meaningful partnerships** – creating safe, healthy, and diverse workplaces that support vibrant local communities.

Ridley Sustainability Pathway

Ridley's primary objective is to deliver satisfactory returns to our shareholders.
We believe this is only achievable over the long run when we focus on:

SMARTER INGREDIENTS

Sourcing high-quality raw materials that are produced with respect to social and environmental boundaries

- Measure and reduce the environmental footprint of our raw materials
- Source from well-managed production systems
- Utilise high-performance circular ingredients
- Support Australian growers

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

OPTIMISED PRODUCTION

Optimising our manufacturing and supply chain processes to reduce our footprint

- Measure and reduce green house gas intensity of our operations
- Respect our local environment
- Reduce waste to landfill

13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

EFFECTIVE SOLUTIONS

Developing technical solutions that enable farmers to produce more from less

- Create high-performance, circular ingredients
- Produce quality, safe feeds that support good animal health and welfare
- Help farmers to address climate challenges
- Reduce reliance on finite marine resources

3 GOOD HEALTH AND WELL-BEING
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER

MEANINGFUL PARTNERSHIPS

Creating safe, healthy, and diverse workplaces that support vibrant local communities

- Support customers to meet their sustainability goals
- Ensure safe and healthy employees
- Create diverse workplaces
- Provide training and development opportunities
- Support vibrant local communities

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Ridley's Sustainability Pathway aims to align with the United Nations Sustainable Development Goals refer to: https://www.un.org/sustainabledevelopment

Disciplined capital management

At the start of FY22, the Ridley Board announced a Capital Allocation Framework to ensure future capital discipline and maximise shareholder returns. This framework prioritises maintenance, ESG and working capital requirements to sustain the future earnings of the Company and supports a conservatively geared balance sheet. Thereafter, surplus cash flows are available to pay dividends and fund organic and inorganic growth opportunities.

On the back of the strengthened balance sheet, and reflecting confidence in the sustained performance of Ridley, the Board increased the dividend pay-out ratio guideline to between 50-70%, determining dividends for FY22 close to the upper end of this range. With the FY22 results, the Board also announced the intention to undertake an on-market share buy-back of up to $20.0m commencing mid October 2022.

Building Capability

While delivering growth in the year, we have also been developing our capability for future growth.

In July 2022, Project Boost was announced with the allocation of $15.0m in additional capital expenditure to profit improvement projects with less than a three-year pay-back. During the year, two-thirds of this capital has been committed with returns anticipated to commence in FY23. Furthermore, multiple debottlenecking projects have been initiated to increase capacity in FY23 and FY24 to meet the growing demand of our customers. Ridley successfully completed its ERP Upgrade with the D365 Platform going live in November 2021.

In the course of FY22, Ridley identified and recruited specialised capability into the business, which will differentiate our future performance from that of our competitors. We also deployed Near Infrared Reflectance Spectroscopy (NIRS) technology more extensively within our business to improve the precision and quality of our feed.

In response to the tightening insurance market, Ridley proactively established a Protective Cell Captive in Guernsey. The Protective Cell Captive will enable us to access the reinsurance market directly and with effect from FY23, we can more actively manage our risk and reduce insurance premiums.

Looking forward

Future demand for Ridley's products is positive with Australian farm gate output forecast to continue increasing. As the market leader in the animal nutrition sector, Ridley enjoys scale benefits and has the capacity to employ specialists and adopt technology that should allow us to continue differentiating our offering and margins.

As expectations rise in regard to sustainability, Ridley is well positioned to partner with our customers to deliver profitable solutions and, through our Sustainability Pathway, provide sector leadership.

Building on three years of successive earnings growth, the Board approved the FY23 – FY25 Growth Plan, which was disclosed to the market at the end of May. This Plan supports the ongoing earnings momentum of the business, embeds the Sustainability Pathway within our work streams and operates within the Capital Allocation Framework with the aim of delivering Total Shareholder Returns over 15% per annum.

With a well-defined Growth Plan, strong balance sheet and disciplined approach to capital allocation, Ridley has a platform to execute on growth opportunities that create shareholder value. While not immune to weather, disease and market cycles, the combination of Ridley's geographical spread, multi-species offering, customer mix and disciplined risk management should provide earnings resilience.

So, as a short-term outlook, Ridley expects to grow earnings and cash flow in the year ahead by increasing sales as we support the growth of our existing customers and win market share; implementing cost savings and efficiency initiatives; and executing on the Growth Plans in place for each Business Unit.

With the cash generated from operations and a strong balance sheet, we expect to support ongoing investment in the business and the payment of dividends, leaving capacity to undertake the announced on-market share buy-back and pursue growth opportunities.

Board succession

Ridley recently announced the appointment of Julie Raffe to the Board effective 1 September 2022. Julie will be an independent Non-Executive Director and will stand for election at Ridley's AGM in November 2022. Julie joins the Remuneration and Nomination Committee with the intent that Julie will assume the position of Chair of that Committee following the Ridley AGM. David Lord has advised of his intention to retire from the Ridley Board after the next AGM due to increased commitments elsewhere. Appointed to the Board in 2016, David has provided an invaluable contribution to Ridley during a period of change and significant growth. Further Board renewal is expected in the next few years.

Acknowledgements

On behalf of the Board, we would like to acknowledge our employees who have delivered a strong performance in a challenging operational environment. We would also like to thank our customers and suppliers for the collaboration that has strengthened our supply chain and provided resilience through the past year.

We would also like to recognise the contribution of the Directors and Executives that has collectively led to a successful FY22.

And finally to our shareholders, thank you for your ongoing support as we continue on the journey to take Ridley to its full potential.

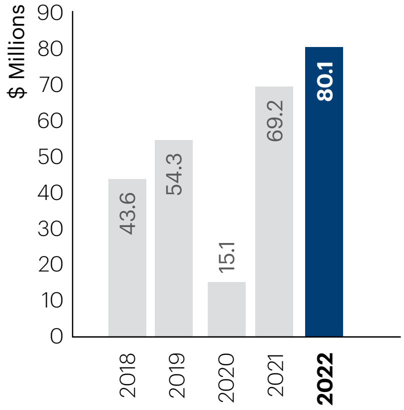
Mick McMahon
Chair and Independent
Non-Executive Director

Quinton Hildebrand
Chief Executive Officer
and Managing Director

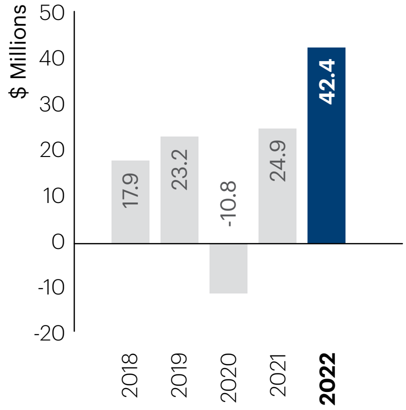
FIVE YEAR SUMMARY

A$'000 unless otherwise stated	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Operating results					
Revenue	**1,049,086**	927,719	967,942	1,002,583	917,660
Other income	**13,045**	4,917	1,082	7,300	6,248
EBITDA	**80,144**	69,178	15,084	54,315	43,629
Depreciation and amortisation (DA)	**25,775**	29,629	26,159	18,903	17,262
Earnings before interest and tax (EBIT)	**63,303**	39,549	(11,075)	35,412	26,367
Net finance cost	**2,849**	4,509	5,828	5,073	4,648
Operating (loss)/profit before tax	**60,454**	35,040	(16,903)	30,339	21,719
Tax benefit/(expense)	**(18,024)**	(10,144)	6,041	(6,774)	(4,310)
Net (loss)/profit after income tax attributable to members	**42,430**	24,896	(10,862)	23,565	17,409
Other comprehensive income/(loss) (net of tax)	**–**	–	114	(403)	520
Total comprehensive income /(loss)	**42,430**	24,896	(10,748)	23,162	17,929
Net (profit)/loss on significant items (net of tax)	**(6,253)**	(28)	32,808	(3,641)	–
Profit attributable to members before significant items	**36,177**	24,868	22,060	19,521	17,929
Financial position					
Ridley shareholders' funds	**316,030**	287,545	259,537	277,499	263,107
Intangible assets	**74,972**	75,892	75,001	85,670	82,485
Total assets	**607,366**	613,061	644,618	573,754	510,319
Total liabilities	**291,336**	325,516	385,081	296,255	247,212
Net debt	**22,901**	83,096	147,182	101,443	52,781
Market capitalisation	**571,896**	363,557	226,407	366,875	423,248
Enterprise value (market capitalisation plus net debt)	**594,797**	446,653	373,589	468,318	476,029
Development capital expenditure	**10,900**	10,423	42,900	60,000	21,100
Operating cash flow (statutory)	**46,588**	85,778	22,367	36,824	50,900
Closing share price (cents)	**179.00**	114.00	72.50	119.00	137.50
Weighted average number of shares on issue – non-diluted (thousands)	**319,495**	318,910	312,285	308,298	307,817
Number of employees (number)	**613**	612	622	697	710
Key profitability ratios					
Sales tonnes (millions)	**1.82**	1.75	1.80	1.89	2.05
EBITDA/tonne ($)	**44.04**	39.53	8.38	28.74	21.28
EBITDA: shareholders' funds (%)	**25**	24	6	20	17
Return on shareholders' funds (%)	**13.4**	8.6	(4.2)	8.5	6.7
Earnings per share (EPS) (cents)	**13.3**	7.8	(3.5)	7.6	5.7
Total Shareholder Returns (%)	**61.8**	60.0	(37.8)	(10.4)	2.3
EPS growth (%)	**70.1**	324.4	(145.8)	33.3	(32.6)
EBITDA growth (%)	**15.9**	358.6	(72.2)	24.5	(19.9)
Operating cash flow/EBITDA (times)	**0.6**	1.2	1.5	0.7	1.2
Operating cash flow per share (cents)	**14.6**	26.9	7.2	11.9	16.5
Market capitalisation/operating cash flow (times)	**12.3**	4.2	10.1	10.0	8.3
EBITDA per employee (A$'000)	**130.7**	113.0	24.3	77.9	61.4
Capital market and structure ratios					
Gearing: Debt/Debt plus equity (being enterprise value) (%)	**4%**	19%	39%	22%	11%
Interest cover: EBITDA/net interest (times)	**28.1**	15.3	2.6	10.7	9.4
Market capitalisation/EBITDA (times)	**7.1**	5.3	15.0	6.8	9.7
EBITDA per share (cents)	**25.1**	21.7	4.8	17.6	14.2
Enterprise value/EBITDA (times)	**7.4**	6.5	24.8	8.6	10.9
Price/Earnings (P/E) ratio (share price/EPS) (times)	**13.5**	14.6	(20.8)	15.7	24.1
Net debt/shareholders' equity (%)	**7.2**	28.9	56.7	36.6	20.1
Equity/Total assets (%)	**52.0**	46.9	40.3	48.4	51.6
Net debt/EBITDA (times)	**0.3**	1.2	9.8	1.9	1.2
Net tangible asset (NTA) backing per share (cents)	**75.4**	66.4	59.1	62.2	58.7
Dividends per share (cents)	**7.40**	2.00	1.50	4.25	4.25
Dividend payout ratio (%)	**55.7**	25.6	(43.6)	56.6	73.0
Percentage franked (%)	**100**	100	100	100	100

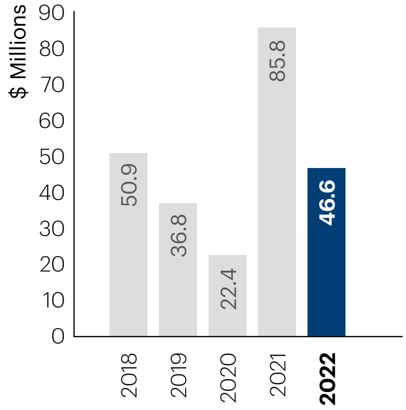
EBITDA from Continuing Operations



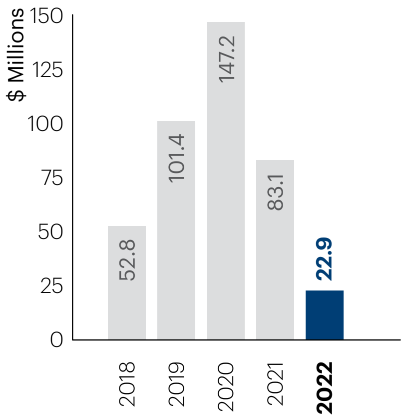
Consolidated NPAT



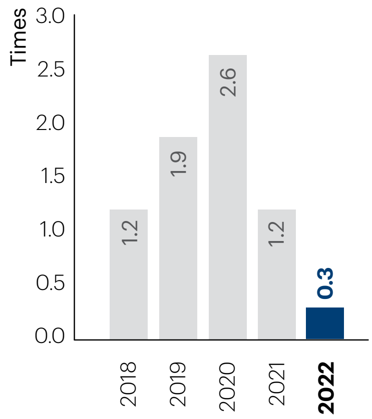
Operating Cash Flow (Statutory)



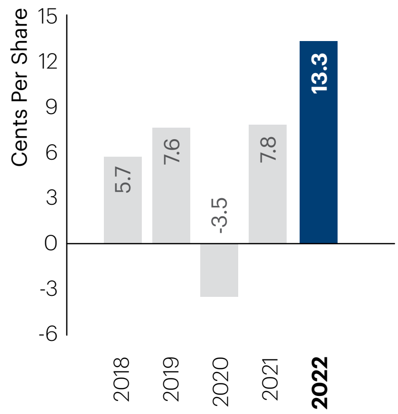
Net Debt



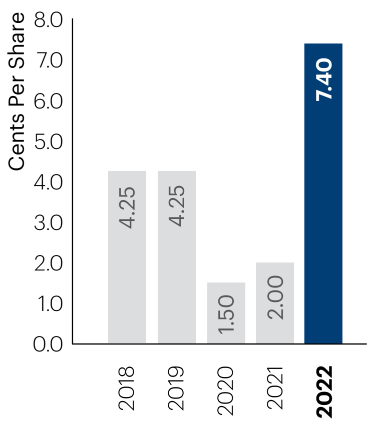
Leverage Ratio (Per Banking Facility)



Earnings Per Share



Dividends[1]



1. Payable in respect of the financial year.

SUSTAINABILITY REVIEW

In May of this year, Ridley announced the release of its Sustainability Pathway, which charts our intended path to embedding animal nutrition as a key contributor to more sustainable and profitable farming. At Ridley, we believe we can solve for the food production challenges of today and tomorrow through smart animal nutrition. We also believe that we can build on the good work already done by our teams to make our business more sustainable.

Our approach to sustainability moves beyond compliance to assist our people to drive meaningful change, which, in turn, builds competitive advantage. Therefore, our Sustainability Pathway is underpinned by a step-by-step approach that first focuses on building solid foundations upon which to base our sustainability strategy, including capturing what we already do, followed by action to drive improvement over time.

Our Sustainability Pathway

In collaboration with our suppliers and customers, our Sustainability Pathway, underpinned by our four Sustainability Pillars – Smarter Ingredients, Optimised Production, Effective Solutions, and Meaningful Partnerships – is designed to support us to deliver real value in sustainable ways. Our journey has been informed by seven United Nations Sustainable Development Goals which help shape how we see Ridley's role in addressing global sustainability challenges.

It is our belief that to lead animal nutrition in Australia, Ridley must embed a sustainable food supply system. Working with our partners at each stage of the food and farming ecosystem better prepares us to take on challenges such as scare resources, emissions and climate change. The four Pillar methodology will assist us to improve current levels of production, growing in a manner which is responsible, sustainable and profitable.

1

SMARTER INGREDIENTS

By selecting and developing better-performing ingredients, we can reduce our ecological footprint while increasing quality and performance. We can also close the loop by recapturing resources through our ingredient recovery plants, which promotes cost-effective circularity.

2

OPTIMISED PRODUCTION

We aim to deploy a holistic approach to managing our environmental footprint, including everything from improving our utilities usage to more considered factory design and packing materials. This approach encourages maximum feed production output while also improving our efforts as environmental stewards.

3

EFFECTIVE SOLUTIONS

Healthier animals are more resilient, produce greater yields and require less interventions. By delivering animal nutrition solutions, we can make a significant contribution to both environmental and economic outcomes.

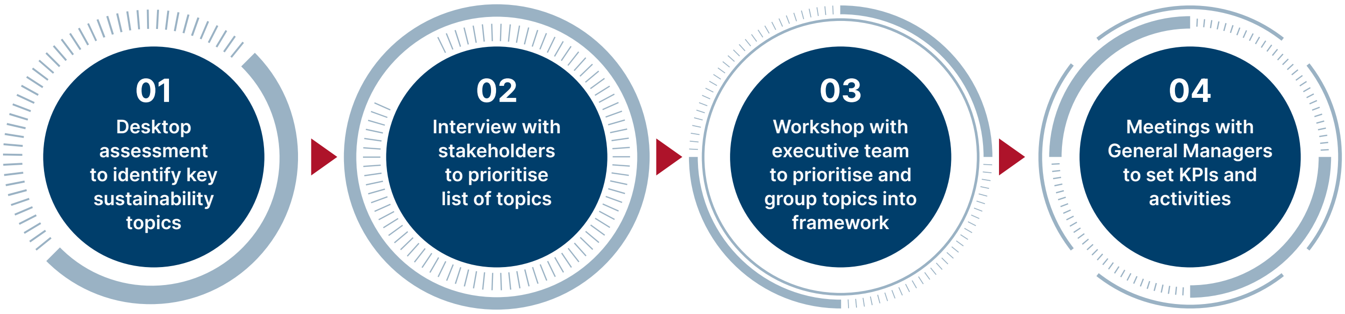
4

MEANINGFUL PARTNERSHIPS

We aim to work with our customers, through technical solutions and services, to meet their sustainability goals. We strive to contribute towards a safer, more inclusive and prosperous workplace for our people, partners and communities. This builds sustainability and drives progress.

Our process

The development of the Sustainability Pathway and the identification of our Sustainability Pillars occurred over four stages.



Stage 1 – Assessment and Identification

To identify the key sustainability issues, Ridley conducted a materiality assessment to isolate topics most relevant to our key stakeholders being employees, customers, suppliers, shareholders and the wider community. This included reviewing public disclosures of key stakeholders for a cross section of customers, competitors, suppliers, industry bodies, retailers, and food service providers. At this end of this process, a list of key sustainability topics was created.

Stage 2 – Stakeholders

We believe meaningful change will be best achieved through the collective action of both Ridley and its key stakeholders. As such, Stage 2 involved undertaking in-depth interviews with key stakeholders. The list of key sustainability topics produced at Stage 1 formed the basis of our interviews and allowed us to further prioritise topics as well as to discuss potential solutions. From here, we could further refine our key sustainability issues while also building stakeholder engagement in our sustainability journey.

Following our interviews, each topic was considered within a materiality matrix, which compared 'environmental' and 'social' materiality against 'financial' materiality.

SUSTAINABILITY REVIEW CONTINUED

Stage 3 – Workshops

Having identified our most significant sustainability drivers through the materiality assessment, we workshopped our key areas of focus to create our four Sustainability Pillars being Smarter Ingredients; Optimised Production; Effective Solutions; and Meaningful Progress.

Stage 4 – Engagement

Key to the success of our Sustainability Pathway is obtaining 'buy in' from our employees. For this reason, the final stage of our process involved workshopping with our General Managers how the Pathway and each of the four Sustainability Pillars will be embedded in our operations and commercial thinking at Ridley and establishing FY23 sustainability KPIs to be flowed down to all Ridley employees.

Sustainability governance and oversight

A Working Group oversees the implementation of the Sustainability Pathway. This group is comprised of our General Managers (each of whom have operational responsibility for the activities that contribute to our Sustainability Pathway) and the CEO, who has overall accountability. The Sustainability Pathway is sponsored by the Board.

The Working Group meets quarterly to discuss progress, track against internal KPIs for FY23 and set future ambitions.

More broadly, sustainability governance and oversight fall within Ridley's overarching governance framework, established by the Board, and described in Ridley's Corporate Governance Statement at www.ridley.com.au/corporate-governance.

The Ridley Sustainability Pathway consolidates our good work to date and provides a future roadmap that aligns with our overall business strategy. Looking to the future, we believe the transition to a sustainable economy requires a set of reliable metrics against which progress can be measured. In FY23, our focus is on determining the baseline data and setting measurable targets. We are proud to be taking this step forward in our sustainability journey and look forward to the positive outcomes that will come from it.

Sustainability in action

Safe and healthy employees

Our number one priority remains the safety of our employees, suppliers and customers. Over the past financial year, Ridley recorded a Lost Time Injury Frequency Rate (LTIFR) of 3.23, and Total Recordable Frequency Rate (TRFR) of 5.65. Our safety programs continue to be driven and executed in line with our agreed strategy, legislation and audits and we are pleased to see ongoing improvements in our risk and injury management and statistics.

Ridley continues to build upon the groundwork laid in FY21 with high-risk and non-routine tasks being key focus areas. To support this, we launched the STOP-THINK-ACT program across all sites.

With the uncertainty of the past two years still affecting the mental health of so many around the world, we continued to focus on health and wellbeing initiatives and supported important days such as RUOK? Day.

Diversity

Ridley is committed to creating a safe and inclusive workplace that supports the wellbeing of our employees. We have continued to support initiatives as outlined in our diversity strategy including, but not limited to, a balanced candidate pool, support of flexible working arrangements and a mentoring program, and are pleased to see an increase in our female employee percentage since the last report. It is also of some significance that we were chosen to participate in the Career Revive program, an Australian Government initiative aimed at supporting skilled women to return to the workforce. This will help progress our diversity strategy and initiatives into FY23. You can view Ridley's Workplace Gender Equality Agency (WGEA) 2021-22 submission in detail at www.ridley.com.au/corporate-governance/corporate-governance/

Ridley's commitment to protect against modern slavery

Ridley is serious about social responsibility and we respect human rights as fundamental to our business and the communities in which Ridley operates. We seek to protect against all forms of modern slavery and serious exploitation including human trafficking, forced labour and child labour within our organisation and its supply chain. To support this, Ridley has reviewed and updated its supplier questionnaires and approval process to ensure we capture relevant information and comply with ethical, sustainable and social responsibility obligations. Concurrently, Ridley has released a Modern Slavery Policy and a Supplier Code of Conduct as part of a range of measures being taken to protect against modern slavery in our organisation and supply chain.

Circular ingredients

If not utilised in animal feed production, a large proportion of product from the human food chain would go to landfill. Many products, such as grain, canola and meat, are all grown primarily for human consumption, yet the processing of these products produces human-inedible co-products. Through innovative processing, these co-products can be turned into highly valuable nutritional ingredients that can be fed to livestock.

Ridley plays a key role in both producing these valuable co-products at our ingredient recovery plants, and utilising them in our feeds. Over the past financial year, Ridley continued work on its innovative Chicken Protein Concentrate ingredient, which is much higher in protein and digestibility than regular poultry meal. Inclusion of this ingredient in our commercial diets throughout the year has enabled customers to maintain or improve performance whilst decreasing their environmental footprint by producing more from less.

Ridley in Thailand

Ridley continues to establish itself in Thailand with its production site for Novacq™ in Chanthaburi. The Novacq™ product is manufactured on land in saline water ponds, and is grown from naturally occurring marine microbes, then de-watered and dried. For the Novacq™ product itself, and at all stages of the production process, there are no materials used (either directly or indirectly) that are sourced from fisheries or aquaculture.

In the process of manufacturing a product that supports sustainable outcomes, Ridley's Chanthaburi site has been recognised for its successful community engagement and employee wellbeing by the National Department of Industrial Works with an award for its Corporate Social Responsibility (CSR) program. This year, the Ridley team at Chanthaburi completed the National Department of Industrial Works Environmental Management System Program Level 1 Award. Ridley is one of 22 companies in Thailand participating in the Program. Ridley's participation will continue with the Level 2 Program in 2023.

Sustainable prawn diets

Ridley partnered with Mackay-based Australian Prawn Farms to successfully complete a commercial-scale trial of a prawn diet free of marine ingredients. The prawn diet represents over a decade of research and investment and creates a step-change for the industry.

Building on this momentum, Ridley launched its Propel™ range of prawn feeds this season. Propel™ is low in both marine resources and protein, creating a more sustainable high-performing diet for the Australian market today. Within a year of being launched, 100% of Australian tiger prawn farmers introduced the Propel™ range into their production systems.

Propel™ feeds are manufactured from plant and land animal raw materials. The feeds contain two key ingredients: (i) a highly digestible Chicken Protein Concentrate developed and used exclusively by Ridley; and (ii) a unique microbial biomass ingredient called Novacq™, which was developed by CSIRO and licensed exclusively to Ridley in Australia and certain other countries. Ridley has made significant improvements in the production methods of Novacq™ resulting in a product with at least double the bioactivity of its predecessor. The novel higher-potency version is named NovaqPro™ to reflect its superior performance.

In March 2022, Ridley was recognised for the development of the Propel™ feed, when we were presented with the Environmental Award at the Queensland Seafood Industry Council 2022 Awards held in Brisbane.

Ms Kim Hooper, Executive Officer, Australian Prawn Farmers Association, says sustainable production is a high priority for the sector, and this technology is a significant breakthough. "By the rapid uptake by farmers, you can see how important it is to our industry. This technology allows Australian prawn farmers to meet the standards for sustainable aquaculture set by Best Aquaculture Practices (BAP) and the Aquaculture Stewardship Council (ASC). It's a world-first and really puts prawn farmers a step ahead in sustainable aquaculture," Ms Hooper said.

Ridley's 2022 Corporate Governance Statement, outlining the key aspects of the corporate governance framework that has been established by the Board, and which has operated throughout the year, can be found on the Company's website at www.ridley.com.au/corporate-governance/corporate-governance.

BOARD OF DIRECTORS

Mick McMahon

BEc (UTAS)/Harvard AMP 176

Independent Non-Executive Director and Ridley Chair

Appointed in August 2020, Mick is a former Managing Director and CEO of Ingham's Group Limited, led the company through its Initial Public Offering (**IPO**) process and was Executive Chairman of Ingham's Group Limited prior to its IPO. Mick has over 35 years' management and Director experience, having served as Managing Director and CEO of Skilled Group for five years, COO of Coles Supermarkets and Managing Director of Coles Express during five years at Coles Group, and spent 19 years with Royal Dutch Shell both in Australia and overseas.

Mick is a former Non-Executive Director of Metcash Limited and former Chairman of Red Rock Leisure.

Mick graduated in Economics from the University of Tasmania and has completed the Advanced Management Program at Harvard Business School.

Other current listed company directorships

None.

Former listed company directorships in the last three years

Ingham's Group Limited Limited from January 2015 to October 2019 (during which time Inghams became a publicly listed entity).

Seafarms Limited from November 2021 to 6 May 2022.

Quinton Hildebrand

BSc AgEcon, MBA

Chief Executive Officer and Managing Director

Appointed in August 2019, Quinton has more than 20 years of experience in the agribusiness and food industries across Australia and in South Africa. He has extensive experience in general management, commerce, marketing, sales, supply chain and logistics, planning and operations.

In his most recent role, which commenced in 2015, Quinton was Chief Commercial Officer and Operations Excellence Director at Ingham's Group Limited. In 2018, Quinton was appointed as Interim Chief Executive Officer (CEO).

Prior to joining Ingham's Group Limited, Quinton was CEO of Mackay Sugar Limited from 2008 to 2015, General Manager Marketing at Illovo Sugar in South Africa from 2007 to 2008, and International Marketing Director at South African Sugar Association from 2001 to 2007.

Quinton has a Bachelor of Science in Agricultural Economics from the University of Natal in South Africa, a Master of Business Administration from the Edinburgh Business School in Scotland, and a Graduate Diploma in Banking from the Institute of Bankers in South Africa.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Patria M Mann

BEc FAICD

Independent Non-Executive Director

Appointed in March 2008, Patria is an experienced Non-Executive Director with 20 years' Board experience across various sectors and geographies. Patria has significant insight and understanding of market development, business transformation, including digital and technological change and M&A, and financial transactions. She also brings strong ASX, audit, risk management and governance experience.

Patria qualified as a Chartered Accountant and was a former Partner at KPMG. She is a Fellow of the Australian Institute of Company Directors.

Other current listed company directorships

Event Hospitality & Entertainment Limited from October 2013.

Bega Cheese Limited from 10 September 2019.

Former listed company directorships in the last three years

None.

Prof. Robert J van Barneveld

B.Agr.Sc. (Hon), PhD, R.An.Nutr., FAICD

Independent Non-Executive Director

Appointed in June 2010, Professor van Barneveld is a registered animal nutritionist, has a Bachelor of Agricultural Science with a major in Animal Production and a PhD in nutrition from the University of Queensland. Rob brings to the Board a wealth of experience in the agricultural sector and is the Group CEO and Managing Director of the SunPork Group, which includes genetics, farms, abattoirs, value-add and food businesses. Rob also serves on the Board of the Australasian Pork Research Institute Ltd and is Chairman of Autism CRC Ltd. Rob is an Adjunct Professor in the School of Environmental and Rural Science at the University of New England, and an Adjunct Professor at the School of Agriculture and Food Science at the University of Queensland.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

David Lord

MBA (Executive) MBS, Grad. Dip. Bus (Management) (Monash) MAICD

Independent Non-Executive Director

Appointed in April 2016, David has enjoyed a senior management career primarily in consumer products and agribusiness, most recently as President and Chief Operating Officer of Saputo Dairy Division (Australia) and as CEO and Managing Director of Warrnambool Cheese & Butter Factory Company Limited (WCB) from 2010 to 2015. Between the years 2002 and 2009, David was CEO and Managing Director of Parmalat Australia. David has extensive executive Director experience in supply chain, the domestic markets for consumer and industrial food products, and the marketing of Australian dairy products in the international commodity markets. From 28 June 2019 to 26 August 2019, David was appointed to the executive position as Interim CEO for the Ridley consolidated group while it conducted its CEO search. David retired from a position on the Board of Dairy Australia in November 2021.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Ejnar Knudsen

CFA

Non-Executive Director

Appointed in June 2013, Ejnar is the CEO of AGR Partners, LLC, an associated entity of Ridley's largest shareholder, AGR Agricultural Investments LLC. Ejnar has more than 20 years of experience investing in and operating food and agriculture companies. Ejnar was Executive Vice President of Western Milling, a start-up California grain and feed milling company that grew to over $1 billion in sales. Ejnar spent 10 years as Vice President for Rabobank in New York managing a loan portfolio, equity investments and corporate advisory services. Prior to founding AGR Partners, Ejnar was Co-Portfolio Manager of Passport Capital's Agriculture Fund and Craton Capital.

Other current listed company directorships

Green Plains Inc.

Former listed company directorships in the last three years

None.

Rhys Jones

BSc (Chem), BBS(Hons) (1st), MBS

Independent Non-Executive Director

Appointed in August 2020, Rhys has a 30-year career working in the Australasian building, manufacturing and packaging industries. Rhys is currently the Managing Director and Chief Executive Officer of Vulcan Steel Limited, an ASX/NZX listed steel distributor with over 72 business units across Australasia. He is also a Director of Metro Performance Glass Ltd. Prior to joining Vulcan in 2006, Rhys held senior roles in particular with Carter Holt Harvey and Fletcher Challenge, including as Chief Operating Officer of the Pulp, Paper and Packaging businesses of Carter Holt Harvey.

Other current listed company directorships

Metro Performance Glass Limited, Vulcan Steel Limited.

Former listed company directorships in the last three years

None.

Julie Raffe

GAICD, FFIN, FCA

Independent Non-Executive Director

Appointed 1 September 2022, Julie has 40 years of professional experience across multiple sectors.

Julie is a non-executive director of Latitude Group Holdings Limited, non-executive advisory Committee member and Chair of Ironman 4 × 4 Pty Ltd's Audit and Risk Committee National Board for Finance Executives Institute Australia President and Chair of its Victorian Chapter; and Deputy Chair and Treasurer of Entertainment Assist.

Julie is a former Finance Director and Company Secretary for Village Roadshow Limited (previously an ASX 200/300 listed company Julie has held positions as a director, Chair of both the Audit and Risk Committee and Finance Committee for Eltham College; non-executive director and Chair of Audit and Risk Committee for Signature Capital Limited (a listed financial services company); alternate director and Audit Committee member for Austereo Limited; and director and Chair of Audit and Risk Committee for Northern Health.

Other current listed company directorships

Latitude Group Holdings Limited.

Former listed company directorships in the last three years

None.

FINANCIAL REPORT

DIRECTORS' REPORT

For the Year Ended 30 June 2022

The Directors of Ridley Corporation Limited (**Ridley** or the **Company**) present their report for the Group (the **Group**), being the Company and its subsidiaries, and the Group's interest in equity accounted investments at the end of, or during, the financial year (**FY**) ended 30 June 2022 (**FY22**).

1. Directors

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

M McMahon	Q L Hildebrand	D J Lord	R J van Barneveld
P M Mann	E Knudsen	R Jones	

2. Principal activities

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

3. Results – Growth Strategy delivering improved earnings

Results

The highlights of the Ridley Corporation Limited consolidated group (**Ridley** or **Group**) FY22 results are:

- Total comprehensive income of $42.4 million (m), representing a $17.5m, or 70.4% increase including $6.2m of Individually Significant Items after tax, which were largely related to gains on the sale of various sites.
- EBITDA from ongoing operations before Individually Significant Items of $80.1m, representing an $11.0m, or 16.0% increase on the prior corresponding period, driven by the execution of Ridley's Growth Strategy, continued focus on efficiency and demonstrating resilience to challenging macro factors including rising raw material costs, delays in supply chains and the impacts of COVID-19 (EBITDA from ongoing operations before Individually Significant Items is a non-IFRIS measure).
- A $60.2m, or 72.4% reduction in net debt from $83.1m to $22.9m, driven by the sale of assets, strong earnings and disciplined controls over capital expenditure. During the period working capital increased as the Group took strategic commodity positions to offset the impacts of rising raw materials and delays in supply chains, which was more than offset by asset sales, including the sale of the Westbury extrusion facility.

SUMMARY ($ million unless otherwise stated)	2022	2021	Movement	
Total comprehensive income – Net Profit After Tax (NPAT)	**42.4**	24.9	▲	17.5
Comprehensive income (NPAT) – ongoing operations	**36.2**	24.9	▲	11.3
EBITDA – ongoing operations[1]	**80.1**	69.1	▲	11.0
Consolidated cash inflow[2]	**60.2**	64.1	▼	3.9
Net debt	**22.9**	83.1	▼	60.2
Leverage ratio (times)[3]	**0.29**	1.20	▼	0.91
Earnings Per Share – ongoing operations (cents)[4]	**11.3**	7.8	▲	3.5

1. Calculated as NPAT of $42.4m adjusted for finance costs ($2.8m), tax expense ($18.0m), depreciation and amortisation ($25.8m) and before Individually Significant Items of $8.9m.
2. Calculated as closing net debt less opening net debt.
3. Calculated as net debt/Last 12 months EBITDA per banking facility covenant calculations.
4. Calculated as basic Earnings Per Share (13.3cps) less the benefit of the Individually Significant Items of 2cps.

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

4. Review of operations

For statutory reporting purposes, the consolidated profit and loss from continuing operations after income tax for the year was a profit of $42.4m (FY21: $24.9m). The consolidated profit and loss from continuing operations before income tax for the year was a profit of $60.5m (FY21: $35.0m).

Consistent with the focus to lift the overall performance of the business, the Company kept its emphasis on a strong safety culture and has maintained a good safety record in the year, despite the operational challenges of the global environment including the COVID-19 pandemic.

Segment performance

The Packaged Feeds and Ingredients segment performed strongly, delivering an EBITDA of $58.0m (FY21: $46.5m). The main contributor to this segment was the Rendering Business Unit, which is benefiting from the ongoing capital investment in product premiumisation and the higher market prices for rendered tallows and oils. Volumes through the branded Packaged Products business grew strongly year on year as we expanded market share and increased product lines into the urban pet specialty chains. Aquafeed volumes reduced following the sale of the Westbury facility in August 2021. Sales to salmon customers were curtailed while production was allocated to maintaining our supply to the growing sub-tropical varieties. The NovaqPro™ operations contributed a small loss resulting from the costs of the Yamba site prior to its closure in May 2022. The NovaqPro™ operations in Thailand broke even.

The Bulk Stockfeeds segment contributed an EBITDA of $34.4m (FY21: $32.5m), with the stronger performance driven by increasing throughput and efficiencies. The business gained market share over the year, led by increased sales volumes in the poultry and dairy sectors.

The unallocated corporate cost of $12.2m (2021: $9.9m) has increased due to additional accruals for employee incentives, which are linked to the improved operating results, while the 38% reduction in net finance costs to $2.8m reflects the continuation of debt retirement and lower interest rates.

Cash flows and debt

The operating cash flow of $46.8m for FY22 (FY21: $82.4m) was lower due to the strategic decision to hold more inventory to avoid the impact of customer disruptions due to supply chain delays. As a result, the cash conversion from ongoing operations was 52.5% (FY21: 119%); however, excluding the strategic inventory hold, the cash conversion was 89%.

The operating cash flow was augmented with the sale of a number of surplus assets, including the operations at Westbury in Tasmania, reducing the Company debt levels. Net debt as at 30 June 2022 was $22.9m (FY21: $83.1m) and the FY22 leverage ratio has reduced to 0.29 times (FY21: 1.20).

Earnings per share

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

	2022 Cents	**2021 Cents**
Basic/Diluted earnings per share	**13.3/12.8**	7.8/7.6
Basic/Diluted earnings per share – before Individually Significant Items	**11.3/10.9**	7.8/7.6

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

Individually Significant Items (ISI) (Note 5(d))

The pre-tax, net effect of the FY22 ISI is $8.9m ($6.2m after tax) and comprises of the following:

(i) Westbury asset sale

The sale of the Westbury extrusion business in Tasmania was completed in August 2021 and generated a pre-tax profit of $6.0m ($4.2m after tax).

(ii) Property sales

The sale of the former feedmills at Bendigo, Mooroopna and Murray Bridge generated a FY22 pre-tax profit of $4.2m ($3.0m after tax).

(iii) Software-as-a-Service (SaaS) arrangements

The Company concluded the ERP upgrade in FY22 and the project costs have been reported for consistency as an ISI. For FY22, the SaaS costs expensed are $2.3m ($1.6m after tax).

(iv) Restructuring costs

During the period restructuring costs totalling $1.1m ($0.8m after tax) were incurred in relation to the closure of the Yamba Novaq™ facility of $0.8m and the finalisation of the restructuring of the Thailand business of $0.2m.

(v) Reversal of excess provisions

The provision for restructuring comprised all of the estimated costs of employee termination benefits, asset relocation, site closure, demolition, remediation and preparation for divestment with regard to the Murray Bridge, Bendigo and Mooroopna former feedmills. Following the sale of all three sites in FY22, the unutilised balance of the provision of $2.0m ($1.4m after tax) was written back to the overall gain on sale reported as an Individually Significant Item.

Events occurring after the balance sheet date

There were no matters or circumstances that have arisen since 30 June 2022.

Risks

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

- **Cyclical fluctuations impacting the demand for animal nutrition products** – by operating in several business sectors within the domestic economy (namely poultry and pig, dairy, aqua, beef and sheep, companion animals, consumer goods packaged products and rendering), some of which have a positive or negative correlation with each other, Ridley is not dependent upon a single business sector or agricultural cycle and is able to spread the sector and adverse event risk across a diversified portfolio.
- **Influence of the domestic grain harvest** – through properly managed procurement practices and many of our customers retaining responsibility for the supply of raw materials for the feed Ridley manufactures on their behalf, the impact of fluctuations in raw material prices associated with domestic and world harvest cycles is reduced.
- **Influence of natural pasture on supplementary feed decision-making** – while not being able to control the availability of natural pasture, Ridley believes there is a compelling commercial justification for supplementary feeding in each of its ruminant sectors of operation, whether that be measured in terms of milk yield or herd wellbeing and feed conversion.
- **Impact on domestic and export markets in the event of disease outbreak in livestock** – Ridley operates in several business sectors exposed to different animal species and has a footprint of feedmills dispersed across the eastern states of Australia that provide geographical segregation to reduce the exposure to a disease outbreak occurring within a customer's (supplier's in the case of rendering) operations.
- **Claims or market access restrictions due to product contamination or the delivery of product that is not in specification** – Ridley has a strategy of plant segregation, and operational controls in place to effectively manage its own risk of product contamination across the various species sectors. HACCP (hazard analysis and critical control points) Plans are deployed across the business to adhere to product specifications.
- **Customer and supplier concentration and risk of customer and supplier vertical integration or risk of losing a significant customer or supplier** – Ridley endeavours to enter into long-term sales and supply contracts with its customers and suppliers. This strategy provides a degree of confidence in order to plan appropriate shift structures, procurement and supply chain activities in the short term, and capital expenditure programs in the long term, while actively managing the risk of stranded assets and backward integration into feed production by significant customers and forward integration into rendering by significant suppliers.
- **Commercialising NovaqPro™** – the commercialisation of NovaqPro™, including risk mitigation strategies, is being actively managed by Ridley; however, there are significant risks with any start-up business, some of which are beyond Ridley's control and could further delay commercialisation.
- **Thailand operational and regulatory risk**– with the establishment of commercial operations in Thailand, the business is actively managing the operational risks through the appointment of an established local management team that works closely with the Australian operations. The business owns the land upon which it operates, reducing the risk of changes in the regulatory environment.
- **Sustainability and climate change** – Ridley has worked with its customers and suppliers to develop a Sustainability Pathway that is focused on:
  - sourcing high-quality raw materials that are produced with respect to social and environmental conditions;
  - optimising our manufacturing and supply chain process to reduce our footprint;
  - developing technical solutions that enable farmers to produce more with less; and
  - creating safe, healthy and diverse workplaces that supports the vibrant local communities in which we operate.
- **Cyber breach** – the business has implemented system controls that are reviewed and tested periodically to assist the business in being able to detect and react to a potential cyber attack.
- **Corporate** – risks such as safety, recruitment and retention of high-calibre employees, inadequate innovation and new product development, customer credit non-payment, climate change, interest rate increases, foreign exchange fluctuations, and the purchase of inappropriate raw material, lower than anticipated return on capital invested and consequences of lower underlying earnings are all managed through the Group's risk management framework, which includes reviews and monitoring by the executive lead team.

Overlaying the day-to-day business activity risks were the unique operational risks associated with the COVID-19 pandemic, the management of which has necessitated the introduction of a vast array of new practices, processes and procedures collectively designed to ensure the safety and wellbeing of all Ridley and related personnel while maintaining essential continuity of supply to all farmers of livestock.

Outlook

Ridley expects to grow earnings and cash flow in the year ahead by:

- increasing sales as we support the growth of our existing customers and win market share;
- implementing cost savings and efficiency initiatives; and
- executing on the growth plans in place for each Business Unit.

Cash generated from operations, and a strong balance sheet, are expected to support the ongoing investment in the business and the payment of dividends, leaving capacity to undertake the announced on-market share buy-back and pursue growth opportunities.

5. Significant changes in the state of affairs

Other than as reported in Section 4 of this report, there were no significant changes in the state of affairs of the Group during the year ended 30 June 2022.

6. Dividends and distributions to shareholders

An FY21 final dividend of 2 cents per share franked to 100% was paid on 29 October 2021.

An FY22 interim dividend of 3.4 cents per share franked to 100% was paid on 29 April 2022.

Following a year of strong operating performance, cash generation and debt retirement, the Board has declared a final dividend of 4 cents per share (**cps**), fully franked and payable on 27 October 2022 for a cash outlay of approximately $12.8m.

7. Directors' and executives' remuneration

Refer to the Remuneration Report.

8. Meetings of Directors

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

	Board		Audit and Risk Committee		Remuneration and Nominations Committee		Ridley Innovation and Operational Committee	
Directors	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**
M McMahon	11	11	4	4	3	3		
Q L Hildebrand	11	11					3	3
P M Mann	11	11	4	4				
R J van Barneveld	11	11	4	4			3	3
E Knudsen	11	11					3	2
D J Lord	11	11			3	3		
R Jones	11	11			3	3		

References to Director meeting attendance table:

H: Number of meetings held during period of office.

A: Number of meetings attended.

9. Information on Directors

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

10. Company Secretary

Amy Alston was Company Secretary until 21 October 2021, whereupon Kirsty Clarke was appointed as Company Secretary.

11. Share options and performance rights

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

	Number	Expiry date
Ridley Corporation Long Term and Special Retention Incentive Plan (**Performance Rights**)	13,685,405	Various
Ridley Employee Share Scheme (**Options**)*	3,439,321	Various

* The share grant and supporting loan together in substance comprise a share option.

No holder has any right under the above plan and scheme to participate in any other share issue of the Company or of any other entity. The Company will issue shares when the options and performance rights are exercised. Further details are provided in Note 24 in the Notes to the Financial Statements and in the Remuneration Report.

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

12. Environmental regulation

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

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

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

13. Post balance date events

There were no matters or circumstances that have arisen since 30 June 2022 that have significantly affected, or may significantly affect:

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

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

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

14. Insurance

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

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

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

15. Non-audit services

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

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

- all non-audit services provided during FY22 have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics* for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38 and forms part of this report.

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

	$
Audit and review of financial reports	424,878
Taxation and other services	165,677
Total	590,555

16. Rounding of amounts to nearest thousand dollars

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

Signed in Melbourne on 18 August 2022 in accordance with a resolution of the Directors.

Mick McMahon
Director and Ridley Chair

Quinton L Hildebrand
CEO and Managing Director

REMUNERATION REPORT – AUDITED

The Directors of Ridley Corporation Limited (**Ridley** *or* **Company**) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the Group, being the Company and its subsidiaries (**Group**), and the Group's interest in equity accounted investments, for the financial year ended 30 June 2022. This report forms part of the Directors' Report for the year ended 30 June 2022.

Remuneration and Nominations Committee

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

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

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

Services from remuneration consultants

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

Remuneration of Directors and executives

Principles used to determine the nature and amount of remuneration

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

Executive remuneration is benchmarked against a comparator group of companies comprised of ASX and private companies of similar function and size to Ridley.

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

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

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

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

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

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

Non-Executive Directors

Non-Executive Directors' fees are determined within an aggregate Non-Executive Director fee pool limit, which is reviewed periodically, with proposed amendments recommended to shareholders for approval. The maximum currently stands at $700,000 as approved at the 2003 Annual General Meeting. The Chair receives incremental fees, and the Chair of the Audit and Risk Committee, Ridley Innovation and Operational Committee and Remuneration and Nominations Committee each receives $10,000 of incremental fees, in addition to the base Director fees. The total amount paid to Non-Executive Directors in FY22 was $648,900 (FY21: $637,398).

Executives

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

Remuneration of Directors and executives continued

Consequences of performance on shareholder wealth

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

		2022	2021	2020	2019	2018
Comprehensive income/(loss) (NPAT)	$'000	**42,430**	24,896	(10,748)	23,565	17,409
Earnings before interest, tax, depreciation and amortisation (**EBITDA**) before individually significant Items[1]	$'000	**80,144**	69,148	59,418	48,154	43,629
EBITDA after individually significant items[2]	$'000	**89,077**	69,148	15,084	54,315	43,629
Earnings before interest and tax	$'000	**63,303**	39,549	(11,075)	35,412	26,368
Cash flow from operating activities (statutory)	$'000	**46,588**	85,778	22,367	36,824	50,900
Return on net assets[3]	%	**13.4**	8.7	(4.1)	8.3	6.8
Dividends paid	$'000	**17,253**	–	13,226	13,083	13,083
TSR[4]	%	**61.8**	67.9	(35.5)	(10.4)	2.3
Year end closing share price	$	**1.79**	1.14	0.72	1.19	1.38
Short-term incentive to KMP	$'000	**1,270**	1,086	445	–	–

1. Non-IFRS measure calculated as Net Profit After Tax (NPAT) of $42.4m adjusted for finance costs ($2.8m), tax expense ($18.0m), depreciation and amortisation ($25.8m) and before individually significant items of $8.9m.
2. EBITDA calculated above including individually significant items of $8.9m.
3. Calculated as NPAT as a percentage of net assets.
4. Total Shareholder Returns (TSR) is calculated as the change in share price for the year plus dividends paid per share for the year, divided by the opening share price, expressed as a percentage.

Base pay and benefits

Executives receive a base package, which may be delivered as a mix of cash and, at the executive's discretion, certain prescribed non-financial benefits, including superannuation in excess of the superannuation contribution guarantee payments.

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

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

Short-term incentives

For FY22, executives and employees in senior positions are eligible for short-term incentive (STI) payments based on two performance streams, being the Group financial performance component (70% weighting) and the personal key performance Indicators (KPIs) component (30% weighting). STI incentives by role range from 70% of the TEP for the Managing Director down to 10% of the TEP for the least senior participants in the plan.

The Group financial performance component of the STI is assessed against budgeted EBITDA. The measures of personal KPI components include targets on safety, training, operational excellence, customer focus, sustainability and community, and people values and development. Each year, appropriate KPIs are set to align the STI plan with the priorities of the Group through a process that includes setting stretch target and minimum performance levels required to be achieved prior to any payment of an STI. Where achievement of 90% of budgeted EBITDA is reached, the payment of a partial STI based on the achievement of personal KPIs will be assessed by the Board at its sole discretion.

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

A summary of the STI award structure for FY22 is shown in the following table, subject always to the exercise of discretion by the Board.

Metric	Percentage of budgeted EBITDA	Award
Financial	< 100%	Nil
Financial	100%	50% of the 70% Group financial component
Financial	100% plus up to $5m	51%–100% of the 70% Group financial component straight-line pro rata of incremental EBITDA up to $5m
Financial	100% plus > $5m	Capped at 100% of the 70% financial component
Personal	< 90%	Nil
Personal	90% or greater	100% of the 30% personal KPI component subject to the individual meeting his or her own KPIs for the year and to Board discretion

Following the end of the 2022 financial year, the financial results and each individual's performance against KPIs have been reviewed to determine STI payments for each executive and employees in senior positions. Given the underlying consolidated EBITDA performance was greater than $5m ahead of the EBITDA budget before individually significant items, the Board has resolved to award 100% of the Group financial component. The FY22 STI entitlements awarded also reflect the performance of the individual assessed against their personal KPIs, with the maximum 100% awarded only to those employees who have exceeded all of their performance targets for the year. The award will be satisfied in cash via the September 2022 payroll.

In September 2021, the FY21 STI award, which was fully provided for as at 30 June 2021, was satisfied through the monthly payroll.

For each KMP included in the annual remuneration tables, the percentage of the available STI that was awarded for the financial year, and the percentage that was forfeited because the service and performance criteria were not achieved, are set out in the following table, together with the maximum amount of $1,348,920 (2021: $1,155,149) payable to KMP had all STI performance targets been achieved.

				2022		2021	
KMP name	STI percentage range of TEP[1]	STI maximum potential award in $[2]	2022 STI award in $[3]	Paid %	Forfeited %	Paid %	Forfeited %
Q Hildebrand	0–70%	490,000	453,250	**92.5%**	**7.5%**	92.5%	7.5%
R Betts[4]	0–60%	301,972	279,325	**92.5%**	**7.5%**	N/A	N/A
A Boyd[5]	0–50%	37,732	37,732	**100%**	**0%**	100%	-
C Klem	0–40%	147,216	136,175	**92.5%**	**7.5%**	100%	–
R Singh	0–40%	152,000	152,000	**100%**	**0%**	85%	15%
H Slattery	0–40%	120,000	93,000	**77.5%**	**22.5%**	92.5%	7.5%
K Clarke[6]	0–40%	100,000	92,753	**92.5%**	**7.5%**	N/A	N/A
STI for FY22		**1,348,920**	**1,244,235**	**92.2%**	**7.8%**	**94.0%**	**6.0%**

1. STI percentage applicable subject to pro rata adjustment for the period of employment or in the KMP role.
2. Maximum financial value applicable to the maximum percentage.
3. FY22 STI award to be paid via the September 2022 payroll.
4. STI participant from 1 August 2021.
5. STI participant until 25 August 2021 date of resignation as CFO, so maximum potential STI pro rated accordingly.
6. STI participant from 30 August 2021.

Long-term incentives

In FY22 there was an issue of Indeterminate Performance Rights (Rights) to senior executives and officers under the Ridley Long Term Incentive Plan (LTIP) with an effective grant date of 1 July 2021 and an offer of the Ridley Employee Share Scheme (ESS) in September 2021. The standard terms and conditions of these issuances is stated below. The LTIP aligns the interests of executives with those of Ridley shareholders in rewarding sustained superior performance, while the ESS fosters Company-wide loyalty and staff retention by providing an ownership interest in the Company. Company policy prohibits employees from entering into any transaction that is designed or intended to hedge any exposure to Ridley securities.

Ridley Corporation Long Term Incentive Plan (LTIP)

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

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

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

ROFE is calculated as being the average annualised Ridley Consolidated Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the performance period divided by the average of the Funds Employed (FE) at the start and end of that performance period.

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

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

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

The performance criteria for Rights issued in FY22 are set out in the following table, with the ROFE performance assessment spanning the entire three-year performance period:

Tranche	Metric	Performance hurdles for the periods 30 June 2022 & 2023	Performance hurdles for the period 30 June 2024	Award
A	ROFE	< 19%	< 15%	Nil
A	ROFE		15% – 25%	0% – 100% on a straight-line pro rata basis
A	ROFE	19%		50%
A	ROFE	19% – 30%		50 – 100% on a straight-line pro rata basis
A	ROFE	> 30%	> 25%	100%
B	Absolute TSR	< 30%	< 30%	Nil
B	Absolute TSR	30%	30%	50%
B	Absolute TSR	30% – 70%	30% – 70%	50% – 100% on a straight-line pro rata basis
B	Absolute TSR	>70%	> 70%	100%

Summary of Ridley performance

The following table provides a summary of the performance for each tranche of the LTIP Rights on issue at year end, rebased to the effective date of grant and using 30 June 2022, being the actual test date for the FY20 issue and the hypothetical end date for the FY21 and FY22 tranches. The data does not take account future dividends and is therefore only an indicative and incomplete measure of Absolute TSR performance. The ROFE has been assessed for all three tranches based on the assessed ROFE at 30 June, 2022.

Start date	Test date	Tranche	Ridley TSR	Ridley ROFE	Number of rights on issue	Number/% hypothetically vested as at 30 June 2022
1 Sep 2019[1]	30 June 2022	A		25%	1,660,014	1,286,511/77.5%
1 Sep 2019	30 June 2022	B	78.5%		1,860,042	1,860,042/100%
1 Jul 2020[2]	30 June 2023	A		25%	2,744,271	2,258,535/82.3%
1 Jul 2020	30 June 2023	B	141.0%		3,020,643	3,020,643/100%[4]
1 Jul 2021[3]	30 June 2024	A		25%	2,107,988	2,107,988/100%
1 Jul 2021	30 June 2024	B	60.8%		2,292,448	2,040,279/89%[4]

1. The Rights on issue with an effective grant date of 1 September 2019 and performance period ending 30 June 2022 were tested on 1 July 2022 based on Ridley's Total Shareholder Return over the 34-month performance period ended on 30 June 2022 (noting that the offer was made effective from 1 September 2019 to align with the appointment of the current CEO). Actual vesting of this Tranche A of Rights was determined by ROFE performance from 1 July 2021 to 30 June 2022, being the final year of the performance period.
2. Actual vesting of this Tranche A of Rights is determined by ROFE performance for the final year of the performance period, being from 1 July 2022 to 30 June 2023.
3. Actual vesting of this Tranche A of Rights is determined by ROFE performance for all three years of the performance period, being from 1 July 2021 to 30 June 2024.
4. Based on actual dividends paid to date during the performance period and the dividend to be paid in October 2022, i.e. excluding consideration of any undeclared future dividends payable during the performance period.

Ridley Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan (SRP) was developed specifically to retain and motivate key executives. Under the SRP, and at the discretion of the Board, selected executives and the Managing Director may be offered a number of performance rights (SRP Rights). There were no SRP Rights brought forward from prior years or issued during the year.

Ridley Employee Share Scheme (ESS)

Under the ESS, shares have historically been offered to permanent employees with a minimum of 12 months' continuous service prior to the offer date, at a discount of up to 50%, and financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000 annually in accordance with current Australian taxation legislation. Dividends on the ESS shares are applied against the outstanding loan balance until such balance is fully extinguished. The amount of the discount and number of shares allocated are at the sole discretion of the Board. The purpose of the ESS is to align employee and shareholder interests and to foster a sense of loyalty and ownership in the Company. An offer under the Scheme was made in September 2021, such that 426,618 (2021: 831,390) shares were allocated to participating employees during the year, of which 300,000 (2021: 250,000) were purchased on-market for an aggregate outlay excluding GST of $404,357 (2021: $206,830) and 126,618 (2021: 581,390) were allocated from the RCL Retirement Pty Ltd account in which Company shares are accumulated upon the departure of ESS participant employees.

Shares purchased on-market

The following table reflects the number and total market value of shares that were allocated to participating employees under the incentive plans during the financial year.

	Number of shares		Cash outlay $'000	
Incentive plan	2022	2021	2022	2021
Long Term Incentive Plan	**–**	–	**–**	–
Employee Share Scheme	**426,618**	831,390	**404,357**	206,830

Directors and Key Management Personnel

The following persons were the Directors and executives with the greatest authority for the strategic direction and management of the Group (Key Management Personnel or **KMP**) throughout FY22 unless otherwise stated.

Name	Position and status
Directors	
M P McMahon	Director and Chair
Q L Hildebrand	Managing Director and CEO
P M Mann	Director
R J van Barneveld	Director
E Knudsen	Director
D J Lord	Director
R Jones	Director
Executives	
R Betts	KMP from 1 August 2022 and Chief Financial Officer from 25 August 2021
A Boyd	Chief Financial Officer and KMP to 25 August 2021
C Klem	General Manager Rendering
H Slattery	General Manager Aquafeed
R Singh	Chief Operating Officer
K Clarke	KMP and Company Secretary from 21 October 2021

Details of KMP remuneration

Details of the remuneration of each Director of Ridley Corporation Limited and each of the KMP of the Group during the financial year are set out below. In accordance with the requirements of Section 300A of the *Corporations Act 2001* and Regulation 2M.3.03, the remuneration disclosures for the 2022 and 2021 financial years only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP. All values are in A$ unless otherwise stated. The salary package may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits), motor vehicle and certain other benefits.

FY22 Remuneration table

2022	Short-term benefits		Post-employment benefits	Other benefits	Share-based payments		Share-based payments reversal[7]			
Name	**Directors' fees and cash salary $**	**FY22 STI $**	**Superannuation $**	**Travel allowance**	**Performance Rights $**	**Sub-total $**	**Performance Rights $**	**Total $**	**%[1]**	**%[2]**
Directors										
M P McMahon	163,864	–	16,386	–	–	180,250	–	180,250	–	–
Q L Hildebrand – CEO and Managing Director	672,500	453,250	27,500	–	441,585	1,594,835	–	1,594,835	28%	56%
P M Mann	88,955	–	8,895	–	–	97,850	–	97,850	–	–
R J van Barneveld[3]	97,850	–	–	–	–	97,850	–	97,850	–	–
E Knudsen[3]	87,550	–	–	–	–	87,550	–	87,550	–	–
D J Lord	88,955	–	8,895	–	–	97,850	–	97,850	–	–
R Jones[3]	87,550	–	–	–	–	87,550	–	87,550	–	–
Total Directors	1,287,224	453,250	61,676	–	441,585	2,243,735	–	2,243,735		
Executives										
R Betts[4]	493,140	279,325	21,604	–	108,689	902,758	-	902,758	12%	43%
A Boyd[5]	71,848	37,732	3,615	–	16,295	129,490	(152,000)	129,490	13%	42%
C Klem	340,541	136,175	27,500	–	91,964	596,180	(95,000)	596,180	15%	38%
R Singh	352,500	152,000	27,500	1,822	49,510	583,332	–	583,332	8%	35%
H Slattery	272,727	93,000	27,273	–	55,114	448,114	–	448,114	12%	33%
K Clarke[6]	229,371	92,753	22,937		35,571	380,632		380,632	9%	34%
Total executives	1,760,127	790,985	130,429	1,822	357,143	3,040,506	(247,000)	3,040,506		
Total	3,047,351	1,244,235	192,105	1,822	798,728	5,284,241	(247,000)	5,284,241		

1. Percentage remuneration consisting of Performance Rights / Options.
2. Percentage remuneration performance related.
3. Director fee paid to a company.
4. KMP from 1 August 2021.
5. KMP until 25 August 2021.
6. KMP from 30 August 2021.
7. The vesting criterion was not met for the FY19 tranche of rights.

Details of KMP remuneration continued

FY21 Remuneration table

2021	Short term benefits		Post employment benefits		Share-based payments			
Name	Directors' fees and cash salary $	STI $	Super-annuation $	Other benefits $	Performance rights/ options $	Total $	% [1]	% [2]
Directors								
M P McMahon[3]	138,444	–	13,844	–	–	152,288	–	–
Q L Hildebrand – CEO and Managing Director	675,000	453,250	25,000	–	373,811	1,527,061	24%	54%
P M Mann	88,955	–	8,895	–	–	97,850	–	–
R J van Barneveld[4]	97,850	–	–	–	–	97,850	–	–
E Knudsen[4]	87,550	–	–	–	–	87,550	–	–
D J Lord	88,955	–	8,895	–	–	97,850	–	–
R Jones[3,4]	73,968	–	–	–	–	73,968	–	–
G H Weiss – Chair[5]	27,311	–	2,731	–	–	30,042	–	–
Total Directors	1,278,033	453,250	59,365	–	373,811	2,164,459		
Executives								
A Boyd	469,246	246,000	22,620	–	166,548	904,414	18%	46%
C Klem	343,041	147,000	25,000	–	101,033	616,074	16%	40%
R Singh	347,781	129,000	34,545	–	24,755	536,081	5%	29%
H Slattery	272,727	111,000	27,273	–	19,543	430,543	5%	30%
Total executives	1,432,795	633,000	109,438	–	311,879	2,487,112		
Total	**2,710,828**	**1,086,250**	**168,803**	**–**	**685,690**	**4,651,571**		

1. Percentage remuneration consisting of performance rights / options.
2. Percentage remuneration performance related.
3. Appointed on 27 August 2020.
4. Director fee paid to a company.
5. Retired on 26 August 2020.

Contracts of employment

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

Q L Hildebrand, CEO and Managing Director

- Base remuneration, inclusive of superannuation and any elected benefits, of $700,000, to be reviewed annually each December with any changes to be effective from the following 1 January.
- Full STI scheme participation up to 70% of total Base Package based on the achievement of certain agreed KPIs as approved by the Board, split 70% on consolidated Group EBITDA performance and 30% on personal KPIs. The split of personal KPIs for FY22 comprised targets for safety (10%), quality (10%), operational excellence for optimisation of savings, sales growth, expansion/innovation (10% each for aggregate 30%), capital recycling (20%), strategy development (20%) and corporate and social responsibility progress (10%). The 70% of Ridley financial performance STI for FY22 is assessed solely against budgeted EBITDA before any individually significant item(s).
- Eligible to participate in the Ridley LTIP and Ridley to use its best endeavours to obtain shareholder approval for the issue of equity securities under the scheme. Shareholder approval was received on 24 November 2021 for the 1,045,173 performance rights issued to Mr Hildebrand in FY22 with a performance test period from 1 July 2021 to 30 June 2024.
- Ridley may terminate the contract immediately for cause and with a 12-month period of notice without cause, being inclusive of any redundancy benefits payable to the executive. Payment of termination benefits on early termination by the employer is not to exceed the threshold above which shareholder approval is required under the *Corporations Act 2001*, and comprises any amount of the total remuneration package accrued but unpaid at termination, plus accrued but unpaid leave entitlements, and any other entitlements accrued under applicable legislation.
- The CEO's contract of employment has no fixed term, and Ridley is able to terminate the contract by giving the CEO 12 months' notice in writing. Conversely, the CEO may terminate his contract by giving the Company six months' notice in writing. Ridley is able to terminate the contract of employment without notice or payment in lieu if the CEO engages in fraud or other serious misconduct, commits a serious or persistent breach of the contract, disobeys a lawful and reasonable direction of the Company, or is found guilty of an offence precluding or inhibiting further performance of the duties of the CEO office.

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

Notice periods

The notice period for terminating employment of KMP ranges from between three and six months for executives to 12 months for the Managing Director.

Equity instrument disclosures relating to Directors and executives

Performance rights provided as remuneration

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

KMP LTIP Rights holdings

Recipient of LTIP rights	Year of grant	Granted[1]	Grant date	Fair value of Rights at grant date $
Directors				
Q L Hildebrand[3]	2020	1,133,488	01 Sep 2019	1,045,076
	2021	1,566,108	01 Jul 2020	1,079,048
	2022	1,045,273	01 Jul 2021	1,084,994
Key Management Personnel				
R Betts	2022	483,063	01 Jul 2021	326,068
C Klem[2]	2020	210,338	01 Sep 2019	127,254
	2021	290,618	01 Jul 2020	129,325
	2022	193,950	01 Jul 2021	130,916
R Singh	2021	300,061	01 Jul 2020	133,527
	2022	200,252	01 Jul 2021	135,170
H Slattery	2021	236,890	01 Jul 2020	105,416
	2022	158,093	01 Jul 2021	106,713
K Clarke	2022	158,093	01 Jul 2021	106,713
Total issued to Directors and Key Management Personnel		**5,976,228**		**4,510,220**

1. The effective grant date was 1 July 2021. The fair value per Right at the grant date was $1.04 for Tranche A Rights after adjusting for the initial assessment of the likelihood of exceeding the ROFE performance hurdle and $0.31 for Tranche B Rights, with each participant's holding split equally between the two Tranches A and B.
2. The vesting criterion was not met for the Rights that were tested as at 30 June 2021, and consequently 100% of these Rights were forfeited.
3. Shareholder approval was received on 24 November 2021 for the 1,045,273 performance rights granted to Mr Hildebrand on 23 November 2020.

KMP shareholdings

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

Number of shares held in Ridley Corporation Limited

Director/executive	Balance at 1 July 2021	Acquired during the year	Holding at date of no longer being a KMP	(Disposed) during the year	Balance at 30 June 2022
M P McMahon	541,750	–	–	–	**541,750**
Q L Hildebrand	323,323	–	–	–	**323,323**
P M Mann	99,044	–	–	–	**99,044**
R J van Barneveld	83,053	–	–	–	**83,053**
E Knudsen	703,286	–	–	–	**703,286**
D J Lord	134,275	–	–	–	**134,275**
R Jones	115,000	–	–	–	**115,000**
Total Directors	**1,999,731**	**–**	**–**	**–**	**1,999,731**
R Betts	–	91,227	–	–	**91,227**
A Boyd[1]	1,200,000	–	(1,200,000)	–	**–**
C Klem	750,326	–	–	–	**750,326**
R Singh	–	–	–	–	**–**
H Slattery	22,500				**22,500**
K Clarke	–	–	–	–	**–**
Total executives	**1,972,826**	**91,227**	**(1,200,000)**	**–**	**864,053**
Total Key Management Personnel	**3,982,557**	**91,227**	**(1,200,000)**	**–**	**2,873,784**

1. KMP to 25 August 2021.

INTRODUCTION
LOCATIONS & SECTORS
CHAIR AND MANAGING DIRECTOR'S JOINT REVIEW
FIVE YEAR SUMMARY
SUSTAINABILITY REVIEW
BOARD OF DIRECTORS
FINANCIAL REPORT
CORPORATE DIRECTORY

AUDITOR'S INDEPENDENCE DECLARATION

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

To the Directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Ridley Corporation Limited for the financial year ended 30 June 2022 there have been:

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

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

KPMG

J. Carey.

KPMG

Julie Carey
Partner
Melbourne
18 August 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue from continuing operations	4	**1,049,086**	927,719
Cost of sales		**(949,523)**	(848,694)
Gross profit		**99,563**	79,025
Finance income	5(b)	**–**	21
Other income	4	**13,045**	4,917
Expenses from continuing operations:			
Selling and distribution		**(13,632)**	(14,090)
General and administrative	5	**(35,673)**	(30,303)
Finance costs	5(b)	**(2,849)**	(4,530)
Profit from continuing operations before income tax expense		**60,454**	35,040
Income tax (expense)	6	**(18,024)**	(10,144)
Profit from continuing operations after income tax		**42,430**	24,896
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**42,430**	24,896
Total comprehensive income for the year attributable to:			
Ridley Corporation Limited		**42,430**	24,896
Earnings per share			
Basic earnings per share	1	**13.3c**	7.8c
Basic earnings per share – before individually significant items	1	**11.3c**	7.8c
Diluted earnings per share	1	**12.8c**	7.6c
Diluted earnings per share – before individually significant items	1	**10.9c**	7.6c

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	7	**27,078**	39,904
Receivables	8	**133,126**	113,561
Inventories	9	**117,131**	81,947
Assets held for sale	10	**–**	46,078
Total current assets		**277,335**	281,490
Non-current assets			
Receivables	8	**–**	1,446
Property, plant and equipment	11	**246,902**	244,802
Intangible assets	12	**74,972**	75,892
Deferred tax asset	14	**8,157**	9,431
Total non-current assets		**330,031**	331,571
Total assets		**607,366**	613,061
Current liabilities			
Payables	15	**206,626**	169,752
Provisions	16	**15,112**	17,319
Tax liability	14	**11,860**	5,858
Total current liabilities		**233,598**	192,929
Non-current liabilities			
Payables	15	**7,374**	9,262
Borrowings	17	**50,000**	123,000
Provisions	16	**364**	325
Total non-current liabilities		**57,738**	132,587
Total liabilities		**291,336**	325,516
Net assets		**316,030**	287,545
Equity			
Share capital	18	**225,114**	225,114
Reserves	19	**3,146**	1,706
Retained earnings	19	**87,770**	60,725
Total equity		**316,030**	287,545

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

2022

	Share capital $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
Opening balance at 1 July 2021	225,114	1,706	60,725	287,545
Profit for the year	–	–	42,430	42,430
Other comprehensive (loss)/income	–	–	–	–
Total comprehensive (loss)/income for the year	–	–	42,430	42,430
Transactions with owners recognised directly in equity:				
Transfer to retained earnings	–	(1,868)	1,868	–
Dividends paid/declared	–	–	(17,253)	(17,253)
Share-based payment transactions	–	3,308	–	3,308
Total transactions with owners recognised directly in equity	–	1,440	(15,385)	(13,945)
Balance at 30 June 2022	225,114	3,146	87,770	316,030

2021

	Share capital $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
Opening balance at 1 July 2020	223,521	1,843	34,173	259,537
Profit for the year	–	–	24,896	24,896
Other comprehensive (loss)/income	–	–	–	–
Total comprehensive (loss)/income for the year	–	–	24,896	24,896
Transactions with owners recognised directly in equity:				
Issue of share capital	1,593	–	–	1,593
Transfer to retained earnings	–	(1,656)	1,656	–
Share-based payment transactions	–	1,519	–	1,519
Total transactions with owners recognised directly in equity	1,593	(137)	1,656	3,112
Balance at 30 June 2021	225,114	1,706	60,725	287,545

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 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		**1,141,706**	1,015,093
Payments to suppliers and employees		**(1,082,482)**	(924,824)
Other income received		**334**	1,200
Net interest and other costs of finance paid		**(2,224)**	(3,986)
Income tax payments		**(10,746)**	(1,705)
Net cash from operating activities		**46,588**	85,778
Cash flows from investing activities			
Payments for property, plant and equipment		**(23,797)**	(19,364)
Proceeds/(Payments) for intangibles		**88**	(2,433)
Proceeds from sale of non-current assets		**60,072**	5,362
Net cash from/(used) in investing activities		**36,363**	(16,435)
Cash flows from financing activities			
Purchase of shares for share-based payments		**(431)**	(207)
(Repayment of) borrowings		**(73,021)**	(70,000)
Dividends paid	2	**(17,054)**	–
Payment of lease liabilities	27 (iii)	**(5,271)**	(5,050)
Net cash used in financing activities		**(95,777)**	(75,257)
Net movement in cash held		**(12,826)**	(5,914)
Cash at the beginning of the financial year		**39,904**	45,818
Cash at the end of the financial year	7	**27,078**	39,904

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

INDEX OF NOTES

To and Forming Part of the Financial Report

Note 1 – Earnings per share

	2022 Cents	2021 Cents
Basic/Diluted earnings per share	**13.3/12.8**	7.8/7.6
Basic/Diluted earnings per share – before Individually Significant Items	**11.3/10.9**	7.8/7.6

	2022		2021	
Earnings used in calculating earnings per share:	**Basic $'000**	**Diluted $'000**	**Basic $'000**	**Diluted $'000**
Profit after income tax	**42,430**	**42,430**	24,896	24,896
Profit after income tax before individually significant items	**36,177**	**36,177**	24,896	24,896

Weighted average number of shares used in calculating:	**2022**	**2021**
Basic earnings per share	**319,494,975**	318,910,291
Diluted earnings per share	**331,920,423**	325,408,326

Basic earnings per share

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

There were no Ridley shares issued in FY22. 2,063,420 Ridley shares were issued in FY21 as consideration for the FY20 STI award.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Based on the vesting conditions and exercise price, as at 30 June 2022 there are 12,425,448 (30 June 2021: 6,498,035) dilutive potential ordinary shares outstanding based on the hypothetical vesting of Performance Rights on issue as at 30 June 2022 as detailed in the Remuneration Report.

Note 2 – Dividends

Dividends paid during the year	Franking	Payment date	Per share (cents)	2022 $'000	2021 $'000
Interim dividend	Fully franked	2022: 3.4 cents per share and paid on 29 April 2022 (2021: nil)	3.4 (2021: nil)	**10,863**	–
Final dividend	Fully franked	2022: 2 cents per share and paid on 29 October 2021 (2021: nil)	2.0 (2021: nil)	**6,390**	–
				17,253	
Paid in cash				**17,054**	–
Non-cash dividends paid applied to employee in-substance option loan balances				**199**	–
				17,253	–

Since the end of the financial year, the Board has declared the following with respect to the FY22 final dividend	2022 $'000	2021 $'000
Following a year of strong operating performance, cash generation and debt retirement in FY22, the Board has declared a final dividend of 4 cents per share (**cps**), fully franked and payable on Thursday 27 October 2022	**12,779**	6,390
Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years (prior to the above dividend declaration)	**20,435**	17,525

Note 3 – Operating segments

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

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

In accordance with the organisational structure and internal reporting to the CODM arising from 1 July 2020 Ridley has adopted the following segment reporting:

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

The basis of inter-segmental transfers is market pricing. The non-operating, unallocated component in the segment reporting tables represents mainly corporate expenses, interest-bearing loans, borrowings and corporate assets, plus any residual surplus property asset holding costs.

Note 3 – Operating segments continued

Geographical locations

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

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

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

2021 financial year in $'000	Bulk Stockfeeds	Packaged/ Ingredients	Unallocated	Consolidated
Total income (Note 4)	613,236	315,226	4,174	932,636
EBITDA before significant items	32,481	46,507	(9,838)	69,150
Depreciation and amortisation expense (Note 5(a))	(16,271)	(13,342)	(16)	(29,629)
Finance costs (Note 5(b))	–	–	(4,509)	(4,509)
Reportable segment profit/(loss) before income tax and individually significant items	16,210	33,165	(14,363)	35,012
Individually significant items	–	–	28	28
Reportable segment profit/(loss) before income tax	16,210	33,165	(14,335)	35,040
Total segment assets	258,618	305,374	49,069	613,061
Segment liabilities	(132,316)	(60,086)	(133,114)	(325,516)
Acquisitions of assets[1]	13,304	18,604	–	31,908

1. Acquisitions include property, plant and equipment and intangibles.

Note 4 – Revenue and other income

	2022 $'000	2021 $'000
Revenue from continuing operations		
Sale of goods	**1,049,086**	927,719
Other income from continuing operations		
Rent received	**70**	61
Gain on sale of assets held for sale	**12,266**	3,674
Gain on sale of property, plant and equipment	**–**	43
Credit card fees	**122**	160
Other	**586**	979
Other income from continuing operations	**13,045**	4,917

Total revenue by geographical segment	2022 $'000	2021 $'000
Australia	**1,062,131**	932,636
Thailand	**–**	–
	1,062,131	932,636

Revenue recognition

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

Interest income is recognised using the effective interest rate method. Dividend income is recognised as revenue when the right to receive payment is established.

Note 5 – Expenses

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

(a) Depreciation and amortisation(i)

	2022 $'000	2021 $'000
Buildings	**2,098**	2,548
Plant and equipment	**18,220**	20,783
Software	**592**	1,302
Intangible assets	**240**	240
Right of use assets	**4,624**	4,756
	25,775	29,629

(i) The depreciation and amortisation charge is included either as cost of goods sold or within general and administrative expenses in the Consolidated Statement of Comprehensive Income, depending on the use of the asset.

Note 5 – Expenses continued

(b) Finance costs

	2022 $'000	2021 $'000
Interest expense	**2,224**	4,314
Interest expense on lease liabilities	**484**	393
Amortisation of borrowing costs	**141**	160
Interest income	**–**	(21)
Unwind of discount on deferred consideration	**–**	(337)
	2,849	4,509

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

(c) Other expenses

	2022 $'000	2021 $'000
Employee benefits expense	**83,032**	81,457
Expenses relating to short-term leases and low-value assets	**713**	779
Impairment loss on trade receivables – net of recoveries	**59**	–
Foreign exchange loss	**174**	795
Loss on disposal of property, plant and equipment	**70**	132
Research and development	**10,739**	17,166

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

	2022 $'000	2021 $'000
Software-as-a-Service change in accounting policy	**2,260**	3,646
Closure of Novacq™ Yamba site	**836**	–
Restructuring of Thailand entity	**237**	–
Total Individually Significant Items – losses included in general and administrative expenses	**3,334**	3,646
Gain on sale of surplus land assets at Lara and Moolap	**–**	(3,674)
Gain on sale of Westbury extrusion plant	**(6,032)**	–
Gain on sale of former feedmills at Bendigo, Mooroopna and Murray Bridge	**(6,234)**	–
Total Individually Significant Items – (gains) included other income	**(12,266)**	(3,674)
Net Individually Significant Items – losses/(gains)	**(8,933)**	(28)

Note 6 – Income tax expense

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

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

(a) Income tax expense

	2022 $'000	2021 $'000
Current tax	15,976	7,260
Deferred tax	1,275	3,133
Under/(Over) provided in prior year	773	(249)
Aggregate income tax expense	18,024	10,144
Income tax expense is attributable to:		
Profit from continuing operations	18,024	10,144

(b) Income tax recognised directly in equity

	2022 $'000	2021 $'000
Aggregate current and deferred tax arising in the period and not recognised in net comprehensive income but directly debited or (credited) to equity	–	–

(c) Reconciliation of income tax expense and pre-tax accounting profit

	2022 $'000	2021 $'000
Consolidated group profit before income tax expense	60,453	35,040
Income tax expense using the Group's tax rate of 30%	18,136	10,512
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1	91
Underprovision/(Overprovision) in prior year	773	(249)
Research and development allowance	(913)	(1,459)
Accounting gain on disposal of sale of properties	(3,756)	(1,077)
Capital gain on disposal of sale of properties	3,644	1,103
Tax effect of overseas losses	–	490
Other	138	733
Income tax expense	18,024	10,144

Note 7 – Cash and cash equivalents

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

	2022 $'000	2021 $'000
Cash at bank	27,078	39,904

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

	2022 $'000	2021 $'000
Net profit after tax for the year	42,430	24,896
Adjustments for non-cash items:		
Depreciation and amortisation (Note 5(a))	25,775	29,629
Net gain on sale of non-current assets	(12,520)	(3,717)
Non-cash share-based payments expense (Note 24)	3,540	1,726
Non-cash finance movements	625	522
Impairment loss on trade receivables	–	(32)
Other non-cash movements	(2)	(168)
Change in operating assets and liabilities:		
Decrease/(increase) in prepayments	(2,712)	3,221
Decrease/(increase) in receivables	(19,256)	(6,234)
Decrease/(increase) in inventories	(35,184)	22,154
Decrease/(increase) in deferred income tax asset	1,276	3,133
Increase in trade creditors	36,714	5,836
Increase/(decrease) in provisions	(100)	(662)
Increase in net income tax liability	6,002	5,474
Net cash from operating activities	46,588	85,778

Note 8 – Receivables

	2022 $'000	2021 $'000
Current		
Trade debtors	127,975	108,764
Less: Allowance for impairment loss on trade receivables (a)	(144)	(86)
	127,831	108,678
Derivative assets (b)	58	338
Prepayments and other receivables	5,237	2,245
Lara land sale deferred consideration receivable	–	2,300
	133,126	113,561
Non-current		
Prepayments	–	96
Lara land sale deferred consideration receivable	–	1,350
	–	1,446

Trade receivables

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

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

(a) Movement in the allowance for impairment loss:

	2022 $'000	2021 $'000
Balance brought forward at 1 July	**86**	118
Provision raised during the year	**81**	52
Receivables written off during the year	**(23)**	(84)
Balance carried forward at 30 June	**144**	86

As at 30 June 2022, a provision for impairment loss of $143,671 (2021: $86,026) was raised against trade receivables. This is considered to be adequate provision against the balance of any overdue receivables to the extent they are not covered by collateral and/or credit insurance. Based on historic default rates and having regard to the ageing analysis referred to immediately below, the Group believes that, apart from those trade receivables that have been impaired, no further impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days, as receivables relate to customers that have a good payment record with the Group.

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

Concentration of risk

Within the trade debtors ledger at 30 June 2022, the top five customer balances represent 43% (2021: 39%) of the total, and the top 20 represent 70% (2021: 69%).

Ageing analysis

At 30 June 2022, the age profile of trade receivables that were past due amounted to $4.3m (2021: $4.6m) as shown in the following table.

The ageing analysis of trade receivables is shown as follows:	2022 $'000	2021 $'000
Past due by 1–30 days	**3,037**	3,738
Past due by 31–60 days	**700**	457
Past due by 61–90 days	**220**	239
Past due by greater than 90 days	**340**	130
	4,297	4,564

(b) Derivative assets

Represents the fair value of the mark to market unrealised gain on forward futures contracts used to hedge the fair value risk associated with the purchase of raw materials (Note 32(v)(b)).

Note 9 – Inventories

		2022 $'000	2021 $'000
Current			
Raw materials	– at cost	**71,308**	41,756
Finished goods	– at cost	**29,605**	31,909
	– at net realisable value	**16,218**	8,282
		117,132	81,947

Inventory included in cost of goods sold equals $949.5m for FY22 (FY21 $848.7m). Included in this number are write-downs of inventories to net realisable value of $0.6m (2021: $0.2m).

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

Note 10 – Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

	2022 $'000	2021 $'000
Westbury extrusion plant	**–**	45,278
Murray Bridge, Bendigo and Mooroopna sites	**–**	800
Assets held for sale	**–**	46,078

The Westbury extrusion plant was subject to a sale agreement that became unconditional on 9 July 2021, and was reclassified as a current asset held for sale as at 30 June 2021 at its carrying value of $45.3m. The sale was completed on 2 August 2021 and a pre-tax profit of $6.0m reported as an Individually Significant Item (Note 5(d)).

The former feedmills at Murray Bridge, Bendigo and Mooroopna, which had a net carrying value of $0.8m as at 30 June 2021, were sold in FY22 for gross proceeds of $5.0m and a pre-tax aggregate gain on sale of $6.2m, including the reversal in full of the unutilised balance of the prior year restructuring provision of $2.1m, which has been reported as an Individually Significant item (Note 5(d)).

Note 11 – Property, plant and equipment

2022 in $'000	Land and buildings	Plant and equipment	Capital work in progress	Right of use assets	Total
Cost at 1 July 2021	**85,338**	**313,341**	**13,973**	**22,871**	**435,523**
Accumulated depreciation	**(13,326)**	**(167,768)**	**–**	**(9,627)**	**(190,721)**
Carrying amount at 1 July 2021	**72,012**	**145,573**	**13,973**	**13,244**	**244,802**
Additions	**185**	**15**	**23,746**	**3,251**	**27,197**
Transfers	**281**	**6,261**	**(6,542)**	**–**	**–**
Other lease movements	**–**	**–**	**–**	**(154)**	**(154)**
Disposals	**–**	**–**	**–**	**–**	**–**
Depreciation	**(2,098)**	**(18,220)**	**–**	**(4,624)**	**(24,942)**
Carrying amount at 30 June 2022	**70,380**	**133,629**	**31,177**	**11,717**	**246,902**
At 30 June 2022					
Cost	**85,804**	**319,617**	**31,177**	**25,968**	**462,566**
Accumulated depreciation	**(15,424)**	**(186,988)**	**–**	**(14,251)**	**(215,663)**
Carrying amount at 30 June 2022	**70,380**	**133,629**	**31,177**	**11,717**	**246,902**

2021 in $'000	Land and buildings	Plant and equipment	Capital work in progress	Right of use assets	Total
Cost at 1 July 2020	100,835	356,068	12,315	13,699	482,917
Accumulated depreciation	(13,031)	(171,882)	–	(4,871)	(189,784)
Carrying amount at 1 July 2020	87,804	184,186	12,315	8,828	293,133
Additions	–	–	19,495	9,286	28,781
Transfers	3,022	14,815	(17,837)	–	–
Reversals of impairment	335	15	–	–	350
Other lease movements	–	–	–	(114)	(114)
Disposals	(1,472)	(1,711)	–	–	(3,183)
Reclassification to current assets held for sale	(15,129)	(30,949)	–	–	(46,078)
Depreciation	(2,548)	(20,783)	–	(4,756)	(28,087)
Carrying amount at 30 June 2021	72,012	145,573	13,973	13,244	244,802
At 30 June 2021					
Cost	85,338	313,341	13,973	22,871	435,523
Accumulated depreciation	(13,326)	(167,768)	–	(9,627)	(190,721)
Carrying amount at 30 June 2021	72,012	145,573	13,973	13,244	244,802

Property, plant and equipment

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

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

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

Note 12 – Intangible assets

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

2021 in $'000	Software	Goodwill	Contracts	Assets under development	Total
Carrying amount at 1 July 2020	2,684	68,950	382	2,985	75,001
Additions	30	–	2,000	1,097	3,127
Disposals	–	–	–	–	–
Amortisation charge	(1,302)	–	(694)[1]	(240)	(2,236)
Carrying amount at 30 June 2021	1,412	68,950	1,688	3,842	75,892
At 30 June 2021					
Cost	18,095	69,903	2,685	4,347	95,030
Accumulated amortisation and impairment	(16,683)	(953)	(997)	(505)	(19,138)
Carrying amount at 30 June 2021	1,412	68,950	1,688	3,842	75,892

1. Reflected in profit and loss as a reduction in revenue rather than amortisation charge.

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

Intangible assets

(i) Software

Capitalised intangible software, excluding Software-as-a-Service (Note 32(xi)), has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The cost of system development, including purchased software, is capitalised and amortised over the estimated useful life, being three to eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

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

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

$56.6m (2021: $56.6m) of goodwill has been recognised in the Packaged Feeds and Ingredients Cash Generating Unit (**CGU**), while the balance has been accumulated from a combination of other CGUs over many years as summarised below:

	2022 $'000	2021 $'000
Packaged Feeds and Ingredients	**56,616**	56,616
Bulk Stockfeed	**12,334**	12,334
Total goodwill	**68,950**	68,950

(iii) Contracts

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

(iv) Assets under development

Assets under development as at 30 June 2022 comprised the cumulative value of the five-year Novacq™ alliance with CSIRO under which the Group contributed $1.0m per annum and CSIRO an equivalent value in kind. In June 2022, Ridley and CSIRO agreed to extend the relationship for a further one year without any additional cost to Ridley.

Research and development expenditure

Research and development (**R&D**) expenditure of $10,738,703 has been incurred in the current year (2021: $17,166,452), which is expected to be included as eligible R&D in the R&D tax incentive schedule for FY22. Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Comprehensive Income as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends, and has sufficient resources, to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses as part of either intangibles or property, plant and equipment.

Amortisation

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

Impairment of non-financial assets

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

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

Impairment testing

The recoverable amount of a CGU is initially assessed using value-in-use calculations. The following assumptions have been used in the preparation of the cash flow projections and analyses to undertake impairment testing, and have been applied to each CGU unless otherwise stated.

(i) Cash flow projections are based on the Board-approved FY23 budget, with the projections for the subsequent four years based on either (a) specific forecasts; or (b) projected using a constant growth rate. A terminal value is also included in the calculation of the value in use.

(ii) Forecast growth rates are based on management's expectations of future performances for the respective CGUs having regard to industry growth rates and factors specific to the Group. Excluding the Extrusion and Novacq™ CGUs (forming part of Packaged Feeds and Ingredients), the Group applied a constant growth rate of 2% (FY21: 2%) to the period beyond FY23, and also adopted a growth rate of 2% (FY21: 2%) in the calculation of the terminal value. Growth rates for Extrusion and Novacq™ vary for each year in the forecast period, with Extrusion influenced by factors such as the improvement in production efficiency at Narangba, and Novacq™ by the expansion of commercial production of, and into international markets for, Novacq™. A terminal growth rate of 2% (FY21: 2%) has been applied to both the Extrusion and Novacq™ CGUs.

(iii) Discount rates used are the weighted average cost of capital for the Group, adjusted as appropriate for the specific CGU. The post-tax discount rate applied to forecast cash flows was 8.0% (2021: 8.0%) except for the Novacq™ CGU, where 10% was adopted to reflect the stage of its commercial lifecycle.

Note 12 – Intangible assets continued

Impairments during the year

There have been no impairments raised in either FY22 or FY21.

Impact of possible changes in key assumptions

A 0.5 percentage point increase in the discount rate or a 0.5 percentage point reduction in the terminal growth rate would not cause the carrying value of any CGU to exceed its recoverable amount. However, the future cash flow projections for Extrusion is reliant on the improvement in production efficiency at Narangba, and the expansion of commercial production of, and volume of sales into international markets for, Novacq™.

Note 13 – Investments accounted for using the equity method

			Ownership interest		Carrying amount	
Name of company	Principal activity	Country of incorporation	2022 %	2021 %	2022 $'000	2021 $'000
Joint venture entities:						
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust[1]	Property realisation	Australia	–	50	–	–

1. The Company and Unit Trust were the corporate structure through which any ultimate development of the Moolap site was to be managed. Given the sale of the investment property at Moolap, which was the subject of the development, the joint venture entities were de-registered during FY22.

Note 14 – Tax assets and liabilities

Current	2022 $'000	2021 $'000
Tax asset	–	–
Tax liability	11,860	5,858
Non-current		
Deferred tax asset	8,155	9,431
Movement in deferred tax asset:		
Opening balance at 1 July	9,431	12,564
(Charged)/Credited to the Consolidated Statement of Comprehensive Income	(1,276)	(3,133)
Closing balance at 30 June	8,155	9,431

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
Consolidated balances	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Intangibles	1,577	1,785	(314)	–	1,263	1,785
Doubtful debts	43	26	(12)	–	31	26
Property, plant and equipment	1,823	2,100	–	–	1,823	2,100
Employee entitlements	4,718	4,633	–	–	4,718	4,633
Provisions	707	928	–	–	707	928
Other	–	–	(388)	(41)	(388)	(41)
Tax assets/(liabilities)	8,869	9,472	(714)	(41)	8,155	9,431

Movement in net deferred tax assets and liabilities

Consolidated movements	Balance 30 June 2020 $'000	Recognised in FY21 profit or loss $'000	Balance 30 June 2021 $'000	Recognised in FY22 profit or loss $'000	Balance 30 June 2022 $'000
Intangibles	372	1,413	1,785	(522)	**1,263**
Doubtful debts	36	(10)	26	5	**31**
Property, plant and equipment	5,676	(3,576)	2,100	(277)	**1,823**
Employee entitlements	4,869	(236)	4,633	85	**4,718**
Provisions	862	66	928	(221)	**707**
Other	749	(790)	(41)	(347)	**(388)**
Tax assets/(liabilities)	12,564	(3,133)	9,431	(1,276)	**8,155**

Income tax

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

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

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

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

Note 15 – Payables

	2022 $'000	2021 $'000
Current		
Trade creditors and accruals	**152,209**	115,491
Other financial liability – trade payables facility	**49,997**	50,000
Lease liabilities	**4,420**	4,261
	206,626	169,752
Non-current		
Lease liabilities	**7,374**	9,262

Trade Payables Facility

The Group has a trade payable facility that is an unsecured funding arrangement for the purposes of funding trade related payments associated with the purchase of various raw materials from approved suppliers. Trade bills of exchange are paid by the facility direct to the importer and the Group pays the facility on 180-day terms within an overall facility limit of $50,000,000 (2021: $50,000,000). The amount utilised and recorded within trade creditors at 30 June 2022 was $49,996,948 (2021: $50,000,000).

Note 16 – Provisions

	2022 $'000	2021 $'000
Current		
Provision for restructuring	–	2,449
Employee entitlements	**15,112**	14,870
	15,112	17,319
Non-current		
Employee entitlements	**364**	325

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Provision for restructuring

The provision for restructuring comprised all of the estimated costs of employee termination benefits, asset relocation, site closure, demolition, remediation and preparation for divestment with regard to the Murray Bridge, Bendigo and Mooroopna former feedmills. Following the sale of all three sites in FY22, the unutilised balance of the provision of $2.0m was written back to the overall gain on sale reported as an Individually Significant Item in Note 5(d).

(ii) Provision for employee entitlements

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

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

Superannuation

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

Note 17 – Borrowings

	2022 $'000	2021 $'000
Non-current		
Bank loans (unsecured)	**50,000**	123,000

Total loan facilities available to the Group

		2022		2021	
All in AUD$'000		**Limits**	**Utilised**	**Limits**	**Utilised**
Long-Term Loan Facility	(a)	**100,000**	**20,000**	150,000	93,000
Trade Receivables Facility	(b)	**30,000**	**30,000**	30,000	30,000
		130,000	**50,000**	180,000	123,000

(a) Long-Term Loan Facility

On 30 June 2021, the Group executed a reduction in the value of its Long-Term Loan Facility (**Facility**) with ANZ and Westpac from $200m to $150m, with a further reduction executed in December 2021 from $150m to $100m. The Facility term remains with an expiry date of May 2024, while the available funding facility continues to be split equally between the two financiers. The Facility comprises unsecured bank loans with floating interest rates subject to bank covenant arrangements in respect of a Leverage Cover Ratio, Interest Cover Ratio, Gearing Ratio and Consolidated Net Worth. The Group is in compliance with all Facility covenants and reports as such to the two financiers on a six-monthly basis coinciding with the release of the half year and full year financial reports.

(b) Trade Receivables Facility

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

Offsetting of financial instruments

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

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

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

As at 30 June 2022, the value of legally enforceable cash balances, which upon default or bankruptcy would be applied to the loan facility, is $27.1m (2021: $39.9m).

Note 18 – Share capital

	Parent entity	
Fully paid up capital:	**2022 $'000**	**2021 $'000**
319,494,975 ordinary shares with no par value (2021: 319,494,975)	**225,114**	225,114

There were no movements in issued share capital in FY22.

Ordinary shares

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

Capital risk management

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

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

	2022 $'000	2021 $'000
Gross debt	**50,000**	123,000
Less: cash	**(27,078)**	(39,904)
Net debt	**22,922**	83,096
Total equity	**316,029**	287,545
Gearing ratio	**7.3%**	28.9%

Note 19 – Reserves and retained earnings

Reserves	**2022 $'000**	**2021 $'000**
Share-based payments reserve		
Opening balance at 1 July	**1,706**	1,843
Options and performance rights expense	**3,540**	1,639
Share-based payment transactions	**(232)**	(120)
Transfer to retained earnings	**(1,868)**	(1,656)
Closing balance at 30 June	**3,146**	1,706

The share-based payments reserve is used to recognise the fair value of performance rights and options issued to employees in relation to equity-settled share-based payments.

Retained earnings	**2022 $'000**	**2021 $'000**
Opening balance at 1 July	**60,725**	34,173
Net profit for the year	**42,430**	24,896
Dividends paid	**(17,253)**	–
Share-based payments reserve transfer	**1,868**	1,656
Closing balance at 30 June	**87,769**	60,725

Note 20 – Investment in controlled entities

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

Name of entity	Country of incorporation	Class of shares	Ownership interest 2022	Ownership interest 2021
Ridley AgriProducts Pty Ltd and its controlled entity:	Australia	Ordinary	100%	100%
CSF Proteins Pty Ltd	Australia	Ordinary	100%	100%
Barastoc Stockfeeds Pty Ltd	Australia	Ordinary	100%	100%
Ridley Corporation (Thailand) Co., Ltd	Thailand	Ordinary	100%	100%
Ridley Corporation Ecuador S.A.	Ecuador	Ordinary	100%	100%
Ridley Corporation (India) Private Limited	India	Ordinary	100%	100%
Pen Ngern Feed Mill Co., Ltd. (PNFM)	Thailand	Ordinary	100%	100%
RCL Retirement Pty Limited	Australia	Ordinary	100%	100%
Ridley Land Corporation Pty Ltd[1] and its controlled entities:	Australia	Ordinary	100%	100%
Lara Land Development Corporation Pty Ltd	Australia	Ordinary	100%	100%
Moolap Land Development Corporation Pty Ltd	Australia	Ordinary	100%	100%

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

Note 21 – Parent entity

As at 30 June 2022 and throughout the financial year ending on that date, the parent company of the Group was Ridley Corporation Limited.

	2022 $'000	2021 $'000
Result of the parent entity		
Loss for the year	(6,942)	(9,492)
Comprehensive income for the year	–	–
Total comprehensive loss for the year	(6,942)	(9,492)
Financial position of the parent entity at year end		
Current assets	2,350	3,358
Non-current assets	256,440	345,881
Total assets	258,790	349,239
Current liabilities	13,073	9,999
Non-current liabilities	50,364	123,000
Total liabilities	63,437	132,999
Net assets	195,353	216,240
Share capital	225,114	225,114
Share-based payment reserve	3,144	1,706
Profit reserve	25,000	–
Retained earnings	(57,906)	(10,580)
Total equity	195,353	216,240

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees the debts of certain of its subsidiaries that are party to the deed. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 22.

Note 22 – Deed of Cross Guarantee

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

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

(a) Consolidated Statement of Comprehensive Income

	2022 $'000	2021 $'000
Revenue from continuing operations	**1,043,672**	924,417
Cost of sales	**(945,355)**	(844,222)
Gross profit	**98,317**	80,195
Finance income	**–**	21
Other income	**13,045**	4,916
Expenses from continuing operations:		
Selling and distribution	**(13,632)**	(14,090)
General and administrative	**(35,720)**	(33,513)
Finance costs	**(2,849)**	(4,530)
Profit before income tax	**59,161**	33,001
Income tax expense	**(17,636)**	(9,025)
Profit after income tax	**41,525**	23,976
Other comprehensive income	**–**	–
Total comprehensive income for the year	**41,525**	23,976

(b) Summary of movements in retained profits

	2022 $'000	2021 $'000
Opening balance at 1 July	**65,590**	39,958
Comprehensive income for the year	**41,525**	23,976
Dividends paid	**(17,253)**	–
Share-based payment reserve net transfer	**(327)**	1,656
Closing balance at 30 June	**89,535**	65,590

(c) Balance sheet

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	26,349	38,351
Receivables	130,039	111,261
Inventories	115,114	82,687
Assets held for sale	–	46,078
Total current assets	271,503	278,377
Non-current assets		
Receivables	9,372	21,146
Property, plant and equipment	222,976	219,733
Intangible assets	74,972	75,892
Investments	20,409	12, 979
Deferred tax asset	8,155	9,429
Total non-current assets	335,884	339,179
Total assets	607,387	617,556
Current liabilities		
Payables	204,860	169,226
Provisions	15,112	17,319
Tax liability	11,860	6,014
Total current liabilities	231,832	192,559
Non-current liabilities		
Borrowings	7,395	123,000
Payables	50,000	9,262
Provisions	364	325
Total non-current liabilities	57,759	132,587
Total liabilities	289,591	325,146
Net assets	317,795	292,410
Equity		
Share capital	225,114	225,114
Reserves	3,146	1,706
Retained earnings	89,535	65,590
Total equity	317,795	292,410

Note 23 – Related party disclosures

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

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

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in Note 25.

Key Management Personnel compensation

	2022 $	2021 $
Short-term employee benefits	**3,047,351**	2,710,828
Post-employment benefits	**192,105**	168,803
Short-term incentive remuneration	**1,244,235**	1,086,250
Other benefits	**1,822**	–
Share-based payments accrual	**798,728**	685,690
Share-based payments reversal	**(247,000)**	–
Total Key Management Personnel compensation	**5,037,241**	4,651,571

Note 24 – Share-based payments

Share-based payment expense	2022 $'000	2021 $'000
Shares issued under the employee share scheme	**334**	340
Performance rights issued under the Ridley long-term incentive plan	**3,206**	1,299
Total share-based payment expense	**3,540**	1,639

Share-based payment arrangements

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

Ridley Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan was developed specifically to retain and motivate key executives. Under the Special Retention Plan, selected executives and the Managing Director may be offered a number of performance rights (**SRP Rights**). There were no SRP Rights issued or on issue in FY22 or FY21.

Ridley Corporation Long Term Incentive Plan

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

Current year issues under the Ridley Corporation Long Term Incentive Plan

For FY20, FY21 and FY22, there are two performance measures, namely Return on Funds Employed (**ROFE**) and Absolute Total Shareholder Return (**TSR**).

The number of Rights issued to each participant in FY22 is divided equally into two tranches, Tranche A and Tranche B. The performance measure for Tranche A Rights issued in FY22 is the ROFE hurdle as applied to all three years of the performance period (FY20 and FY21: year three of the performance period only). The Absolute TSR is the performance hurdle for Tranche B Rights as applied across the entire three-year performance period (FY20 and FY21: also the full three years). The testing of each tranche is independent of the other tranche, such that one tranche could hypothetically result in 100% vesting while the other could result in 100% forfeiture, or any combination thereof.

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

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

	2022	2021	2020
Grant date	**1 July 2021**	1 July 2020	1 Sept 2019
Expiry date	**30 June 2024**	30 June 2023	30 June 2022
Share price at grant date	**$1.15**	$0.75	$1.08
Fair value at grant date: Tranche A/Tranche B	**$1.04[1]/$0.31**	$0.67[1]/$0.22	$0.96[1]/$0.25
Expected price volatility of the Company's shares	**25.0%**	25.3%	22.5%
Expected dividend yield	**5.00 cps**	3.50 cps	4.25cps
Risk-free interest rate being the Commonwealth Government Bond rate at the date of grant	**0.195%**	0.27%	0.68%

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

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

Note 24 – Share-based payments continued

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

2022

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

1. The performance targets for this tranche of Performance Rights were not met and consequently all of these Rights were forfeited on 1 July 2021.
2. The performance targets for this tranche of Performance Rights were met to 100% and consequently all of these Rights vested to be converted into ordinary shares in FY23.

2021

Grant date	Expiry date	Balance at 1 July 2020	Granted during the year	Cancelled during the year	Vested during the year	Balance at 30 June 2021
Long Term Incentive Plan						
1 July 2017	30 Jun 2020[1]	2,225,000	–	(2,225,000)	–	–
1 July 2018	30 Jun 2021	2,400,000	–	(50,000)	–	2,350,000
1 Sept 2019	30 Jun 2022	3,646,106	–	(92,715)	–	3,553,391
1 July 2020	30 Jun 2023	–	5,986,459	(64,575)	–	5,921,884
		8,271,106	5,986,459	(2,432,290)	–	11,825,275

1. The performance targets for this tranche of Performance Rights were not met and consequently all of these Rights were forfeited on 1 July 2020.

Ridley Employee Share Scheme (ESS)

At the 1999 Annual General Meeting, shareholders approved the introduction of the Ridley ESS. Under the ESS, shares are offered to permanent Australian employees who are not participants in the STI program and who have a minimum of 12 months' service as at the date of offer. Ridley shares are offered at a discount of up to 50% with the maximum discount per employee limited to $1,000 annually in accordance with relevant Australian taxation legislation. The amount of the discount and number of shares allocated are at the discretion of the Board. The purpose of the ESS is to align employee and shareholder interests.

Shares issued to employees under the ESS vest immediately on grant date. Employees can elect to receive an interest-free loan to fund the purchase of the shares. Dividends on the shares are allocated against the balance of any loan outstanding. The shares issued are accounted for as 'in-substance' options, which vest immediately. The fair value of these 'in-substance' options is recognised as an employee benefit expense with a corresponding increase in equity. The fair value at grant date is independently determined using a binomial option pricing model.

There were 426,618 shares awarded under the ESS in FY22 (FY21: 831,390). The fair value at grant date of the options issued in FY22 through the ESS was measured based on the binomial option pricing model using the following inputs:

	2021	2020
Grant date	**30 Sept 2021**	1 Sept 2020
Restricted life	**3 years**	3 years
Share price at grant date	**$1.34**	$0.77
Fair value at grant date	**$0.78**	$0.41
Expected price volatility of the Company's shares	**25.0%**	25.1%
Expected dividend yield per annum in cents per share (**cps**)	**6.0 cps**	4.0 cps
Risk-free interest rate being the Commonwealth Government Bond rate at the date of grant	**1.445%**	0.97%

Ridley ESS loan movements

2022 Number of shares

Grant date	Date shares become unrestricted	Weighted average exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Balance at end of the year	Exercisable at end of the year
30 April 2010	30 April 2013	$0.61	112,332	-	(24,420)	87,912	87,912
30 April 2011	30 April 2014	$0.66	99,528	-	(21,112)	78,416	78,416
30 April 2012	30 April 2015	$0.61	127,358	-	(24,810)	102,548	102,548
26 April 2013	26 April 2016	$0.41	299,013	-	(58,344)	240,669	240,669
23 May 2014	23 May 2017	$0.48	353,130	-	(73,470)	279,660	279,660
31 May 2015	31 May 2018	$0.66	319,157	-	(67,754)	251,403	251,403
20 May 2016	20 May 2019	$0.85	344,607	-	(78,387)	266,220	266,220
19 May 2017	19 May 2020	$0.84	382,260	-	(94,180)	288,080	288,080
31 May 2018	31 May 2021	$0.84	461,290	-	(113,200)	348,090	348,090
21 June 2019	21 June 2022	$0.64	524,117	-	(82,150)	441,967	441,967
1 Sept 2020	1 Sept 2023	$0.41	779,590	-	(111,370)	668,220	-
1 Sept 2021	1 Sept 2024	$0.78	-	426,618	(40,482)	386,136	-
			3,802,382	426,618	(789,679)	3,439,321	2,384,965
Weighted average exercise price			$0.62	$0.78	$0.66	$0.64	$0.68

The 'Exercisable at end of the year' column in the above table and following table reflects the fact that the options outstanding have a weighted average contractual life of three years.

2021 Number of shares

Grant date	Date shares become unrestricted	Weighted average exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Balance at end of the year	Exercisable at end of the year
30 April 2010	30 April 2013	$0.61	118,844	-	(6,512)	112,332	112,332
30 April 2011	30 April 2014	$0.66	110,084	-	(10,556)	99,528	99,528
30 April 2012	30 April 2015	$0.61	140,590	-	(13,232)	127,358	127,358
26 April 2013	26 April 2016	$0.41	325,754	-	(26,741)	299,013	299,013
23 May 2014	23 May 2017	$0.48	388,680	-	(35,550)	353,130	353,130
31 May 2015	31 May 2018	$0.66	354,817	-	(35,660)	319,157	319,157
20 May 2016	20 May 2019	$0.85	383,061	-	(38,454)	344,607	344,607
19 May 2017	19 May 2020	$0.84	422,425	-	(40,165)	382,260	382,260
31 May 2018	31 May 2021	$0.84	499,495	-	(38,205)	461,290	461,290
21 June 2019	21 June 2022	$0.64	576,693	-	(52,576)	524,117	-
1 Sept 2020	1 Sept 2023	$0.41	-	831,390	(51,800)	779,590	-
			3,320,443	831,390	(349,451)	3,802,382	2,498,675
Weighted average exercise price			$0.62	$0.78	$0.66	$0.64	$0.68

Note 25 – Retirement benefit obligations

Superannuation

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

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

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

Benefits are based on an accumulation of defined contributions. The amount of contribution expense recognised in the Consolidated Statement of Comprehensive Income for the year is $5,538,222 (2021: $5,578,448).

Note 26 – Financial risk management

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

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

(a) Foreign exchange risk

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

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

Foreign currency

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

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

	2022				2021			
$'000 Australian	**USD**	**NZD**	**EUR**	**THB**	**USD**	**NZD**	**EUR**	**THB**
Cash	**291**	**554**	**8**	**724**	1,375	385	12	1,548
Assets	**–**	**–**	**–**	**27,099**	–	–	–	25,067
Net balance sheet exposure	**291**	**554**	**8**	**27,823**	1,375	385	12	26,615

Foreign currency sensitivity

A change of a 10% strengthening or weakening in the closing exchange rate of the foreign currency bank balances at the reporting date for the financial year would have decreased by $136,367 (2021: $301,867) or increased by $175,954 (2021: $368,949) the Group's reported comprehensive income and the Group's equity. A sensitivity of 10% has been selected as this is considered reasonable, taking into account the current level of exchange rates and volatility observed both on a historical basis and on market expectations for future movements. The Directors cannot and do not seek to predict movements in exchange rates.

(b) Commodity risk

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

(c) Interest rate risk

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

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to ensure that the interest cover ratio does not fall below the ratio limit set by the Group's financial risk management policy. At balance date, bank borrowings of the Group were incurring an average variable interest rate of 2.68% (2021: 2.606%).

Interest rate risk exposures

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

In $'000	**Interest rate**	**2022**	**Interest rate**	**2021**
Variable rate instruments				
Cash	**–**	**27,078**	–	39,904
Bank loans	**2.68%**	**50,000**	2.60%	123,000

Interest rate sensitivity

A 100 basis point change in interest rates at the reporting date annualised for the financial year would have increased or decreased the Group's reported comprehensive income and equity (i.e. after income tax) by $0.4m (2021: $0.9m).

Note 26 – Financial risk management continued

(d) Credit risk

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

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

	2022 $'000	2021 $'000
Trade receivables	127,732	108,678
Other receivables	–	3,650
Cash and cash equivalents	27,078	39,904
	154,810	152,232

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

(e) Liquidity risk

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

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

Details of finance facilities are set out in Note 17.

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

2022 in $'000

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

2021 in $'000

	Carrying amount	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	> 4 years	Total contractual cash flows
Non-derivative financial liabilities							
Trade and other payables	165,491	165,491	–	–	–	–	165,491
Lease liabilities	13,523	4,261	3,575	2,489	1,901	1,297	13,523
Bank loans	123,000	2,163	31,927	1,785	93,876	–	129,751
	302,014	171,915	35,502	4,274	95,777	1,297	308,765

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

(f) Financial instruments

Non-derivative financial assets

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

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

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Consolidated Statement of Comprehensive Income. Refer Note 32.

(g) Fair values

Fair values versus carrying amounts

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

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

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

Note 27 – Leases

While the majority of the Group's operations are conducted on sites owned by the Group, the Group leases certain sites and warehouses on long-term lease periods of up to 10 years in duration, preferably with options for Ridley to renew in order to provide operational flexibility. Each lease is negotiated in the context of market conditions and unique terms and conditions as offered by the individual lessor.

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

(i) Right-of-use assets – in $'000

2022 in $'000

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

2021 in $'000

	Property	Motor vehicles	Plant	Total
Balance as at 1 July 2020	4,485	1,119	3,224	8,828
Additions to right-of-use assets	7,666	456	1,164	9,286
Execution of extension option	–	44	7	51
Cancellation of leases	–	–	(165)	(165)
Depreciation	(2,588)	(913)	(1,255)	(4,756)
Balance as at 30 June 2021	9,563	706	2,975	13,244

(ii) Lease liabilities – in $'000

2022 in $'000

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

2021 in $'000

	Property	Motor vehicles	Plant	Total
Balance as at 1 July 2020	(4,629)	(1,119)	(3,261)	(9,009)
Additions to lease liability	(7,666)	(456)	(1,164)	(9,286)
Execution of extension option	–	(44)	(7)	(51)
Cancellation of leases	–	–	165	165
Accretion of interest	(221)	(34)	(138)	(393)
Payments	2,718	970	1,363	5,050
Balance as at 30 June 2021	(9,797)	(684)	(3,042)	(13,523)
Current	2,778	545	938	4,261
Non-current	7,019	139	2,104	9,262
	9,797	684	3,042	13,523

(iii) Extension options

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

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

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

The financial impact of lease accounting on profit or loss was $5.1m (2021: $5.1m), comprising interest and amortisation (refer Note 5(b) and Note 11). The total cash outflows for leases in the year was $5.3m (2021: $5.0m).

Note 28 – Commitments for expenditure

	2022 $'000	2021 $'000
Expenditure contracted for but not recognised as liabilities:		
Capital plant and equipment (a)	**18,147**	7,244
CSIRO Novacq™ Research Alliance (b)	**–**	750
	18,147	7,994

(a) Capital plant and equipment

At 30 June 2022 there were $18.1m (2021: $7.2m) of capital plant and equipment commitments in place in respects of capital projects.

(b) CSIRO Novacq™ Research Alliance

On 24 March 2017, a five-year strategic alliance was executed with CSIRO to collaborate in order to maximise the development of new Novacq™ applications beyond the former application for prawn and crustacean species. Ridley's annual cash commitment to the alliance was $1 million, and in June 2022, at the end of the term, Ridley and CSIRO agreed to extend the relationship for a further one year without any additional cost to Ridley.

Note 29 – Contingent liabilities

Guarantees

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

	2022 $'000	2021 $'000
Bank guarantees	**971**	971

Litigation

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

Note 30 – Events occurring after the balance sheet date

There were no matters or circumstances that have arisen since 30 June 2022 that have significantly affected, or may significantly affect:

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

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

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

Note 31 – Auditor's remuneration

	2022 $	2021 $
(a) Audit and review of financial reports		
Auditor of the Company – KPMG Australia	**424,878**	339,750
(b) Other services		
Auditor of the Company – KPMG Australia – in relation to taxation and other services	**165,677**	85,931
Total remuneration of auditor	**590,555**	425,681

Note 32 – Corporate information and accounting policy summary

Ridley Corporation Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia, whose registered office is at level 4, 565 Bourke Street, Melbourne, Victoria, 3000, and whose shares are publicly traded on the Australian Securities Exchange (**ASX**). The consolidated financial statements as at, and for the year ended, 30 June 2022 comprise Ridley Corporation Limited, the 'parent entity' and its subsidiaries. Ridley Corporation Limited and its subsidiaries together are referred to in this financial report as 'the Group'. The Group is a 'for-profit' entity and is primarily involved in the manufacture of animal nutrition solutions.

The financial report was authorised for issue by the Directors on 18 August 2022 and is presented in Australian dollars, being the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

Basis of preparation

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

(i) Statement of compliance

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

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

(ii) AASB 16 Leases

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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

Note 32 – Corporate information and accounting policy summary continued

Basis of preparation continued

(ii) AASB 16 Leases continued

(a) As a lessee

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

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

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

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

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

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

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

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

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

(b) As a lessor

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

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

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

(d) Use of lease estimates and judgements

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

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

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

- *Estimating the incremental borrowing rate*

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

Where leases are held in non-Australian dollar currencies, the spot exchange rates on 1 July 2022 have been used to value them. Lease liabilities will be revalued to spot exchange rates at each future balance sheet date.

(iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis (unless otherwise stated) except for the following item in the balance sheet:

- cash-settled share-based payment arrangements, which are measured at fair value.

(iv) Use of estimates and judgements

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

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

(a) Estimated recoverable amount of goodwill and other non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (Cash Generating Units, or CGUs). Refer to Note 12 for further details on impairment testing.

(b) Estimated Research and Development costs and tax provisions

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

(c) Provision for ECL on receivables

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

(d) Determining timing of satisfaction of performance obligations

The Group generally has one performance obligation, and consequently revenue from the sale of feed is recognised at a point in time. Refer to Note 4 for further details on revenue recognition.

Note 32 – Corporate information and accounting policy summary continued

Basis of preparation continued

(v) Determination of fair values

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

(a) Non-derivative financial assets and liabilities

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

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

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

(b) Non-derivative financial assets and liabilities

The forward futures contracts and the committed purchases in place at balance sheet date have been revalued at 30 June 2022. The hedge is classified as a fair value hedge of a firm commitment per IFRS 9/39. Both the derivative and the commitment have been revalued at 30 June 2022 and recognised on balance sheet at their fair value. The difference between the two revaluations represents the 'ineffectiveness' in the hedge relationship and gives rise to a mark to market gain (or loss) and is recognised in profit or loss.

As at 30 June 2022, the Group had two (2021: seven) forward futures contracts in the form of swaps in Australian dollar currency with a mark to market gain of $1,137,212 (2021: $133,060).

(c) Derivative financial instruments

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

(vi) Basis of consolidation – Business combinations

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

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

(vii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

(viii) Interests in equity-accounted investees
Associates are those entities where the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net amounts of the arrangement, rather than rights to its assets and obligations for liabilities. Investments in associates and joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates and joint venture entities includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' and joint venture entities' post-acquisition profits or losses is recognised in the Consolidated Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable reduce the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint venture entities are eliminated to the extent of the Group's interests in the associates and joint venture entities. Accounting policies of associates and joint venture entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(xi) Intangible assets and Software-as-a-Service arrangements
In April 2021, the International Financial Reporting Standards Interpretations Committee (**IFRIC**) issued a final agenda decision that impacts Software-as-a-Service (**SaaS**) arrangements: *Configuration or customisation costs in a cloud computing arrangement*. This decision discusses whether configuration or customisation expenditure relating SaaS arrangements can be recognised as an intangible asset, and if not, over what time period the expenditure is expensed.

The Group's accounting policy was traditionally to capitalise all costs related to SaaS arrangements as capital work in progress in the Statement of Financial Position. The adoption of the IFRIC decisions resulted in a change in accounting policy in FY21, giving rise to a reclassification in FY21 of the pre-tax costs that were previously capitalised as a Statement of Financial Position asset to an expense in the Statement of Comprehensive Income. The tax effect was a further adjustment.

The financial impact of the change in accounting policy on both FY22 and FY21 reported results is disclosed as an Individually Significant Item in Note 5(d) to the accounts.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Ridley Corporation Limited (the **Company**):
   (a) The consolidated financial statements and notes set out on pages 39 to 79 and the Remuneration Report are in accordance with the *Corporations Act 2001*, including:
      (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and
      (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the financial year ended on that date.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. In the opinion of the Directors, as at the date of this declaration there are reasonable grounds to believe the members of the Extended Closed Group identified in Note 22 will be able to meet any obligations or liabilities to which they are or may be become subject, by virtue of the Deed of Cross Guarantee, between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.
4. The consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 32.

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

Mick McMahon
Director and Ridley Chair

Quinton L Hildebrand
CEO and Managing Director

Melbourne
18 August 2022

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

To the shareholders of Ridley Corporation Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2022;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

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

- Carrying value of non-current assets, including goodwill; and
- Accounting for inventory, including consideration of valuation risks.

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

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

KPMG

Carrying value of non-current assets including goodwill ($321m)	
Refer to Note 11 *Property, plant and equipment* and Note 12 *Intangible assets* to the financial report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of non-current assets, including goodwill, for impairment due to: • the size of the non-current assets balance (which represents 53% of the total assets); and • complexity in auditing the assumptions applied to the Group's discounted cash flow models for each Cash Generating Unit (CGU), given the potential variability in demand from customers operating in the agriculture industry. We focused on the key assumptions the Group applied in preparing the "value in use" cash flow models, including the terminal value growth rates, annual growth rates and discount rates. The Group uses complex models to perform its annual testing for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. For certain CGUs, the Group has not met prior forecasts, raising our concern for the reliability of current forecasts. Complex modelling, particularly those containing highly judgmental allocations of any significant corporate assets and costs to CGUs, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • Testing the key controls over the discounted cash flow models, including inspection of Board approval of key assumptions and budgets, which form the basis of the cash flow forecasts; • Assessing the Group's discounted cash flow models and key assumptions by: - Considering the appropriateness of the value in use methodology applied by the Group to perform the test for impairment against the requirements of the accounting standards. - Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. - Comparing the forecast cash flows contained in the value in use models to the Board approved forecasts. - Assessing the Group's underlying methodology and documentation for the allocation of corporate costs and corporate assets to each CGU, for consistency with our understanding of the business and the criteria in the accounting standards. - Assessing the accuracy of previous Group forecasts to inform our evaluation of current forecasts incorporated in the model. - Challenging the Group's significant forecast cash flow and growth assumptions in light of the potential variability in demand from customers operating in the agriculture industry. We applied increased scepticism to forecasts in the CGU's where previous forecasts were not achieved. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. - Considering the sensitivity of the models by varying key assumptions, such as annual growth rates, cash flows, terminal value growth rate and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

	- Working with our valuation specialists, we:
	  ○ independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; and
	  ○ compared forecast growth rates and terminal value growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations.
	- Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Accounting for inventory, including consideration of valuation risks ($117m)

Refer to Note 9 *Inventories* to the financial report

The key audit matter	How the matter was addressed in our audit
Accounting for inventory is a key audit matter due to the: • size of the inventory balance relative to the Group's financial position (19% of total assets); • Group's diverse and broad product range to different market segments; and • extent of any judgement involved by the Group in determining the net realisable value. Such judgements may have a significant impact on the Group's provision and therefore the overall carrying value of inventories, necessitating additional audit effort. We involved our senior audit team members in assessing this key audit matter.	Our procedures included: • Obtaining an understanding of the Group's key processes for accounting for inventory, including valuation; • Assessing the Group's policies for the valuation of finished goods inventory against the requirements of the accounting standards and our understanding of the business; • Comparing the cost of finished goods on hand to the latest current year selling price (as a proxy for expected selling price of inventory and net realisable value) and resulting gross margin for each product to identify evidence of any negative gross margin products at risk of selling below their recorded value. We compared any negative gross margin products against the Group's inventory provision; • Assessing the integrity of the inventory provision, including the accuracy of the underlying calculations; • Attending stocktakes in significant locations, observing the Group's processes, which included identifying slow moving and potentially obsolete finished goods inventory, performing sample counts ourselves, and comparing count results to the Group's; • Obtaining external confirmations for third party managed locations and comparing the external parties' records of inventory quantity to the Group's; and • Assessing the disclosures in the Group's financial report using our understanding obtained from our testing against the requirements of accounting standards.

Other information

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

The Other Information we obtained prior to the date of this Auditor's Report was the *Financial Review* and the *Director's Report* (including the *Remuneration Report*). The *Introduction, Locations and Sectors, Chairman and CEO's Report, Board of Directors, Shareholder Information* and the *Corporate Directory* are expected to be made available to us after the date of the Auditor's Report.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

KPMG

Report on the audit of the Financial Report

Opinion

In our opinion, the Remuneration Report of Ridley Corporation Limited for the year ended 30 June 2022 complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001.*

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 18 of the Director's report for the year ended 30 June 2022.

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

KPMG

Julie Carey
Partner
Melbourne
18 August 2022

SHAREHOLDER INFORMATION

As at 8 September 2022

	Number of holders	Number of securities	% Held by 20 largest shareholders
Holdings of securities – ordinary shares			
Each fully paid	6,266	319,494,975	77.39%

Distribution of holdings – ordinary shares

Number held	Number of ordinary shareholders	Number of ordinary shares held	Percentage of ordinary shares held
1–1,000	1,307	574,372	0.18
1,001–5,000	2,258	6,510,923	2.04
5,001–10,000	1,067	7,904,072	2.47
10,001–100,000	1,527	40,198,519	12.58
>100,000	107	264,307,089	82.73
Total	**6,266**	**319,494,975**	**100.00**

As at 8 September 2022, there were 503 holders of unmarketable parcels (comprising shareholdings less than 229 shares at $1.355 per share) of ordinary shares.

20 largest fully paid shareholders	Number of ordinary shares	% of fully paid ordinary shares
CITICORP NOMINEES PTY LIMITED	118,251,101	37.01%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,400,827	15.15%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,211,697	8.83%
NATIONAL NOMINEES LIMITED	25,932,599	8.12%
BNP PARIBAS NOMS PTY LTD <DRP>	8,117,485	2.54%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,768,662	1.18%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,106,247	0.66%
MR JAMES FONG SEETO	1,700,000	0.53%
RCL RETIREMENT PTY LTD	1,589,290	0.50%
LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C>	1,550,000	0.49%
MR ROSS MERVYN JOHNS	1,300,000	0.41%
UBS NOMINEES PTY LTD	1,114,191	0.35%
ANGIP NOMINEES PTY LTD <WATTLE SUPERANNUATION A/C>	1,000,000	0.31%
MR RUSSELL LYONS	672,144	0.21%
GARMARAL PTY LTD	657,635	0.21%
BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	618,884	0.19%
MR LYNDEN WAYNE SMITH + MRS JANET GWENDOLEEN SMITH	600,000	0.19%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	576,198	0.18%
RATHVALE PTY LIMITED	564,316	0.18%
MR MICHAEL PETER MCMAHON + MRS AMANDA JANE MCMAHON <M & A MCMAHON SF A/C>	541,750	0.17%
Top 20 ordinary fully paid shareholders	**247,273,026**	**77.39%**
Balance of ordinary fully paid shareholders	**72,221,949**	**22.61%**

Substantial Shareholders – circa 36.9% of issued capital	Holding	% Holding[1]
Insitor Holdings LLC[2] / AGR Partners LLC	60,727,615	19.73
Tattarang Pty Ltd	20,864,186	6.53
Schroder Investment Management Australia Limited	19,888,828	6.23
Dimensional Fund Advisors Group	15,954,589	5.14

1. As per the latest Substantial Shareholder lodged with the ASX.
2. Subsequently changed name to AGR Agricultural Investments LLC.

Directors' holdings

On 8 September 2022, the Directors of Ridley Corporation Limited had an interest in the following shares and performance rights of the Company.

	Fully paid ordinary shares	Ridley performance rights
MP McMahon	541,750	-
QL Hildebrand[1]	323,323	3,639,855
PM Mann	99,044	-
RJ van Barneveld	83,053	-
E Knudsen	703,286	-
DJ Lord	134,275	-
R Jones	115,000	-
J Raffe	25,906	-
	2,025,637	3,639,855

1. The Board has approved the offer of 716,905 Ridley Performance Rights to Mr Hildebrand subject to shareholder approval at the 24 November 2022 Annual General Meeting of the Company.

Voting rights

As at 8 September 2022, the number of holders of Fully Paid Ordinary Shares with full voting rights was 6,266. On a show of hands, every person who is a member or a representative of a member has one vote. On a poll, each shareholder is entitled to one vote for each Fully Paid Ordinary Share held. A shareholder may appoint a maximum of two proxies to represent than at a general meeting.

GLOSSARY

AASB	Australian Accounting Standards Board
AASBs	Australian Accounting Standards
AGM	Annual General Meeting
ASX	Australian Securities Exchange
Board	Ridley Board of Directors
CEO	Ridley Chief Executive Officer & Managing Director
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
Company	Ridley Corporation Limited
CSF Proteins	Rendering businesses at Laverton, Victoria and Maroota, NSW
CSIRO	Commonwealth Scientific and Industrial Research Organisation
Deed	Deed of Indemnity between Company and its Directors and officers
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected Credit Loss
EPS	Earnings per share
ESS	Ridley Employee Share Scheme
Facility	Long-term Loan Facility with ANZ and Westpac
Fund	Ridley Superannuation Plan – Australia
FY##	Financial year ended 30 June ##
Group	Ridley Corporation Limited and its subsidiaries
GST	Goods and Services Tax
IASB	International Accounting Standards Board
IBR	Incremental Borrowing Rate
IFRIC	International Financial Reporting Standards Interpretation Committee
IFRS	International Financial Reporting Standards
IP	Intellectual property
KMP	Key Management Personnel
KPI	Key Performance Indicators
KPMG	Independent external auditor of Ridley
Kt	Thousand tonnes
LTIFR	Long Term Injury Frequency Rate
LTIP	Ridley Corporation Long Term Incentive Plan
M, m	Million
MTI	Medically Treated Injury/ies
NGER	*National Greenhouse and Energy Reporting Act 2007*
NPAT	Net Profit After Tax
P/E	Ratio of share price to earnings
PNFM	Pen Ngern Feed Mill Co., Ltd
R&D	Research and Development
RDTI	Research and Development Tax Incentive
Ridley	Ridley Corporation Limited
Rights	Indeterminate Performance Rights issued under the LTIP
RIOC	Ridley Innovation and Operational Committee
ROFE	Return On Funds Employed
SaaS	Software-as-a-Service
SRP	Special Retention Plan
STI	Short Term Incentive
TEP	Total Employment Package
TRFR	Total Recordable Frequency Rate
TSR	Total Shareholder Return
VWAP	Volume Weighted Average Price
YOY	Year on year

CORPORATE DIRECTORY

Ridley Corporation Limited
ABN 33 006 708 765

Corporate office and registered office
Level 4, 565 Bourke Street
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Telephone	03 8624 6500
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Email	secretary@ridley.com.au

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Ridley AgriProducts Pty Limited
ABN 94 006 544 145

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CSF Proteins Pty Limited
ABN 77 000 499 918

www.csfproteins.com.au

Community interest

www.barastochorse.com.au
www.cobberchallenge.com.au