Appendix 4E

Preliminary final report

Incitec Pivot Limited

ABN 42 004 080 264

Financial year ended	**Previous financial year ended**
(current period)	(previous corresponding period)
30 September 2022	30 September 2021

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial year ended 30 September 2022				**$A mill**
Revenues from ordinary activities	up	$A mill 1,966.8 (45.2%)	to	6,315.3
Net profit for the financial year attributable to members of Incitec Pivot Limited	up	$A mill 864.6 (579.9%)	to	1,013.7
Profit after tax excluding individually material items attributable to members of Incitec Pivot Limited	up	$A mill 668.5 (186.4%)	to	1,027.1

Dividends	**Amount per security** cents	**Franked amount per security** cents
Current Period		
Interim dividend	10.0	10.0
Final dividend	17.0	17.0
Previous corresponding period		
Interim dividend	1.0	1.0
Final dividend	8.3	1.2

Record date for determining entitlements to the final dividend: 6 December 2022

Payment date of final dividend: 21 December 2022

The Dividend Reinvestment Plan remains suspended until further notice and will not be in operation for the 2022 final dividend.

	Current period	**Previous corresponding period**
Net tangible asset backing per ordinary security	$1.55	$1.22

Net tangible assets include the right-of-use assets recognised under AASB 16 *Leases*.

The information should be read in conjunction with the consolidated financial report, which is set out on pages 43 to 82.

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Incitec Pivot's results please refer to the accompanying Incitec Pivot Limited Profit Report.

Conduit foreign income component:

Current period		*Previous corresponding period*	
Interim dividend		Interim dividend	
Ordinary	nil	Ordinary	nil
Final dividend		Final dividend	
Ordinary	nil	Ordinary	7.1 cents

Contents

Annual General Meeting

The 2022 Annual General Meeting will be held on 16 February 2023. Further details regarding the meeting will be provided to the market in due course.

The approximate date the 2022 Annual Report will be available is 28 November 2022.

Compliance Statement

This report has been prepared under accounting policies which comply with the Corporations Act 2001 (Cth), the Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporation Regulations 2001 (Cth).

This report uses the same accounting policies as the financial statements prepared under the Corporations Act 2001 (Cth). This gives a true and fair view of the matters disclosed. The financial report is based on accounts which have been audited.

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DIRECTORS' REPORT

The directors of Incitec Pivot Limited (the Company or IPL) present their report together with the financial report of the Company and its controlled entities (the Group) for the year ended 30 September 2022 and the auditor's report.

The following sections of the Annual Report form part of, and are to be read in conjunction with, this Directors' Report:

- Board of Directors
- Operating and Financial Review (OFR)
- Remuneration Report
- Auditor's Independence Declaration

Directors

Particulars of the qualifications, other directorships, experience and special responsibilities of each Director as at the date of this report are set out in the Board of Directors section.

Directors' meetings

The number of Board and Board Committee meetings attended by each of the directors of the Company during the financial year are listed below:

	Board		Audit and Risk Management Committee		Remuneration Committee		Nominations Committee		Health, Safety, Environment and Community Committee		Additional Meetings [3]	
Director – Current [1][2][4]	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B Kruger	9	9	–	4	–	6	2	2	4	4	8	8
G Biltz	9	9	–	4	–	3	–	–	4	4	6	6
B Brook	9	9	5	5	7	7	2	2	–	1	8	8
T Dwyer	9	9	5	5	7	7	–	2	–	4	6	6
X Liu	9	9	5	5	–	7	–	2	4	4	6	6
G Robinson	9	9	5	5	7	7	2	2	–	4	6	6
J Johns	9	9	–	5	–	7	–	–	4	4	8	8

Chairman Member

(1) 'Held' indicates the number of meetings held during the period that the director was a member of the Board or Committee.

(2) 'Attended' indicates the number of meetings attended. Directors who are not members of the Board Committees do attend Committee meetings from time to time (as non-executive directors have a standing invitation to attend all Committee meetings).

(3) Reflects the number of additional formal Board meetings attended by each director during the financial year, and includes attendance at Board Sub-Committee meetings where any two directors are required to form a quorum.

(4) In addition to the Board and Committee meetings held during the year, the directors attended site visits at Townsville PDC, Townsville Port, Gibson Island, Geelong SSP, Oyster Cove PDC, Werribee Laboratory, Waggaman, Tradestar, Carthage and Salt Lake City.

Directors' interests in share capital

The relevant interests of each director in the share capital of the Company as at the date of this report is disclosed in the Remuneration Report.

Company Secretary

Ms Richa Puri was appointed to the role of Company Secretary on 8 August 2019. Ms Puri (LLB (Hons), B. Com (Accounting), FGIA, GAICD) is a corporate lawyer and governance adviser with over 15 years relevant professional experience. She has practiced as a lawyer for legal firms in Australia and has experience in providing in-house legal, governance and company secretarial advice to ASX listed companies.

Principal activities

The principal activities of the Group during the course of the financial year were the manufacture and distribution of industrial explosives, industrial chemicals and fertilisers, and the provision of related services. No significant changes have occurred in the nature of these activities during the financial year.

Dividends

Dividends since IPL's 2021 Annual Report:

Dividend type	Dividend per share	Total amount $mill	Franked percentage	Date of payment
Paid during the financial year				
2021 final dividend	8.3 cents	161.2	14% franked	16 Dec 2021
2022 interim dividend	10.0 cents	194.2	100% franked	5 Jul 2022
To be paid after end of the financial year				
2022 final dividend	17.0 cents	330.2	100% franked	21 December 2022

Review and results of operations

A review of the operations of the Company during the financial year, the results of those operations and the Company's financial position is contained in the OFR.

Significant changes in the state of affairs

There have been no significant changes to the Group's state of affairs during the financial year other than as noted in the OFR.

Events subsequent to reporting date

Capital Management

On 15 November 2022, IPL announced a final dividend of 17 cents per share, 100% franked, to be paid on 21 December 2022. The record date for entitlement to this dividend is 6 December 2022. The total dividend payment will be $330.2m.

On 15 November 2022, IPL also announced that it intends to undertake an on-market share buy back of up to $400m. The proposed buy back will be conducted in the ordinary course of trading and the exact amount and timing of share purchases will be dependent on regulatory requirements and market conditions.

Strategic review of WALA and implications for structural separation of the Explosives and Fertilisers businesses

On 15 November 2022, IPL announced that it has received a number of unsolicited approaches in relation to a potential acquisition of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (WALA). The Company will undertake a review of the strategic options for WALA in the near-term. Under any scenario, IPL intends to maintain the strategic value of long-term supply of ammonia from WALA into the Dyno Nobel Americas business. An estimate of the financial impact cannot be made at this point.

The strategic review process will have implications for the timing of the proposed structural separation of the Incitec Pivot Fertilisers and Dyno Nobel businesses which was announced on 23 May 2022.

It is currently anticipated that the previously communicated target completion date for the separation of early 2023 will likely be extended by 6-12 months, pending the completion of the strategic review process for WALA. There has been no impact on the financial statements for FY22 in relation to the proposed structural separation other than the costs incurred to date which have been classified as an individually material item and disclosed in the notes to the financial statements.

Other than the matters reported on above, the directors have not become aware of any other significant matter or circumstance that has arisen since the end of the financial year, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Likely developments

The OFR contains information on the Company's 2022 financial performance and prospects for future financial years, and refers to likely developments in the Company's operations and the expected results of these operations in future financial years. Information on likely developments in the Company's operations for future financial years and the expected results of those operations together with details that could give rise to material detriment to the Company (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) have not been included in this report where the directors believe it would likely result in unreasonable prejudice to the Company.

Environmental regulation and performance

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted including Australia, United States of America, Mexico, Chile, Canada, Indonesia, Papua New Guinea, Turkey and France. The Group is committed to complying with environmental legislation, regulations, standards and licences relevant to its operations.

The environmental laws and regulations generally address certain aspects and potential impacts of the Group's activities in relation to, among other things, air and noise quality, soil, water, biodiversity and wildlife. The Group operates under a Global Health, Safety and Environment Management System which sets out guidelines on the Group's approach to environmental management, including a requirement for sites to undertake an Environmental Site Assessment.

In certain jurisdictions, the Group holds licences for some of its operations and activities from the relevant environmental regulator. The Group measures its compliance with such licences and reports statutory non-compliances as required.

Measurement of the Group's environmental performance, including determination of areas of focus and assessment of projects to be undertaken, is based not only on the actual impact of incidents, but also upon the potential consequence, consistent with IPL's risk-based focus.

During the year, the Group has continued to focus on licence compliance and identification and mitigation of environmental risks. Remediation works have progressed at a number of sites in Australia and the United States.

Environmental performance has maintained last year's improvement with zero Significant Environmental Incidents reported in the 2022 financial year. This result has highlighted the importance of delivering specific environmental improvement plans to achieve sustainable improvement. The implementation of our Compliance Management Framework and in particular the new Environmental Licence Compliance Procedure, with a continued focus on environmental compliance across the organisation through automation, increased controls, and improved practices has delivered improvement in our environmental performance.

During the 2022 financial year in Australia, two incidents (one at Mount Isa and one at Phosphate Hill) led to four Penalty Infringement Notices (PIN) being issued by the Queensland Department of Environment and Science. Along with a PIN received for an incident at Gibson Island which occurred in the 2021 financial year, the five PINs amounted to fines of AU$65,148. Three incidents involved losses of containment from pipe networks to ground or to surface water. Corrective actions have been implemented for these incidents including clearer inspection and maintenance regimes and defined responsibilities.

At Gibson Island, the obligations and associated milestones under the two Environmental Protection Orders relating to stormwater release quality and groundwater contamination issued in 2021 have consistently been met during the year. These orders enforce commitments made by site operations to improve infrastructure, systems and materials handling to significantly reduce the risk of unacceptable releases to the environment.

In the United States, ongoing compliance monitoring and implementation of physical improvements at the Carthage and Louisiana, Missouri sites and St. Helens, Oregon are progressing to plan under two separate Consent Decrees. Regular reports are submitted to the Environmental Protection Agency (EPA) documenting the status of this progress and to date the sites have met all Consent Decree milestones. It is expected that the remaining tasks for both Consent Decrees will be completed by the end of calendar year 2022.

Indemnities and insurance

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, a director or secretary of the Company against any liability incurred by that person including any liability incurred as an officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action.

The Constitution further provides that the Company may enter into an agreement with any current or former director or secretary or a person who is, or has been, an officer of the Company or a subsidiary of the Company to indemnify the person against such liabilities.

In accordance with the Company's Constitution, the Company has entered into Deeds of Access, Indemnity and Insurance with each director of the Company and certain officer's and members of senior management. Pursuant to those deeds, the Company has paid a premium in respect of a contract insuring directors and officers of the Group against any liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Auditor independence and non-audit services

Deloitte Touche Tohmatsu (Deloitte) was appointed as the Company's external auditor at the 2011 Annual General Meeting and continues in office in accordance with section 327B(2) of the *Corporations Act 2001*. Mr Tim Richards is the Company's lead audit partner for the 2022 financial year.

The Group may decide to engage the auditor, Deloitte, for the provision of non-audit services, where such services are not in conflict with their role as auditor and their expertise and/or detailed experience with the Company may allow cost efficiencies for the work.

The Board has considered the position and, in accordance with advice received by the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year by Deloitte is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and does not compromise the external auditor's independence.

The Board also notes:

» the engagements for all non-audit services provided by Deloitte were reviewed by the Chief Financial Officer, and where relevant, approved by the Audit and Risk Management Committee, in accordance with the Committee's Charter and the Company's policy on the engagement of the external auditor for the provision of non-audit services to ensure they do not impact the integrity and objectivity of the auditor; and

» the non-audit services provided by Deloitte did not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks or rewards.

Deloitte provided non-audit services to the amount of $730k during the year ended 30 September 2022 (refer to note 24 to the financial statements).

The lead auditor has provided a written declaration that no professional engagement for the Group has been carried out during the year that would impair Deloitte's independence as auditor. A copy of the auditor's independence declaration is set out on page 42 and forms part of this report.

Proceedings on behalf of IPL

No application has been made under section 237 of the *Corporations Act 2001* in respect of IPL, and there are no proceedings that a person has brought or intervened in on behalf of IPL under that section.

Rounding

As the Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest one hundred thousand dollars.

The Directors' Report, which includes the OFR and the Remuneration Report, is signed in accordance with a resolution of the directors of Incitec Pivot Limited.

Brian Kruger
Chairman

Jeanne Johns
Managing Director & CEO

15 November 2022

OPERATING AND FINANCIAL REVIEW

Group Overview

IPL is a leading supplier in the resources and agricultural sectors with an unrelenting focus on Zero Harm. With a team of 5000 plus dedicated employees, the Company adds value to its customers through manufacturing excellence, leading technology solutions, innovation and world class services focused on the needs of its customers. Sustainability is interlinked with IPL's strategy which is aimed at delivering sustainable growth and shareholder returns, while proactively managing those issues most material to the long-term sustainability of our business, the broader environment, and the communities in which we operate. IPL has an ambition of achieving Net Zero greenhouse gas emissions by 2050 or sooner if practical.

IPL operates through three business units, details of which are set out in this review:

» Dyno Nobel Americas;

» Dyno Nobel Asia Pacific; and

» Fertilisers Asia Pacific.

Through Dyno Nobel, the Company plays a critical role in releasing the worlds natural resources, to help build infrastructure and generate the energy we need to live in a modern world.

Through Incitec Pivot Fertilisers' 100-year heritage in Australian agriculture, IPL plays an important role in enabling sustainable food production to meet the rapidly rising demand for food around the world.

IPL leverages its nitrogen manufacturing expertise with a global approach to standards and processes, complemented and enhanced by regional oversight and operational discipline.

The Company has operations in Australia, North America, Europe, Asia, Latin America and Africa.

Dyno Nobel Americas

The Dyno Nobel Americas business comprises three businesses:

» Explosives;

» Agriculture & Industrial Chemicals; and

» Waggaman operations.

Explosives

Dyno Nobel is the second largest industrial explosives distributor in North America by volume. It provides ammonium nitrate, initiating systems and services to the Quarry & Construction sector across the US; the Base & Precious Metals sector in the US mid-West, US West and Canada; and to the Coal sector in the Powder River Basin, Illinois Basin and Appalachia.

In North America, Dyno Nobel manufactures ammonium nitrate at its Cheyenne, Wyoming and Louisiana, Missouri plants. The Cheyenne, Wyoming plant is adjacent to the Powder River Basin, North America's most competitive thermal coal mining region and is well positioned to service Base & Precious Metals in Western US. The Louisiana, Missouri plant has a competitive logistic footprint from which to support mining in both the Illinois Basin and Appalachia, as well as Quarry & Construction in the US mid-West.

Initiating systems are manufactured at Dyno Nobel's facilities in Connecticut, Kentucky, Illinois, Missouri, Chile and Mexico, and are also sourced from DetNet South Africa (Pty) Ltd (DetNet), an IPL electronics joint venture.

Agriculture & Industrial Chemicals

The Dyno Nobel Americas business manufactures and distributes nitrogen-based fertilisers in the United States from its St Helens, Oregon and Cheyenne, Wyoming plants.

Waggaman Operations

The Dyno Nobel Americas business manufactures and distributes ammonia at its Waggaman, Louisiana plant in the United States. Ammonia produced at Waggaman is used in Dyno Nobel's manufacturing process and is also sold to third parties under long term contractual arrangements.

Dyno Nobel Asia Pacific

Through Dyno Nobel Asia Pacific, IPL provides ammonium nitrate based industrial explosives, initiating systems and services to the Metallurgical Coal and Base & Precious Metals sectors in Australia, and internationally to a number of countries including Indonesia, France, Papua New Guinea and Turkey through its subsidiaries and joint ventures. Ammonium nitrate is often sold in conjunction with proprietary initiating systems and services.

Dyno Nobel is the second largest industrial explosives distributor in Australia by volume, which in turn is the world's third largest industrial explosives market. In Australia, Dyno Nobel primarily supplies its products to metallurgical coal mines in the east and to iron ore mines in the west.

In Australia, Dyno Nobel manufactures ammonium nitrate at its Moranbah ammonium nitrate plant, which is located in the Bowen Basin, the world's premier metallurgical coal region. It also sources third party ammonium nitrate including in Western Australia to service the Iron ore and Underground sectors.

Initiating systems are manufactured in Australia at Dyno Nobel's Helidon, Queensland facility and are also sourced from IPL facilities in the Americas and from DetNet (South African joint venture).

In FY22 the Group acquired 100% of Titanobel, a business which is highly complementary to Dyno Nobel's existing operations and provides access to new markets where Dyno Nobel can leverage its premium technology offering. Titanobel is a leading industrial explosives manufacturer and drilling, blasting and technical services provider based in France.

Fertilisers Asia Pacific

IPL's Fertilisers business in Australia is the largest domestic manufacturer and supplier of fertilisers by volume.

Internationally, the Fertilisers business sells to major offshore agricultural markets in Asia Pacific, the Indian subcontinent, Brazil and the United States. It also procures fertilisers from overseas manufacturers to meet domestic seasonal peaks.

The Fertilisers business manufactures the following fertilisers at three locations:

» Phosphate Hill: Di/mono-ammonium phosphate (DAP/MAP);

» Gibson Island: Ammonia (Big N), Granulated ammonium sulphate (GranAm) and Urea (noting planned manufacturing closure in early FY23); and

» Geelong: Single Super Phosphate (SSP).

In FY22, IPL completed the purchase of the Yara Nipro liquid fertiliser business in Australia and acquired a majority stake in Australian Bio Fert Pty Ltd with the intent to construct a large scale plant and develop and deliver a new category of sustainable fertiliser. Each acquisition is aligned to the strategy of the business to be a soil health leader.

Group Summary

IPL GROUP	Year ended 30 September FY22 A$m	FY21 A$m	Change A$m
Reported Revenue and Earnings			
Revenue	6,315.3	4,348.5	1,966.8
EBITDA ex IMIs	1,857.7	934.9	922.8
EBIT ex IMIs	**1,485.2**	**566.4**	**918.8**
NPAT ex IMIs	**1,027.1**	**358.6**	**668.5**
IMIs after tax	**(13.4)**	**(209.5)**	**196.1**
Group NPAT	**1,013.7**	**149.1**	**864.6**
Shareholder Returns			
Cents Per Share			
Earnings per share ex IMIs	52.9	18.5	
Total Dividend	27.0	9.3	
Credit Metrics	**30-Sep-22**	**30-Sep-21**	
Net debt (1)	(1,036.2)	(1,004.2)	
Net Debt incl TWC facilities / EBITDA (2)	0.7x	1.4x	
Net debt / EBITDA (ex IMIs) (3)	0.5x	1.1x	
Interest Cover (4)	20.3x	9.7x	

Net Profit After Tax (NPAT) excluding Individually Material Items (ex IMIs)

IPL reported NPAT (excl. IMIs) of $1,027m, an increase of 186% compared to $359m in the pcp.

Individually Material Items (IMIs)

NPAT for FY22 includes a loss of $13m (FY21 a loss of $209m) of after-tax IMIs relating to costs incurred in preparing for IPL's proposed demerger ($9.2m pre-tax) and additional costs associated with the preparations for the closure of IPL's gas manufacturing facilities at Gibson Island, Queensland, ($10m pre-tax).

Capital Management

Earnings per share (EPS) ex IMIs of 52.9 cents per share increased by 34.4 cents per share compared to FY21 EPS of 18.5 cents.

A final dividend of 17 cents per share 100% franked has been announced, representing a 51% payout ratio of NPAT (excl. IMIs).

In addition to the final dividend, IPL announced its intention to undertake an on-market share buyback of $400 million over a 12 month period. This announcement is in line with the Capital Allocation Framework announced at IPL's Investor Day on 6 September 2022. IPL has established its Capital Allocation Framework with the objective of enhancing shareholder value through optimising its weighted average cost of capital while retaining an appropriately strong credit profile in support of its investment grade credit ratings.

The buyback is expected to benefit shareholders by reducing the shares on issue with a resultant improvement in earnings per share, dividends per share and returns on equity.

IPL has sufficient cash reserves and committed bank facilities to complete the buyback. The share buyback will be conducted in the ordinary course of trading and the exact amount and timing of share purchases will be dependent on regulatory requirements and market conditions.

Net Debt

Net debt increased by $32m to $1,036m at 30 September 2022 (pcp: $1,004m) and Net Debt/EBITDA ex IMIs decreased to 0.5x (pcp: 1.1x). Net debt increased during the year as a result of the acquisitions of Titanobel and Yara Nipro ($144m), investments in sustenance (including turnarounds) and minor growth projects ($434m), dividends paid to shareholders ($355m), lease liability payments ($43m) and other non-cash movements in net debt ($139m) offsetting almost $1.1b of operating cashflows. The Group's investment grade credit ratings were maintained:

» S&P: BBB (stable outlook)

» Moody's: Baa2 (stable outlook)

Zero Harm

IPL's Total Recordable Injury Frequency Rate (5) (TRIFR) for the rolling twelve-month period ended 30 September 2022 was 0.89, an increase from 0.87 at 30 September 2021. There were 25 Process Safety Incidents (6) recorded in FY22 (pcp:38). The Company maintained its strong environmental safety record with zero Significant Environmental Incidents (7) during the year (pcp: 0). IPL has refreshed its safety programs to drive improvement.

Financial Performance

INCOME STATEMENT	Year ended 30 September FY22 A$m	FY21 A$m	Change %
Revenue			
Business Revenue			
DNA	2,532.9	1,588.7	59
DNAP	1,200.4	937.8	28
Fertilisers APAC	2,647.8	1,894.6	40
Eliminations	(65.8)	(72.6)	9
Group Revenue	**6,315.3**	**4,348.5**	**45**
EBIT			
Business EBIT ex IMIs			
DNA	759.3	189.9	300
DNAP	162.5	140.2	16
Fertilisers APAC	613.7	268.4	129
Eliminations	0.8	(1.8)	nm*
Corporate	(51.1)	(30.3)	(69)
Group EBIT ex IMIs	**1,485.2**	**566.4**	**162**
EBIT margin	*23.5%*	*13.0%*	
NPAT			
Underlying interest expense (8)	(101.4)	(107.4)	6
Non-cash unwinding liabilities	(5.8)	(5.4)	(7)
Net borrowing costs	**(107.2)**	**(112.8)**	**5**
Tax expense ex IMIs	(350.8)	(95.0)	(269)
Minority interest	(0.1)	–	nm*
NPAT excluding IMIs	**1,027.1**	**358.6**	**186**
IMIs after tax	(13.4)	(209.5)	94
Group NPAT	**1,013.7**	**149.1**	**580**

*not meaningful

(1) Net debt comprises the net of interest-bearing liabilities, cash and cash equivalents, and the fair value of derivative instruments economically hedging the Group's interest-bearing liabilities.
(2) Net debt (adjusted for average exchange rate for the year)/EBITDA incl TWC facilities ratio is calculated using 12 month rolling EBITDA ex IMIs. Net debt for this ratio has been adjusted to include the usage of factoring and reverse factoring facilities.
(3) Net debt (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs.
(4) Interest Cover = 12 month rolling EBITDA ex IMIs/net interest expense before accounting adjustments.
(5) TRIFR is calculated as the number of recordable incidents per 200,000 hours worked and includes contractors. TRIFR results are subject to finalisation of the classification of any pending incidents.
(6) Tier 1 and Tier 2 Process Safety Incidents as defined by the Center for Chemical Process Safety.
(7) Significant Environmental Incidents as assessed against IPL's internal risk matrix with actual consequences of 5 or higher on a 6-level scale.
(8) Underlying interest expense represents total borrowing costs less non-cash interest unwind, representing the discount unwind on the Group's long-term liabilities.

FY22 Business Review

The Group reported FY22 Earnings Before Interest and Tax excluding IMI's (EBIT) of $1,485m, an increase of $919m compared to pcp. Major movements for the year were as follows:

Manufacturing Performance: Aside from the one-off incident at WALA, the plant operated at nameplate capacity throughout the year. With the exception of Phosphate Hill where production rates were below nameplate leading into the turnaround, manufacturing reliability saw strong improvements at IPL's other ammonia plants. This is a positive reflection of the investment made by IPL into improving plant reliability over the past 4 years.

The net financial impact of planned turnarounds was negligible with the favourable impact of turnarounds in FY21 at Waggaman, Moranbah and St Helens offset by the impact of the Phosphate Hill turnaround in FY22. The Cheyenne turnaround, scheduled for later in FY23, is the last of the plants scheduled for its turnaround as part of the reliability improvement plan.

Reliable production at around nameplate capacity has been achieved at all plants following the turnarounds.

Phosphate Hill Gas: Phosphate Hill's contracted gas supply was disrupted throughout the year due to the performance of a third party provider. To maintain production and capitalise on a high DAP price, gas was purchased on the spot market at an incremental cost to contract of $41m. IPF's gas supplier has advised that full quantities are expected to be restored by February 2023.

Depreciation: The $7m net favourable depreciation impact is largely driven by the impairment of the Gibson Island manufacturing facility (recognised in September 2021) resulting in a decrease in depreciation expense of $23m in the fertilisers business. This was partially offset by additional charges resulting from the three major turnarounds completed in FY21 (Waggaman, St Helens and Moranbah).

WALA Incident: An incident occurred in mid-February 2022 (net $83m) which brought the plant down for repairs for approximately 8 weeks at a cost of $182m (US$128m). The insurance claim was finalised during the year and resulted in a recovery of approximately $99m (US$70m).

Americas Explosives: The $11m improvement was supported by strong market growth primarily across the Coal and Q&C sectors. End market coal production has been supported by elevated natural gas prices, while construction rates remain strong despite escalating inflation. Further to this, the business results were negatively impacted by a lagging impact of passing on the continuous price increases experienced during the year.

Asia Pacific Explosives: Dyno Nobel's premium technology suite continues to deliver strong results underpinning the $32m improvement in earnings. Increased sales of key offerings such as Delta E, Cyber Det and Electronics contributed an additional $8m in earnings compared with the pcp, with a further $7m benefit coming from new customers looking to gain access to Dyno's advanced technology. As previously communicated to the market, a further $11m earnings improvement came from the less profitable WA contracts rolling off in FY22. The international businesses continue to recover from the impacts of COVID with an increase in offshore earnings (primarily Turkey) of approximately $10m. Unfavourable weather conditions negatively impacted the result by $4m.

Asia Pacific Fertilisers: The $9m decrease in distribution earnings primarily relates to a reduction in domestic sales volume and costs associated with investment in the distribution network. Heavy rains in key regions in Southern Queensland and NSW impacted fertiliser application, while high prices also resulted in reduced demand. The extreme price volatility during the year was managed through selective procurement and stock management decisions – resulting in year on year volume reduction. However, strong margins (on a dollar per tonne basis) were realised.

Supply Chain/Inflation: Despite management action to address cost pressures through efficiency improvements and contract pricing, the speed and extent of global supply chain pressures and rising inflation had a negative impact on the FY22 result. The impact was most prominent in the DNA business ($41m of the $54m) and includes higher cost of energy, raw materials related to Initiating Systems and abnormal freight costs driven by supply chain disruptions. The lag in recovery of these cost increases is expected to materially reduce in FY23.

Commodity Prices & Foreign Exchange: Higher commodity prices, primarily ammonia and DAP, contributed $920m to the result compared to pcp, with a weaker Australian dollar contributing a further benefit of $80m.

Corporate: Corporate costs increased compared to the pcp. The increase includes provisioning for legal claims.

Strategic review of WALA and implications for structural separation of the Explosives and Fertilisers businesses

On 15 November 2022, IPL announced that it had received a number of unsolicited approaches in relation to a potential acquisition of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (WALA). The Company will undertake a review of the strategic options for WALA in the near-term. Under any scenario, IPL intends to maintain the strategic value of long-term supply of ammonia from WALA into the Dyno Nobel Americas business. An estimate of the financial impact cannot be made at this point.

The strategic review process will have implications for the timing of the proposed structural separation of the Incitec Pivot Fertilisers and Dyno Nobel businesses which was announced on 23 May 2022. It is currently anticipated that the previously communicated target completion date for the separation of early 2023 will likely be extended by 6-12 months, pending the completion of the strategic review process for WALA. There has been no impact on the financial statements for FY22 in relation to the proposed structural separation other than the costs incurred to date which have been classified as an individually material item and disclosed in the notes to the financial statements.

Financial Position

BALANCE SHEET A$m	30 Sep 2022	30 Sep 2021	Change A$m
	Year ended 30 September		
Assets			
TWC – Fertilisers APAC	104.6	(120.6)	225.2
TWC – Explosives	511.3	241.3	270.0
Group TWC	**615.9**	**120.7**	**495.2**
Net PP&E	4,246.9	3,928.9	318.0
Lease assets	221.0	214.5	6.5
Intangible assets	3,281.4	3,000.9	280.5
Total Assets	**8,365.2**	**7,265.0**	**1,100.2**
Liabilities			
Environmental & restructure liabilities	(248.7)	(242.7)	(6.0)
Tax liabilities	(689.3)	(415.0)	(274.3)
Lease liabilities	(245.9)	(242.5)	(3.4)
Net other assets	144.6	8.0	136.6
Net debt	(1,036.2)	(1,004.2)	(32.0)
Total Liabilities	**(2,075.5)**	**(1,896.4)**	**(179.1)**
Net Assets	**6,289.7**	**5,368.6**	**921.1**
Equity	**6,289.7**	**5,368.6**	**921.1**
Key Performance Indicators			
Net Tangible Assets per Share	1.55	1.22	
Fertilisers APAC – Ave TWC % Rev (1)	17.2%	15.3%	
Explosives – Ave TWC % Rev (1)	15.4%	16.9%	
Group – Average TWC % Rev (1)	16.2%	16.2%	
Credit Metrics			
Net debt (2)	(1,036.2)	(1,004.2)	
Net debt incl. TWC facilities / EBITDA (3)	0.7x	1.4x	
Net debt / EBITDA (ex IMIs) (4)	0.5x	1.1x	
Interest Cover (5)	20.3x	9.7x	

Major movements in the Group's Balance Sheet during the year include:

Assets

» **Trade Working Capital (TWC)**: Net increase of $495m. The movement was mainly due to the impact of higher commodities in both the Fertilisers and Explosives businesses ($292m) and the lower utilisation of trade working capital financing facilities ($64m). Change in accounting method to transfer precious metals to inventory ($48m) and business acquisitions/new business ($91m). Underlying trade working capital (excluding the impact of financing facilities) as a percentage of sales remained flat with the pcp at 16.2%.

» **Net Property, Plant & Equipment (PP&E)**: Increase of $318m ($140m excl impact of FX translation). Mainly driven by sustenance and turnaround capital expenditure of $316m, growth and sustainability capital spend of $119m and the fixed assets acquired through the purchase of Titanobel and Yara Nipro ($32m). This is partially offset by depreciation expense for the year of $303m, disposals and writedowns of $11m and transfers to inventory of $12m.

» **Intangible Assets**: Increase of $281m ($90m excluding the impact of FX translation). Mainly driven by the goodwill and other intangibles recognised upon acquisition of Titanobel and Yara Nipro of $92m. Amortisation charges for the year are mostly offset by minor additions.

Liabilities

» **Environmental & restructure liabilities**: Increase of $6m ($1m excluding the impact of FX translation). Mainly driven by an increase in the Gibson Island closure provision of $10m and the interest unwind on long term asset restoration obligation provisions of $5m. This was offset by spend against provisions for the year, primarily in relation to Gibson Island closure preparation.

» **Net other assets**: Increase of $137m. Mainly due to Phosphate Hill security deposit paid in relation to spot gas purchases of $46m, WALA insurance proceeds accrual $35m (of which approximately $25m has since been received) and settlement of the payable owing to the bank as part of the trade receivables facility at 30 September 2021 of $58m.

» **Net Debt**: Increase of $32m (decrease of $77m excluding the impact of FX translation). Mainly due to strong cash generation driven by rising commodity prices offset by a reduction in the use of trade working capital financing facilities (-$64m), payments related to sustenance capital expenditure (-$343m), growth capital (-$91m) and payment for acquisitions of Titanobel and Yara Nipro (-$144m). Further details of movements in Net Debt are provided in the Cashflow section of this report.

Net Debt

NET DEBT A$m	Maturity Month/Year	Facility Amount	Drawn Amount	Undrawn Amount
Syndicated Term Loan	04/24	797.3	–	797.3
EMTN / Regulation S notes	02/26	109.2	109.2	–
Medium Term Notes	03/26	431.3	431.3	–
EMTN / Regulation S Notes	08/27	469.7	469.7	–
US Private Placement Notes	10/28	384.2	384.2	–
US Private Placement Notes	10/30	384.2	384.2	–
Total Debt		**2,575.9**	**1,778.6**	**797.3**
Fair value and other adjustments			(115.7)	
Loans to JVs, associates/other short term facilities			49.1	
Cash and cash equivalents			(763.5)	
Fair value of hedges			87.7	
Net debt			**1,036.2**	
Net debt / EBITDA (ex IMIs) (4)			**0.5x**	

The fair value of Net debt hedges at 30 September 2022 was a liability of $88m, a decrease of $101m compared to an asset balance at 30 September 2021 of $13m. The decrease was mainly due to interest rate movements on derivatives hedging the Group's fixed rate bonds.

FINANCIAL INDEBTEDNESS	30 Sep 2022 A$m	30 Sep 2021 A$m	Change A$m
Net debt (2)	1,036	1,004	32
Lease liabilities	246	243	3
Trade working capital financing facilities	268	332	(64)
Total Financial Indebtedness	1,550	1,579	(29)

Financial indebtedness reduced by $29m through the year. Net debt increased by $32m with strong operating cashflows ($1,157m – excluding $64m of trade working capital facilities reduction) offset by sustenance capital expenditure ($343m), growth capital expenditure ($91m), payments for acquisitions (net of debt acquired) ($174m), dividends to shareholders ($355m) and FX on translation of foreign denominated debt ($115m). Reliance on trade working capital financing facilities has been reduced by $144m since September 2020 to $268m at year end.

(1) Average TWC as % of revenue = 13-month average trade working capital/12 months rolling revenue.
(2) Net debt comprises the net of interest-bearing liabilities, cash and cash equivalents, and the fair value of derivative instruments economically hedging the Group's interest-bearing liabilities.
(3) Net debt (adjusted for average exchange rate for the year)/EBITDA incl TWC facilities ratio is calculated using 12 month rolling EBITDA ex IMIs. Net debt for this ratio has been adjusted to include the usage of factoring and reverse factoring facilities.
(4) Net debt (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs.
(5) Interest Cover = 12 month rolling EBITDA ex IMIs/net interest expense before accounting adjustments.

Credit Metrics

Net Debt/EBITDA: The ratio of 0.5x improved by 0.6x compared with the pcp. The improvement is primarily a result of higher earnings in FY22 with EBITDA (excl. IMIs) improving 99% over the pcp.

Interest Cover: Improved to 20.3x (pcp: 9.7x).

Credit Ratings: Investment Grade credit ratings remained unchanged:

» S&P: BBB (stable outlook)

» Moody's: Baa2 (stable outlook)

Debt Facilities

IPL has sufficient liquidity and headroom with $797m of available undrawn committed debt facilities at 30 September 2022.

The average tenor of the Group's debt facilities at 30 September 2022 is 4.2 years (September 2021: 5.1 years). No committed debt facilities are due to mature until April 2024.

Trade Working Capital Facilities

IPL uses trade working capital facilities to effectively manage the Group's cash flows, which are impacted by seasonality, demand and supply variability.

The Group has a non-recourse receivable purchasing agreement to sell certain domestic and international receivables to an unrelated entity in exchange for cash. As at 30 September 2022, receivables totalling $95m (30 September 2021: $124m) had been sold under the receivable purchasing agreement.

IPL also offers suppliers the opportunity to use supply chain financing. The Group evaluates supplier arrangements against several indicators to assess whether to classify outstanding amounts as payables or borrowings. The balance of the supply chain finance program, classified as payables, at 30 September 2022 was $173m (30 September 2020: $208m).

Capital Allocation

IPL's capital allocation process is centralised and overseen by the Group's Corporate Finance function. Capital is invested on a prioritised basis and all submissions are assessed against risk factors including HSE, sustainability, operational, financial and other strategic risks. Capital is broadly categorised into first order capital (sustenance, turnaround, sustainability and minor growth) and second order capital (major growth).

Other than the company acquisitions during the year, there was no second order capital investment.

The table below includes a summary of cash spend per business on growth and sustenance capital:

	Year ended 30 September		
IPL GROUP	**FY22 A$m**	**FY21 A$m**	**Change A$m**
Capital Expenditure			
DNA	28.7	24.6	4.1
DNAP	33.3	18.6	14.7
Fertilisers	29.2	8.0	21.2
Minor growth capital	**91.2**	**51.2**	**40.0**
DNA	118.3	82.6	35.7
DNAP	19.5	22.3	(2.8)
Fertilisers	64.3	49.1	15.2
Sustenance	**202.1**	**154.0**	**48.1**
DNA	20.5	82.9	(62.4)
DNAP	5.3	53.5	(48.2)
Fertilisers	87.1	13.4	73.7
Turnaround	**112.9**	**149.8**	**(36.9)**
DNA	22.9	–	22.9
DNAP	4.9	–	4.9
Fertilisers	–	–	–
Sustainability	**27.8**	**–**	**27.8**
Total	**434.0**	**355.0**	**79.0**

Subject to currency fluctuations, sustenance spend is expected to be in the range of $180m to $220m. Turnaround spend is expected to be approximately $60m to $80m with spending on sustainability targeted to be between $50m and $60m. These amounts don't include one-off strategic sustenance expenditure on upgrades of Gibson Island distribution assets in order to return volumes to historical market share levels.

CASH FLOW

CASH FLOW	FY22 A$m	FY21 A$m	Change A$m
	Year ended 30 September		
Operating Cash Flow			
EBITDA ex IMIs	1,857.7	934.9	922.8
Net Interest paid	(83.4)	(108.7)	25.3
Net income tax paid	(117.0)	(33.1)	(83.9)
TWC movement (excl FX movements)	(397.9)	(126.1)	(271.8)
Profit from JVs and associates	(43.4)	(41.9)	(1.5)
Dividends received from JVs	7.9	44.6	(36.7)
Environmental and site clean-up	(6.4)	(4.8)	(1.6)
Restructuring costs	(13.7)	(19.1)	5.4
Other Non-TWC	(110.5)	4.4	(114.9)
Operating Cash Flow	**1,093.3**	**650.2**	**443.1**
Investing Cash Flow			
Minor growth capital	(91.2)	(51.2)	(40.0)
Sustenance (including turnaround and sustainability)	(342.8)	(303.8)	(39.0)
Payments – Central Petroleum Joint operation	(3.4)	(4.4)	1.0
Proceeds from asset sales	5.7	5.7	–
(Loans to) / repayments from JV	–	19.9	(19.9)
Acquisition of subsidiaries & non-controlling interests	(143.9)	(8.5)	(135.4)
Receipts / (Payments) relating to derivatives	0.9	(0.1)	1.0
Investing Cash Flow	**(574.7)**	**(342.4)**	**(232.3)**
Financing Cash Flow			
Dividends paid to members of IPL	(355.4)	(19.4)	(336.0)
Lease liability payments	(42.9)	(41.4)	(1.5)
Purchase of IPL shares for employees	(9.0)	(1.0)	(8.0)
Realised market value gain / (loss) on derivatives	(3.9)	8.5	(12.4)
Non-cash loss on translation of US$ Net Debt	(106.6)	(225.9)	119.3
Non-cash movement in Net Debt	(32.8)	(4.1)	(28.7)
Financing Cash Flow	**(550.6)**	**(283.3)**	**(267.3)**
Change to Net debt	**(32.0)**	**24.5**	**(56.5)**
Opening balance Net debt	(1,004.2)	(1,028.7)	24.5
Closing balance Net debt	**(1,036.2)**	**(1,004.2)**	**(32.0)**

Operating Cash Flow

Operating cash flows of $1,093m increased by $443m compared to the pcp. Significant movements included:

» **EBITDA**: Increased by $923m driven by favourable realised commodity price movements ($920m) and favourable movements in the A$:US$ exchange rate ($80m). The unfavourable one-off net impact of the WALA incident in mid-February of $83m and the Phosphate Hill gas supply disruption of $41m was partially offset by improved manufacturing reliability, particularly at Waggaman of $75m. Downstream business earnings (excluding manufacturing, non-controllables and supply chain/inflation impacts) improved by $34m primarily due to growth in the DNAP business. The impact of supply chain disruptions and inflation was $54m.

» **Net Interest Paid**: Decreased by $25m, principally as a result of a one-off interest cost in FY21 relating to the bond buy-back ($14m) and lower levels of borrowings in FY22 versus pcp, partially offset by increasing interest rates and a weakening AUD.

» **TWC Movement**: Increased $272m compared to the pcp largely as a result of higher commodities driving higher TWC balances at the end of FY22 and lower usage of trade working capital financing facilities (down $64m on pcp).

» **Dividends received from JV's**: Decreased by $37m with one of IPL's larger JV partners (QNP) not paying a dividend in FY22 due to a turnaround taking place during the year. Turnarounds generally take place every 4 years. Additionally, a large US based joint venture declared a lower dividend in FY22 compared with FY21.

» **Other Non-TWC**: Decreased $115m compared to the pcp largely as a result of timing of payments and accruals including the Phosphate Hill security deposit paid in relation to spot gas purchases of $46m and WALA insurance proceeds accrual of $35m.

Investing Cash Flow

Net investing cash outflows of $575m increased $232m as compared to the pcp. Significant movements included:

» Minor growth capital: Higher growth spend of $40m supporting plant efficiency projects and other projects supporting volume growth and technology investments. These projects have a short pay-back period.

» Sustenance capital: Higher sustenance spend reflects the impact of the largest turnaround on record at Phosphate Hill/ Mt Isa ($87m in FY22), decarbonisation projects required to meet our greenhouse gas reduction targets and investment in manufacturing and distribution facilities to drive reliability improvement.

» Acquisition of subsidiaries and non-controlling interests: Cash outflow for the acquisition of Titanobel ($124m) and Yara Nipro ($20m).

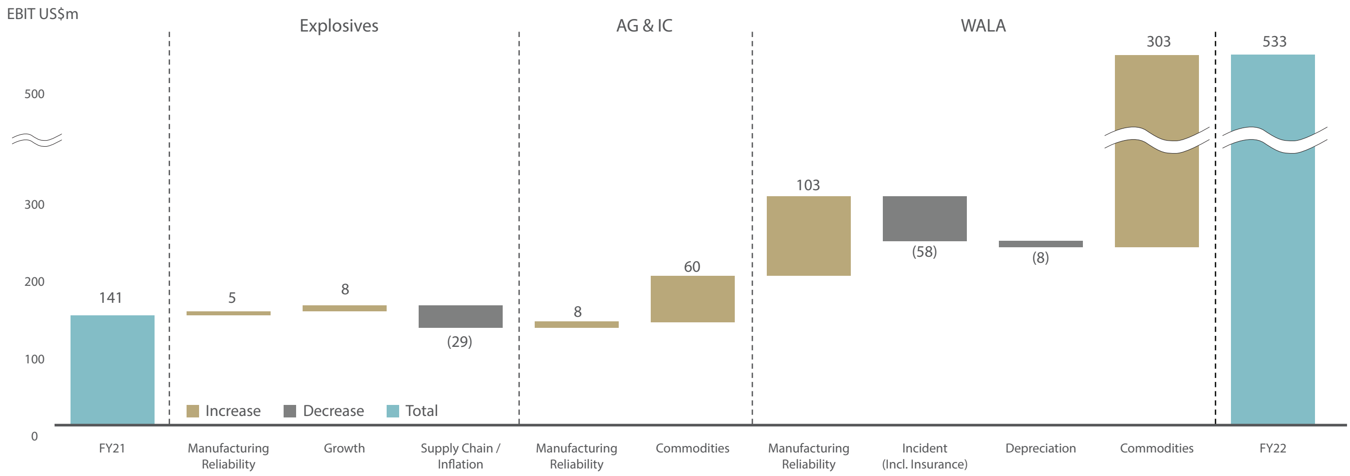
Financing Cash Flow

Net financing cash outflow of $551m was $267m higher compared with the pcp. Significant movements included:

» Dividends paid to members of IPL: Higher dividend of $336m in line with increased earnings. Payout ratio of 51% of Group NPAT (excl IMI's).

» Foreign Exchange on Net Debt: The non-cash increase of $107m reflects the impact from translating US dollar denominated debt at a lower exchange rate.

Dyno Nobel Americas



	Year ended 30 September		
Dyno Nobel Americas	**FY22 US$m**	**FY21 US$m**	**Change %**
Explosives	956.7	883.3	8
Waggaman	560.9	175.9	219
Ag & IC	279.4	133.5	109
Total Revenue	**1,797.0**	**1,192.7**	**51**
Explosives	110.3	126.7	(13)
Waggaman	343.8	3.6	9,450
Ag & IC	78.7	10.9	622
EBIT	**532.8**	**141.2**	**277**
EBIT margin			
Explosives	*11.5%*	*14.3%*	
Waggaman	*61.3%*	*2.0%*	
Ag & IC	*28.2%*	*8.2%*	
A$m			
Revenue	**2,532.9**	**1,588.7**	**59**
EBIT	**759.3**	**189.9**	**300**
Notes			
Average realised A$/US$ exchange rate	0.70	0.74	
Urea (FOB NOLA) Index Price (US$/mt)	713	364	

Dyno Nobel Americas FY22 earnings of US$533m increased US$392m, or 277%, compared to the pcp. Outlined below are the major earnings movements during the year for each business segment.

Explosives

Business Performance

Explosives earnings for FY22 of US$110m was US$16m lower than the pcp principally due to the following:

EBIT Margins: The rapid impact of inflation, energy costs and supply chain interruptions has had a temporary negative impact on EBIT margins.

Manufacturing: The positive earnings impact of US$5m reflects the recovery from outages in FY21 at the Cheyenne, WY. and Louisiana, MO, plants. The recovery was partially offset by the impact of minor outages at the Louisiana, MO, plant in 2H22.

Customer Growth: US$8m growth in volumes, primarily driven by Quarries & Construction, where volumes were up 9% on pcp due to strong market fundamentals and market share gain. The elevated natural gas prices also led to a resurgence in end market coal demand (volumes up 19%), driving elevated volumes vs pcp.

While Metals volumes were down overall (-4%) due to customer mine closures, 2H22 volumes were supported by the start-up of several new customers.

Supply Chain / Inflation: Inflationary pressure, higher energy costs, and supply chain dislocation led to a US$29m unfavourable impact to earnings:

- **Inflationary Pressure:** US$9m unfavourable impact due to high demand for raw materials and tightness in supply driving up material costs at a quicker rate than price recovery.
- **Higher Energy cost:** US$12m increase due to elevated utility and commodity prices. Elevated ammonia and fuel costs, together with higher electricity charges, impacted the cost of production and supply.
- **Supply Chain Dislocation:** US$8m increase in costs related to scarcity of raw materials, which results in additional freight movements to supply customers and plants, and led to elevated costs to meet customer demand. The rate of inflation increases was unprecedented. Management has worked to reduce the lag caused by continuous cost increases.

Market Summary

Quarry & Construction

42% of Explosives revenue was generated from the Quarry & Construction sector in FY22 (43% pcp). The strong growth in this sector in 1H22 carried over into 2H22 as US infrastructure spending and a healthy construction market supported 9% volume growth compared to pcp.

Base & Precious Metals

36% of Explosives revenue was generated from the Base & Precious Metals sector in FY22 (39% pcp). Volumes decreased by 4% during the year with revenues (in dollar terms) near flat compared to the pcp. The primary driver of the decreased volume was temporary customer mine closures and lower seasonal Arctic shipments which are expected to return to previous levels in 2H23. These volume decreases were partially offset by volume growth in the Western US.

Coal

22% of Explosives revenue was generated from the Coal sector in FY22 (18% pcp). Volumes were up 19% versus the pcp as elevated natural gas prices have incentivised the power sector to temporarily switch back to more coal-generated power.

Agriculture & Industrial Chemicals (Ag & IC)

Business Performance

Ag & IC FY22 earnings of US$79m was US$68m more than the pcp, primarily due to the following:

Manufacturing/Turnaround: Earnings recovered US$8m from FY21 impacts of the planned outage at the St. Helens, OR plant (US$5.3m), along with strong manufacturing performance post turnaround (US$4.2m) offset in part by higher depreciation costs of US$1.5m.

Commodity Prices: Favourable Urea and UAN pricing improved earnings by US$60m versus the pcp.

Waggaman Operations

	Year ended 30 September		
WAGGAMAN	**FY22**	**FY21**	**Change %**
Thousand metric tonne			
Ammonia manufactured at Waggaman	700.6	437.2	60
Ammonia sold	745.9	563.5	32
US$m			
External Revenue	560.9	175.9	219
Internal Revenue	67.9	39.0	74
Total Revenue	**628.8**	**214.9**	**193**
EBIT	**343.8**	**3.6**	**9,450**
EBIT margin	*61.3%*	*2.0%*	
Notes			
Ammonia Realised Price (US$/mt) (1)	843	381	
Realised Gas Cost (US$/mmbtu) (delivered)	6.86	3.33	
Ammonia Tampa Index Price (US$/mt) (1)	1,049	401	
Index Gas Cost (US$/mmbtu) (2)	6.54	3.05	
Gas efficiency (mmbtu/mt)	35	40	

Business Performance

Waggaman earnings of US$344m, increased US$340m compared to the pcp due to the following:

Commodity Prices: The strong upswing in global ammonia prices driven by the impact of high European gas prices on ammonia supply resulted in higher domestic ammonia prices. Elevated natural gas prices partially offset this favourable movement resulting in a net favourable earnings impact of US$303m.

Manufacturing Reliability: Production at the Waggaman plant was at nameplate capacity preceding, and at nameplate after, the reported 1H22 incident. The recovery from the turnaround and weather outages in the pcp resulted in a US$103m benefit.

1H22 outage: As previously disclosed, the FY22 results were impacted by an 8-week closure of the facility, which resulted in a US$128m negative impact to the result. IPL recovered approximately US$70m from property insurance coverage, resulting in a net impact from the outage of US$58m.

Depreciation: US$8m higher than pcp. As previously disclosed, depreciation is higher primarily as a result of the FY21 turnaround.

Discount to Tampa Ammonia price: The discount realised on sales priced at Tampa benchmark in FY22 was approximately 8% prior to the 8-week outage. The timing of sales volumes contributes to the disconnect between the realised price and the benchmark index, as the outage coincided with highest benchmark months.

The discount realised on sales priced on other benchmarks (primarily sales to Dyno's Louisiana MO facility) performed as expected in the elevated Tampa Ammonia pricing market, with FY22 being the first year since operations commenced where the pricing resulted in a discount to Tampa rather than a premium. Ammonia supply (into Dyno's Louisiana, MO facility) and offtake (from Waggaman, LA facility) decisions are continuously evaluated to maximise cash flow to the Dyno Nobel Americas business.

Manufacturing

Manufacturing performance in the Explosives and Ag & IC businesses during FY22 was as follows:

Cheyenne, Wyoming: Cheyenne ammonia operations recovered from unplanned outages in FY21. As a result, ammonia production was up 3% compared to pcp. Nitric Acid production was negatively impacted due to an unplanned electrical feed outage, resulting in decreased production of 2% compared to pcp.

Louisiana, Missouri: Overall production was up 16% on the pcp.

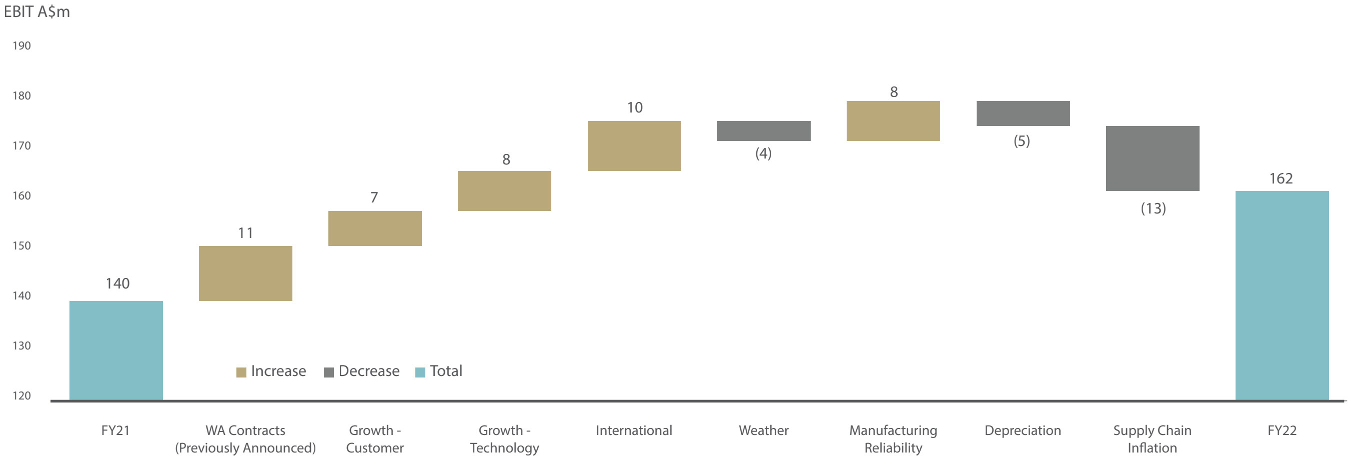
St Helens, Oregon: Urea and ammonia production from the St Helens plant increased 25% and 28% respectively, compared to the pcp, with plant production slightly above expectations post turnaround.

Waggaman, Louisiana: As previously disclosed, the plant operated at nameplate capacity up to the February incident that resulted in an 8-week closure of the facility. Following a successful re-start in mid-April 2022, the plant operated at nameplate capacity for the remainder of FY22.

(1) Waggaman's ammonia sales prices are based on a combination of index Ammonia Tampa prices and 1-month lagged index Ammonia Tampa prices. The index price shown in the table represents the average index price for the financial year adjusted for the one-month lag.

(2) Average closing price of Nymex Henry Hub 1-month futures.

Dyno Nobel Asia Pacific



	Year ended 30 September		
DYNO NOBEL ASIA PACIFIC	**FY22**	**FY21**	**Change %**
Thousand metric tonne			
Ammonium Nitrate – manufactured at Moranbah	370.9	346.5	7
Ammonium Nitrate sold	720.0	683.7	5
A$m			
Australian Coal	499.2	471.6	6
Base & Precious Metals	489.5	377.3	30
International	211.7	88.9	138
Total Revenue	**1,200.4**	**937.8**	**28**
EBIT	**162.5**	**140.2**	**16**
EBIT margin	*13.5%*	*15.0%*	

Business Performance

Dyno Nobel Asia Pacific FY22 earnings of $162m, increased $22m compared to the pcp. due to the following:

W.A. Contracts: $11m increase, in line with previous guidance.

Growth Customer: $7m growth on the pcp, mostly driven by new hard rock and underground business.

Growth Technology: $8m growth on the pcp, largely in line with guidance provided in FY20, driven by strong electronics and Differential Energy volumes.

International: $10m increase, mostly driven by business recovery in Turkey.

Weather: $4m decrease on the pcp driven by wet weather mainly impacting Australian Coal.

Manufacturing Reliability: $8m increase on the pcp driven by increased reliability of the Moranbah Plant post the FY21 turnaround.

Depreciation: $5m negative impact mostly driven by the FY21 Moranbah turnaround capital expenditure.

Supply Chain/Inflation: $13m impact mostly driven by higher cost Urea and general inflation across the fixed cost base of the business.

Market Summary

Australian Coal

41% of Dyno Nobel Asia Pacific revenue for the year was generated from the Australian Coal sector, most of which was from supply to the metallurgical coal mines in the Bowen Basin.

Volumes from the Australian Coal sector increased 6% compared to pcp mainly due to stronger Trade volumes.

Base & Precious Metals

41% of Dyno Nobel Asia Pacific revenue was generated from the Base & Precious Metals sector, which comprises iron ore mines in Western Australia and hard rock and underground mines throughout Australia.

Volumes from the sector remained relatively flat compared to pcp with stronger hard rock and underground business volumes offset by slightly lower iron ore volumes.

International

18% of Dyno Nobel Asia Pacific revenue was generated internationally in Indonesia, Turkey, Papua New Guinea and France.

Volumes increased by 26% compared to the pcp, mainly driven by the acquisition of the Titanobel business, and stronger volumes in the Indonesia business.

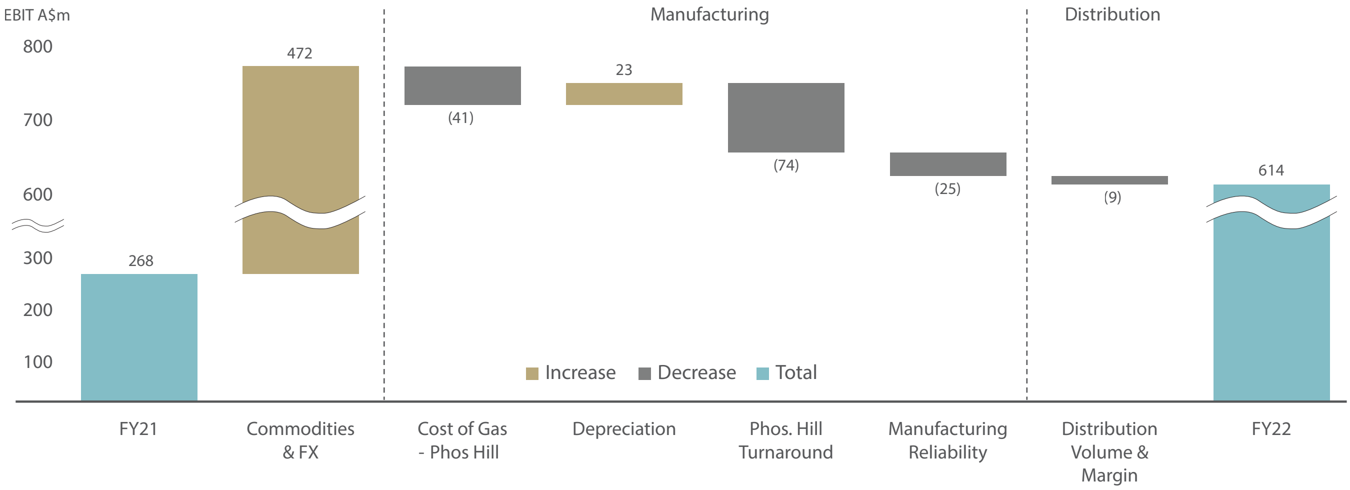
Titanobel

In May 2022 the Group acquired 100% of Titanobel, a business which is highly complementary to Dyno Nobel's existing operations and provides access to new markets where Dyno Nobel can leverage its premium technology offering. Titanobel is a leading industrial explosives manufacturer and drilling, blasting and technical services provider based in France.

Manufacturing

Moranbah performed well producing 371k mt of ammonium nitrate during the year and achieving Ammonia Plant reliability of 95% post the FY21 Turnaround.

FERTILISERS ASIA PACIFIC



	Year ended 30 September		
FERTILISERS ASIA PACIFIC	**FY22**	**FY21**	**Change %**
Thousand metric tonne			
Phosphate Hill production (ammonium phosphates)	735.9	958.4	(23)
Gibson Island production (urea equivalent)	404.5	498.5	(19)
A$m			
Manufacturing	991.3	836.4	19
Distribution	1,656.5	1,058.2	57
Fertilisers APAC Revenue	**2,647.8**	**1,894.6**	**40**
Manufacturing	563.1	208.8	170
Distribution	50.6	59.6	(15)
Fertilisers APAC EBIT	**613.7**	**268.4**	**129**
EBIT margin	*23.2%*	*14.2%*	
EBIT margin			
Manufacturing	*56.8%*	*25.0%*	
Distribution	*3.1%*	*5.6%*	

Notes		
Fertilisers APAC		
Realised A$/US$ Exchange Rate	0.72	0.76
Total Fertilisers APAC volumes sold (k mt)	2,575.9	3,220.1
Domestic Fertilisers APAC volumes sold (k mt)	1,868.7	2,234.7
Phosphate Hill		
Realised AP Price (US$/mt)	851	524
Phosphate Hill production sold (k mt)	747	949
Realised AP Freight Margin (US$/mt)	14.1	4.8
Realised Cost per Tonne of AP (A$/mt)**	705	484
Gibson Island		
Realised Urea Price (US$/mt)	710	373
Gibson Island production sold subject to urea price movement (k mt)	336	364

* Not meaningful
** Weighted average of AP including port costs

Business Performance

Fertilisers Asia Pacific earnings of $614m was 129% higher than the pcp. Major movements for the year were due to the following:

Foreign Exchange and Commodity Prices: $472m net increase, primarily driven by higher DAP price ($851/t vs $524/t), higher Urea price ($710/t vs $373/t) and lower AUD:USD exchange rate (0.72 vs 0.76), partially offset by higher cost sulphur/sulphuric acid.

Cost of Gas – Phosphate Hill: Gas supply disruptions at Phosphate Hill increasing FY22 gas cost by $41m (~A$10m incurred in 1H22). Power and Water Corporation (gas supplier) expect full supply to be restored in February 2023. Additional top-up gas volumes to be purchased to make up shortfalls to February 2023 at an estimated cost of approximately $60m to $70m in FY23.

Depreciation: Net $23m reduction in depreciation charges due to the impairment of Gibson Island assets in September 2021 offset in part by higher depreciation at Phosphate Hill mainly related to capital expenditure for the construction of critical infrastructure.

Planned Plant Shutdowns: Phosphate Hill turnaround completed during 2H FY22. This planned shutdown negatively impacted earnings by $74m compared to the pcp.

Manufacturing Reliability: $25m net decrease due to lower than expected production and plant efficiency at Phosphate Hill in the run up to the turnaround.

Volumes and Margins: Distribution volumes were lower as a result of lower demand, largely due to higher pricing, wet weather and global fertiliser supply constraints. Distribution margins when measured as a function of revenue will naturally decrease when commodity prices increase. Distribution EBIT margin per tonne in FY22 was up slightly versus pcp.

Market Summary

Total Fertilisers Asia Pacific sales volumes of 2,576k metric tonnes was 20% lower than FY21 sales of 3,220k metric tonnes. The planned 8 week turnaround at Phosphate Hill adversely impacted sales volumes in FY23 as did lower demand, largely due to higher pricing, wet weather and global fertilisers supply constraints.

Global fertiliser prices traded significantly higher in FY22 with realised Ammonium Phosphate prices improving by more than 62% compared with the pcp while, despite its volatility, realised Urea prices increased 90% over the pcp. The supply and demand dynamic remains broadly favourable to support strong prices in the near term.

Progress on the soil health strategy continues, highlighted by an increase in Nutrient Advantage earnings and the acquisition of the Yara Nipro liquid fertiliser business.

Manufacturing

Manufacturing performance in the Fertilisers Asia Pacific business in FY22 was as follows:

Phosphate Hill

Ammonium phosphate production decreased to 736k mt, down 23% on pcp. The lower production was a combination of the planned turnaround as well as some critical pieces of equipment operating at below capacity leading into the turnaround that commenced in early May 2022.

Ammonium phosphates cost per tonne was impacted by a number of factors, the most consequential being the increased cost of gas and sulphur. Higher depreciation and some additional repair costs leading into the turnaround also contributed to the higher cost per tonne.

Gibson Island

In response to the critical shortage of AdBlue in the Australian market resulting from international supply chain disruptions, IPL's Gibson Island plant, with the assistance of the Federal Government, was able to rapidly reconfigure its production to uprate the production of AdBlue and satisfy the Australian demand.

The plant produced 405k mt of urea equivalent product, down 19% on pcp. The majority of the reduced production resulted from various minor equipment failures and inefficiencies, the majority of which have been addressed. The plant is on track to close at the end of the calendar year.

OUTLOOK AND SENSITIVITIES

IPL does not generally provide profit guidance, primarily due to the variability of commodity prices and foreign exchange movements. Instead, IPL provides an outlook for business performance expectations and sensitivities to key earnings drivers based on management's current view at the time of this report.

Outlook

Dyno Nobel Americas

» The explosives business is well placed to benefit from heightened ammonium nitrate pricing.

» Apart from a potential outage of up to 4 weeks to allow the installation of a replacement cooler (if required) the Waggaman plant is expected to produce at nameplate capacity in FY23. The operational earnings of Waggaman remain subject to movements in ammonia and natural gas prices.

» Tampa Discount – Ammonia sales from the Waggaman facility should return to the historical contract mix, with tonnes that are priced off the Tampa index returning to a 6-8% discount to Tampa. Should the Tampa benchmark price remain at the recent level of circa US1,000/mt, when factoring in those sales that are not linked to the Tampa benchmark, the overall discount is expected to be between 13% and 15% in FY23.

» Agriculture & Industrial Chemicals earnings remain subject to movements in global fertiliser prices, particularly Urea.

» The St. Helens fertiliser plant is scheduled for a 28 day outage in February 2023 for mid-cycle maintenance.

» The Cheyenne, WY ammonia facility is scheduled for a 55 day planned turnaround in June/July 2023.

» Coal demand is expected to be flat to FY22 as higher demand based on elevated natural gas prices and low electric generator inventory levels lead to restocking.

» Quarry and Construction growth is expected to continue driven by residential and infrastructure spending. Growth of 3% to 5% is expected.

» Metals - Growth in the overall metals sector is expected to be in the low single digits.

» Dyno's market leading technology is expected to support growth in future facing commodity markets, with a recent contract win in Chile a good example.

» The negative impacts of higher inflation, energy costs and supply chain dislocations are expected to be mostly recovered in FY23 through price escalations and contract negotiations.

» The full year earnings from WALA that are attributable to the DNA business in FY23 could be impacted by the outcome of the announced strategic review, and the timing of the settlement of any sale transaction that may result.

Dyno Nobel Asia Pacific

» Favourable pricing conditions on the East Coast of Australia are expected over the re-contracting cycle.

» Technology growth is expected to continue at a run-rate similar to the guidance provided in FY20 as customers look to drill more complex ore bodies and increasingly value productivity, safety and environmental improvements.

» Moranbah is expected to be negatively impacted by approximately $10m due to the cessation of ammonia supply from Gibson Island (20kt per annum).

» Supply Chain and inflationary costs continue to challenge and impact the business. Although efficiency improvements are expected to mitigate the impact, FY23 is expected to see a lag in being able to recover some of these costs through re-pricing.

Fertilisers Asia Pacific

- Fertiliser's earnings will continue to be dependent on global fertiliser prices, the A$:US$ exchange rate and weather conditions.
- Despite the severe flooding in NSW and southern Queensland, agricultural conditions across Eastern Australia are generally favourable. Increased soil moisture levels in most districts on the East Coast, coupled with high dam levels is expected to drive demand for fertiliser through the year. This is further subject to weather conditions in FY23.
- Farm economics are expected to remain favourable through FY23 with farmer cashflows supportive of strong fertiliser demand, although high fertiliser prices can influence volumes.
- Distribution earnings expected to benefit further from IPL's soil health strategy.
- Distribution margins and volumes will continue to be influenced by Australian East Coast agronomic conditions and global fertiliser prices. Global supply constraints ex China and Europe may pose a risk for fertiliser import volumes in FY23.
- Phosphate Hill is expected to produce approximately 1,000kt in FY23 after a successful turnaround in FY22. Gas supply disruptions at Phosphate Hill are expected to continue in 1H FY23. Power and Water Corporation (gas supplier) confirmed full quantities to be restored in February 2023. Additional gas volumes to be purchased to make up shortfalls at an estimated incremental cost of approximately $60m to $70m.
- Production of Ammonia at Gibson Island will cease in early January 2023 with a staged shutdown of downstream production anticipated to cease by end February 2023.

Group

Corporate: Corporate costs are expected to be approximately $40m in FY23 (excluding impact of demerger). This includes an allowance for increased spend on international business development, an allowance for wage growth and minor investment in energy transition and HR Organisational Development.

Borrowing Costs: Net borrowing costs for FY23 are expected to be approximately $133m. The increase is primarily related to higher interest rates and amortisation charges.

Taxation: IPL's effective tax rate for FY23 is expected to be between 24% and 26%.

Hedging Program: US$350m of FY23 US$ linked fertilisers sales are hedged at a rate of $0.7418 with a further US$240m hedged via a collar (cap of $0.7500 and a floor of $0.6184). All remaining US$ linked fertilisers sales and offshore business earnings are unhedged and subject to the spot rate.

Sensitivities

The table provides sensitivities to key earnings drivers and should be read in conjunction with the footnotes found on page 19 of this report.

Commodity	Proxy Index	EBIT Sensitivities
Americas		
Ammonia (1)	CFR Tampa	+/- US$10/mt = +/- U$6.0m
Natural Gas (2)	Henry Hub	+/- US$0.10/mmbtu = -/+ US$2.1m
Urea (3)	FOB NOLA	+/- US$10/mt = +/- U$1.7m
FX EBIT Translation (4)		+/- A$/US$0.01 = -/+ A$10.4m
Asia Pacific		
AP (5)	FOB China/Saudi	+/- US$10/mt = +/- A$14.1m
Urea (6)	FOB Middle East	+/- US$10/mt = +/- A$1.3m
FX EBIT Transactional (5,6)		+/- A$/US$0.01 = -/+ A$18.3m

Note: Proxy Index prices are available on Bloomberg.

(1) Based on 800k mt Waggaman plant nameplate production less an allowance for a potential 4 week outage to allow for the installation of a replacement cooler (if required) and internal sales volumes of 140k mt.

(2) Based on 800k mt Waggaman plant nameplate production less an allowance for a potential 4 week outage to allow for the installation of a replacement cooler (if required) and internal sales volumes of 140k mt. and gas efficiency of 35 mmbtu/tonne of ammonia (the efficiency achieved in FY22).

(3) Based on St Helens plant capacity of 175k mt of urea equivalent product.

(4) Based on actual FY22 Dyno Nobel Americas EBIT of US$533m and an average foreign exchange rate of A$/U$ 0.71.

(5) Based on Phosphate Hill plant nameplate production of 1 million tonnes; average FY22 realised AP price of US$851; and an average foreign exchange rate of A$/U$ 0.71.

(6) Based on estimated FY23 Gibson Island production sold subject to urea price movement of 118k mt; average realised FY22 urea price of US$710; and an average foreign exchange rate of A$/U$ 0.71.

Principal Risks

Set out below are the principal risks and uncertainties associated with IPL's business and operations. These risks, which may occur individually or concurrently, could significantly affect the Group's business and operations. For some of the risks described below, factors such as continuing global geopolitical uncertainty, supply chain disruptions, inflationary pressures and global recessionary risks have the potential to exacerbate those risks. IPL is also undertaking a demerger to implement a structural separation of its fertilisers and explosives businesses to create two separately listed companies on the ASX. Some of these risks may be heightened for the businesses on a stand-alone basis.

There may be additional risks unknown to IPL and other risks, currently believed to be immaterial, which could become material. In addition, any loss from such risks may not be recoverable in whole or in part under IPL's insurance policies. The treatment strategies noted below are not exhaustive and do not remove the risks; while in some cases they may either partially or fully mitigate the exposure, residual risk remains.

The Group's process for managing risk is set out in the Corporate Governance Statement.

Broad Risk Category	Description and potential consequences	Treatment strategies employed by IPL
Strategy & Climate Change	IPL operates in highly competitive markets with varying competitor dynamics and industry structures. The actions of established or potential competitors could have a negative impact on sales and market share and hence the Group's financial performance. In respect of IPL's advanced technologies, there is a risk that the intellectual property may be replicated or challenged, resulting in potential loss of business. The global energy transition that is occurring in response to climate change is changing market dynamics and presents strategic risks and opportunities for IPL. These may include a rapid transition away from fossil fuels, which would likely significantly decrease demand for thermal coal, and a shift to new technologies, such as renewable hydrogen. Growing demand for green and blue ammonia creates opportunities in these developing markets. Geopolitical uncertainty borne out of the continuing supply chain challenges in China, impacts from Russia's invasion of Ukraine and global inflationary pressures could have a negative impact on IPL's cost base, sales and market share and hence the Group's financial performance. The execution of IPL's proposed demerger to implement a structural separation of its fertilisers and explosives businesses to create two separately listed companies on the ASX may also adversely impact IPL's financial performance or reputation. Increased engagement by stakeholders in relation to matters such as supply chain and climate change may also adversely impact IPL's financial performance and reputation. The impact of carbon emissions, and governments' policies and actions to limit them, may have an impact on IPL's operations and supply chains. A detailed discussion of the risks and opportunities identified through IPL's comprehensive assessment of both physical and transitional risks can be found in IPL's 2022 Climate Change Report.[1]	» IPL seeks to maintain or develop competitive cost positions in its chosen markets, whilst maintaining quality product and service offerings. » IPL continues to invest in new technologies and premium product offerings in order to meet the needs of our customers while limiting and improving both IPL's, and our customers', carbon footprints. » IPL monitors long term growth trends in the mining sector through industry forecasts of commodities demand. These trends have been incorporated into our business strategy through aligning our explosives business growth with predicted customer demand profiles by segment and the delivery of technology solutions to leverage these. » IPL is progressing the feasibility study into industrial-scale production of green ammonia at Gibson Island. A comprehensive site decommissioning plan and project team is in place to manage the manufacturing site closure and potential transition to green ammonia. » IPL has implemented a business separation process with strong governance processes in place that are designed to minimise cost and disruption to normal operations and meet market expectations of the demerger process. » Communication strategy with stakeholders. » Through engagement with an expert third party in 2021, a comprehensive assessment has been completed of IPL's physical and transitional risks and opportunities associated with climate change. The scenarios used for this assessment are included in IPL's 2022 Climate Change Report.

(1) Refer to IPL's Climate Change Policy (available on IPL's website) for further details. IPL acknowledges the mainstream scientific direction on the existence of climate change. We support the international climate agreement developed at the 2015 Paris Conference of Parties, as well as the Nationally Determined Contributions of the countries in which we operate.

Broad Risk Category	Description and potential consequences	Treatment strategies employed by IPL
Health, Safety, Environment, Community	IPL's operations are inherently dangerous. IPL operates 15 key manufacturing and assembly sites and is exposed to operational risks associated with the manufacture, transportation and storage of fertilisers, ammonium nitrate, initiating systems, industrial chemicals and industrial explosives products. These operational risks include an unintended detonation of explosives, or unintended toxic release or fire/explosion during manufacture, transportation or storage. IPL's business, and that of its customers and suppliers, is subject to environmental laws and regulations that require specific operating licences and impose various requirements and standards. Changes in these laws and regulations, failure to abide by the laws and/or licensing conditions, or changes to licence conditions, may have a detrimental effect on IPL's operations and financial performance.	» A comprehensive Health, Safety, Environment and Community (HSEC) management system is in place. » HSEC risk identification, mitigation and management strategies are employed at all times and across all sites. » The Group continues to foster and encourage a Zero Harm culture with a focus on leadership development and creating an atmosphere of "Safe Ground" through programs such as SafeTeams. » Systems and procedures, including Standard Operating Procedures and Work Instructions, are established, documented, implemented and maintained to reduce HSEC risk in all work activities. » The Group has strict processes around the stewardship, movement and safe handling of dangerous goods and other chemicals.
Compliance	IPL's business, and that of its customers and suppliers, is subject to various laws, policies and regulatory provisions across the jurisdictions in which it operates, including anti-bribery and corruption laws, sanctions, anti-trust laws, modern slavery, domestic or international laws relating to import and export quotas, tariffs and geopolitical risks relating to countries with which IPL, or its customers and suppliers, engages to buy or sell products and materials. Failure to abide by, or changes in, these laws and regulatory provisions in any of the countries in which IPL operates or in which it has dealings may adversely impact its business, financial condition and operations, or the business, financial condition and operations of IPL's customers and suppliers, including reputational damage to IPL as well as legal action, and could impact on the willingness of parties, including financiers, to transact with IPL. IPL is also exposed to potential legal and other claims or disputes in the course of its business and in connection with its operations.	» Corporate functions are in place to provide sufficient support and guidance to ensure regulatory risks are identified and addressed, including regular reviews of country regulatory risk, comprehensive checks of customers and suppliers for compliance with relevant sanctions and modern slavery laws, and the undertaking of due diligence processes as required. » IPL has dedicated resources to manage and monitor business processes against the compliance requirements for ethical procurement, including modern slavery. » Where possible, IPL appoints local business leaders and management teams who bring a strong understanding of the local operating environment and strong customer relationships. » IPL engages with governments and other key stakeholders to ensure potential adverse impacts of regulatory changes are understood and, where possible, mitigated. » Regular training is provided to relevant staff on their obligations and reporting requirements under appropriate anti-bribery and corruption laws. » IPL provides a whistleblower hotline where employees and third parties can anonymously notify the Group's General Counsel and Chief Risk Officer of any suspected fraudulent, illegal or unethical activity. » IPL operates and manufactures products using detailed quality management systems. Quality assurance plans are in place for manufactured products intermediaries, procured products and raw materials.
People	IPL has operations in regional and remote locations where it can be difficult to attract and retain critical and diverse talent. A shortage of skilled labour or loss of key personnel could disrupt IPL's business operations or adversely affect IPL's business and financial performance.	» Management identifies critical roles and implements policies to help ensure that appropriate succession and retention plans are in place for those roles.

Broad Risk Category	Description and potential consequences	Treatment strategies employed by IPL
Manufacturing	IPL's manufacturing systems are vulnerable to equipment breakdowns, energy or water disruptions (including high baseline water stress, resulting from climate change), natural disasters and severe weather events, unforeseen human error, legacy design issues, sabotage, terrorist attacks and other unforeseen events which may disrupt IPL's operations and materially affect its financial performance. There is a risk that a reliable, committed source of natural gas (a major input required for ammonia production) at economically viable prices may not be available for IPL's global manufacturing operations, as demonstrated with the closure of Gibson Island. Sulphuric acid is a major raw material required for the production of ammonium phosphates. Sulphuric acid supply into Phosphate Hill would likely be negatively impacted, from a volume and/or price perspective, should the Mt Isa Mines copper smelter close.	» The Group continues to implement its Operations Risk Management (ORM) Program designed to effectively manage process safety risks. » IPL undertakes business continuity planning and disaster preparedness across all sites. » Global industrial special risk insurance is obtained to ensure the appropriate coverage is in place with regard to damage to the Group's plants and property and the associated costs arising from business interruptions. » The Group has medium term gas contracts in place for its Australian manufacturing sites. The contracts have various tenures and pricing mechanisms. IPL explores new gas supply arrangements as an ongoing part of its operations. » The Group has started a life of mine project at Phosphate Hill with one leg of the work specifically looking at alternative sources of sulphuric acid for the Phosphate Hill operation to mitigate any potential loss of sulphuric acid from a Glencore smelter closure. » The Group seeks to maintain or achieve low cost positions in its chosen markets, which helps its businesses to compete in changing and competitive environments.
Customer	IPL has strong relationships with key customers for the supply of products and services, and these relationships are fundamental to the Group's financial performance. The loss of key customer(s) may have a negative impact on the Group's financial performance. Customers' inability to pay their accounts when they fall due, or inability to continue purchasing from the Group due to financial distress, may expose the Group to customer credit risks.	» The Group attempts to diversify its customer base to reduce the potential impact of the loss of any single customer. » Where practical, for customers in the Explosives sector, IPL prefers to engage in long term customer contractual relationships. » When appropriate, the Group purchases trade credit insurance to minimise credit risk.
Supply Chain	Timely and economic supply of key raw materials represents a potential risk to the Group's ability to manufacture and supply products. In some markets in which IPL operates, economic supply of key raw materials is reliant on only a few external parties and in some cases, only one. In some markets, the availability of transportation routes for moving raw materials and finished product is reliant on only a few external parties. There is a risk that if these transportation routes or methods are disrupted, IPL's manufacturing and distribution capacities may be reduced, impacting plant uptime and earnings.	» Where possible, flexible supply chain and alternative sourcing solutions are explored and maintained as a contingency. » Reviews of single-point sensitivity exposures within IPL's supply chain are undertaken. » Plants have storage capacity, as well as logistics capability, that allows for offtake to be distributed via various channels, including via rail, truck, barge and pipeline. » Integrated Business Planning (IBP) and inventory processes assist in optimising inventory to reduce price risk of stock on hand and provide flexibility to mitigate the impacts of short term disruptions. » More detail on management strategies to mitigate the impacts of future extreme weather events on IPL's supply chains are described in IPL's 2022 Climate Change Report.
Commodity Price	The pricing of internationally traded commodities is based on international benchmarks and is affected by global supply and demand forces, therefore price fluctuations in these products, combined with fluctuations in foreign currency exchange rates, particularly the A$/US$ rate, could adversely affect IPL's manufacturing operations and financial performance. Weaker hard and soft commodity prices (particularly coal, iron ore, gold, corn, wheat, cotton and sugar) could have an adverse impact on the Group's customers and has the potential to impact the customers' demand, impacting volume and market prices.	» IPL manages commodity price risk via a trading book approach which allows the business to better manage its short and medium-term exposures to commodity price fluctuations, while taking into account its commercial obligations and the associated price risks. » The Group may enter into derivative contracts, where available on a needs basis, to mitigate commodity price risk. However, in some instances price risk exposure cannot be economically mitigated by either contractual arrangements or derivative contracts. » To ensure volume and price commitments are upheld, the Group has firm and enforceable customer supply contracts.

Broad Risk Category	Description and potential consequences	Treatment strategies employed by IPL
Demand	The current global economic and business climate, energy situation, and any sustained downturn in the North American, South American, Asian, European or Australian economies may adversely impact IPL's overall performance by affecting demand for industrial explosives, industrial chemicals and fertilisers and related products and services, and profitability in respect of them. Seasonal conditions (particularly rainfall), are a key factor for determining demand and sales of explosives and fertilisers. Any prolonged change in weather patterns and severity of adverse weather conditions, as well as changes to growing regions in the Fertiliser business, could impact the future profitability and prospects of IPL.	» Diversification across explosives and fertilisers markets in numerous geographical locations helps manage exposures: IPL's international explosives business operates across geographically diverse locations with exposures to diverse sectors including coal, iron ore, quarry & construction and metals mining; IPL's Australian fertilisers business operates in all Australian States other than Western Australia and has diversity across market segments and customers serviced. » Continuous review of country specific risks helps proactive management of potential exposures. » The Company's Integrated Business Planning process incorporates forecasting on a rolling 24-month basis which enables scenario planning and some supply flexibility. Forecasts are based on typical weather conditions and are reviewed on an ongoing basis as the seasons progress to help align supply to changing demand.
Finance	Foreign exchange movements against the Australian dollar may materially affect IPL's financial performance through the translation of US$, CAD$ or EU$ denominated sales, borrowings and related interest payable. Other financial risks that can impact IPL's earnings and/or ability to operate include the cost and availability of funds to meet its business needs, movements in interest rates and the imposition or removal of tariffs. Changes in tax legislation or compliance requirements in the jurisdictions in which IPL operates, or changes in the policy or practices of the relevant tax authorities in such jurisdictions, may result in additional compliance costs and/or increased risk of regulatory action.	» IPL's capital management strategy is aimed at maintaining an investment grade credit profile, an appropriate mix of A$/US$ debt, funding flexibility by accessing different debt markets and reducing refinancing risk by ensuring a spread of debt maturities. A detailed discussion of financial risks is included in Note 18 (Financial Risk Management). » Financial risk management is undertaken in accordance with policies, including hedging strategies, that are approved by the Board. » IPL engages with governments and other key stakeholders to ensure potential adverse impacts of proposed fiscal and/or tax changes are understood and, where possible, mitigated.
Security	IPL's operations are exposed to sabotage, terrorist attacks and other unforeseen events which may disrupt IPL's operations and supply chain and materially affect its financial performance.	» The Group has strict processes around the stewardship, movement and safe handling of dangerous goods and other chemicals. » IPL undertakes business continuity planning and disaster preparedness across all sites.
Cyber	Sensitive data, pertaining to IPL, its employees, associates, customers or suppliers, may be lost or exposed, resulting in a negative impact to reputation or competitive advantage, and potential breach of regulatory compliance obligations. IPL may be the target of cyber-attacks which could result in commercial, financial, health and safety, environmental, community or reputational impacts.	» Policies, procedures and practices are in place regarding the use of company information, personal storage devices, IT systems and IT security. » A data breach response plan has been established to respond to, and mitigate the effects of, any instances of sensitive data breaches that may occur. » Security Operations Centre, threat intelligence, advanced threat analytics, system/network controls and industry standard cyber frameworks are collectively leveraged for the prevention and detection of, and response against, cyber threats. » To ensure a degree of risk transfer in the event of a major cyber security incident, IPL retains a cyber insurance policy.

REMUNERATION REPORT

Introduction from the Chairman of the Remuneration Committee

Dear Shareholders,

On behalf of Incitec Pivot Limited's (IPL or the Company) Remuneration Committee and the Board, I am pleased to present the Remuneration Report for 2022 which sets out the remuneration information for the Managing Director & Chief Executive Officer (MD&CEO), Executive Key Management Personnel (KMP) and the Non-executive Directors.

Our approach

The Remuneration Committee's objective is to ensure our remuneration framework provides a bridge between shareholder value and individual performance, whilst ensuring alignment with our other key stakeholders.

We ensure individual performance is measured using targets that align to IPL's values, long-term strategy and metrics, shorter term financial targets and relevant individual goals.

Financial Year 2022 in review

The Company's safety and sustainability performance continued to gain positive momentum. Although TRIFR [1] has been flat, FY22 has seen a material reduction in injury severity and environmental incidents. This year we have made good progress on our journey to Net Zero with a range of projects advanced to decarbonise our operations. The Board and Management remain focused on continued progress to our sustainability performance.

The 2022 financial year was characterised by higher commodity prices, supply chain challenges, and ongoing COVID-19 uncertainties. These factors continued to make financial target setting very challenging. For financial year 2022, higher commodity prices helped deliver a record Headline Group NPAT result of $1,027.1 million. With strong financial results the Company's share price increased 19.4% from $2.94 to $3.51. Pleasingly with increased profitability in 2022, dividends payments were increased 190% from 9.3 cents to 27 cents per share and a share buyback of up to $400 million has been announced.

High commodity prices offset manufacturing related issues experienced at both our Waggaman, Louisiana, USA (WALA) and Phosphate Hill plants. We remain focused on consistent and reliable production.

Some significant strategic steps have been progressed with the planned demerger of the fertiliser and explosives businesses, the acquisition of Titanobel in France, and assessments to convert the Gibson Island ammonia plant to run on green hydrogen.

Post the end of the financial year, the 2023 strategic objectives have been expanded to include the strategic review of the Waggaman ammonia plant. The strategic review process will have implications for the timing of the proposed demerger of the Incitec Pivot Fertilisers and Dyno Nobel businesses. The deliverables for both projects have been incorporated into relevant executive strategic objectives for FY23.

Executive changes in FY22

Mr Paul Victor commenced as the new Chief Financial Officer (CFO) on 1 July 2022. Mr Victor has over 30 years' experience across a range of industries, including upstream oil and gas, gold and coal mining, chemicals and energy industries for international listed companies.

Former CFO, Nick Stratford, left the Company on 31 December 2021 (refer section 4.6).

Mr Stephan Titze (President – Incitec Pivot Fertilisers) has retired and left the Company on 30 September 2022 (refer section 4.6).

We thank both for their significant contributions to the Company.

Fixed remuneration in FY22

A new regional manufacturing model was introduced this year. Duties for the previous Global Manufacturing & HSE (Health Safety & Environment) role were reassigned geographically to the President – Dyno Nobel Americas, the President – Dyno Nobel Asia Pacific, and the President – Incitec Pivot Fertilisers, resulting in increases to their fixed remuneration (refer section 2.2). The MD&CEO did not receive an increase to fixed remuneration in 2022.

Short-term incentive in FY22

The MD&CEO achieved an STI outcome of 64% of maximum and the average Executive KMP STI outcomes was 59.3% of maximum. The STI outcomes were as a result of record Headline Group NPAT and strong performance by Executive KMP against their personal measures. Strategic objectives that have progressed well during FY22 include the planned demerger, acquisition of Titanobel and progress on decarbonisation initiatives.

HSE overall outcomes for the year showed improvement and achieved an at target result (refer section 2.3). Sustainability measures attached to each Executive KMP's STI delivered above target outcomes for all but the President – Incitec Pivot Fertilisers, who delivered a result between threshold and target. Group Adjusted NPAT [2] was impacted by manufacturing-related issues, which resulted in an overall outcome below threshold level.

For the Dyno business units, adjusted EBIT results for DNA did not reach threshold and DNAP was between threshold and target levels. The IPF business unit did not reach threshold for adjusted EBIT, largely due to Phosphate Hill production issues.

Section 2.1 outlines additional information on the Company's FY22 performance and resulting STI outcomes are provided in section 2.3 of this report.

Long-term incentive

The 2019/22 LTI plan shifted its performance period for the Relative TSR condition from an end of financial year to a November 2022 testing date. The decision to move this Relative TSR performance period was to align the end of the testing period with the release of the Company's annual results.

As a result, only non-TSR performance conditions attached to the 2019/22 LTI plan can be commented on in this year's report (refer to Section 2.5), with detailed reporting on the 2018/21 tranche included under Section 2.4. The three metrics for the 2019/22 plan are Relative TSR, Return on Invested Capital, and Long Term Value Metrics. Although final performance for the Relative TSR component was not known at the time of this report, we expect a higher level of vesting for the 2019/22 LTI at around 60% to 80%.

As previously disclosed, for the 2018/21 LTI plan with the performance period that ended on 30 September 2021, 15% of performance rights vested.

FY23 Remuneration framework

The FY23 STI remuneration framework is expected to remain largely the same as FY22. With the strategic review of Waggaman, timing of the demerger of the Incitec Pivot Fertilisers and Dyno Nobel businesses is likely to be extended by 6 to 12 months (refer to section 5 for proposed FY23 STI weightings for each Executive KMP). After a recent salary review, the MD&CEO's fixed remuneration will be increased by 3.9% in January 2023, the first increase since January 2019. The performance conditions for the LTI 2022/25 are expected to be largely the same as the LTI 2021/24. We are reviewing the Return on Invested Capital (ROIC) metric and expect to move to a three-year average calculation.

We continue to review market trends to ensure our remuneration framework supports the execution of our strategies to increase shareholder value. This objective is balanced with retaining and motivating our key talent and ensuring alignment with our other key stakeholders.

We look forward to ongoing dialogue with, and the support of our shareholders, and welcome your feedback and comments on any aspect of this Report.

Greg Robinson
Chairman

(1) Total Recordable Incident Frequency Rate.
(2) Group Adjusted NPAT means that results have been normalised to remove the impact of foreign exchange and commodity price movements.

REMUNERATION REPORT CONTENTS

1. Introduction

The directors of IPL present the Remuneration Report prepared in accordance with the Corporations Act 2001 (Cth) for the Company for the year ended 30 September 2022. This Remuneration Report is audited.

This Remuneration Report sets out remuneration information for KMP who had authority and responsibility for planning, directing and controlling the activities of the Company during the 2022 financial year, being each of the Non-executive Directors and designated Executives. The use of the term "Executives" in this report is a reference to the MD&CEO and certain direct reports during the 2022 financial year. Refer to Table 1 below for all individuals comprising IPL's KMP for the 2022 financial year. All KMP held their positions for the entirety of the 2022 financial year, unless noted otherwise.

Table 1 – Individuals forming IPL's KMP for the 2022 reporting period

Non-executive Directors	
Current	
Mr Brian Kruger	Chairman and Independent, Non-executive Director
Mr George Biltz	Independent, Non-executive Director
Mr Bruce Brook	Independent, Non-executive Director
Ms Tonianne Dwyer	Independent, Non-executive Director
Dr Xiaoling Liu	Independent, Non-executive Director
Mr Gregory Robinson	Independent, Non-executive Director

Executives	
Current	
Ms Jeanne Johns	Managing Director & Chief Executive Officer
Mr Paul Victor (1)	Chief Financial Officer
Mr Greg Hayne	President, Dyno Nobel Asia Pacific
Dr Braden Lusk	President, Dyno Nobel Americas
Former	
Mr Stephan Titze (2)	President, Incitec Pivot Fertilisers
Mr Nick Stratford (3)	Chief Financial Officer

(1) Mr Victor commenced as CFO and was appointed a KMP on 1 July 2022.

(2) Mr Titze ceased as a KMP on 27 July 2022. From that date, Mr Hayne began acting as Interim President, Incitec Pivot Fertilisers.

(3) Mr Stratford ceased as a KMP on 14 November 2021 and left the Company on 31 December 2021. Mr Chris Opperman acted as Interim CFO from 15 November 2021 to 30 June 2022, when Mr Paul Victor was appointed.

A summary of the Company's approach to Executive remuneration for the 2022 financial year, including performance conditions and their link to the overall remuneration strategy is set out below:

	Performance Conditions	Remuneration Strategy/Performance Link
Fixed Annual Remuneration *Salary and other benefits (including statutory superannuation).* *Refer section 4.2 for more details*	**Considerations** » Scope of individual's role » Individual's level of knowledge, skills and expertise » Company and individual performance » Market benchmarking	Set to attract, retain and motivate the right talent to deliver on IPL's strategy and contribute to the Company's financial and operational performance. For the Company's Executives, the aim is to set fixed remuneration at market relevant levels and link any future increases to individual performance and effectiveness whilst continuing to have regard to market relevance.
Short Term Incentive Annual incentive opportunity delivered 50/50 in cash/restricted shares for the MD&CEO (if Minimum Shareholding Requirement (MSR) has yet to be achieved) or 100% in cash if MSR has been achieved. For all other Executives, opportunity delivered 75/25 in cash/restricted shares (if MSR has yet to be achieved) or 100% in cash if MSR has been achieved. *Refer section 4.3 for more details*	**Zero Harm 'gate'** The award payable for the Zero Harm performance condition may be forfeited in the event of a fatality or major incident having regard to its circumstances.	To align with the Company's commitment to "Zero Harm for Everyone, Everywhere".
	Safety measures (generally 10% of STI award) » Safety performance balanced scorecard across the dimensions of behavioural safety and process safety management comprising input and output measures.	In assessing the safety balanced scorecard, the Board may, in its discretion, have regard to the results achieved against the measures comprising the scorecard without applying a specific weighting to any particular measure.
	Net Profit After Tax (NPAT) 'gate' Requires achievement of a designated Group NPAT as determined by the Board. » A minimum NPAT performance level must be achieved for the gate to open. If the NPAT performance level gate is not achieved, all non-safety components of the STI will be capped at target.	To ensure awarded STI aligns not only with underlying performance, but also with the overall profitability of the business. Commodity price impacts could result in poor profitability which would be inconsistent with stretch bonus payouts.
	Financial measures (generally a maximum of 70% of STI award, incorporating metrics relevant to an Executive's area of influence) » Group NPAT » Group Adjusted NPAT » Business Unit Adjusted EBIT (Earnings Before Interest and Tax) » Manufacturing Reliability	To ensure robust alignment of performance in a particular Business Unit with reward for the Executive managing that Business Unit. Performance conditions are designed to support the financial direction of the Company (the achievement of which is intended to translate through to shareholder return) and are clearly defined and measurable.
	Sustainability measures (generally 10% of STI award) » Sustainability measures targeted at an Executive's area of influence » Greenhouse gas reduction targets	Performance conditions are designed to align with the overall Sustainability strategy of the business and focuses an Executive on the key short term objectives within their area of influence, that contribute towards the Company's longer term milestones.
	Strategic objectives (generally, a maximum of 20% of STI award) aligned to personal strategic objectives. Examples include: » Cost reduction and cash conversion initiatives » Input to demerger of the fertiliser and explosives businesses » Product innovation	Key strategic and growth objectives targeted at delivering ongoing benefit to the Company.
Long Term Incentive Three-year incentive opportunity delivered through performance rights. *Refer section 4.4 and 4.5 for more details*	**Performance conditions** Distinct categories of performance that are weighted to align with the Group's focus over the three-year period that each tranche of the plan spans. » Relative total shareholder return (TSR) » Long Term Value Metrics (formerly Strategic initiatives) » Return on invested capital (ROIC)	Performance conditions designed to encourage Executives to focus on the key performance drivers which underpin sustainable growth in shareholder value. The mix of performance conditions is designed to ensure the share price growth is supported by the Company's absolute ROIC performance as well as long term value metrics, and not market factors alone.

Minimum Shareholding Requirement

Executive KMP are required to attain and maintain a MSR to better align Executive and Shareholder interests. It requires the MD&CEO to defer 50% of any STI awarded until holding the equivalent of 100% of Fixed Annual Remuneration (FAR) in IPL shares. This must be achieved within 5-years, or direct purchases of shares would be required. Other Executive KMP must defer 25% of any STI awarded until holding the equivalent of 50% of FAR in IPL shares.

Total Remuneration

The combination of these elements is designed to attract, retain and motivate appropriately qualified and experienced individuals, encourage a strong focus on performance, support the delivery of outstanding returns to shareholders and align Executive and stakeholder interests through share ownership.

2. Remuneration Outcomes in 2022 Financial Year & Link to the 2022 Financial Year Performance

2.1 Analysis of relationship between the Company's performance, shareholder wealth and remuneration

In considering the Company's performance, the benefit to shareholders and appropriate remuneration for the Executives, the Board, through its Remuneration Committee, has regard to financial and non-financial indices, including the indices shown in the below table in respect of the current financial year and the preceding four financial years.

Table 2 – Indices relevant to the Board's assessment of the Company's performance and the benefit to shareholders

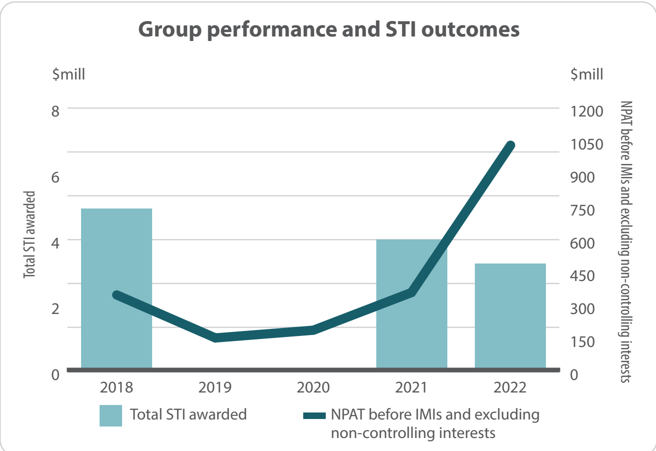
	2018	2019	2020	2021	2022
NPAT before IMIs and excluding non-controlling interests ($m)	347.4	152.4	188.2	358.6	1,027.1
EPS before IMIs (cents)	20.9	9.5	10.9	18.5	52.9
Dividends per share (DPS) paid in the financial year (cents)	9.4	7.5	3.4	1.0	18.3
DPS declared in respect of the financial year (cents)	10.7	4.7	–	9.3	27.0
Share price ($) (Financial Year End) [1]	3.98	3.39	2.03	2.94	3.51
TSR (%) over 3 years [2]	14	30	(37)	(25)	–
On-market share buyback ($m)	(210.3)	(89.7)	–	–	–
Equity Raising (net of cost) ($m)	–	–	645.5	–	–

(1) Share Price as at the end of the 2017 financial year was $3.60.

(2) TSR is calculated in accordance with the rules of the LTI 2015/18, LTI 2016/19, LTI 2017/20, LTI 2018/21 as applicable over the three-year performance period, having regard to the volume weighted average price (VWAP) of the shares over the 20 business days up to but not including the first and last day of the performance period. For LTI 2019/22 the VWAP performance period is over the 5 business days immediately following the day that IPL's annual results are released in November 2022. This was not known at the time of printing and will be disclosed in next year's report.

Relationship between the Company's performance and Executive KMP STI outcomes

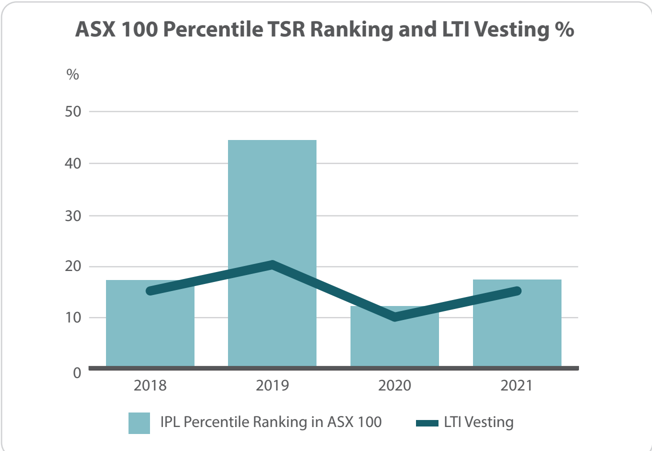
The below graph shows the relationship between the Company's performance and STI awards for Executive KMP in respect of the year. For the 2022 financial year, Group NPAT (before IMIs and excluding non-controlling interest) increased by 186% to $1,027.1m. The financial gate for the STI opened as outlined in section 4.3 of this report, resulting in Executives earning on average, 59.3% of Maximum 2022 STI awards.



2022 Total STI awarded includes 4 Executive KMP and on average delivered higher outcomes than 2021 which included 5 Executive KMP.

Relationship between the Company's performance and Executive KMP LTI outcomes

The below graph shows the relationship between IPL's TSR percentile ranking relative to its S&P/ASX 100 peer group over the three years that each plan operated, and the overall LTI vesting percentage that occurred for each plan. The LTI 2018/21 that vested in the 2022 financial year delivered 15% of total opportunity available for that plan. The 2019/22 outcomes will be outlined in next year's report (refer to footnote (2) under Table 2 above).



LTI Vesting outcomes are based on 3 year averages

2.2 2022 Fixed annual remuneration

The current policy for reviewing Executive remuneration is to use a primary benchmark against the market median of ASX companies with market capitalisation of 50% to 200% of IPL's, with support references against other benchmarking sources including the ASX100, and a select group of 21 S&P ASX listed companies from the Industrials, Materials and Energy Sectors (refer to Section 3.1 for more detail).

Market surveying specialist, HR Ascent, was engaged to source listed company remuneration data. The primary benchmarking was undertaken based on IPL's market capitalisation of $5.65 Billion at 31 March 2021, which covered all ASX companies with market capitalisation of $2.8 Billion to $11 Billion as at 31 March 2021.

For roles located outside Australia, market-specific information sourced from US data providers Korn Ferry, Mercer and Equilar was used for benchmarking purposes.

The benchmarking analysis was considered along with the internal restructuring of the Global Manufacturing role that saw duties for this role reassigned geographically to the President – Dyno Nobel Americas, the President – Dyno Nobel Asia Pacific, and the President – Incitec Pivot Fertilisers, which delivered the following fixed annual remuneration (FAR) increases to these Executive KMP:

- Ms Jeanne Johns received a 0% increase in the 2022 financial year and her most recent increase was in January 2019.
- Dr Braden Lusk 16% (to US$640,000, effective 17 July 2021). Dr Lusk's most recent increase prior to this review was in July 2020 when he was promoted to the role of President – Dyno Nobel Americas.
- Mr Greg Hayne 15% (to $770,000, effective 17 July 2021). Mr Hayne's most recent increase prior to this review was in October 2019.
- Mr Stephan Titze 15% (to $720,000, effective 1 January 2022). Mr Titze had not received an increase since joining the Company in January 2019.

The combined increases account for approximately 60% of the FAR that the President – Global Manufacturing & HSE was paid prior to exiting the Company. Increases for both Dr Lusk and Mr Hayne took effect in October 2021 but were backdated to when they assumed additional responsibilities in July 2021.

2.3 2022 STI outcomes

The following table outlines detailed STI outcomes for the MD&CEO. Outcomes have been determined on the basis that the STI Financial Gate of $281.3m was exceeded. Refer to Section 4.3 for detail on the STI Financial Gate.

Measure	Weighting (at Target)	Target	Threshold	Target	Stretch	Performance Outcome	Weighted Outcome	Commentary
Health, Safety & Environment								
Balanced Scorecard	10%	**Lag Indicators:** Personal Safety; Process Safety; Environmental Incidents **Leading Indicators:** Significant Event Management; Zero Harm Plan				Scorecard achieved Target result	10%	Overall, progress on the Zero Harm Plan continues to gain momentum. Although FY22 Total Recordable Incident Frequency Rate (TRIFR) delivered a flat result, a step change in Process Safety performance and improvement in Environmental Incidents were delivered compared to FY21. The severity of recordable incidents decreased year on year.
Headline Financial								
Group Headline NPAT (1)	30%	$453m (excluding individually significant items)				$1,027m	45%	The stretch objective for this measure was comfortably exceeded with strong support from the positive movement in commodity prices experienced throughout FY22.
Adjusted Financial								
Group Adjusted NPAT (1)	20%	$453m				$360m	0%	The threshold Adjusted NPAT level was not met, with downtimes at Phosphate Hill and WALA being the major contributors to the below threshold outcome delivered.
Manufacturing Reliability								
Output Tonnes and TAR to Schedule, Cost & Safety	15%	Output Tonnes: WALA (5%) PhosHill (5%); PhosHill Turnaround Review, Cost & Safety (5%)				33% (PhosHill TAR achieved at Target)	5%	Underperforming manufacturing outputs and reliability at both WALA and Phosphate Hill delivered sub-threshold outcomes. The Phosphate Hill Turnaround Review was completed to a high standard with this element delivering a target outcome.
Sustainability								
Delivery of various Sustainability -related projects	10%	Progress on operating emission reduction projects: Moranbah tertiary abatement project; WALA sequestration; Gibson Island green ammonia project; Delta E greenhouse gas (GHG) emission reduction (Scope 3)				Projects achieved Stretch result	15%	Progress on operating emission reduction projects: sustainability strategies were developed, incorporated and integrated into business strategies. This includes pathways to net zero for both future businesses and initial insights into Scope 3. WALA sequestration: Non-binding MOU's have been signed. This forms part of IPL's net zero pathway and in contributing towards reaching a Paris-aligned 2030 target Gibson Island green ammonia project: the GI project successfully passed the technical gate and has received contingent funding. Moranbah tertiary abatement project: the project was sanctioned in March 2022 and resulted in meeting IPL's 2025 Scope 1 & 2 target. Delta E GHG emission reduction: Certification significantly progressed, with initial study showing 25% GHG reduction, based on 10% less material.
Individual Objectives								
Completion of Key Projects	15%	Progress demerger of the fertiliser and explosives businesses and other strategic initiatives. Deliver an improvement in employee engagement scores and Executive Team effectiveness.				Projects achieved between Target and Stretch result	21%	Launch of demerger of the fertilisers and explosives businesses, as well as one additional strategic project completed and a further strategic project positioned to deliver strong shareholder outcomes in the future. Significant improvement in engagement at the Executive Team and Leadership levels despite the demerger disruptions.
Overall STI Outcome						**% of Target Opportunity Awarded** **% of Maximum Opportunity Awarded**	**96%** **64%**	

Stretch · Between Target & Stretch · Target · Between Threshold & Target · Threshold · Below Threshold

(1) Adjusted means that results have been normalised to remove the impact of foreign exchange and commodity price movements.

Individual STI outcomes for other Executive KMP are summarised below:

Executive KMP	Objectives	Weighting (at Target)	Threshold / Target / Stretch	Weighted Outcome	"Result % Target / % Max"	Commentary
G Hayne	Health, Safety & Environment (HSE)	10%	Between Target & Stretch	18%	139.5% / 69.8%	Mr Hayne achieved very strong results against all of his individual HSE, sustainability and strategic objectives. Manufacturing Reliability across his portfolio delivered an on-target outcome, however, Adjusted EBIT delivered a result between threshold and target.
	Headline NPAT	30%	Stretch	60%		
	Business Unit Adjusted EBIT	30%	Between Threshold & Target	11%		
	Manufacturing Reliability	10%	Target	10%		
	Sustainability	10%	Stretch	20%		
	Individual Strategic Objectives	10%	Stretch	20%		
B Lusk	Health, Safety & Environment (HSE)	10%	Between Threshold & Target	9%	109.0% / 54.5%	Dr Lusk delivered outstanding outcomes against his individual sustainability metrics, and his Business Unit contributed strongly to the Group's Headline NPAT result. HSE and Manufacturing Reliability delivered results of betweeen threshold and target and individual strategic objectives were on target.
	Headline NPAT	30%	Stretch	60%		
	Business Unit Adjusted EBIT	20%	Below Threshold	0%		
	Manufacturing Reliability	20%	Between Threshold & Target	10%		
	Sustainability	10%	Stretch	20%		
	Individual Strategic Objectives	10%	Target	10%		
S Titze	Health, Safety & Environment (HSE)	10%	Between Threshold & Target	5%	95.0% / 47.5%	The fertiliser business under Mr Titze's leadership contributed very strongly to the Group's Headline NPAT outcome. Individual strategic objectives were delivered on-target, however all other metrics produced outcomes below target.
	Headline NPAT	30%	Stretch	60%		
	Business Unit Adjusted EBIT	20%	Below Threshold	0%		
	Manufacturing Reliability	5%	Below Threshold	0%		
	Sustainability	10%	Between Threshold & Target	5%		
	Individual Strategic Objectives	25%	Target	25%		

Stretch · Between Target & Stretch · Target · Between Threshold & Target · Threshold · Below Threshold

Table 3 – Short term incentives awarded for the year ended 30 September 2022

Details of the vesting profile of the STI payments awarded for the year ended 30 September 2022 as remuneration to each Executive are set out below:

	Short term incentive for the year ended 30 September 2022				
	Cash STI $000	Minimum share holding allocation (A) $000	Included in remuneration $000	% earned of maximum opportunity	% forfeited of maximum opportunity
Executives – Current					
J Johns	1,574	–	1,574	64	36
G Hayne	608	36	644	70	30
B Lusk (1)	482	161	643	55	45
Executives – Former					
S Titze (2)	410	–	410	48	52
N Stratford (3)	–	–	–	–	100

(A) Under the terms of the 2022 STI, to the extent that Executives have not achieved their MSR the following applies: 50% of the MD&CEO's award is delivered in cash and the remainder is delivered in restricted shares. For all other Executives, 75% of their award is delivered in cash and the remainder is delivered in restricted shares. Cash is generally paid and shares generally allocated around December.

(1) Dr Lusk's STI payment was converted from US$ to A$ at the year-end rate of 30 September 2022, being $1.5367.

(2) Mr Titze ceased as a KMP on 27 July 2022. From that date, Mr Hayne began acting as Interim President, Incitec Pivot Fertilisers.

(3) Mr Stratford ceased as a KMP on 14 November 2021 and left the Company on 31 December 2021. Mr Chris Opperman acted as Interim CFO from 15 November 2021 to 30 June 2022, when Mr Paul Victor was appointed.

2.4 LTI 2018/21 outcomes

The performance period for the LTI 2018/21 ended on 30 September 2021. Following testing against the performance conditions, the Board determined that 15% of the performance rights granted under the plan will vest (with the remaining 85% to lapse). Details in relation to each of the performance conditions are set out below.

TSR Condition

In relation to the TSR Condition, the Company's relative TSR performance over the period did not achieve median percentile performance of the comparator group of S&P/ASX 100 companies. Accordingly, 0% of the performance rights granted subject to the TSR Condition vested (out of a maximum of 40% of performance rights granted under the plan).

Long Term Value Metrics (formerly Strategic Initiatives) Condition

In relation to the Long Term Value Metrics Condition – the Board assessed this component against a balanced scorecard and determined the outcome partially achieved the performance goals across the entirety of the scorecard. The Board determined that 50% of the performance rights granted subject to this condition vested (out of a maximum of 30% of performance rights granted under the plan). Commentary on the performance against the scorecard is set out in the following table.

Long Term Value Metric Condition	Performance Goals	Threshold	Target	Stretch	Commentary
Manufacturing Excellence	Achievement of Manufacturing Production Rates across six major facilities within IPL's US and Australian operations.				Phosphate Hill and Gibson Island achieved target rates of production throughout financial year 2021. Two other sites delivered production rates of between threshold and target, and two sites operated below threshold levels, with Waggaman being the worst performed of these.
Profitable Growth	The goal for cumulative productivity benefits was to deliver a minimum aggregate dollar saving over the three-year performance period.				A stretch level of cumulative productivity benefits was delivered across the measurement period.
Customer, Practical Technology & Innovation	Revenues from Technologies: cumulative growth in total margin from sales of certain technologies.				The stretch target for this metric was cumulative improvement over the 2018 baseline, which was achieved.
	Net Promoter Score: improvement in NPS over the initial baseline.				The stretch objective for this measure was improvement over the 2018 baseline. Noticeable improvement was delivered which equated to a target level of achievement.
	Key Customer Retention: the retention of IPL's top 10 customers by size and/or strategic importance, whilst not sacrificing margin above forward outlook				Target objective of retention was achieved at a margin level no worse than the expected forecast.
	Vesting for this component (%)		**50%**		**Having regard to the outcomes in relation to the input and output measures, the Board determined that 50% of the performance goals were delivered against the balanced scorecard.**

Stretch   Between Target & Stretch   Target   Between Threshold & Target   Threshold   Below Threshold

ROE Growth Condition

In relation to the ROE Condition, the Company's ROE Growth over the period did not achieve threshold performance of 7% compound. Accordingly, 0% of the performance rights granted subject to the ROE Growth Condition vested (out of a maximum of 30% of performance rights granted under the plan).

2.5 LTI 2019/22 outcomes

The performance period for the Absolute ROIC and Long Term Value Metrics conditions of the LTI 2019/22 ended on 30 September 2022. The performance period for the Relative TSR condition will end after the disclosure of the Company's full year results in November 2022 and therefore after the date of this report.

In relation to the conditions that can be reported for the LTI 2019/22 to date, 30% allocated to Absolute ROIC will vest in full, and the 30% allocated to Long Term Value Metrics will vest at 50%.

Current projections are for the Relative TSR component (worth 40%) to partially vest as a result of surpassing 50th percentile performance against the ASX 100 index.

Total vesting of the LTI 2019/22 is therefore currently expected to be in the range of 60% - 80% of maximum opportunity.

Details on the number of rights vested and lapsed in relation to each of the performance conditions attached to this tranche, will be updated at the coming Annual General Meeting and reported in full in the 2023 Remuneration Report.

Table 4 – Actual Pay

The table below provides a summary of actual remuneration paid to the Executives in the 2022 financial year. The accounting values of the Executives' remuneration reported in accordance with the Accounting Standards may not always reflect what the Executives have actually received, particularly due to the valuation of share based payments. The table below seeks to clarify this by setting out the actual remuneration that the Executives have been paid and rights that vested during the 2022 financial year. STI awarded in relation to the 2022 financial year will be paid during the 2023 financial year.

Executive remuneration details prepared in accordance with statutory requirements and the Accounting Standards are presented in Table 7 of this report.

		Salary & Fees	Short term incentive & other bonuses (A)	Other short term benefits (B)	Superannuation benefits	Other long term benefits (C)	Termination benefits	Total
	Year	$000	$000	$000	$000	$000	$000	$000
Executive KMP – Current								
J Johns	**2022**	**1,640**	**1,279**	**40**	**–**	**298**	**–**	**3,257**
Managing Director & CEO	2021	1,640	311	28	–	156	–	2,135
P Victor (1)	**2022**	**256**	**–**	**27**	**–**	**–**	**–**	**283**
Chief Financial Officer								
G Hayne	**2022**	**766**	**534**	**2**	**24**	**62**	**–**	**1,388**
President, Dyno Nobel Asia Pacific	2021	648	–	1	22	27	–	698
B Lusk	**2022**	**929**	**576**	**30**	**–**	**16**	**–**	**1,551**
President, Dyno Nobel Americas	2021	741	42	67	–	–	–	850
Executives – Former								
S Titze (2)	**2022**	**559**	**468**	**2**	**20**	**58**	**_**	**1,107**
President, Incitec Pivot Fertilisers	2021	628	–	–	22	–	–	650
N Stratford (3)	**2022**	**113**	**648**	**2**	**–**	**282**	**143**	**1,188**
Chief Financial Officer	2021	878	–	1	22	41	–	942
T Wall (4)	**2022**	–	**469**	–	–	–	–	**469**
President, Global Manufacturing	2021	573	80	1	17	–	–	671
Total Executives	**2022**	**4,263**	**3,974**	**103**	**44**	**716**	**143**	**9,243**
	2021	5,108	433	98	83	224	–	5,946

(A) For Ms Johns and Mr Wall in the prior year, this represents rights that vested under short-term incentive awards. For Dr Lusk in the prior year, this represents a short-term incentive relating to the 2020 financial year, prior to him becoming a KMP.

(B) Other short term benefits include rent and mortgage interest subsidies, relocation allowances and other allowances, where applicable.

(C) Other long term benefits include long service leave paid on cessation of employment and the value of shares that vested under the Group's LTI plans. Long Term Incentives include all plan-related instruments that vested during the year. The theoretical cash price is based on the IPL share price on the day that shares were purchased.

(1) Mr Victor commenced as CFO and was appointed a KMP on 1 July 2022.

(2) Mr Titze ceased as a KMP on 27 July 2022 and the disclosures for the 2022 financial year are up until that date and do not represent a full financial year.

(3) Mr Stratford ceased as a KMP on 14 November 2021 and the disclosures for the 2022 financial year are up until that date and do not represent the full financial year. Disclosure includes all contractual entitlements.

(4) Mr Wall ceased as a KMP on 16 July 2021 and the disclosures for the 2021 financial year are up until that date and do not represent a full financial year.

3. Executive Remuneration & Governance

3.1 Executive remuneration overview

In alignment with its remuneration strategy, the Board's policy on Executive remuneration is that it comprises both a fixed remuneration component (FAR) and "at risk" or performance-related components (short term incentive (STI) and long term incentive (LTI)) where:

(i) the majority of Executive remuneration is "at risk"; and

(ii) the level of FAR for Executives is benchmarked against that paid for similar positions at the median of comparator groups of ASX companies:

Comparator groups

S&P ASX listed companies with market capitalisation between 50% and 200% of IPL market capitalisation (Primary Benchmark).

S&P ASX 100 listed companies.

A select group of 21 S&P ASX listed companies from the Industrials, Materials and Energy Sectors, selected on the basis of market capitalisation and related industry exposure, consisting of: Adelaide Brighton, AGL Energy, ALS, Ampol Australia, Atlas Arteria, Aurizon, BlueScope Steel, Boral, Brickworks, CIMIC Group, Cleanaway, CSR, Downer EDI, Fletcher Building, Orica, Origin Energy, Orora, Qube, Reliance Worldwide, Seven Group and Sims.

For roles located outside Australia, market-specific data is used as an additional reference point for benchmarking purposes.

3.2 Executive remuneration strategy

IPL's purpose is to unlock the potential in the Earth to help people grow. IPL embraces a set of Strategic Value Drivers that underpin the Company's business and form the platform for the Company's future earnings growth and shareholder returns. The Company's commitment to addressing climate change challenges and looking for opportunities in the decarbonisation of the world's energy systems is at the heart of the business strategy and integrated across all the Strategic Value Drivers:

Zero Harm – Broadening and setting year-on-year improvement objectives across key metrics including environmental care and process safety.

Talented and Engaged People – One IPL collaborative culture with engaged, diverse and inclusive teams focused on customers and value creation.

Customer Focus – Partnering with our customers to create added value and practical solutions for today and the future.

Manufacturing Excellence – Driving consistently high performance across all of our assets and investigating ways to address our greenhouse gas emissions.

Leading Technology Solutions – Innovation on the ground with practical innovations that our customers can use today to improve their operations and environmental outcomes.

Profitable Growth – Focus on opportunities that are distinctive to our differentiated technology, core markets, core capabilities and market segments.

Under the Strategic Value Driver of 'Talented and Engaged People', IPL recognises that to generate competitive returns for its shareholders, it requires talented people who are capable, committed and motivated. IPL's remuneration strategy is designed to support the objectives of the business and to enable the Company to attract, retain and reward Executives of the requisite skill and calibre.

The key principles of the Company's remuneration strategy are to:

» reward strategic outcomes at both the Group and business unit level that create top quartile long term shareholder value;
» require integrity and encourage disciplined risk management in business practice;
» drive strong alignment with shareholder interests through delivering part of the reward in the form of equity;
» structure the majority of executive remuneration to be "at risk" and linked to demanding financial and non-financial performance objectives;
» attract and retain the best available talent;
» reward Executives for high performance within their role and responsibilities, and ensure rewards are competitive within the industry and market for their role in respect of pay level and structure; and
» ensure the remuneration framework is simple, transparent and easily implemented.

3.3 Executive remuneration governance

The remuneration of the Executives is set by the Board, having regard to recommendations from the Remuneration Committee.

Where appropriate, the Remuneration Committee of the Board engages external advisors to provide input into the process of reviewing Executive and Non-executive Director remuneration. For the 2022 financial year, the Remuneration Committee received market and benchmarking data from various sources, but this information did not constitute a remuneration recommendation for the purposes of the Corporations Act 2001 (Cth).

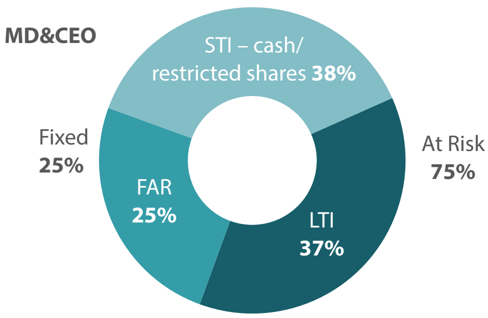
Further information in relation to the Board and the Remuneration Committee can be found in IPL's Corporate Governance Statement available on IPL's website.

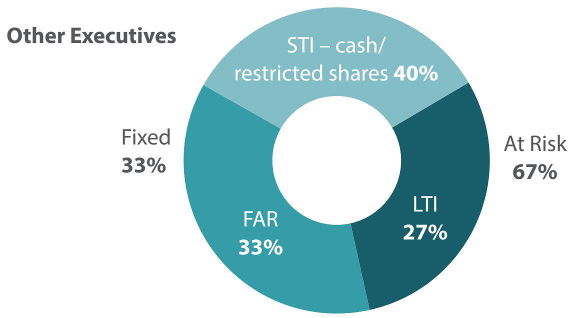
4. 2022 Executive Remuneration Framework

4.1 Overview

The charts below set out the theoretical breakdown of the Executives' total remuneration package for the 2022 financial year. The FAR component is inclusive of cash and superannuation only, whilst "at risk" compensation is based on maximum entitlement that could potentially be awarded under the STI and LTI plans.

The restricted shares component of the STI (50% for the MD&CEO, 25% for other Executive KMP) must be deferred until an Executive's MSR is attained.





4.2 Fixed annual remuneration

Executives receive their fixed annual remuneration (FAR) in a variety of forms, including cash, superannuation, and any applicable fringe benefits. The Executives' FAR is set by reference to appropriate benchmark information for each Executive's role, level of knowledge, skill, responsibilities and experience. The level of remuneration is reviewed annually in alignment with the financial year and with reference to, among other things, Company and individual performance and market data provided by an appropriately qualified and independent external data specialist.

4.3 Short-term incentive

The STI is an annual "at risk" incentive which is dependent on the achievement of particular performance measures. The following table summarises the STI plan that applied in the 2022 financial year (2022 STI):

What was the performance period?	The performance period for the 2022 STI was the financial year from 1 October 2021 to 30 September 2022.
Who was eligible for the STI?	The MD&CEO and all other Executives participated in the 2022 STI.
What was the target and maximum STI opportunity?	Target STI opportunity was 100% of FAR for the MD&CEO, and 60% of FAR for all other Executives. Maximum STI opportunity (for stretch outcomes) was 150% of FAR for the MD&CEO, and 120% of FAR for all other Executives.
What were the Performance Conditions and Measures?	Performance conditions under the STI are determined by the Board for each financial year. The performance conditions for the 2022 STI are set out below:

Performance Conditions	Measures to assess satisfaction of Performance Conditions	Rationale for the Performance Conditions
Zero Harm	Safety performance balanced scorecard across the dimensions of behavioural and process safety management comprising input and output measures. [1]	To align with the Company's commitment to "Zero Harm for Everyone, Everywhere". In 2017, the Company adopted its second five-year Global HSE Strategy to continue to drive improvement in the Group's health, safety and environmental performance.
Group Financial Performance	Group NPAT (Net Profit After Tax). Group Adjusted NPAT [2]	To align Executive KMP with targeted profits that would contribute to shareholder returns.
Business Unit Financial Performance	Business Unit Adjusted EBIT (Earnings Before Interest and Tax) [2]	To ensure robust alignment of performance in a particular business unit with reward for the Executive managing that business unit.
Sustainability measures	Sustainability measures targeted at an Executive's area of influence.	Performance conditions are designed to align with the overall Sustainability strategy of the business and focuses an Executive on the key short term objectives within their area of influence, that contribute towards the Company's longer term milestones.
Strategic Outcomes	Measures based on performance criteria for the execution and implementation of strategic objectives and business priorities. These include measures related to greenhouse gas reduction targets, cost reduction initiatives, cash conversion requirements, product innovation and progress towards the demerger of the fertiliser and explosives businesses.	Tailored to individual Executive's role, to drive performance and behaviours consistent with achieving critical aspects of the Group's strategy.

(1) In assessing the safety balanced scorecard, the Board may, in its discretion, have regard to the results achieved against the measures comprising the scorecard without applying a specific weighting to any particular measure. The balanced scorecard category measures include: Personal Safety, Process Safety; Environmental; Significant Event Management and the Zero Harm Plan.

(2) Adjusted means that results have been normalised to remove the impact of foreign exchange and commodity price movements.

Where any Individually Material Item (IMI) is separately recognised in the financial report, the Board will have discretion to include or exclude the IMI for the purpose of determining any STI award, taking into account the nature of the IMI and having regard to whether, in the circumstances, it would be appropriate for the IMI to be attributable to Management.

Determination of the extent to which each of the above measures was satisfied was based on a review by the Board of the audited financial report and performance of the Group for the financial year, following the annual performance review process for the Executives.

Are there minimum performance levels which must be achieved before awards can be made under the STI?	For the 2022 financial year, to ensure STI awards are aligned with business performance outcomes, the Board determined that an "STI Financial Gate" would operate. The STI Financial Gate reflects a requirement to exceed a designated level of the Group's NPAT performance, or all non-safety components of the STI will be capped at a maximum of target payment. The STI Financial Gate does not apply to any awards payable in relation to the Zero Harm performance condition, reflecting the primacy of safety. In relation to the Zero Harm performance condition, the Board retains a discretion to forfeit all or part of the award payable for this performance condition in the event of a fatality or major incident having regard to the circumstances of the incident.

What were the weightings for the STI performance measures?

The weighting of Executives' STI performance measures (as a percentage of 100%) for 2022 were:

Table 5

	Financial				Non-financial/ Business/Strategic		
	Group NPAT	Group Adjusted NPAT	Business Unit Adjusted EBIT	Manufacturing Reliability	Safety	Sustainability	Strategic Outcomes
Executives – Current							
J Johns* Managing Director & CEO	30%	20%		15%	10%	10%	15%
G Hayne** President, Dyno Nobel Asia Pacific	30%		30%	10%	10%	10%	10%
B Lusk** President, Dyno Nobel Americas	30%		20%	20%	10%	10%	10%
Executives – Former							
S Titze** (1) President, Incitec Pivot Fertilisers	30%	20%	5%		10%	10%	25%
N. Stratford* (2) Chief Financial Officer	30%	40%			10%	10%	10%

*Group role **Business Unit role

(1) Mr Titze ceased as a KMP on 27 July 2022. From that date, Mr Hayne began acting as Interim President, Incitec Pivot Fertilisers.

(2) Mr Stratford ceased as a KMP on 14 November 2021 and left the Company on 31 December 2021. Mr Chris Opperman acted as Interim CFO from 15 November 2021 to 30 June 2022, when Mr Paul Victor was appointed.

Is there an STI deferral component?

A mandatory 25% STI deferral (50% for the MD&CEO) continues until an Executive's MSR is achieved. The MSR is 50% of FAR for Executives (100% for the MD&CEO). All deferred shares are subject to a maximum 15-year sale restriction.

How is the STI delivered?

The STI is delivered partly in cash and partly in the form of restricted shares. The split between cash and restricted shares is determined based on each participant's shareholding under the MSR.

Was there a mechanism for clawback?

The 2022 STI included a clawback provision, which requires the repayment of all or part of any STI awarded within three years after a payment is made, in the event of a material misstatement or omissions in IPL's financial statements which results in a restatement of the audited financial report, or where a participant has materially breached their obligations to the Company.

4.4 Long-term incentive

The LTI is the long term incentive component of remuneration for Executives. The LTI is provided in the form of performance rights.

What LTI plans were granted for the 2022 financial year?

The LTI Plan granted during the 2022 financial year was the:

» Long Term Incentive Performance Rights Plan for 2021/24 (**LTI 2021/24**);

Under the LTI Plan, participants are entitled to acquire ordinary shares in the Company, on a one right to one share basis, for no consideration at a later date. The performance rights are issued by IPL and the entitlement of the participants to acquire ordinary shares is subject to the satisfaction of certain conditions. As no shares are provided to participants until vesting, performance rights have no dividend entitlement. Performance rights expire on vesting or lapsing of the rights.

What is the purpose of the LTI?

The LTI is designed to link reward with the key performance drivers which underpin sustainable growth in shareholder value.

As rights under the LTI Plans result in share ownership on the achievement of demanding targets, the LTI ties remuneration to Company performance, as experienced by shareholders. The arrangements also support the Company's strategy for retention and motivation of the Executives.

What is the process for determining eligibility?

The decision to grant performance rights under the LTI Plans and to whom they will be granted is made annually by the Board, noting that the grant of performance rights to the MD&CEO is subject to shareholder approval. Grants of performance rights to participants are based on a percentage of the relevant Executive's FAR.

What is the maximum LTI opportunity under the LTI Plans?

The maximum LTI opportunities under each LTI Plan are:

» for the MD&CEO, 150% of FAR; and

» for all other Executives, 80% of FAR.

How was the number of performance rights calculated under the LTI Plans?

For the LTI 2021/24 the number of performance rights issued to a participant was based on the market value of the on the market value of the Company's shares over the 5 business days immediately after the release of the Company's full year results in the first year of the performance period, being 12 November 2021.

Each issuance was determined by dividing the dollar value of the relevant participant's LTI opportunity by these outcomes.

What are the performance conditions, performance periods and status of current LTI Plans?

LTI Plan	Performance Conditions	Weighting of Performance Condition	Performance Period	Status
LTI 2021/24	TSR Condition	40%	November 2021 to November 2024 (TSR Condition only)	Testing to occur after completion of performance period
	Long Term Value Metrics Condition	15%		
	Absolute ROIC Condition	35%	1 October 2021 to 30 September 2024 (other conditions)	
	Sustainability Condition	10%		

When are the performance conditions measured?

After the expiry of the relevant performance period, the Board determines whether the performance conditions of the relevant LTI Plans are satisfied. The performance conditions are tested once, at the end of the relevant performance period. If the performance conditions are satisfied and the rights vest, the participant is entitled to receive ordinary shares in the Company. The participant does not pay for those shares.

To the extent the performance conditions are not satisfied during the performance period, the performance rights will lapse.

What happens if a participant leaves the Company?

Generally, the performance rights granted under the LTI Plans will lapse on a cessation of employment except where the participant has died, becomes totally and permanently disabled, is retrenched, retires or is terminated without cause. In those circumstances (subject to Board discretion), the number of performance rights retained by the participant will be reduced pro rata to reflect the proportion of days worked during the relevant performance period and will be tested in the ordinary course.

In what other circumstances may the performance rights vest (which may be before or after the expiry of the performance period) under the LTI Plans?

The Board may provide a notice to the participants specifying that the performance rights will vest at a time stipulated in the notice on the occurrence of one of the following events in relation to the Company:

» a takeover bid;

» a change of control;

» the Court ordering a meeting be held in connection with a scheme for the reconstruction of the Company or its amalgamation with any other companies; or

» a voluntary or compulsory winding-up.

Is there a mechanism for clawback?

The LTI Plan includes a clawback provision, which requires the repayment of vested awards where payment has exceeded the restated position. This includes overpayments resulting from a material misstatement or omissions in IPL's financial statements on where a participant has materially breached their obligations to the Company.

4.5 LTI performance conditions

Details of the performance conditions for the LTI 2021/24 are set out below.

TSR Condition (40%)

The TSR Condition requires growth in the Company's TSR to be at or above the median of the companies in the comparator group, being the S&P/ASX 100. This condition provides shareholder alignment as it takes into account the Company's share price movement as well as dividends paid, relative to other organisations comparable to the Company.

The S&P/ASX 100 has been chosen as the comparator group because, having regard to the business segments in which the Company operates and, specifically, the absence of a sufficient number of direct comparator companies, the Board considers the S&P/ASX 100 to represent the most appropriate, and objective, comparator group. It also represents the group of companies against which the Company competes for shareholder capital. The Board has the discretion to vary the comparator group at any time, including to remove companies from, or include companies in, the comparator group.

The table below sets out the TSR Condition, and the percentage of the performance rights that will vest based on satisfaction of this condition.

Relative TSR ranking of IPL	% of performance rights subject to the TSR Condition that will vest
Less than 50th percentile	Nil
At or greater than 50th percentile but less than 75th percentile	Pro rata from 50% on a straight-line basis
At 75th percentile or greater	100%

Long Term Value Metrics Condition (15%)

The Long Term Value Metrics Condition relates to the delivery of significant aspects of the Board approved strategy. The Long Term Value Metrics Condition comprises components aligned with the Company's strategic drivers: Manufacturing Excellence, Profitable Growth and Customer, Practical Technology & Innovation. Each of these strategic drivers has a direct impact on financial outcomes.

The table below summarises the Long Term Value Metrics components for the LTI 2021/24:

		Scorecard	
Long Term Value Metrics Condition	**Rationale**	**Measurement criteria**	**Performance goals**
Manufacturing Reliability	Our integrated platforms and facilities across high quality markets enable us to drive advantage in management of our supply chain and deliver competitive value to customers.	The stretch goal is Reliability of 95% by FY24 vs historical baseline average of 85%. This represents upper second quartile reliability by FY24.	If FY24 reliability performance exceeds the reliability measures, the relevant condition will have been satisfied.
Margin from Technologies	Our explosives technology enables us to capture market share in a world which increasingly relies on innovative solutions to meet customer needs.	Internal Margin Calculation.	Delivery against a Board-determined Compound Annual Growth Rate (CAGR) schedule.
Explosives Global Growth	Our competitive position in our existing markets allows for strategic geographic expansion, facilitating diversification to different mining sectors and grow exposure to future facing minerals.	Growth in EBITDA.	Board-determined EBITDA target that requires a capital internal rate of return (IRR) of 12%-15%.

Details of the scorecards and specific performance goals for each component of the Long Term Value Metrics Condition were notified to Executives on commencement of the LTI 2021/24 plan. Some of the performance goals involve commercial-in-confidence quantitative targets and, as such, some detailed performance goals are not disclosed, but performance against the goals is disclosed at the end of the performance period. For the LTI 2018/21, these details are set out in section 2.4. For the LTI 2021/24, the relevant details will be set out in the 2025 Remuneration Report.

The Board will determine the outcome for the relevant component of the Long Term Value Metrics Condition under each LTI plan having regard to the results achieved against the performance goals across the entirety of the Scorecard for that component. If the Board determines that all of the performance goals in respect of a component of the Long Term Value Metrics Condition have been achieved, all of the performance rights subject to that component will vest.

If not all performance goals in respect of a component of the Long Term Value Metrics Condition are met over the performance period, the extent to which that component of the Long Term Value Metrics Condition has been satisfied (if at all) will be determined by the Board. In doing so, the Board will have regard to the results achieved against the performance goals across all of the components of the relevant Scorecard, without applying a specific weighting to any particular performance goal.

Absolute ROIC Condition (35%)

The Absolute ROIC Condition was introduced for the LTI 2019/22, to replace the ROE Growth Condition. ROIC has been selected as it is a key determinant of efficient use of the capital entrusted to management by shareholders. It also reflects factors that improve shareholder value, including operational efficiency, capital efficiency, asset utilisation and profitability. ROIC is defined as Net Profit After Tax, excluding interest and individually material items, divided by total invested capital (on a rolling 13 month average basis).

The table below sets out the Absolute ROIC Condition for the LTI 2021/24, and the percentage of performance rights that will vest based on satisfaction of this condition:

Absolute ROIC Targets	% of performance rights subject to the Absolute ROIC Condition that will vest
Less than 6.4%	Nil
At or above 6.4% but less than 6.8%	Pro rata from 50% on a straight-line basis
6.8% or greater	100%

Sustainability Condition (10%)

The Sustainability Condition was introduced for the LTI 2021/24 as an additional metric. This Condition will measure the Company's organisational performance against the Sustainability strategy, and progress towards 2030 targets, and its development of a Scope 3 emissions reduction strategy. Key successes during this 3-year period will be driven by demonstrating material progress on implementation of the Moranbah tertiary abatement project, and the WALA sequestration MoU/project. The Board has the discretion to determine the vesting outcome between 0% and 100% for this Condition as it considers appropriate.

4.6 Executive service agreement terms

Remuneration and other terms of employment for the Executives are formalised in service agreements. Most Executives are engaged on similar contractual terms, with minor variations to reflect differing circumstances. Each agreement is unlimited in term; however, each agreement provides that the Company may terminate an Executive's employment immediately for cause without any separation payment, save for accrued amounts such as leave, or otherwise without cause, with or without notice, in which case the Company must pay a separation payment plus accrued amounts such as leave.

The notice period to be provided by the Executives is set out in the table below:

Current Executives	Notice period to be provided by the Executive	Notice period to be provided by the Company
J Johns (1)	52 weeks	52 weeks
P Victor	26 weeks	26 weeks
G Hayne (2)	26 weeks	52 weeks
B Lusk	26 weeks	26 weeks
Former Executives	**Notice period provided by the Executive**	**Notice period provided by the Company**
S Titze (3)	26 weeks	26 weeks
N Stratford (4)	26 weeks	52 weeks

(1) Ms Johns' separation payment is equal to 52 weeks of FAR as at the date of termination (subject to the provisions relating to the terminations benefits in Part 2D.2 of the Corporations Act 2001).

(2) Mr Hayne operates under an historical contract which provides for a separation payment equal to 52 weeks of FAR (subject to the termination provisions in the Corporations Act).

(3) Mr Titze ceased as a KMP on 27 July 2022.

(4) Mr Stratford ceased as a KMP on 14 November 2021.

4.7 Performance related remuneration

Table 6 – Details of performance rights granted and vested in the year ended 30 September 2022 and the vesting profile of performance rights granted as remuneration.

LTI

Details of performance rights vested and forfeited set out in the table below relate to the performance rights granted under the LTI 2018/21 (performance period: 1 October 2018 to 30 September 2021) which, following testing in November 2021 resulted in the Board determining that 15% vested.

The 2019/22 LTI plan shifted its performance period for the Relative TSR condition to a November 2022 testing date. The decision to move this Relative TSR performance period was taken by the Board in 2019 to align with the Company's annual results and when the market is therefore its most informed.

As a result, only non-TSR performance conditions attached to the 2019/22 LTI can be commented on in this year's report (refer to Section 2.5 of this Report), with detailed reporting on the 2018/21 tranche included under Section 2.4.

STI

Details of performance rights in relation to short term incentive plans are set out in the table below.

Key Management Personnel	Grant date	Granted during 2022 as remuneration [A] $000	Exercised in year $000	Vested in year %	Forfeited in year %	Financial year in which grant vested or could vest	Maximum value of outstanding rights [A] $000
Executives – Current							
J Johns							
Long term incentive rewards							
LTI 2018/21	5 February 2019	–	298	15	85	2021	–
LTI 2019/22	13 January 2020	–	–	–	–	2022	1,755
LTI 2020/23	14 January 2021	–	–	–	–	2023	2,386
LTI 2021/24	17 January 2022	1,816	–	–	–	2024	1,816
P Victor [1]							
Medium term incentive rewards							
Performance period: 1 July 2022 to 30 June 2023	1 July 2022	139	–	–	–	2023	139
Performance period: 1 July 2022 to 30 June 2024	1 July 2022	130	–	–	–	2024	130
G Hayne							
Long term incentive rewards							
LTI 2018/21	5 February 2019	–	62	15	85	2021	–
LTI 2019/22	13 January 2020	–	–	–	–	2022	382
LTI 2020/23	14 December 2020	–	–	–	–	2023	520
LTI 2021/24	17 January 2022	455	–	–	–	2024	455
B Lusk							
Long term incentive rewards							
LTI 2020/23	14 December 2020	–	–	–	–	2023	593
LTI 2021/24	17 January 2022	491	–	–	–	2024	491
Executives – Former							
S Titze [2]							
Long term incentive rewards							
LTI 2018/21	5 February 2019	–	58	15	85	2021	–
LTI 2019/22	13 January 2020	–	–	–	2	2022	364
LTI 2020/23	14 December 2020	–	–	–	35	2023	327
LTI 2021/24	17 January 2022	425	–	–	69	2024	133
N Stratford [3]							
Long term incentive rewards							
LTI 2018/21	5 February 2019	–	82	15	85	2021	–
LTI 2019/22	13 January 2020	–	–	–	100	2022	–
LTI 2020/23	14 December 2020	–	–	–	100	2023	–

(A) For the long term incentive awards, the value of rights granted in the year is the fair value of those rights calculated at grant date using a Black-Scholes option-pricing model. The value of these rights is included in the footnotes under Table 7. This amount is allocated to the remuneration of each Executive over the vesting period (that is, in the 2022, 2023 and 2024 financial years). The maximum value of outstanding rights is based on the fair value of the performance rights at the grant date. This may be different to the value of the rights in the event that they vest. The minimum value of rights yet to vest is zero, as the performance criteria may not be met.

(1) Mr Victor commenced as CFO and was appointed a KMP on 1 July 2022. On commencement, he received performance rights with a fair value of $269,000 in recognition of incentives forgone upon joining IPL. These will vest upon achievement of the performance hurdle over two tranches: 1 July 2023 and 1 July 2024.

(2) Mr Titze ceased as a KMP on 27 July 2022. Mr Titze's balance of rights represents the performance rights pro-rated according to his exit date of 30 September 2022.

(3) Mr Stratford ceased as a KMP on 14 November 2021. Mr Stratford forfeited all of his outstanding performance rights on his exit date of 31 December 2021.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including rights) granted to a KMP have been altered or modified by the issuing entity during the reporting period.

Table 7 – Movements in rights over equity instruments in the Company

The movement during the reporting period in the number of rights over shares in the Company, held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Number of Rights				
Key Management Personnel	Opening balance	Granted as compensation (A)	Vested (B)	Forfeited (C)	Closing balance
Executives – Current					
J Johns					
Long term incentive rewards	2,503,629	751,649	(92,404)	(523,628)	2,639,246
P Victor (1)					
Medium term incentive rewards	–	86,946	–	–	86,946
G Hayne					
Long term incentive rewards	538,593	188,218	(19,096)	(108,217)	599,498
B Lusk					
Long term incentive rewards	289,187	203,170	–	–	492,357
Executives – Former					
S Titze (2)					
Long term incentive rewards	519,447	175,996	(18,066)	(312,295)	365,082
N Stratford (3)					
Long term incentive rewards	728,221	–	(25,473)	(702,748)	–

(A) For the 2022 financial year, this represents the rights granted to Executives during the reporting period under the LTI 2021/24. The grant of rights under the LTI 2021/24 to Ms Johns was approved by shareholders at the Company's 2021 Annual General Meeting.

(B) For the 2022 financial year, this represents the number of rights vested during the reporting period under short term incentive rewards and the LTI 2018/21. Each right entitles the participating Executive to acquire a fully paid ordinary share in IPL for zero consideration.

(C) For the 2022 financial year, this represents rights that were forfeited by Executives during the period under the LTI 2018/21. In addition, in the case of Mr Stratford who ceased as a KMP on 14 November 2021, this also represents his balance of rights held under the LTI 2019/22 and LTI 2020/23.

(1) Mr Victor commenced as a KMP on 1 July 2022 and did not participate in the LTI 2021/24.

(2) Mr Titze ceased as a KMP on 27 July 2022. His balance of rights represents the performance rights according to his exit date of 30 September 2022.

(3) Mr Stratford ceased as a KMP on 14 November 2021. However, his balance of rights represents the performance rights according to his exit date of 31 December 2021.

4.8 Further details of Executive remuneration

Table 8 – Executive remuneration

Details of the remuneration for each Executive for the year ended 30 September 2022 in accordance with Accounting Standards are set out below:

		Short-term benefits			Post employment benefit	Other long term benefits (C)	Termination benefits	Share-based payments			
								Accounting values			
		Salary & Fees	Short term incentive & other bonuses (A)	Other short term benefits (B)	Superannuation benefits			Current period expense (D)	Prior periods expense write-back (D)	Total share-based payments	Total
	Year	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Executive KMP – Current											
J Johns	**2022**	**1,640**	**1,574**	**40**	**–**	**32**	**–**	**1,986**	**(298)**	**1,688**	**4,974**
Managing Director & CEO	2021	1,640	1,302	43	–	25	–	1,723	(501)	1,222	4,232
P Victor (1)	**2022**	**256**	**–**	**27**	**6**	**1**	**–**	**51**	**–**	**51**	**341**
Chief Financial Officer											
G Hayne	**2022**	**766**	**644**	**2**	**24**	**56**	**–**	**452**	**(62)**	**390**	**1,882**
President, Dyno Nobel Asia Pacific	2021	648	534	1	22	13	–	372	(100)	272	1,490
B Lusk (2)	**2022**	**929**	**643**	**30**	**–**	**–**	**–**	**361**	**–**	**361**	**1,963**
President, Dyno Nobel Americas	2021	741	576	67	–	–	–	198	–	198	1,582
Executives – Former											
S Titze (3)	**2022**	**559**	**410**	**2**	**20**	**11**	**360**	**372**	**(58)**	**314**	**1,676**
President, Incitec Pivot Fertilisers	2021	628	468	–	22	6	–	359	(75)	284	1,408
N Stratford (4)	**2022**	**113**	**–**	**2**	**–**	**2**	**143**	**–**	**(667)**	**(667)**	**(407)**
Chief Financial Officer	2021	878	648	1	22	16	–	503	(136)	367	1,932
T Wall (5)											
President, Global Manufacturing	2021	573	469	1	17	7	183	248	(96)	152	1,402
Total Executives	**2022**	**4,263**	**3,271**	**103**	**50**	**102**	**503**	**3,222**	**(1,085)**	**2,137**	**10,429**
	2021	5,108	3,997	113	83	67	183	3,403	(908)	2,495	12,046

(A) For Ms Johns this includes STI rights granted in the prior year under the 2018 STI.

(B) Other short term benefits include rent and mortgage interest subsidies, relocation allowances and other allowances, where applicable.

(C) Other long term benefits represent long service leave accrued during the reporting period.

(D) In accordance with accounting standards, remuneration includes the amortisation of the fair value at grant date of performance rights issued under the LTI Plans that are expected to vest, less any write-back on performance rights lapsed or expected to lapse as a result of actual or expected performance against non-market hurdles ("Option Accounting Value"). The value disclosed in the above Table 8 represents the portion of fair value allocated to this reporting period and is not indicative of the benefit, if any, that may be received by the Executive should the performance conditions with respect to the relevant long term incentive plan be satisfied.

	Fair value per share treated as rights at grant date
LTI 2018/21 – TSR	$1.82
LTI 2018/21 – Long Term Value Metrics (formerly Strategic Initiatives)	$3.13
LTI 2018/21 – ROE Growth	$3.13
LTI 2019/22 – TSR	$1.58
LTI 2019/22 – Long Term Value Metrics (formerly Strategic Initiatives)	$2.99
LTI 2019/22 – Absolute ROIC	$2.99
LTI 2020/23 – TSR	$1.69
LTI 2020/23 – Long Term Value Metrics	$2.29
LTI 2020/23 – Absolute ROIC	$2.29
LTI 2021/24 – TSR	$1.75
LTI 2021/24 – Long Term Value Metrics	$2.86
LTI 2021/24 – Absolute ROIC	$2.86
LTI 2021/24 – Sustainability	$2.86

(1) Mr Victor commenced as a KMP on 1 July 2022. Disclosure for the 2022 year is from 1 July 2022 to 30 September 2022.

(2) Fixed remuneration payments for Dr Lusk were converted from US$ to A$ at the average rate for 1 October 2021 to 30 September 2022, being $1.405.

(3) Mr Titze ceased being a KMP on 27 July 2022. Disclosure for the 2022 year is from 1 October 2021 to 27 July 2022. Termination benefits accrued for Mr Titze in the 2022 financial year include a separation payment of $360,000 in accordance with his contract of employment.

(4) Mr Stratford ceased being a KMP on 14 November 2021. Disclosure for the 2022 year is from 1 October 2021 to 14 November 2021. Termination benefits for Mr Stratford in the 2022 financial year include a separation payment of $142,954 in accordance with his contract of employment.

(5) Mr Wall ceased being a KMP on 16 July 2021. Disclosure for the 2021 year is from 1 October 2020 to 16 July 2021. Termination benefits accrued for Mr Wall in the 2021 financial year include a separation payment of $183,314 in accordance with his contract of employment.

5. Overview of Remuneration Changes for the 2023 Financial Year

A fixed salary increase to the MD&CEO of 3.9% has been approved for the new financial year. This will be Ms Johns' first increase since January 2019.

With the strategic review of Waggaman, timing of the demerger of the Incitec Pivot Fertilisers and Dyno Nobel businesses is likely to be extended by 6 to 12 months. The proposed weightings of Executives' STI performance measures have been updated to ensure focus on both important projects in FY23. The MD&CEO, the CFO and the President, Dyno Nobel Americas now have specific objectives included within the Strategic Outcomes component of their STIs.

The proposed updated FY23 weightings for each Executive KMP are outlined below:

	Financial				Non-Financial/Business/Strategic		
	Group NPAT	Group Adjusted NPAT	Business Unit Adjusted EBIT	Manufacturing Reliability	Safety	Sustainability	Strategic Outcomes[(1)]
J Johns Managing Director & CEO	30%	20%		10%	10%	10%	20%
P Victor Chief Financial Officer	30%	20%		10%	10%	10%	20%
G Hayne President, Dyno Nobel Asia Pacific	30%		30%	10%	10%	10%	10%
B Lusk President, Dyno Nobel Americas	30%		20%	15%	10%	10%	15%

(1) Includes objectives for the MD&CEO, the CFO and the President, Dyno Nobel Americas relating to the strategic review of the Waggaman ammonia plant and the planned demerger of the explosives and fertiliser businesses.

The ROIC component of the LTI 2022/25 is proposed to be updated from being calculated via a point-to-point methodology, to being calculated via a three-year average. This adjustment will account for intra-year movements in the forward budgeting of ROIC and aligns with the impacts of commodity price volatility.

6. Non-executive Director Remuneration

IPL's policy is to:

» remunerate Non-executive Directors by way of fees and payments which may be in the form of cash and superannuation benefits; and

» set the level of Non-executive Directors' fees and payments to be consistent with the market and to enable the IPL Group to attract and retain directors of an appropriate calibre.

Non-executive Directors are not remunerated by way of options, shares, performance rights, bonuses nor by incentive-based payments.

Non-executive Directors receive a fee for being a director of the Board and Non-executive Directors, other than the Chairman of the Board, receive additional fees for either chairing or being a member of a Board Committee. The level of fees paid to a Non-executive Director is determined by the Board after an annual review and reflects a Non-executive Director's time commitments and responsibilities.

For the 2022 financial year, there were no increases to Non-executive Directors' fees. Fees paid to Non-executive Directors amounted to $1,690,000 which was within the $2,000,000 maximum aggregate fee pool approved by shareholders at the 2008 Annual General Meeting. For the 2023 financial year, the Board has determined that there will be a minor uplift to fees paid to the Remuneration Committee, resulting from the increase in workload that this Committee has experienced over recent years. The Remuneration Committee Chairperson will now be paid $40,000 (formerly $35,400) with Remuneration Committee Members receiving $20,000 (formerly $17,700). This is the first alteration to the Non-executive Director fee schedule since 1 October 2014.

The table below sets out the Board and Committee fees that will be effective as at 1 October 2022:

Board Fees	Chairperson	$532,500
	Members	$177,500
Committee Fees	**Audit and Risk Management Committee**	
	Chairperson	$47,200
	Members	$23,600
	Remuneration Committee	
	Chairperson	$40,000
	Members	$20,000
	HSEC Committee	
	Chairperson	$35,400
	Members	$17,700
	Nominations Committee	
	Chairperson	N/A
	Members	$8,250

Table 9 – Non-executive Directors' remuneration

Details of the Non-executive Directors' remuneration for the financial year ended 30 September 2022 are set out in the following table:

		Board and Committee Fees	Cash allowances and other short term benefits (A)	Post-employment benefits	Other long term benefits	
		Fees		Superannuation benefits		Total
	Year	$000	$000	$000	$000	$000
Non-executive Directors – Current						
B Kruger, Chairman	**2022**	**510**	**–**	**23**	**–**	**533**
	2021	511	–	22	–	533
G Biltz (1)	**2022**	**195**	**10**	**–**	**–**	**205**
	2021	162	–	–	–	162
B Brook	**2022**	**239**	**–**	**12**	**–**	**251**
	2021	245	–	6	–	251
T Dwyer (2)	**2022**	**199**	**–**	**20**	**-**	**219**
	2021	73	–	7	–	80
X Liu	**2022**	**237**	**–**	**–**	**–**	**237**
	2021	227	–	5	–	232
G Robinson	**2022**	**222**	**-**	**23**	**-**	**245**
	2021	217	–	21	–	238
Non-executive Directors – Former						
R McGrath (3)	2021	53	–	–	–	53
Total Non-executive Directors	**2022**	**1,602**	**10**	**78**	**–**	**1,690**
	2021	1,488	–	61	–	1,549

(A) Cash allowances and other short term benefits include travel allowances.

(1) Mr Biltz was appointed as an Independent, Non-executive Director with effect from 1 December 2020. The disclosures for the 2021 financial year do not represent a full financial year.

(2) Ms Dwyer was appointed as an Independent, Non-executive Director with effect from 20 May 2021. The disclosures for the 2021 financial year do not represent a full financial year.

(3) Ms McGrath retired from the Board as an Independent, Non-executive Director on 18 December 2020.

7. Shareholdings in IPL

The MSR for Non-executive Directors is an initiative to better align Director and Shareholder interests and requires each Director to hold the equivalent of 100% of their base Board fee in IPL shares and/or rights to shares (that have been fully sacrificed for under IPL's Non-executive Director Fee Sacrifice Plan) at the completion of 5-years of service.

Table 10 – Movements in rights in the Company

IPL's Non-executive Director Fee Sacrifice Plan (the Plan) commenced in 2019. The next tranche of rights are scheduled to vest in November 2022. These rights, as well as those that subsequently convert to shares, combine to form part of the Non-executive Director's MSR that is outlined in further detail below.

The movement during the reporting period in the number of rights for each Non-executive Director, including their related parties, is set out in the table below:

	Number of Rights (A)				
	Opening balance	Rights acquired	Vested (B)	Forfeited	Closing balance
B Kruger	18,925	33,367	(37,854)	–	14,438
G Biltz	–	–	–	–	-
B Brook	6,308	11,122	(12,618)	–	4,812
T Dwyer	–	9,625	–	–	9,625
X Liu	9,462	9,465	(18,927)	–	–
G Robinson	–	–	–	–	–

(A) Includes movements of rights acquired under the Plan.

(B) For the 2022 financial year, this represents the number of rights vested during the reporting period under the Plan.

Table 11 – Movements in shares in the Company

The movement during the reporting period in the number of shares in the Company held directly, indirectly or beneficially, by each KMP, including their related parties, is set out in the table below:

	Number of Shares (A)			
	Opening balance	Shares acquired	Shares disposed (B)	Closing balance (C)
Non-executive Directors – Current				
B Kruger	93,418	77,854	–	171,272
G Biltz	100,000	–	–	100,000
B Brook	66,580	12,618	–	79,198
T Dwyer	–	7,000	–	7,000
X Liu	58,685	18,927	–	77,612
G Robinson	67,020	–	–	67,020
Executive Director – Current				
J Johns	819,525	92,405	–	911,930
Executives – Current				
P Victor (1)	–	–	–	–
G Hayne	35,323	59,886	–	95,209
B Lusk	–	43,888	–	43,888
Executives – Former				
S Titze (2)	–	53,815	–	53,815
N Stratford (3)(4)	58,332	25,372	(83,704)	–

(A) Includes fully paid ordinary shares and shares acquired under IPL's incentive plans. Details of these plans are set out in note 18, Share-based payments.

(B) Shares disposed include withholding tax payments.

(C) Where a director or an Executive has ceased to be a KMP during the reporting year, the balance stated in this column represents the number of shares held as at the date the Director or Executive ceased to be a KMP.

(1) Mr Victor commenced as a KMP on 1 July 2022.

(2) Mr Titze ceased as a KMP on 27 July 2022. However, his balance of rights represents the performance rights according to his exit date of 30 September 2022.

(3) Mr Stratford had shares sold on his behalf to fulfill United States withholding tax obligations associated with his shares acquired under IPL's Long Term Incentive Plan.

(4) Mr Stratford ceased as a KMP on 14 November 2021. However, his balance of rights represents the performance rights according to his exit date of 31 December 2021.

8. Other KMP Disclosures

Loans to KMP

In the year ended 30 September 2022, there were no loans to key management personnel and their related parties (2021: nil).

Other KMP transactions

In the year ended 30 September 2022, there were no transactions entered into during the year with key management personnel (including their related parties).

Deloitte.

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The Board of Directors
Incitec Pivot Limited
Level 8, 28 Freshwater Place
Southbank Victoria 3006

15 November 2022

Dear Board Members

Incitec Pivot Limited

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

As lead audit partner for the audit of the financial statements of Incitec Pivot Limited for the financial year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants

FINANCIAL REPORT CONTENTS

Introduction

This is the consolidated financial report of Incitec Pivot Limited (the **Company**, **IPL**, or **Incitec Pivot**) a company domiciled in Australia, and its subsidiaries including its interests in joint ventures and associates (collectively referred to as the **Group**) for the financial year ended 30 September 2022.

Content and Structure of the Financial Report

The notes to the financial statements and the related accounting policies are grouped into the following distinct sections in the 2022 financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Section	Description
Financial performance	Provides detail on the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position that are most relevant in forming an understanding of the Group's financial performance for the year.
Shareholder returns	Provides information on the performance of the Group in generating shareholder returns.
Capital structure	Provides information about the Group's capital and funding structures.
Capital investment	Provides information on the Group's investment in tangible and intangible assets, and the Group's future capital commitments.
Risk management	Provides information about the Group's risk exposures, risk management practices, provisions and contingent liabilities.
Other	Provides information on items that require disclosure to comply with Australian Accounting Standards and the requirements under the Corporations Act. 2001.

Information is included in the notes to the financial report only to the extent it is considered material and relevant to the understanding of the financial report. A disclosure is considered material and relevant if, for example:

» the dollar amount is significant in size (quantitative factor)

» the item is significant by nature (qualitative factor)

» the Group's result cannot be understood without the specific disclosure (qualitative factor)

» it relates to an aspect of the Group's operations that is important to its future performance.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2022

	Notes	2022 $mill	2021 $mill
Revenue	(2)	**6,315.3**	4,348.5
Financial and other income	(2)	**149.3**	33.4
Share of profit of equity accounted investments	(14)	**43.4**	41.9
Operating expenses			
Changes in inventories of finished goods and work in progress		**295.1**	104.2
Raw materials and consumables used and finished goods purchased for resale		**(3,273.2)**	(2,158.5)
Employee expenses		**(787.7)**	(701.5)
Depreciation and amortisation	(2)	**(372.5)**	(368.5)
Financial expenses	(2)	**(108.8)**	(114.7)
Purchased services		**(243.0)**	(198.6)
Repairs and maintenance		**(216.2)**	(181.5)
Outgoing freight		**(322.7)**	(286.6)
Lease payments – operating leases		**(26.0)**	(25.9)
Asset impairment write-downs and site exit costs		**(4.5)**	(270.5)
Other expenses		**(89.7)**	(61.5)
Profit before income tax		**1,358.8**	160.2
Income tax expense	(3)	**(345.0)**	(11.1)
Profit for the year		**1,013.8**	149.1
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans	(21)	**17.2**	30.8
Income tax relating to items that will not be reclassified subsequently to profit or loss		**(4.9)**	(8.3)
		12.3	22.5
Items that may be reclassified subsequently to profit or loss			
Fair value loss on cash flow hedges	(18)	**(39.1)**	(20.8)
Cash flow hedge loss transferred to profit or loss	(18)	**20.1**	22.4
Exchange differences on translating foreign operations		**344.1**	(22.9)
Net (loss)/gain on hedge of net investment	(18)	**(70.3)**	25.3
Income tax relating to items that may be reclassified subsequently to profit or loss		**1.5**	6.9
		256.3	10.9
Other comprehensive income for the year, net of income tax		**268.6**	33.4
Total comprehensive income for the year		**1,282.4**	182.5
Profit attributable to:			
Members of Incitec Pivot Limited		**1,013.7**	149.1
Non-controlling interest		**0.1**	–
Profit for the year		**1,013.8**	149.1
Total comprehensive income attributable to:			
Members of Incitec Pivot Limited		**1,282.3**	182.5
Non-controlling interest		**0.1**	–
Total comprehensive income for the year		**1,282.4**	182.5
Earnings per share			
Basic (cents per share)	(5)	**52.2**	7.7
Diluted (cents per share)	(5)	**52.1**	7.7

Consolidated Statement of Financial Position

As at 30 September 2022

	Notes	2022 $mill	2021 $mill
Current assets			
Cash and cash equivalents	(8)	**763.5**	651.8
Trade and other receivables	(4)	**756.6**	487.6
Inventories	(4)	**993.6**	577.7
Other assets		**111.4**	46.9
Other financial assets	(18)	**29.2**	55.4
Total current assets		**2,654.3**	1,819.4
Non-current assets			
Trade and other receivables	(4)	**28.7**	29.4
Other assets		**35.9**	27.1
Other financial assets	(18)	**8.1**	33.6
Equity accounted investments	(14)	**379.4**	324.8
Property, plant and equipment	(9)	**4,246.9**	3,928.9
Right-of-use lease assets	(10)	**221.0**	214.5
Intangible assets	(11)	**3,281.4**	3,000.9
Deferred tax assets	(3)	**8.0**	12.0
Total non-current assets		**8,209.4**	7,571.2
Total assets		**10,863.7**	9,390.6
Current liabilities			
Trade and other payables	(4)	**1,393.4**	1,229.3
Lease liabilities	(10)	**42.1**	45.0
Interest bearing liabilities	(8)	**21.1**	18.8
Other financial liabilities	(18)	**57.6**	47.2
Provisions	(17)	**166.7**	101.3
Current tax liabilities		**144.4**	86.8
Total current liabilities		**1,825.3**	1,528.4
Non-current liabilities			
Trade and other payables	(4)	**23.0**	21.0
Lease liabilities	(10)	**203.8**	197.5
Interest bearing liabilities	(8)	**1,690.9**	1,650.0
Other financial liabilities	(18)	**95.0**	46.3
Provisions	(17)	**170.6**	209.0
Deferred tax liabilities	(3)	**552.9**	340.2
Retirement benefit obligation	(21)	**12.5**	29.6
Total non-current liabilities		**2,748.7**	2,493.6
Total liabilities		**4,574.0**	4,022.0
Net assets		**6,289.7**	5,368.6
Equity			
Issued capital	(7)	**3,806.2**	3,806.2
Reserves		**41.7**	(208.7)
Retained earnings		**2,441.7**	1,771.1
Non-controlling interest		**0.1**	–
Total equity		**6,289.7**	5,368.6

Consolidated Statement of Cash Flows

For the year ended 30 September 2022

	Notes	2022 $mill Inflows (Outflows)	2021 $mill Inflows (Outflows)
Cash flows from operating activities			
Profit after tax for the year		**1,013.8**	149.1
Adjusted for non-cash items			
Net finance cost		**107.2**	112.8
Depreciation and amortisation	(2)	**372.5**	368.5
Write-down of property, plant and equipment	(9)	**4.5**	213.1
Share of profit of equity accounted investments	(14)	**(43.4)**	(41.9)
Net loss/(gain) on sale of property, plant and equipment	(2)	**0.8**	(0.3)
Non-cash share-based payment transactions	(19)	**3.1**	3.2
Income tax expense	(3)	**345.0**	11.1
Changes in assets and liabilities			
Increase in receivables and other operating assets		**(254.9)**	(127.4)
Increase in inventories		**(323.8)**	(100.6)
Increase in payables, provisions and other operating liabilities		**61.0**	159.8
		1,285.8	747.4
Adjusted for cash items			
Dividends received	(14)	**7.9**	44.6
Interest received		**1.6**	1.9
Interest paid		**(85.0)**	(110.6)
Income tax paid		**(117.0)**	(33.1)
Net cash flows from operating activities		**1,093.3**	650.2
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(434.0)**	(355.0)
Proceeds from sale of property, plant and equipment		**5.7**	5.7
Payments for acquisition of subsidiaries, non-controlling interest and equity investments		**(143.9)**	(8.5)
Payments towards investment in joint arrangement		**(3.4)**	(4.4)
Loan repayments from equity accounted investees		**–**	19.9
Receipts from/(payments for) settlement of net investment hedge derivatives		**0.9**	(0.1)
Net cash flows from investing activities		**(574.7)**	(342.4)
Cash flows from financing activities			
Repayment of borrowings	(8)	**(5.4)**	(157.9)
Proceeds from borrowings	(8)	**3.4**	–
Dividends paid to members of Incitec Pivot Limited	(6)	**(355.4)**	(19.4)
Lease liability payments		**(42.9)**	(41.4)
Realised market value (loss)/gain on derivatives		**(3.9)**	8.5
Purchased shares for IPL employees		**(9.0)**	(1.0)
Net cash flows from financing activities		**(413.2)**	(211.2)
Net increase in cash and cash equivalents held		**105.4**	96.6
Cash and cash equivalents at the beginning of the year		**651.8**	554.6
Effect of exchange rate fluctuations on cash and cash equivalents held		**6.3**	0.6
Cash and cash equivalents at the end of the year	(8)	**763.5**	651.8

Consolidated Statement of Changes in Equity

For the year ended 30 September 2022

	Notes	Issued capital $mill	Cash flow hedging reserve $mill	Share-based payments reserve $mill	Foreign currency translation reserve $mill	Fair value reserve $mill	Retained earnings $mill	Non-controlling interest $mill	Total equity $mill
Balance at 1 October 2020		3,806.2	(64.3)	27.1	(164.9)	(19.7)	1,618.9	–	5,203.3
Profit for the year		–	–	–	–	–	149.1	–	149.1
Total other comprehensive income for the year		–	0.9	–	10.0	–	22.5	–	33.4
Dividends paid	(6)	–	–	–	–	–	(19.4)	–	(19.4)
Purchased shares for IPL employees		–	–	(1.0)	–	–	–	–	(1.0)
Share-based payment transactions	(19)	–	–	3.2	–	–	–	–	3.2
Balance at 30 September 2021		3,806.2	(63.4)	29.3	(154.9)	(19.7)	1,771.1	–	5,368.6
Balance at 1 October 2021		**3,806.2**	**(63.4)**	**29.3**	**(154.9)**	**(19.7)**	**1,771.1**	**–**	**5,368.6**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**1,013.7**	**0.1**	**1,013.8**
Total other comprehensive income for the year		**–**	**(13.0)**	**–**	**269.3**	**–**	**12.3**	**–**	**268.6**
Dividends paid	(6)	**–**	**–**	**–**	**–**	**–**	**(355.4)**	**–**	**(355.4)**
Purchased shares for IPL employees		**–**	**–**	**(9.0)**	**–**	**–**	**–**	**–**	**(9.0)**
Share-based payment transactions	(19)	**–**	**–**	**3.1**	**–**	**–**	**–**	**–**	**3.1**
Balance at 30 September 2022		**3,806.2**	**(76.4)**	**23.4**	**114.4**	**(19.7)**	**2,441.7**	**0.1**	**6,289.7**

Cash flow hedging reserve

This reserve comprises the cumulative net change in the fair value of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based payments reserve

This reserve comprises the fair value of rights recognised as an employee expense under the terms of the Long Term Incentive Plans.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled operations are taken to the foreign currency translation reserve. The relevant portion of the reserve is recognised in the profit or loss when the foreign operation is disposed of.

The foreign currency translation reserve is also used to record gains and losses on hedges of net investments in foreign operations.

Fair value reserve

This reserve represents the cumulative net change in the fair value of equity instruments. The annual net change in the fair value of investments in equity securities (including both realised and unrealised gains and losses) is recognised in other comprehensive income.

Non-controlling interest

This represents equity interest outside the Incitec Pivot Limited Group. Refer to Note 15 for the list of subsidiaries that are not 100% owned by the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2022

Notes to the Consolidated Financial Statements: Basis of preparation

For the year ended 30 September 2022

Basis of preparation and consolidation

The consolidated financial statements of the Group have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value.

The financial results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Where applicable, comparative disclosures have been reclassified for consistency with the current period if material.

The consolidated financial statements were authorised for issue by the directors on 15 November 2022.

Subsidiaries

Subsidiaries are entities that are controlled by the Group. The financial results and financial position of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

A list of the Group's subsidiaries is included in note 15.

Joint arrangements and associates

A joint venture is an arrangement where the parties have rights to the net assets of the venture.

A joint operation is an arrangement where the parties each have rights to the assets and liabilities relating to the arrangement.

Associates are those entities in respect of which the Group has significant influence, but not control, over the financial and operating policies of the entities.

Investments in joint ventures and associates are accounted for using the equity method. They are initially recognised at cost, and subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the investees.

The interests in joint operations are brought to account recognising the Group's share of jointly controlled assets; liabilities; expenses; and income from the joint operation.

A list of the Group's joint arrangements and associates is included in note 15.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (**IFRS**) and interpretations. The Company is a for-profit entity.

Key estimates and judgments

Key accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the subsequent related actual result. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are set out in the notes.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument, *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission dated 24 March 2016 and, in accordance with that Legislative Instrument, the amounts shown in this report and in the financial statements have been rounded, except where otherwise stated, to the nearest one hundred thousand dollars.

Global economic challenges

Various global challenges including inflation, the war in Russia/ Ukraine, global supply chain disruption, tighter global financial conditions, renewed Covid-19 outbreaks and lockdown continue to pose future uncertainties. To date, the negative impact on IPL Group results has not been significant and no structural changes that impact the longer term operations and cash flows have been identified.

Structural Separation

On 23 May 2022 the Company announced that it intends to implement a structural separation of its Incitec Pivot Fertilisers and Dyno Nobel businesses to create two separately listed companies on the Australian Securities Exchange (ASX). There has been no impact on the financial statements for FY2022 other than the costs incurred to date which have been classified as an individually material item and disclosed in the notes to the financial statements.

Accounting standards issued

The Group adopted any amendments to Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to its operations and effective for the current year. The adoption of these revised Standards and Interpretations did not have a material impact on the Group's result.

Certain new accounting Standards and Interpretations have been issued that are not mandatory for the 30 September 2022 reporting period and have not been early adopted by the Group. These Standards and Interpretations are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

The London Interbank Offered Rate (LIBOR) and other benchmark interest rates are being replaced by alternative risk-free rates (ARR) as part of interbank offer rate (IBOR) reform. USD LIBOR will no longer be published after 30 June 2023. As at 30 September 2022, the Group has not transitioned any of its existing cross currency and interest rate swaps to alternative risk-free rates, however it is expecting to commence active transition of the existing cross currency and interest rate swaps portfolio to alternative benchmark rates (e.g SOFR benchmark rate) during the first half of FY2023. The Group is working closely with its Treasury system provider to fully manage the transition to alternative benchmark rates.

The group has assessed the implication of IBOR reform and expects the impact to be minimal.

Notes to the Consolidated Financial Statements: **Financial performance**

For the year ended 30 September 2022

1. Segment report

The Group operates a number of strategic divisions that offer different products and services and operate in different markets. For reporting purposes, these divisions are known as reportable segments. The results of each segment are reviewed monthly by the executive management team (the chief operating decision makers) to assess performance and make decisions about the allocation of resources.

Description of reportable segments

Asia Pacific

Fertilisers Asia Pacific (**Fertilisers APAC**): manufactures and sells fertilisers in Eastern Australia and the export market. It also manufactures, imports and sells industrial chemicals to the agricultural sector and other specialist industries.

Dyno Nobel Asia Pacific (**DNAP**): manufactures and sells industrial explosives and related products and services to the mining industry mainly in the Asia Pacific region, Turkey and France.

Asia Pacific Eliminations (**APAC Elim**): represent elimination of sales and profit in stock arising from Fertilisers APAC sales to DNAP.

Americas

Dyno Nobel Americas (**DNA**): manufactures and sells industrial explosives and related products and services to the mining, quarrying and construction industries in the Americas (Canada, Mexico and Chile) and initiating systems to businesses in Australia, Turkey and South Africa. It also manufactures and sells industrial chemicals to the agricultural sector and other specialist industries.

Corporate

Corporate costs include all head office expenses that cannot be directly or reasonably attributed to the operation of any of the Group's businesses.

Group Eliminations (**Group Elim**): represent elimination of sales and profit in stock arising from intersegment sales.

Reportable segments – financial information

		Asia Pacific				Americas			
30 September 2022	**Notes**	**Fertilisers APAC $mill**	**DNAP $mill**	**APAC Elim $mill**	**Total $mill**	**DNA $mill**	**Group Elim $mill**	**Corporate[i] $mill**	**Consolidated Group $mill**
Revenue from external customers	(2)	2,647.8	1,200.4	(27.8)	3,820.4	2,532.9	(38.0)	–	6,315.3
Share of profits of equity accounted investments	(14)	–	15.1	–	15.1	28.3	–	–	43.4
EBITDA[ii]		709.0	251.0	–	960.0	939.8	0.4	(42.5)	1,857.7
Depreciation and amortisation	(2)	(95.3)	(88.5)	–	(183.8)	(180.5)	0.4	(8.6)	(372.5)
EBIT[iii]		613.7	162.5	–	776.2	759.3	0.8	(51.1)	1,485.2
Net interest expense									(107.2)
Income tax expense (excluding IMIs)									(350.8)
Profit after tax[iv]									1,027.2
Non-controlling interest									(0.1)
Individually material items (net of tax)	(2)								(13.4)
Profit attributable to members of IPL									1,013.7
Segment assets		2,000.7	2,878.2	–	4,878.9	5,127.9	–	848.9	10,855.7
Segment liabilities		(1,122.2)	(326.5)	-	(1,448.7)	(939.1)	–	(1,633.3)	(4,021.1)
Net segment assets[v]		878.5	2,551.7	-	3,430.2	4,188.8	–	(784.4)	6,834.6
Deferred tax balances	(3)								(544.9)
Net assets									6,289.7

(i) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.

(ii) Earnings Before Interest, related income tax expense, depreciation and amortisation and individually material items.

(iii) Earnings Before Interest, related income tax expense and individually material items.

(iv) Profit after tax (excluding individually material items).

(v) Net segment assets exclude deferred tax balances.

Notes to the Consolidated Financial Statements: Financial performance

For the year ended 30 September 2022

30 September 2021	Notes	Asia Pacific Fertilisers APAC $mill	Asia Pacific DNAP $mill	Asia Pacific APAC Elim $mill	Asia Pacific Total $mill	Americas DNA $mill	Group Elim $mill	Corporate[i] $mill	Consolidated Group $mill
Revenue from external customers	(2)	1,894.6	937.8	(25.8)	2,806.6	1,588.7	(46.8)	–	4,348.5
Share of profits of equity accounted investments	(14)	–	14.5	–	14.5	27.4	–	–	41.9
EBITDA[ii]		382.1	219.5	–	601.6	359.9	(2.1)	(24.5)	934.9
Depreciation and amortisation	(2)	(113.7)	(79.3)	–	(193.0)	(170.0)	0.3	(5.8)	(368.5)
EBIT[iii]		268.4	140.2	–	408.6	189.9	(1.8)	(30.3)	566.4
Net interest expense									(112.8)
Income tax expense (excluding IMIs)									(95.0)
Profit after tax[iv]									358.6
Individually material items (net of tax)	(2)								(209.5)
Profit attributable to members of IPL									149.1
Segment assets		1,558.4	2,588.1	–	4,146.5	4,450.4	–	781.7	9,378.6
Segment liabilities		(1,059.9)	(236.4)	–	(1,296.3)	(669.0)	–	(1,716.5)	(3,681.8)
Net segment assets[v]		498.5	2,351.7	–	2,850.2	3,781.4	–	(934.8)	5,696.8
Deferred tax balances	(3)								(328.2)
Net assets									5,368.6

(i) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.

(ii) Earnings Before Interest, related income tax expense, depreciation and amortisation and individually material items.

(iii) Earnings Before Interest, related income tax expense and individually material items.

(iv) Profit after tax (excluding individually material items).

(v) Net segment assets exclude deferred tax balances.

Geographical information – secondary reporting segments

The Group operates in five principal countries being Australia (country of domicile), USA, Canada, Turkey and France.

In presenting information on the basis of geographical information, revenue is based on the geographical location of the entity making the sale. Assets are based on the geographical location of the assets.

30 September 2022	**Australia $mill**	**USA $mill**	**Canada $mill**	**Turkey $mill**	**France $mill**	**Other/Elim $mill**	**Consolidated $mill**
Revenue from external customers	**3,639.0**	**2,199.0**	**315.8**	**74.6**	**41.5**	**45.4**	**6,315.3**
Non-current assets other than financial assets and deferred tax assets	**3,544.2**	**4,277.8**	**104.4**	**1.9**	**108.2**	**156.8**	**8,193.3**
Trade and other receivables	**378.2**	**255.6**	**66.0**	**21.3**	**37.8**	**26.4**	**785.3**

30 September 2021	Australia $mill	USA $mill	Canada $mill	Turkey $mill	France $mill	Other/Elim $mill	Consolidated $mill
Revenue from external customers	2,739.7	1,278.3	285.7	38.9	–	5.9	4,348.5
Non-current assets other than financial assets and deferred tax assets	3,435.3	3,863.0	99.1	2.4	–	125.8	7,525.6
Trade and other receivables	258.9	142.6	73.5	12.5	–	29.5	517.0

Notes to the Consolidated Financial Statements: **Financial performance**

For the year ended 30 September 2022

2. Revenue and expenses

	Notes	2022 $mill	2021 $mill
Revenue			
External sales		**6,315.3**	4,348.5
Total revenue		**6,315.3**	4,348.5
Financial income			
Interest income		**1.6**	1.9
Other income			
Royalty income and management fees	(14)	**31.0**	29.5
Net (loss)/gain on sale of property, plant and equipment		**(0.8)**	0.3
Other income from operations [1]		**117.5**	1.7
Total financial and other income		**149.3**	33.4

(1) Other income includes insurance proceeds of $99m in relation to the incident at the Waggaman, Louisiana plant in February 2022.

Expenses

Profit before income tax includes the following specific expenses:

	Notes	2022 $mill	2021 $mill
Depreciation and amortisation			
Depreciation			
property, plant and equipment	(9)	**303.2**	303.0
leases	(10)	**45.0**	42.5
Amortisation	(11)	**24.3**	23.0
Total depreciation and amortisation		**372.5**	368.5
Assets impairment write downs			
property, plant and equipment	(9)	**4.5**	213.1
Total assets impairment write downs		**4.5**	213.1
Amounts set aside to provide for:			
impairment losses on trade and other receivables	(4)	**0.7**	0.4
inventory losses and obsolescence	(4)	**4.6**	1.4
employee entitlements	(17)	**9.3**	7.7
environmental liabilities	(17)	**0.1**	4.1
legal and other provisions	(17)	**18.5**	0.5
restructuring and rationalisation costs	(17)	**8.7**	83.5
Research and development expense		**25.7**	20.7
Defined contribution superannuation expense		**35.8**	32.8
Defined benefit superannuation expense	(21)	**3.0**	2.7
Financial expenses			
Interest on lease liabilities	(10)	**5.3**	5.6
Unwinding of discount on provisions	(17)	**5.8**	5.4
Net interest expense on defined benefit obligation	(21)	**1.1**	1.8
Interest expenses on financial liabilities		**96.6**	101.9
Total financial expenses		**108.8**	114.7

Individually material items

Profit after tax includes the following expenses whose disclosure is relevant in explaining the financial performance of the Group:

30 September 2022

	Gross $mill	Tax $mill	Net $mill
Demerger cost [1]	9.2	(2.8)	6.4
Gibson Island manufacturing plant closure [2]			
- Closure costs	10.0	(3.0)	7.0
Total individually material items	**19.2**	**(5.8)**	**13.4**

(1) Demerger costs include transition support and advisory costs. One-off separation costs are expected to be in the range of $60m – $80m net of tax.

(2) The Gibson Island closure provision was increased by $10m following a detailed review. The increase was primarily a result of contractor rate escalations since the provision was recognised.

30 September 2021

	Gross $mill	Tax $mill	Net $mill
Cheyenne manufacturing plant impairment	107.4	(28.0)	79.4
Gibson Island manufacturing plant closure			
- Impairment of assets	102.5	(30.8)	71.7
- Closure costs [3]	83.5	(25.1)	58.4
Total individually material items	293.4	(83.9)	209.5

(3) Closure costs include employee redundancies ($26.1m) and decommissioning and other closure related costs ($57.4m).

Key accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable by the Group. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities on the following basis:

» Sale of goods and services: revenue from the sale of goods and services is recognised at the point in time when the performance obligations under the customer contract are satisfied. This is typically when control of goods or services is transferred to the customer. The fee for the service component is recognised separately from the sale of goods.

» Take-or-pay revenue: revenue is recognised in line with the sale of goods policy. In circumstances where goods are not taken by the customer, revenue is recognised when the likelihood of the customer meeting its obligation to 'take goods' becomes remote.

» Interest income is recognised as it accrues using the effective interest method.

The Group disaggregates its revenue per reportable segment as presented in note 1, as the revenue within each business unit is affected by economic factors in a similar manner.

Goods and services tax

Revenues, expenses, assets and liabilities (other than receivables and payables) are recognised net of the amount of goods and services tax (**GST**). The only exception is where the amount of GST incurred is not recoverable from the relevant taxation authorities.
In these circumstances, the GST is recognised as part of the cost of the asset or as part of the item of expenditure.

Other income

Other income represents gains that are not revenue. This includes Government grants, royalty income and management fees from the Group's joint ventures and associates, income from contractual arrangements that are not considered external sales and government grants. IPL received Government grants during the year of $48m to fund the increased production of AdBlue at the Gibson Island facility given the shortage in the domestic market. Grant income is recognised as a deduction from the related expense with any excess income reported as other income. Government grants received in advance are recognised on the balance sheet as deferred income and released to the profit and loss once the related expense is incurred.

Notes to the Consolidated Financial Statements: Financial performance

For the year ended 30 September 2022

3. Taxation

Income tax expense for the year

	2022 $mill	2021 $mill
Current tax expense		
Current year	**165.4**	96.7
Adjustments in respect of prior years	**(1.6)**	1.8
	163.8	98.5
Deferred tax expense		
Current year	**181.2**	(87.4)
Total income tax expense	**345.0**	11.1

Income tax reconciliation to prima facie tax payable

	2022 $mill	2021 $mill
Profit before income tax	**1,358.8**	160.2
Tax at the Australian tax rate of 30% (2021: 30%)	**407.6**	48.1
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Joint venture income	**(10.9)**	(11.7)
Sundry items	**(15.8)**	(17.7)
Difference in overseas tax rates	**(34.3)**	(9.4)
Adjustments in respect of prior years	**(1.6)**	1.8
Income tax expense attributable to profit	**345.0**	11.1

Tax amounts recognised directly in equity

The aggregate current and deferred tax arising in the financial year and not recognised in net profit or loss but directly charged to equity is $3.4m for the year ended 30 September 2022 (2021: credit of $1.4m).

Net deferred tax assets/(liabilities)

Deferred tax balances comprise temporary differences attributable to the following:

	2022 $mill	2021 $mill
Employee entitlements provision	**19.5**	19.7
Retirement benefit obligations	**2.8**	8.7
Provisions and accruals	**112.3**	95.1
Lease liabilities	**66.3**	69.1
Tax losses	**0.6**	188.4
Property, plant and equipment	**(616.4)**	(565.7)
Right-of-use lease assets	**(60.3)**	(60.8)
Intangible assets	**(91.6)**	(87.2)
Joint venture income	**(15.5)**	(12.7)
Financial instruments	**38.7**	18.2
Other	**(1.3)**	(1.0)
Net deferred tax liabilities	**(544.9)**	(328.2)
Presented in the Consolidated Statement of Financial Position as follows:		
Deferred tax assets	**8.0**	12.0
Deferred tax liabilities	**(552.9)**	(340.2)
Net deferred tax liabilities	**(544.9)**	(328.2)

Movements in net deferred tax liabilities

The table below sets out movements in net deferred tax balances for the period ended 30 September:

	2022 $mill	2021 $mill
Opening balance at 1 October	**(328.2)**	(415.5)
(Debited)/credited to the profit or loss	**(181.2)**	87.4
Charged to equity	**(3.4)**	(1.4)
Foreign exchange movements	**(33.1)**	1.3
Adjustments in respect of prior years	**1.0**	–
Closing balance at 30 September	**(544.9)**	(328.2)

Key accounting policies

Income tax expense

Income tax expense comprises current tax (amounts payable or receivable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is recognised in the profit or loss, unless it relates to items that have been recognised in equity (as part of other comprehensive income). In this instance, the related tax expense is also recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year. It is calculated using tax rates applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

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

Offsetting tax balances

Tax assets and liabilities are offset when the Group has a legal right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tax consolidation

For details on the Company's tax consolidated group refer to note 23.

Key estimates and judgments

Uncertain tax matters

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result, the calculation of the Group's tax charge involves a degree of estimation and judgment in respect of certain items. In addition, there are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax audit issues in deferred tax liabilities based on management's assessment of whether additional taxes may be payable and calculates the provision in accordance with the applicable accounting standards including IFRIC 23 *Uncertainty over income tax treatments*. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements: **Financial performance**

For the year ended 30 September 2022

4. Trade and other receivables and payables

The Group's total trade and other receivables and payables consists of inventory, receivables and payables balances, net of provisions for any impairment losses.

30 September 2022	**Trade $mill**	**Other $mill**	**Total $mill**
Inventories	**993.6**	**–**	**993.6**
Receivables	**696.1**	**89.2**	**785.3**
Payables	**(1,073.8)**	**(342.6)**	**(1,416.4)**
	615.9	**(253.4)**	**362.5**

30 September 2021	Trade $mill	Other $mill	Total $mill
Inventories	577.7	–	577.7
Receivables	470.8	46.2	517.0
Payables	(927.8)	(322.5)	(1,250.3)
	120.7	(276.3)	(155.6)

Inventories by category:

	2022 $mill	2021 $mill
Raw materials and stores	**251.8**	130.9
Work-in-progress	**117.3**	77.9
Finished goods	**641.6**	382.2
Provisions	**(17.1)**	(13.3)
Total inventories balance	**993.6**	577.7

Provision movement:

30 September 2022	**Trade receivables $mill**	**Inventories $mill**
Carrying amount at 1 October 2021	**(17.2)**	**(13.3)**
Subsidiaries acquired	**(1.0)**	**–**
Provisions made during the year	**(0.7)**	**(4.6)**
Provisions written back during the year	**0.8**	**0.6**
Amounts written off against provisions	**0.1**	**0.3**
Foreign exchange rate movements	**2.0**	**(0.1)**
Carrying amount at 30 September 2022	**(16.0)**	**(17.1)**

Receivables ageing and credit loss provision

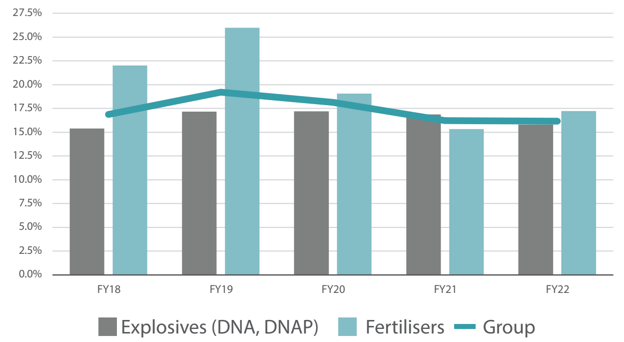
Included in the following table is an age analysis of the Group's trade receivables, along with credit loss provisions against these balances at 30 September:

30 September 2022	**Gross $mill**	**Credit loss provision $mill**	**Net $mill**
Current	**670.8**	**(1.8)**	**669.0**
30–90 days	**20.4**	**(1.3)**	**19.1**
Over 90 days	**20.9**	**(12.9)**	**8.0**
Total	**712.1**	**(16.0)**	**696.1**

30 September 2021	Gross $mill	Credit loss provision $mill	Net $mill
Current	455.3	(0.7)	454.6
30–90 days	18.4	(2.2)	16.2
Over 90 days	14.3	(14.3)	–
Total	488.0	(17.2)	470.8

The graph below shows the Group's trade working capital (trade assets and liabilities) performance over a five year period.

13 month rolling average trade working capital*/ Annual net revenue



* Trade working capital is reported gross of debtor factoring and supply chain financing arrangements.

Key accounting policies

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of manufactured goods is based on a weighted average costing method. For third party sourced goods, cost is net cost into store.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost less any provisions for expected impairment losses or actual impairment losses. Credit losses and recoveries of items previously written off are recognised in the profit or loss.

Where substantially all risks and rewards relating to a receivable are transferred to a third party, the receivable is derecognised.

To manage cash inflows which are impacted by seasonality and demand and supply variability, the Group has a nonrecourse receivable purchasing agreement to sell certain receivables to an unrelated entity in exchange for cash. As at 30 September 2022, receivables totalling $94.9m (2021: $124.2m) had been sold under this arrangement. The receivables were derecognised upon sale as substantially all risks and rewards associated with the receivables passed to the purchaser.

Trade and other payables

Trade and other payables are stated at cost and represent liabilities for goods and services provided to the Group prior to the end of financial year, which are unpaid at the reporting date.

To manage the cash flow conversion cycle on some products procured by the Group, and to ensure that suppliers receive payment in a time period that suits their business model,
the Group offers some suppliers the opportunity to use supply chain financing. At 30 September 2022, the balance of the supply chain finance program was $173.1m (2021: $207.9m). The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to have the characteristics of a trade payable or should be classified as borrowings. These indicators include whether the payment terms exceed customary payment terms in the industry. At 30 September 2022, the Group has assessed that on balance the payables subject to supplier financing arrangements did not meet all of the characteristics to be classified as borrowings and accordingly the balances remained in trade and other payables.

Notes to the Consolidated Financial Statements: Shareholder returns

For the year ended 30 September 2022

Key estimates and judgments

The expected impairment loss calculation for trade receivables considers the impact of past events, and exercises judgment over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. In establishing the expected impairment loss provision, the Group also assessed the impact of the global economic challenges and its potential to affect customers' repayment ability. Subsequent changes in economic and market conditions may result in the provision for impairment losses increasing or decreasing in future periods.

5. Earnings per share

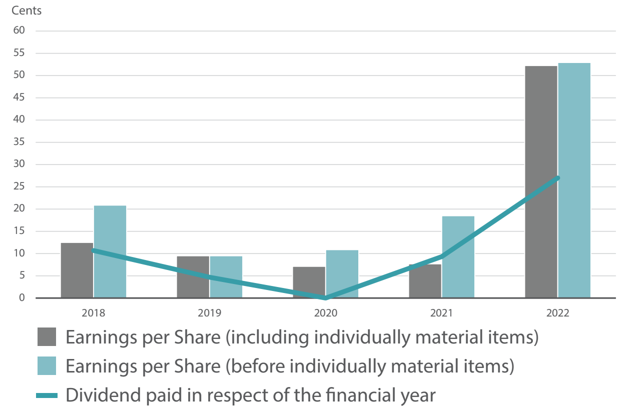
	2022 Cents per share	2021 Cents per share
Basic earnings per share		
including individually material items	**52.2**	7.7
excluding individually material items	**52.9**	18.5
Diluted earnings per share		
including individually material items	**52.1**	7.7
excluding individually material items	**52.8**	18.4
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,942,225,029**	1,942,225,029
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,946,332,645**	1,946,321,171

Reconciliation of earnings used in the calculation of basic and diluted earnings per share

	Notes	**2022 $mill**	2021 $mill
Profit attributable to ordinary shareholders		**1,013.7**	149.1
Individually material items after income tax	(2)	**13.4**	209.5
Profit attributable to ordinary shareholders excluding individually material items		**1,027.1**	358.6

The graph below shows the Group's earnings per share and dividend payout over the last five years.

Company performance and dividends paid



6. Dividends

Dividends paid or declared by the Company in the year ended 30 September were:

	2022 $mill	2021 $mill
Ordinary shares		
Interim dividend of 1.0 cents per share, fully franked, paid 2 July 2021	–	19.4
Final dividend of 8.3 cents per share, 14 percent franked, paid 16 December 2021	**161.2**	–
Interim dividend of 10.0 cents per share, fully franked, paid 5 July 2022	**194.2**	–
Total ordinary share dividends	**355.4**	19.4

Since the end of the financial year, the directors have determined to pay a final dividend of 17.0 cents per share, 100% franked, to be paid on 21 December 2022. The record date for entitlement to this dividend is 6 December 2022. The total dividend payment will be $330.2m.

The financial effect of this dividend has not been recognised in the 2022 Consolidated Financial Statements and will be recognised in subsequent Financial Reports.

The dividend reflects a payout ratio of approximately 51 percent of net profit after tax (before individually material items).

Notes to the Consolidated Financial Statements: Capital structure

For the year ended 30 September 2022

Franking credits

Franking credits available to shareholders of the Company were $7.3m (2021: $10.1m).

Key accounting policies

A provision for dividends payable is recognised in the reporting period in which the dividends are paid. The provision is for the total undistributed dividend amount, regardless of the extent to which the dividend will be paid in cash.

7. Capital management

Capital is defined as the amount subscribed by shareholders to the Company's ordinary shares and amounts advanced by debt providers to any Group entity. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and invest in business growth, while providing returns to shareholders and benefits to other stakeholders.

The Group's key strategies for maintenance of an optimal capital structure include:

» Aiming to maintain an investment grade credit profile and the requisite financial metrics.

» Securing access to diversified sources of debt funding with a spread of maturity dates and sufficient undrawn committed facility capacity.

» Optimising over the long term, to the extent practicable, the Group's Weighted Average Cost of Capital (WACC), while maintaining financial flexibility.

In order to optimise its capital structure, the Group may undertake one or a combination of the following actions:

» change the amount of dividends paid to shareholders and/or offer a dividend reinvestment plan with or without a discount and/or with or without an underwriting facility when appropriate;

» return capital or issue new shares to shareholders;

» vary discretionary capital expenditure;

» raise new debt funding or repay existing debt balances; and

» draw down additional debt or sell non-core assets to reduce debt.

Key financial metrics

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including EBITDA interest cover and Net debt/EBITDA before individually material items. Financial metric targets are maintained inside debt covenant restrictions. At 30 September the Group's position in relation to these metrics was:

	Target range	2022	2021
Net debt/EBITDA (times) (1)	**equal or less than 1.5**	**0.5**	1.1
Interest cover (times)	**equal or more than 6.0**	**20.3**	9.7

(1) Consistent with IPL debt covenants, net debt does not include trade working capital facilities. The Group's capital management framework allows for a short term tolerance of 2.5 times for major growth opportunities.

These ratios are impacted by a number of factors, including the level of cash retained from operating cash flows generated by the Group after paying all of its commitments (including dividends or other returns of capital), movements in foreign exchange rates, changes to market interest rates and the fair value of hedges economically hedging the Group's net debt.

Self-insurance

The Group also self-insures for certain insurance risks under the Singapore Insurance Act. Under this Act, authorised general insurer, Coltivi Insurance Pte Limited (the Group's self-insurance company), is required to maintain a minimum amount of capital. For the financial year ended 30 September 2022, Coltivi Insurance Pte Limited maintained capital in excess of the minimum requirements prescribed under this Act.

Issued capital

Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any related income tax benefit.

Issued capital as at 30 September 2022 amounted to $3,806.2m (1,942,225,029 ordinary shares).

8. Net debt

The Group's net debt comprises the net of interest bearing liabilities, cash and cash equivalents, and the fair value of derivative instruments economically hedging the foreign exchange rate and interest rate exposures of the Group's interest bearing liabilities at the reporting date. The Group's net debt at 30 September is analysed as follows:

	Notes	2022 $mill	2021 $mill
Interest bearing liabilities		**1,712.0**	1,668.8
Cash and cash equivalents		**(763.5)**	(651.8)
Fair value of derivatives	(18)	**87.7**	(12.8)
Net debt		**1,036.2**	1,004.2

At 30 September 2022, the Group's Net debt/EBITDA before individually material items was 0.5 times (2021: 1.1 times). Refer to note 7 for detail on the key financial metrics related to the Group's capital structure.

Interest bearing liabilities

The Group's interest bearing liabilities are unsecured and expose it to various market and liquidity risks. Details of these risks and their mitigation are included in note 18.

The following table details the interest bearing liabilities of the Group at 30 September:

	2022 $mill	2021 $mill
Current		
Other current loans	–	2.2
Loans from joint ventures	**21.1**	16.6
	21.1	18.8
Non-current		
Other non-current loans	**28.0**	0.7
Fixed interest rate bonds	**1,662.9**	1,649.3
	1,690.9	1,650.0
Total interest bearing liabilities	**1,712.0**	1,668.8

Fixed Interest Rate Bonds

The Group has on issue the following fixed interest rate bonds:

- » USD500m of Notes as a private placement in the US market. USD250m has a fixed rate semi-annual coupon of 4.03 percent and matures in October 2028 and USD250m has a fixed rate semi-annual coupon of 4.13 percent and matures in October 2030.
- » HKD560m 7 year bond as a private placement in the Regulation S debt capital market. The bond has a fixed rate annual coupon of 4.13 percent and matures in February 2026.
- » AUD431.3m 7 year bond on issue in the Australian debt capital market. The bond was issued in March 2019 for AUD450m and reduced by AUD18.7m as a result of the buy-back in November 2020. The bond has a fixed rate semi-annual coupon of 4.30 percent and matures in March 2026.
- » USD305.7m 10 year bond on issue in the Regulation S debt capital market. The bond was issued in August 2017 for USD400m and reduced by USD94.3m as a result of the buy-back in November 2020. The bond has a fixed rate semi-annual coupon of 3.95 percent and matures in August 2027.

Bank Facilities

The Group holds committed Syndicated Term facility domiciled in Australia and consisting of two tranches: Tranche A has a limit of AUD490m and Tranche B has a limit of USD200m. The facility matures in April 2024.

Tenor of interest bearing liabilities

The Group's average tenor of its drawn interest bearing liabilities at 30 September 2022 is 5.4 years (2021: 6.3 years) and the average tenor of its total debt facilities is 4.2 years (2021: 5.1 years).

The table below includes detail on the movements in the Group's interest bearing liabilities.

		Cash flow		Non-cash changes				
30 September 2022	**1 October 2021 $mill**	**Proceeds from borrowings $mill**	**Repayments of borrowings $mill**	**Acquisition of subsidiaries $mill**	**Reclassification $mill**	**Foreign exchange movement $mill**	**Funding costs & fair value adjustments $mill**	**30 September 2022 $mill**
Current								
Other loans	2.2	0.2	(2.8)	–	0.7	(0.3)	–	–
Loans from joint ventures	16.6	3.2	(0.6)	–	–	1.9	–	21.1
Non-current								
Other loans	0.7	–	(2.0)	29.9	(0.7)	0.1	–	28.0
Fixed interest rate bonds	1,649.3	–	–	–	–	120.9	(107.3)	1,662.9
Total liabilities from financing activities	**1,668.8**	**3.4**	**(5.4)**	**29.9**	**–**	**122.6**	**(107.3)**	**1,712.0**
Derivatives held to hedge interest bearing liabilities	(12.8)	–	–	–	–	(7.3)	107.8	87.7
Debt after hedging	**1,656.0**	**3.4**	**(5.4)**	**29.9**	**–**	**115.3**	**0.5**	**1,799.7**

Notes to the Consolidated Financial Statements: Capital structure

For the year ended 30 September 2022

		Cash flow		Non-cash changes			
30 September 2021	1 October 2020 $mill	Proceeds from borrowings $mill	Repayments of borrowings $mill	Reclassification $mill	Foreign exchange movement $mill	Funding costs & fair value adjustments $mill	30 September 2021 $mill
Current							
Other loans	4.8	–	(7.2)	4.5	0.1	–	2.2
Loans from joint ventures	16.4	–	–	–	0.2	–	16.6
Non-current							
Other loans	5.2	–	–	(4.5)	–	–	0.7
Fixed interest rate bonds	1,843.9	–	(150.7)	–	(8.1)	(35.8)	1,649.3
Total liabilities from financing activities	**1,870.3**	**–**	**(157.9)**	**–**	**(7.8)**	**(35.8)**	**1,668.8**
Derivatives held to hedge interest bearing liabilities	(287.0)	–	–	–	233.6	40.6	(12.8)
Debt after hedging	**1,583.3**	**–**	**(157.9)**	**–**	**225.8**	**4.8**	**1,656.0**

Interest rate profile

The table below summarises the Group's interest rate profile of its interest bearing liabilities, net of hedging, at 30 September:

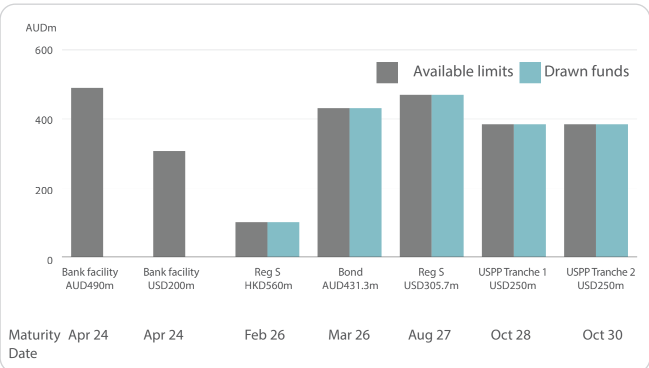
	2022 $mill	2021 $mill
Fixed interest rate financial instruments	**936.8**	942.2
Variable interest rate financial instruments	**775.2**	726.6
	1,712.0	1,668.8

Detail on the Group's interest hedging profile and duration is included in note 18.

Funding profile

The graph below details the Group's available funding limits, its maturity dates and drawn funds at 30 September 2022:

The Group has undrawn financing facilities of $797.3m (2021: $768.6) at 30 September 2022.



Cash and cash equivalents

Cash and cash equivalents at 30 September 2022 were $763.5m (2021: $651.8m) and consisted of cash at bank of $264.5m (2021: $251.9m) and short term investments of $499.0m (2021: $399.9m).

Key accounting policies

Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value less any directly attributable borrowing costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest method, with any difference between cost and redemption value recognised in the profit or loss over the period of the borrowings.

The Group derecognises interest bearing liabilities when its obligation is discharged, cancelled or expires. Any gains and losses arising on derecognition are recognised in the profit or loss.

Interest bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the year end, which are classified as non-current.

Cash and cash equivalents

Cash includes cash at bank, cash on hand and short term investments, net of bank overdrafts.

Borrowing costs

Borrowing costs include interest on borrowings and the amortisation of premiums relating to borrowings.

Borrowing costs are expensed as incurred, unless they relate to qualifying assets (refer note 9). In this instance, the borrowing costs are capitalised and depreciated over the asset's expected useful life.

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

9. Property, plant and equipment

	Notes	Freehold land and buildings $mill	Machinery, plant and equipment $mill	Work in progress $mill	Total $mill
At 30 September 2020					
Cost		1,040.7	5,335.2	213.9	6,589.8
Accumulated depreciation		(352.7)	(2,165.4)	–	(2,518.1)
Net book amount		688.0	3,169.8	213.9	4,071.7
Year ended 30 September 2021					
Opening net book amount		688.0	3,169.8	213.9	4,071.7
Additions		2.3	2.2	377.8	382.3
Disposals		(1.1)	(4.3)	–	(5.4)
Depreciation	(2)	(28.4)	(274.6)	–	(303.0)
Impairment of assets	(2)	–	(213.1)	–	(213.1)
Reclassification from work in progress		26.9	331.0	(357.9)	–
Foreign exchange movement		(0.3)	(5.2)	1.9	(3.6)
Closing net book amount		687.4	3,005.8	235.7	3,928.9
At 30 September 2021					
Cost		1,067.3	4,860.0	235.7	6,163.0
Accumulated depreciation		(379.9)	(1,854.2)	–	(2,234.1)
Net book amount		687.4	3,005.8	235.7	3,928.9
Year ended 30 September 2022					
Opening net book amount		**687.4**	**3,005.8**	**235.7**	**3,928.9**
Additions		**9.0**	**3.2**	**422.3**	**434.5**
Subsidiaries acquired		**17.0**	**13.8**	**1.1**	**31.9**
Disposals		**(0.5)**	**(6.0)**	**–**	**(6.5)**
Depreciation	(2)	**(35.0)**	**(268.2)**	**–**	**(303.2)**
Impairment of assets	(2)	**–**	**(4.5)**	**–**	**(4.5)**
Reclassification from work in progress		**20.0**	**241.0**	**(261.0)**	**–**
Transfers to Inventory		**–**	**–**	**(12.3)**	**(12.3)**
Foreign exchange movement		**24.6**	**141.3**	**12.2**	**178.1**
Closing net book amount		**722.5**	**3,126.4**	**398.0**	**4,246.9**
At 30 September 2022					
Cost		**1,169.4**	**5,433.7**	**398.0**	**7,001.1**
Accumulated depreciation		**(446.9)**	**(2,307.3)**	**–**	**(2,754.2)**
Net book amount		**722.5**	**3,126.4**	**398.0**	**4,246.9**

Key accounting policies

Property, plant and equipment is measured at cost, less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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.

Borrowing costs in relation to the funding of qualifying assets are capitalised and included in the cost of the asset. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. Where funds are borrowed, generally a weighted average interest rate is used for the capitalisation of interest.

Property, plant and equipment is subject to impairment testing. For details of impairment of assets, refer note 12.

Depreciation

Property, plant and equipment, other than freehold land, is depreciated on a straight-line basis. Freehold land is not depreciated. Depreciation rates are calculated to spread the cost of the asset (less any residual value), over its estimated useful life. Residual value is the estimated value of the asset at the end of its useful life.

Estimated useful lives for each class of asset are as follows:

» Buildings and improvements 20 – 50 years
» Machinery, plant and equipment 3 – 50 years

Residual values and useful lives are reviewed and adjusted where relevant when changes in circumstances impact the use of the asset.

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

10. Leases

The Group has lease contracts for various items of property, plant and equipment used within its operations and office premises. These assets have lease terms ranging from 1 to 48 years for land and buildings, and 1 to 8 years for machinery, plant and equipment.

The carrying value of right-of-use lease assets and lease liabilities is presented below:

Right-of-use lease assets

	Notes	Land and buildings $mill	Machinery, plant and equipment $mill	Total $mill
Year ended 30 September 2021				
Opening net book amount		165.1	56.0	221.1
Additions		15.8	22.1	37.9
Disposals		(1.1)	(0.5)	(1.6)
Depreciation	(2)	(19.7)	(22.8)	(42.5)
Foreign exchange movement		(0.1)	(0.3)	(0.4)
Closing net book amount		160.0	54.5	214.5
At 30 September 2021				
Cost		192.2	93.1	285.3
Accumulated depreciation		(32.2)	(38.6)	(70.8)
Net book amount		160.0	54.5	214.5
Year ended 30 September 2022				
Opening net book amount		**160.0**	**54.5**	**214.5**
Additions		**9.5**	**18.7**	**28.2**
Subsidiaries acquired		**2.1**	**14.0**	**16.1**
Disposals		**(0.5)**	**(0.8)**	**(1.3)**
Depreciation	(2)	**(20.9)**	**(24.1)**	**(45.0)**
Foreign exchange movement		**4.2**	**4.3**	**8.5**
Closing net book amount		**154.4**	**66.6**	**221.0**
At 30 September 2022				
Cost		**191.5**	**146.1**	**337.6**
Accumulated depreciation		**(37.1)**	**(79.5)**	**(116.6)**
Net book amount		**154.4**	**66.6**	**221.0**

Lease liabilities

	2022 $mill	2021 $mill
Opening carrying amount at 1 October	**242.5**	247.7
Additions	**28.2**	37.9
Disposals	**(1.2)**	(1.4)
Payments made during the year	**(48.2)**	(47.0)
Subsidiaries acquired	**12.5**	–
Interest unwind	**5.3**	5.6
Foreign exchange movement	**6.8**	(0.3)
Carrying amount at 30 September	**245.9**	242.5
Current	**42.1**	45.0
Non-current	**203.8**	197.5

Refer to note 18 for the maturity profile of the Group's committed lease liabilities before discounting.

Amounts recognised in the income statement

Amounts recognised in the income statement relating to the Group's lease arrangements are as follows:

	Notes	2022 $mill	2021 $mill
Depreciation	(2)	**45.0**	42.5
Interest	(2)	**5.3**	5.6
Total		**50.3**	48.1

Key accounting policies

All leases except for short term or low value leases are recognised on the balance sheet as a right-of-use asset and a corresponding lease liability. Short term (12 months or less) and low value leases are recognised in the profit or loss as a lease expense.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight line basis in the profit or loss over the lease term.

Lease liabilities are recognised by the Group at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments and variable lease payments that depend on an index or rate.

Key estimates and judgments

Extension options - The Group considers whether an option to extend a lease is reasonably certain on a lease-by-lease basis, which considers the importance of the lease to the Group's operations and its economic incentive to extend the lease. The lease term is reassessed upon the occurrence of a significant event or change in circumstance.

Incremental borrowing rate – To calculate the present value of lease payments, the Group uses an incremental borrowing rate at the commencement date of the lease. The incremental borrowing rate reflects the duration and the financing characteristics of the lease. Where the interest rate implicit in the lease is not readily available, the Group uses its incremental borrowing rate applicable to a portfolio of leases with reasonably similar characteristics.

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

11. Intangibles

	Notes	Software $mill	Goodwill $mill	Patents, trademarks & customer contracts $mill	Brand names $mill	Total $mill
At 30 September 2020						
Cost		129.8	2,638.1	298.5	303.5	3,369.9
Accumulated amortisation		(102.0)	–	(248.2)	–	(350.2)
Net book amount		27.8	2,638.1	50.3	303.5	3,019.7
Year ended 30 September 2021						
Opening net book amount		27.8	2,638.1	50.3	303.5	3,019.7
Additions		6.5	4.6	0.8	–	11.9
Amortisation	(2)	(7.0)	–	(16.0)	–	(23.0)
Foreign exchange movement		0.2	(5.9)	(0.8)	(1.2)	(7.7)
Closing net book amount		27.5	2,636.8	34.3	302.3	3,000.9
At 30 September 2021						
Cost		107.1	2,636.8	298.4	302.3	3,344.6
Accumulated amortisation		(79.6)	–	(264.1)	–	(343.7)
Net book amount		27.5	2,636.8	34.3	302.3	3,000.9
Year ended 30 September 2022						
Opening net book amount		**27.5**	**2,636.8**	**34.3**	**302.3**	**3,000.9**
Additions		**22.7**	**–**	**–**	**–**	**22.7**
Subsidiaries acquired		**0.7**	**77.5**	**13.7**	**–**	**91.9**
Amortisation	(2)	**(9.8)**	**–**	**(14.5)**	**–**	**(24.3)**
Foreign exchange movement		**2.4**	**158.7**	**2.1**	**27.0**	**190.2**
Closing net book amount		**43.5**	**2,873.0**	**35.6**	**329.3**	**3,281.4**
At 30 September 2022						
Cost		**116.2**	**2,873.0**	**338.1**	**329.3**	**3,656.6**
Accumulated amortisation		**(72.7)**	**–**	**(302.5)**	**–**	**(375.2)**
Net book amount		**43.5**	**2,873.0**	**35.6**	**329.3**	**3,281.4**

Allocation of indefinite life intangible assets

The Group's indefinite life intangible assets are allocated to groups of cash generating units (**CGU**s) as follows:

30 September 2022	Goodwill $mill	Brand names $mill	Total $mill
Fertilisers APAC	**196.3**	**–**	**196.3**
Titanobel	**68.0**	**–**	**68.0**
Dyno Nobel Asia Pacific (**DNAP**)	**908.5**	**40.3**	**948.8**
Dyno Nobel Americas (**DNA**)	**1,700.2**	**289.0**	**1,989.2**
	2,873.0	**329.3**	**3,202.3**

30 September 2021	Goodwill $mill	Brand names $mill	Total $mill
Fertilisers APAC	186.4	–	186.4
Titanobel	–	–	–
Dyno Nobel Asia Pacific (**DNAP**)	908.5	40.3	948.8
Dyno Nobel Americas (**DNA**)	1,541.9	262.0	1,803.9
	2,636.8	302.3	2,939.1

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

Key accounting policies

Goodwill

Goodwill on acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate that it might be impaired.

Brand names

Brand names acquired by the Group have indefinite useful lives and are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

Other intangible assets

Other intangible assets acquired by the Group have finite lives.

They are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

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

Amortisation

Goodwill and brand names are not amortised.

For intangible assets with finite lives, amortisation is recognised in the profit or loss on a straight-line basis over their estimated useful life. The estimated useful lives of intangible assets in this category are as follows:

- » Software 3 – 10 years
- » Product trademarks 4 – 10 years
- » Patents 13 – 15 years
- » Customer contracts 10 – 17 years

Useful lives are reviewed at each reporting date and adjusted where relevant.

12. Impairment of goodwill and non-current assets

Impairment testing of goodwill

The Group performs annual impairment testing as at 30 September for intangible assets with indefinite useful lives. More frequent reviews are performed for indicators of impairment of all the Group's assets, including operating assets. The 30 September impairment testing resulted in no impairment of any CGU as the recoverable amounts of the CGU's, being Fertilisers APAC, DNAP, DNA and Titanobel exceeded their carrying amounts.

Key assumptions

Details of the key assumptions used in the recoverable amount calculations at 30 September are set out below:

Key assumptions	1 – 5 years		Terminal value (after 5 years)	
	2022	2021	**2022**	2021
	US$	US$	**US$**	US$
DAP (1)	**467 to 786**	427 to 541	**560**	520
Gas (DNA CGU) (2)	**4.60 to 5.50**	3.00 to 3.50	**4.80**	3.50
Ammonia (3)	**528 to 1175**	356 to 480	**685**	454
AUD:USD (4)	**0.71 to 0.74**	0.74 to 0.76	**0.73**	0.74

(1) Di-Ammonium Phosphate price (FOB China/Saudi – USD per tonne).
(2) Henry Hub natural gas price (USD per mmbtu).
(3) Ammonia price (CFR Tampa – USD per tonne).
(4) AUD:USD exchange rate.

For both DNAP and Fertilisers APAC, the gas price assumption for impairment testing purposes for the first period after the current gas contracts expire, is based on external long term gas production cost forecasts of between $8.64 and $9.63 per gigajoule.

Fertiliser prices, foreign exchange rates and natural gas prices are estimated by reference to external market publications and market analyst estimates where available, and are updated at each reporting date.

Discount and growth rates

The post-tax discount rate used in the calculations is 9% for the Fertilisers APAC CGU (2021: 9%), 8.5% for the DNA and DNAP CGUs (2021: 8.5%) and 9% for the Titanobel CGU. The rate reflects the underlying cost of capital adjusted for market and asset specific risks.

The terminal value growth rate represents the forecast consumer price index (CPI) of 2.5% (2021: 2.5%) for all CGUs. Sensitivity analyses on the discount and growth rates, considering the current volatile market conditions, are provided below.

Carbon price impact and Investment in Sustainability

The commodity forecast assumptions used in the impairment models were obtained from external sources which include the impacts of sustainability and carbon costs.

Capital forecasts in the cash flows used in the impairment models include investment in sustainability related projects that have either commenced or are committed, including the earnings attributable to these capital projects.

Sensitivity analyses

Included in the table below is a sensitivity analysis of the recoverable amounts of the CGUs and, where applicable, the impairment charge considering reasonable change scenarios relating to key assumptions at 30 September 2022.

Each of the sensitivities below assumes that a specific assumption moves in isolation, while all other assumptions are held constant. A change in one assumption could be accompanied by a change in another assumption, which may increase or decrease the net impact.

	Post-tax discount rate	Terminal value growth rate	Natural gas price
	+0.5%	-1.0%	+AU$1 per gigajoule
DNAP	**AU$mill**	**AU$mill**	**AU$mill**
Change in recoverable amount	(199.7)	(303.3)	(69.1)
Impairment charge	–	(33.8)	–

	Post-tax discount rate	Ammonia price	Terminal value growth rate	Natural gas price
	+0.5%	-US$50 per tonne	-1.0%	+US$1 per mmbtu
DNA	**US$mill**	**US$mill**	**US$mill**	**US$mill**
Change in recoverable amount	(392.2)	(389.5)	(594.2)	(270.5)
Impairment charge	–	–	–	–

	Post-tax discount rate	AUD:USD exchange rate	Terminal value growth rate	DAP Price	Natural gas price
	+0.5%	+5c	-1.0%	-US$50 per tonne	+AUD1 per gigajoule
Fertilisers APAC	**AU$mill**	**AU$mill**	**AU$mill**	**AU$mill**	**AU$mill**
Change in recoverable amount	(123.2)	(445.6)	(182.5)	(653.0)	(58.8)
Impairment charge	–	–	–	–	–

	Post-tax discount rate	Terminal value growth rate
	+0.5%	-1.0%
Titanobel	**EUR €mill**	**EUR €mill**
Change in recoverable amount	(9.4)	(14.3)
Impairment charge	–	–

Impairment of other property, plant and equipment

During the year ended 30 September 2022 other property, plant and equipment was impaired by $4.5m (2021: $3.2m) as a result of the Group's fixed asset verification procedures. Additional impairment of $209.9m in relation to the Cheyenne and Gibson Island facilities was recognised as an Individually Material Item in the prior year.

Key accounting policies

Impairment testing

The identification of impairment indicators involves management judgment. Where an indicator of impairment is identified, a formal impairment assessment is performed. The Group's annual impairment testing determines whether the recoverable amount of a CGU or group of CGUs, to which goodwill and/or indefinite life intangible assets are allocated, exceeds its carrying amount.

A CGU is the smallest identifiable group of assets that generate cash flows largely independent of cash flows of other groups of assets. Goodwill and other indefinite life intangible assets are allocated to CGUs or groups of CGUs which are no larger than one of the Group's reportable segments.

Determining the recoverable amount

The recoverable amount of an asset is determined as the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is a term that means an asset's value based on the expected future cash flows arising from its continued use in its current condition, discounted to present value. For discounting purposes, a post-tax rate is used that reflects current market assessments of the risks specific to the asset. The Group has prepared value-in-use models for the purpose of impairment testing as at 30 September 2022, using five year discounted cash flow models based on Board approved forecasts. Cash flows beyond the five year period are extrapolated using a terminal value growth rate.

Transition of the world's energy systems and sustainability forms part of our strategy and these have been considered in the market data utilised to assess growth rates for each CGU.

Impairment losses

An impairment loss is recognised whenever the carrying amount of an asset (or its CGU) exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in respect of CGUs are allocated against assets in the following order:

» Firstly, against the carrying amount of any goodwill allocated to the CGU.

» Secondly, against the carrying amount of any remaining assets in the CGU.

An impairment loss recognised in a prior period for an asset (or its CGU) other than goodwill may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset (or its CGU) since the last impairment loss was recognised. When this is the case, the carrying amount of the asset (or its CGU) is increased to its recoverable amount.

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

Key estimates and judgments

The Group is required to make significant estimates and judgments in determining whether the carrying amount of its assets and/or CGUs has any indication of impairment, in particular in relation to:

- key assumptions used in forecasting future cash flows;
- discount rates applied to those cash flows; and
- the expected long term growth in cash flows.

Such estimates and judgments are subject to change as a result of changing economic, operational, environmental and weather conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods.

13. Commitments

Capital expenditure commitments

Capital expenditure contracted but not provided for or payable at 30 September:

	2022 $mill	2021 $mill
No later than one year	**102.3**	39.1
	102.3	39.1

14. Equity accounted investments

The Group has performed an analysis of the statements of financial position and the results of each of its joint ventures and associates (as listed in note 15) at 30 September 2022 and considers them to be individually immaterial to the Group. As a result, no individual disclosures are included for the Group's investments in joint ventures and associates.

Included in the table below is the summarised financial information of the Group's joint ventures and associates at 30 September:

Carrying amount of joint ventures and associates

	2022 $mill	2021 $mill
Carrying amount at 1 October	**324.8**	326.3
Share of net profit	**43.4**	41.9
Share in joint ventures acquired during the year	**2.5**	–
Dividends received	**(7.9)**	(44.6)
Foreign exchange movement	**16.6**	1.2
Carrying amount at 30 September	**379.4**	324.8
Carrying amount of investments in:		
Joint ventures	**286.2**	250.0
Associates	**93.2**	74.8
Carrying amount of investments in joint ventures and associates	**379.4**	324.8

Transactions between subsidiaries of the Group and joint ventures and associates

	2022 $mill	2021 $mill
Sales of goods/services	**453.9**	348.9
Purchase of goods/services	**(70.7)**	(53.2)
Management fees/royalties	**31.0**	29.5
Interest expense	**(0.4)**	(0.4)
Dividend income	**7.9**	44.6

Joint ventures and associates transactions represent amounts that do not eliminate on consolidation.

Outstanding balances arising from transactions with joint ventures and associates

	2022 $mill	2021 $mill
Amounts owing to related parties	**3.2**	6.4
Amounts owing from related parties	**63.5**	72.1
Loans with joint ventures and associates		
Loans from joint ventures and associates	**21.1**	16.6

Outstanding balances arising from transactions with joint ventures and associates are on standard market terms.

15. Investments in subsidiaries, joint arrangements and associates

The following list includes the Group's principal operating subsidiaries. Other than as noted below, there were no changes in the Group's existing shareholdings in its subsidiaries, joint ventures and associates in the financial year.

Subsidiaries

Name of entity	Ownership interest
Company	
Incitec Pivot Limited [(1)]	
Controlled Entities – operating	
Incorporated in Australia	
Incitec Fertilisers Operations Pty Ltd [(1)]	100%
TOP Australia Pty Limited [(1)]	100%
Southern Cross Fertilisers Pty Ltd [(1)]	100%
Southern Cross International Pty Ltd [(1)]	100%
Incitec Pivot LTI Plan Company Pty Limited	100%
Incitec Pivot Explosives Holdings Pty Limited [(1)]	100%
Queensland Operations Pty Limited	100%
Incitec Pivot Investments 1 Pty Ltd [(1)]	100%
Incitec Pivot Investments 2 Pty Ltd	100%
Incitec Pivot US Holdings Pty Ltd	100%
Incitec Pivot Finance Australia Pty Ltd [(1)]	100%
Dyno Nobel Pty Limited	100%
Dyno Nobel Europe Pty Ltd	100%
Dyno Nobel Management Pty Limited	100%
Industrial Investments Australia Finance Pty Limited	100%
Dyno Nobel Asia Pacific Pty Limited [(1)]	100%
Dampier Nitrogen Pty Ltd	100%
DNX Australia Pty Ltd [(1)]	100%
Dyno Nobel Moranbah Pty Ltd [(1)]	100%
Dyno Nobel Moura Pty Limited [(1)]	100%
Incited Pivot Queensland Gas Pty Ltd	100%
Easy Liquids Pty Ltd [(3)]	100%
Australian Bio Fert Pty Ltd [(3)]	64%
OZBIOFERT Pty Ltd [(3)]	64%
Incorporated in USA	
Incitec Pivot US Investments	100%
Incitec Pivot Management LLC	100%
Incitec Pivot Finance LLC	100%
Dyno Nobel Australia LLC	100%
Dyno Nobel SPS LLC	100%
Dyno Nobel Holdings IV LLC	100%
Dyno Nobel Holdings USA III, Inc.	100%
Dyno Nobel Holdings USA II	100%
Dyno Nobel Holdings USA II, Inc.	100%
Dyno Nobel Holdings USA, Inc.	100%
Dyno Nobel Inc.	100%
Dyno Nobel Transportation Inc.	100%
Simsbury Hopmeadow Street LLC	100%
Dyno Nobel Holdings V LLC	100%
Tradestar Corporation	100%
CMMPM, LLC	100%
CMMPM Holdings L.P.	100%
Dyno Nobel Louisiana Ammonia, LLC	100%
Nobel Labs, LLC	100%
Mine Equipment & Mill Supply Company	100%
Controlled Explosives, Inc.	100%
Drisk Insurance Inc.	100%
Falconi Construction, Inc	100%
Alpha Dyno Nobel	100%

Name of entity	Ownership interest
Controlled Entities – operating (continued)	
Incorporated in Canada	
Dyno Nobel Canada Inc.	100%
Dyno Nobel Transportation Canada Inc.	100%
Dyno Nobel Nunavut Inc.	100%
Incitec Pivot Finance Canada Inc.	100%
Polar Explosives 2000 Inc.	100%
Dene Dyno Nobel (Polar) Inc.	100%
Dyno Nobel Waggaman Inc.	100%
Incorporated in Hong Kong	
Incitec Pivot Holdings (Hong Kong) Limited	100%
Quantum Fertilisers Limited	100%
Incorporated in Singapore	
Coltivi Insurance Pte Ltd	100%
Southern Cross Fertilisers Pte. Ltd.	100%
Incorporated in Chile	
Dyno Nobel Explosivos Chile Limitada	100%
Incorporated in Peru	
Dyno Nobel Peru S.A.	100%
Incorporated in Mexico	
Dyno Nobel Mexico, S.A. de C.V. [(2)]	99%
Incorporated in Papua New Guinea	
DNX Papua New Guinea Ltd [(2)]	100%
Incorporated in Indonesia	
PT DNX Indonesia	100%
Incorporated in Turkey	
Nitromak Dnx Kimya Sanayii Anonim Sirketi	100%
Incorporated in Romania	
RomNitro Explosives SRL	100%
Incorporated in Albania	
Nitro Industria Kimike Shpk	100%
Incorporated in Switzerland [(3)]	
Dyno Nobel Holdings Europe SA	100%
Incorporated in France [(3)]	
Dyno Nobel Holdings France Sas	100%
Explinvest SASU [(2)]	100%
Titanobel SASU [(2)]	100%
Société Civile Immobilière des Champs Chanaux [(2)]	100%
Société d'Explosifs du Centre-Est SA [(2)]	99.9%
Société Financière de Terrassement SAS [(2)]	99.51%
Groupement Forestier Minez Clegueric [(2)]	66%
C.E.M.E SARL [(2)]	51%
Incorporated in South Africa [(3)]	
Titanobel Southern Africa (Pty) Limited [(2)]	100%
Enviro Blasting Services (Pty) Limited [(2)]	74%
Incorporated in New Caledonia [(3)]	
Nord-Sud Dynamitage-Sofiter SARL [(2)]	51%
Incorporated in Benin [(3)]	
Titanobel Benin SASU [(2)]	100%
Incorporated in Cameroon [(3)]	
Titanobel Cameroun SASU [(2)]	100%
Incorporated in Senegal [(3)]	
Afrique Ouest Drilling Sofiter SARL [(2)]	100%

(1) A party to Deed of Cross Guarantee dated 30 September 2008.

(2) This entity has a 31 December financial year end.

(3) Entities added to the Group during the year.

Notes to the Consolidated Financial Statements: Capital investment

For the year ended 30 September 2022

Joint arrangements and associates

Name of entity	Ownership interest
Joint ventures	
Incorporated in USA	
Buckley Powder Co.	50%
IRECO Midwest Inc.	50%
Wampum Hardware Co.	50%
Western Explosives Systems Company	50%
Warex Corporation	50%
Warex, LLC	50%
Warex Transportation, LLC	50%
Vedco Holdings, Inc.	50%
Virginia Explosives & Drilling Company, Inc.	50%
Austin Sales LLC	50%
Virginia Drilling Company, LLC	50%
DetNet Americas, Inc.	50%
Incorporated in Canada	
Qaaqtuq Dyno Nobel Inc. (2)	49%
Dene Dyno Nobel (DWEI) Inc. (3)	49%
Incorporated in Australia	
Queensland Nitrates Pty Ltd	50%
Queensland Nitrates Management Pty Ltd	50%
Incorporated in South Africa	
DetNet South Africa (Pty) Ltd	50%
Sasol Dyno Nobel (Pty) Ltd	50%
Incorporated in Mexico	
DNEX Mexico, S. de R.L. de C.V.	49%
Explosivos de la Region Lagunera, S.A. de C.V.	49%
Explosivos de la Region Central, S.A. de C.V.	49%
Nitro Explosivos de Ciudad Guzmán, S.A. de C.V.	49%
Explosivos y Servicios Para la Construcción, S.A. de C.V.	49%
Incorporated in France (4)	
Titanobel-NPGM Equipment SAS (1)	51%
Newcomat SARL (1)	10%
Incorporated in New Caledonia (4)	
Katiramona Explosifs SAS (1)	50%
Incorporated in Mongolia (4)	
Titanobel Mongolia LLC (1)	49%
Nitrosibir Mongolia LLC (1)	100%
Incorporated in Nigeria (4)	
Titanobel & Dynatrac Limited (1)	55%

Name of entity	Ownership interest
Associates	
Incorporated in USA	
Maine Drilling and Blasting Group	49%
Independent Explosives	49%
Maine Drilling and Blasting, Inc.	49%
MD Drilling and Blasting, Inc.	49%
Incorporated in Canada	
Labrador Maskuau Ashini Ltd	49%
Innu Namesu Ltd	49%
Incorporated in French Guiana (4)	
Guyanexplo Société en Nom collectif (1)	35%

Joint operations

IPL has a 50% interest in an unincorporated joint operation with Central Petroleum Limited for the development of gas acreage in Queensland, Australia, which commenced in the 2018 financial year.

(1) This entity has a 31 December year end.

(2) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49 percent of shares in Qaaqtuq Dyno Nobel Inc. However, under the joint venture agreement, the Group is entitled to 75 percent of the profit of Qaaqtuq Dyno Nobel Inc.

(3) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49 percent of shares in Dene Dyno Nobel (DWEI) Inc. However, under the joint venture agreement, the Group is entitled to 100 percent of the profit of Dene Dyno Nobel (DWEI) Inc.

(4) Entities added to the Group during the year.

Notes to the Consolidated Financial Statements: Capital Investment

For the year ended 30 September 2022

16. Business combinations

Australian Bio Fert Pty Ltd

On 9 December 2021, IPL acquired a majority stake in Australian Bio Fert Pty Ltd with the intent to construct a large scale plant and develop and deliver a new category of sustainable fertilisers. IPL's ownership interest in Australian Bio Fert Pty Ltd is 64% as at 30 September 2022 with 36% representing the non-controlling equity interest. The purchase price and goodwill recognised at acquisition was immaterial.

Titanobel

On 28 April 2022, the Group acquired 100% of the equity of Explinvest, the holding company of the Titanobel Group (Titanobel) for an upfront payment of €77m. This acquisition is highly complementary to Dyno Nobel's existing operations and provides access to new markets where Dyno Nobel can leverage its premium technology offering through substitution and growth strategies. Titanobel is a leading industrial explosives manufacturer and drilling, blasting and technical services provider based in France. IPL acquired control of Explinvest through the acquisition of 100% of its share capital.

The fair value of assets and liabilities acquired were:

	EUR €mill	AUD $mill
Assets and liabilities acquired		
Cash and cash equivalents	10.1	15.0
Trade and other receivables	31.9	47.3
Other assets	1.9	2.8
Inventories	13.3	19.7
Equity accounted investments	1.7	2.5
Property, plant and equipment	19.1	28.3
Right of use assets	8.9	13.2
Intangible assets	9.8	14.5
Total assets	**96.7**	**143.3**
Trade and other payables	22.8	33.8
Lease liabilities	7.4	11.0
Interest bearing liabilities	20.2	29.9
Provisions	0.5	0.7
Current tax liabilities	1.7	2.5
Deferred tax liabilities	2.8	4.2
Retirement benefit obligation	2.7	4.0
Total liabilities	**58.1**	**86.1**
Fair value of identifiable net assets	**38.6**	**57.2**
Total consideration	**77.3**	**124.1**
Goodwill recognised at acquisition	**38.7**	**66.9**

Business acquisition and integration costs of $2.7m were incurred during the year which have been recognised in the Consolidated Statement of Profit or Loss.

Yara Nipro

On 30 September 2022, Incitec Pivot Limited completed the purchase of the Yara Nipro liquid fertiliser business in Australia through the acquisition of 100% of the shares in Yara Nipro Pty Ltd (Nipro). Nipro is an Australian provider of liquid fertilisers with an integrated value chain from production to delivery to farm.

The acquisition was for a purchase price of $19.8m on a debt free and cash free basis. Given the timing of the acquisition, further work is required to determine the final fair values of the assets acquired and the liabilities assumed, the finalisation of these fair values will be completed in FY23. As at 30 September 2022, provisional assets and liabilities have been consolidated into the Group's balance sheet with goodwill of $6.7m recognised.

17. Provisions and contingencies

Provisions at 30 September 2022 are analysed as follows:

30 September 2022	Employee entitlements $mill	Restructuring and rationalisation $mill	Environmental $mill	Asset retirement obligations $mill	Legal and other $mill	Total provisions $mill
Carrying amount at 1 October 2021	63.9	92.1	42.2	108.4	3.7	310.3
Provisions made during the year	9.3	8.7	0.1	6.4	18.5	43.0
Provisions written back during the year	(5.1)	–	–	–	–	(5.1)
Payments made during the year	(4.1)	(13.6)	(6.1)	(0.4)	(0.2)	(24.4)
Subsidiaries acquired	0.2	–	0.7	–	0.8	1.7
Interest unwind	0.6	–	0.4	4.8	–	5.8
Foreign exchange movement	0.2	(0.4)	1.9	3.4	0.9	6.0
Carrying amount at 30 September 2022	65.0	86.8	39.2	122.6	23.7	337.3
Current	64.1	82.7	12.2	3.6	4.1	166.7
Non-current	0.9	4.1	27.0	119.0	19.6	170.6

Key accounting policies

Provisions are measured at management's estimate of the expenditure required to settle the obligation. This estimate is based on a "present value" calculation, which involves the application of a discount rate to the expected future cash flows associated with settlement. The discount rate takes into account factors such as risks specific to the liability and the time value of money.

Employee entitlements

Provisions are made for liabilities to employees for annual leave, long service leave and other employee entitlements. Where the payment to employees is expected to take place in 12 months time or later, a present value calculation is performed. In this instance, the corporate bond rate is used to discount the liability to its present value.

Restructuring and rationalisation

Provisions for restructuring or rationalisation are only recognised when a detailed plan has been approved and the restructuring or rationalisation has either commenced or been publicly announced.

Environmental

Provisions relating to the remediation of soil, groundwater, untreated waste and other environmental contamination are made when the Group has an obligation to carry out the clean-up operation as a result of a past event. In addition, a provision will only be made where it is possible to reliably estimate the costs involved.

Asset retirement

In certain circumstances, the Group has an obligation to dismantle and remove an asset and to restore the site on which it is located. The present value of the estimated costs of this process is recognised as part of the asset that is depreciated and also as a provision.

At each reporting date, the provision is remeasured in line with changes in discount rates and the timing and amount of future estimated cash flows. Any changes in the provision are added to or deducted from the related asset, other than changes associated with the passage of time. This is recognised as a borrowing cost in the profit or loss.

Legal and other

There are a number of legal claims and other exposures, including claims for damages arising from products and services supplied by the Group, that arise from the ordinary course of business. A provision is only made where it is probable that a payment or restitution will be required and the costs involved can be reliably estimated.

For example, in April 2022, a jury awarded damages of US$46.75m (comprising punitive damages US$30m and compensatory damages US$16.75m) to a plaintiff in a personal injury legal case in the DNA business in relation to a nitrogen oxide release at one of its plants in 2015. In relation to this particular matter, the Company intends to vigorously pursue all available review and appeal rights.

Key estimates and judgments

Provisions are based on the Group's estimate of the timing and value of outflows of resources required to settle or satisfy commitments and liabilities known to the Group at the reporting date.

Contingencies

The following contingent liabilities are considered unlikely. However the directors consider they should be disclosed:

» Under the terms of the ASIC Legislative Instrument, ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, issued by the Australian Securities and Investments Commission dated 17 December 2016, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, IPL and certain wholly-owned subsidiaries (identified in note 15) have entered into an approved deed for the cross guarantee of liabilities. No additional liabilities subject to the Deed of Cross Guarantee at 30 September 2022 are expected to arise to IPL or the relevant subsidiaries.

» The Group is regularly subject to investigations and audit activities by the revenue authorities of jurisdictions in which the Group operates. The outcome of these investigations and audits depends upon several factors which may result in further tax payments or refunds of tax payments already made by the Group over and above existing provisions. Refer to note 3 for further details.

» Contingent liabilities arise in the normal course of business and include a number of legal claims, environmental cleanup requirements and bank guarantees.

The Directors are of the opinion that no additional provisions are required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

18. Financial risk management

The Group is exposed to financial risks including liquidity risk, market risk and credit risk. This note explains the Group's financial risk exposures and its objectives, policies and processes for measuring and managing these risks.

The Board of Directors (the **Board**) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board established the Audit and Risk Management Committee (**ARMC**) which is responsible for, amongst other things, the monitoring of the Group's risk management plans. The ARMC is assisted in its oversight role by the Group's Risk Management function. The Risk Management function performs reviews of the Group's risk management controls and procedures, the results of which are reported to the ARMC. The ARMC reports regularly to the Board on its activities.

The Group's financial risk management framework includes policies to identify, analyse and manage the Group's financial risks. These policies set appropriate financial risk limits and controls, identify permitted derivative instruments and provide guidance on how to monitor and report financial risks and adherence to set limits. Financial risk management policies, procedures and systems are reviewed regularly to ensure they remain appropriate given changes in market conditions and/or the Group's activities.

Financial risks

Liquidity risk: The risk that the Group is not able to refinance its debt obligations or meet other cash outflow obligations when required.

Source of risk

Exposure to liquidity risk derives from the Group's operations and from the external interest bearing liabilities that it holds.

Risk mitigation

Liquidity risk is managed by ensuring there are sufficient committed funding facilities available to meet the Group's financial commitments in a timely manner.

The Group's forecast liquidity requirements are continually reassessed based on regular forecasting of earnings and capital requirements. This includes stress testing of critical assumptions such as input costs, sales prices, production volumes, exchange rates and capital expenditure.

The Group aims to hold a minimum liquidity buffer of at least $500m in undrawn non-current committed funding to meet any unforeseen cash flow requirements. Details on the Group's committed finance facilities, including the maturity dates of these facilities, are included in note 8.

Outstanding financial instruments

The Group's exposures to liquidity risk are set out in the tables below:

30 September 2022	Contractual cash flows [1] $mill	0 – 12 months $mill	1 – 5 years $mill	more than 5 years $mill
Non-derivative financial liabilities				
Interest bearing liabilities	**1,712.0**	**21.1**	**963.5**	**727.4**
Interest payments	**396.8**	**56.6**	**261.4**	**78.8**
Trade and other payables	**1,416.4**	**1,393.4**	**23.0**	**–**
Lease liabilities	**236.8**	**42.6**	**96.3**	**97.9**
Bank guarantees	**55.9**	**31.3**	**24.4**	**0.2**
Total non-derivative cash outflows	**3,817.9**	**1,545.0**	**1,368.6**	**904.3**
Derivative financial (assets)/liabilities				
Forward exchange contracts	**6.2**	**6.2**	**–**	**–**
Foreign exchange options	**–**	**–**	**–**	**–**
Cross currency interest rate swaps	**(8.1)**	**–**	**(8.1)**	**–**
Interest rate swaps	**122.5**	**44.2**	**73.7**	**4.6**
Commodity swaps	**–**	**–**	**–**	**–**
Net derivative cash outflows/(inflows)	**120.6**	**50.4**	**65.6**	**4.6**

30 September 2021	Contractual cash flows [1] $mill	0 – 12 months $mill	1 – 5 years $mill	more than 5 years $mill
Non-derivative financial liabilities				
Interest bearing liabilities	1,668.8	18.8	531.8	1,118.2
Interest payments	462.8	55.0	286.0	121.8
Trade and other payables	1,250.3	1,229.3	21.0	–
Lease liabilities	223.0	44.6	87.2	91.2
Bank guarantees	127.5	22.7	23.8	81.0
Total non-derivative cash outflows	3,732.4	1,370.4	949.8	1,412.2
Derivative financial (assets)/liabilities				
Forward exchange contracts	(25.6)	(13.1)	(12.5)	–
Foreign exchange options	7.9	7.9	–	–
Cross currency interest rate swaps	0.6	(0.8)	1.4	–
Interest rate swaps	17.1	3.5	11.9	1.7
Commodity swaps	7.1	7.1	–	–
Net derivative cash outflows/(inflows)	7.1	4.6	0.8	1.7

(1) Contractual cash flows are not discounted, and are based on foreign exchange rates at year end. Any subsequent movements in foreign exchange rates could impact the actual cash flows on settlement of these assets and liabilities.

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Market risk: The risk that changes in foreign exchange rates, interest rates and commodity prices will affect the Group's earnings, cash flows and the carrying values of its financial instruments.

Foreign exchange risk

Source of risk

The Group is exposed to changes in foreign exchange rates (primarily in USD) on the following transactions and balances:

- Sales and purchases
- Trade receivables and trade payables
- Interest bearing liabilities

The Group is also exposed to foreign exchange movements (primarily in USD) on the translation of the earnings, assets and liabilities of its foreign operations.

Risk mitigation

Foreign exchange exposure to sales and purchases is managed by entering into formal hedging arrangements.

The Group hedges both specific transactions and net exposures by entering into foreign exchange rate derivative contracts.

The translation risk of USD denominated interest bearing liabilities and net investments in foreign operations and their earnings is also managed by entering into foreign exchange rate derivative financial instruments.

Outstanding financial instruments and sensitivity analysis

The table below summarises the Group's exposure to movements in the AUD:USD exchange rate and the derivative financial instruments that are in place to hedge these exposures at 30 September:

	2022 USD mill	2021 USD mill
Transactional exposures		
Trade and other receivables	**1.1**	0.4
Trade and other payables	**(276.0)**	(376.2)
Gross exposure (before hedging)	**(274.9)**	(375.8)
Hedge of transactional exposures		
Trade and other payables		
Forward exchange contracts	**269.3**	372.1
Total hedge contract values	**269.3**	372.1
Net exposure (after hedging)	**(5.6)**	(3.7)

	2022 USD mill	2021 USD mill
Hedge of forecast sales and purchases		
Forward exchange contracts	**(350.0)**	(139.3)
Cross currency interest rate swaps	**–**	(151.6)
Foreign exchange options	**(240.0)**	(400.0)
Total hedge contract values	**(590.0)**	(690.9)

	2022 USD mill	2021 USD mill
Translational exposures		
Net investment in foreign operations	**2,293.7**	2,195.7
Gross exposure (before hedging)	**2,293.7**	2,195.7
Hedge of translational exposures		
Cross currency interest rate swaps	**–**	(251.4)
Interest bearing liabilities	**(500.0)**	(500.0)
Total hedge contract values	**(500.0)**	(751.4)
Net exposure (after hedging)	**1,793.7**	1,444.3

Foreign exchange options	**Net contract amounts mill 2022**	**Strike[1] 2022**	Net contract amounts mill 2021	Strike[1] 2021
Contracts maturing within 1 year				
Bought AUD Call	**USD 240**	**0.75**	USD 400	0.81
Sold AUD Put	**USD 240**	**0.62**	USD 89	0.77

(1) AUD:USD foreign exchange rate

Foreign exchange rates

The AUD:USD foreign exchange rates used by the Group to translate its foreign denominated earnings, assets and liabilities are set out below:

	2022 AUD:USD	2021 AUD:USD
30 September foreign exchange rate	**0.6508**	0.7180
Average foreign exchange rate for the year	**0.7127**	0.7521

Foreign exchange rate sensitivity on outstanding financial instruments

The table below shows the impact of a 1 cent movement (net of hedging) in the AUD:USD exchange rate on the Group's profit and equity before tax in relation to foreign denominated assets and liabilities at 30 September:

	+ 1c AUD:USD AUD mill 2022	**- 1c AUD:USD AUD mill 2022**	+ 1c AUD:USD AUD mill 2021	- 1c AUD:USD AUD mill 2021
Foreign exchange sensitivity – (net of hedging)				
Trade and other receivables and payables – (profit or loss)	**0.1**	**(0.1)**	0.1	(0.1)
Hedge of forecast transactions – (equity)	**8.1**	**(8.4)**	7.3	(7.5)
Investments in foreign operations – (equity)	**(41.7)**	**43.0**	(27.6)	28.4

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Sensitivity to foreign exchange rate movements during the year (unhedged)

The table below shows the impact of a 1 cent movement in the AUD:USD foreign exchange rate on the Group's profit before tax, in relation to sales and earnings during the year that were denominated in USD.

	+ 1c AUD:USD AUD mill 2022	**- 1c AUD:USD AUD mill 2022**	+ 1c AUD:USD AUD mill 2021	- 1c AUD:USD AUD mill 2021
USD Fertiliser sales from Australian plants	**(17.0)**	**17.5**	(11.0)	11.3
North American USD earnings	**(10.3)**	**10.6**	(2.5)	2.5

The fertiliser sales sensitivity calculation is based on actual tonnes manufactured by the Australian fertiliser plants and sold during the year, the average AUD:USD exchange rate for the year, and the average USD fertiliser price.

The North American earnings translation sensitivity calculation is based on the earnings before interest and tax from the North American business for the year and the average AUD:USD exchange rate for the year.

Market risk

Interest rate risk

Source of risk

Exposure to interest rate risk is a result of the effect of changes in interest rates on the Group's outstanding interest bearing liabilities and derivative instruments.

Risk mitigation

The exposure to interest rate risk is mitigated by maintaining a mix of fixed and variable interest rate borrowings and by entering into interest rate derivative instruments.

Outstanding financial instruments and sensitivity analysis

The tables below include the Group's derivative contracts that are exposed to changes in interest rates at 30 September:

Interest rate swaps	**Average pay/(rec) fixed rate LIBOR**	**Average pay/(rec) fixed rate BBSW**	**Average pay/(rec) fixed rate HIBOR**	**Duration (years)**	**Net contract amounts mill**
2022					
Less than 1 year	**2.02%**	–	–	**0.2**	**USD 350**
Less than 1 year	**(0.27%)**	–	–	**0.2**	**USD 300**
1 to 5 years	**2.58%**	–	–	**2.2**	**USD 200**
1 to 5 years	**(0.59%)**	–	–	**3.5**	**USD 400**
1 to 5 years	–	**(0.25%)**	–	**2.0**	**AUD 181**
1 to 5 years	–	–	**(4.13%)**	**3.4**	**HKD 560**
Later than 5 years	**(2.02%)**	–	–	**6.1**	**USD 200**
2021					
Less than 1 year	2.00%	–	–	0.2	USD 50
Less than 1 year	(1.64%)	–	–	0.7	USD 600
Less than 1 year	–	(0.20%)	–	1.0	AUD 181
1 to 5 years	–	(0.25%)	–	2.0	AUD 181
1 to 5 years	2.36%	–	–	1.9	USD 550
1 to 5 years	(0.52%)	–	–	3.1	USD 600
1 to 5 years	–	–	(4.13%)	4.4	HKD 560
Later than 5 years	(2.02%)	–	–	6.2	USD 200

Interest rate sensitivity on outstanding financial instruments

The following table shows the sensitivity of the Group's profit before tax to a 1 per cent change in interest rates. The sensitivity is calculated based on the Group's interest bearing liabilities and derivative financial instruments that are exposed to interest rate movements and the AUD:USD exchange rate at 30 September:

Interest rate sensitivity	**+ 1% AUD mill 2022**	**- 1% AUD mill 2022**	+ 1% AUD mill 2021	- 1% AUD mill 2021
LIBOR	**(5.6)**	**5.6**	(7.7)	7.7
BBSW	**(2.8)**	**2.8**	0.7	(0.7)

The sensitivity above is also representative of the Group's interest rate exposures during the year.

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Market risk

Commodity price risk

Source of risk

Exposure to changes in commodity prices is by virtue of the products that the Group sells and its manufacturing operations, and can be categorised into five main commodities, namely: Ammonia, Ammonium Nitrate, Ammonium Phosphate, Urea and Natural Gas.

Risk mitigation

Where possible, commodity price risk exposure is managed by entering into long term contracts with customers (i.e Ammonium Nitrate and Ammonia) or derivative contracts for input cost (i.e US natural gas). However, in some instances price risk exposure cannot be economically mitigated by either contractual arrangements or derivative contracts by virtue of the products that the Group sells.

Outstanding financial instruments and sensitivity analysis

The table below includes the Group's derivative contracts that are exposed to changes in natural gas prices at 30 September:

Natural gas	Total volume (MMBTU)[1] 2022	Price/ Strike USD[2] 2022	Total volume (MMBTU)[1] 2021	Price/ Strike USD[2] 2021
Contracts maturing within 1 year				
Natural gas swaps fixed payer	–	–	610,000	2.52
Contracts maturing between 1 and 5 years				
Natural gas swaps fixed payer	–	–	70,000	2.58

(1) Million Metric British Thermal Units
(2) Nymex Henry Hub gas price

Natural gas price sensitivity on outstanding financial instruments

The table below shows the sensitivity of the Group's equity before tax to a change of US 10c per MMBTU in the US Henry Hub natural gas price. The sensitivity is based on natural gas derivative contracts held by the Group at 30 September. Gains or losses recognised in equity will be reclassified to the profit or loss as the underlying forecast transaction occurs:

Natural gas price sensitivity	+US 10c per 1 MMBTU AUD mill 2022	-US 10c per 1 MMBTU AUD mill 2022	+US 10c per 1 MMBTU AUD mill 2021	-US 10c per 1 MMBTU AUD mill 2021
Henry Hub USD	–	–	0.1	(0.1)

Sensitivity to natural gas price movements during the year

The table below shows the sensitivity of the Group's profit before tax to a change of US 10c per MMBTU in the US Henry Hub natural gas price. The sensitivity is based on the average natural gas price, the average AUD:USD exchange rate (excluding the impact of hedging) and the current annual natural gas consumption of the Group's manufacturing operations in the Americas that are exposed to changes in natural gas prices:

Natural gas price sensitivity	+US 10c per 1 MMBTU AUD mill 2022	-US 10c per 1 MMBTU AUD mill 2022	+US 10c per 1 MMBTU AUD mill 2021	-US 10c per 1 MMBTU AUD mill 2021
Henry Hub USD	**(2.7)**	**2.7**	(1.7)	1.7

Sensitivity to fertiliser price and ammonia movements during the year

The table below shows the sensitivity of the Group's profit before tax to a US$10 per tonne change in Ammonium Phosphates, Urea and Ammonia prices. The sensitivity is based on actual tonnes manufactured and sold by the Group that is sensitive to commodity price changes and the average AUD:USD exchange rate (excluding the impact of hedging) for the year:

Price sensitivity	+ US$10 per tonne AUD mill	- US$10 per tonne AUD mill
2022		
Granular Urea (FOB Middle East)	**3.4**	**(3.4)**
DAP/MAP (FOB China/Saudi)	**10.5**	**(10.5)**
Urea (FOB NOLA)	**2.4**	**(2.4)**
Ammonia (FOB Tampa)	**7.9**	**(7.9)**
2021		
Granular Urea (FOB Middle East)	4.9	(4.9)
DAP/MAP (FOB China/Saudi)	12.6	(12.6)
Urea (FOB NOLA)	1.6	(1.6)
Ammonia (FOB Tampa)	4.2	(4.2)

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Included in the table below are details of the Group's derivative instruments at 30 September 2022, classified by hedge accounting type and market risk category:

30 September 2022	Note	Balance at 30 September 2022 Carrying amount of hedging instrument asset $mill	Carrying amount of hedging instrument liability $mill	Fair value hedge adjustment of hedged item $mill	Balance of gains/ (losses) in reserves before tax $mill	During the period Gains/ (losses) recognised in reserves [1] $mill	Reclassification of (gains)/ losses from reserves to profit or loss [1,4] $mill
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
Forward exchange contracts		16.3	(22.5)	–	(3.4)	(12.1)	–
Foreign exchange options		–	(6.7)	–	(6.7)	5.8	–
Cross currency interest rate swaps		–	–	–	–	4.8	
Discontinued hedge [2]		–	–	–	(56.6)	(52.6)	3.9
Commodity price risk on forecast purchases							
Commodity swaps		–	–	–	0.1	7.0	–
Discontinued hedge [2]		–	–	–	0.2	4.4	–
Interest rate risk on highly probable debt							
Interest rate swaps		12.9	(27.6)	–	12.4	3.6	–
Cross currency interest rate swaps		–	–	–	–	(0.1)	–
Discontinued hedge [2]		–	–	–	(52.2)	0.1	16.2
Total cash flow hedges		**29.2**	**(56.8)**	**–**	**(106.2)**	**(39.1)**	**20.1**
Net investment hedges							
Foreign exchange risk on foreign operation							
Cross currency interest rate swaps		–	–	–	–	25.0	–
Interest bearing liabilities		–	–	–	(121.3)	(71.9)	–
Discontinued hedge [2]		–	–	–	(531.7)	(23.4)	–
Total net investment hedges		**–**	**–**	**–**	**(653.0)**	**(70.3)**	**–**
Fair value hedges							
Foreign exchange risk on HKD borrowings							
Cross currency interest rate swaps		8.1	–	–	–	–	–
Interest rate risk on fixed USD, HKD and AUD bonds [3]							
Interest rate swaps		–	(95.8)	102.6	–	–	–
Discontinued hedge		–	–	6.2	–	–	–
Total fair value hedges	(8)	**8.1**	**(95.8)**	**108.8**	**–**	**–**	**–**
Equity instruments		**–**	**–**	**–**	**(17.0)**	**–**	**–**
Total net		**37.3**	**(152.6)**	**108.8**	**(776.2)**	**(109.4)**	**20.1**

(1) Gains or losses recognised in the reserves will be reclassified to the same line item in the profit or loss as the underlying hedged item when the underlying forecast transaction occurs.

(2) Gains or losses on discontinued hedges that were in cash flow hedge or net investment hedge relationships remain in the reserves until the underlying transactions occur or upon disposal of the underlying net investment. Any changes in the market value of the discontinued hedges are recognised in the profit or loss from discontinuation.

(3) Interest rate swap contracts effectively convert USD500m, AUD181m and HKD560m of the Group's fixed interest rate borrowings to floating interest rates. The fair value hedge adjustment of a hedged item where the hedging instrument is discontinued remains in the carrying amount of the hedged item and is amortised to the profit or loss over the life of the hedged item.

(4) At 30 September 2022, there were no gains/losses that were transferred from reserves to profit or loss in relation to ineffective hedges.

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Included in the table below are details of the Group's derivative instruments at 30 September 2021, classified by hedge accounting type and market risk category:

		Balance at 30 September 2021				During the period	
30 September 2021	Note	Carrying amount of hedging instrument asset $mill	Carrying amount of hedging instrument liability $mill	Fair value hedge adjustment of hedged item $mill	Balance of gains/ (losses) in reserves before tax $mill	Gains/ (losses) recognised in reserves [1] $mill	Reclassification of (gains)/ losses from reserves to profit or loss [1,5] $mill
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
Forward exchange contracts		42.3	(16.8)	–	8.7	10.3	–
Foreign exchange options		16.7	(24.4)		(12.5)	(12.2)	–
Cross currency interest rate swaps		0.8	–	–	(4.8)	(4.8)	–
Discontinued hedge [2]		–	–	–	(7.9)	(17.7)	12.5
Commodity price risk on forecast purchases							
Commodity swaps		1.9	(9.0)	–	(6.9)	(10.1)	–
Commodity options		–	–	–	–	(0.4)	–
Discontinued hedge [2]		–	–	–	(4.2)	2.4	(2.2)
Interest rate risk on highly probable debt							
Interest rate swaps		0.1	(30.8)	–	8.8	28.6	–
Cross currency interest rate swaps		0.1	–	–	0.1	–	–
Discontinued hedge [2]		–	–	–	(68.5)	(16.9)	12.1
Total cash flow hedges		61.9	(81.0)	–	(87.2)	(20.8)	22.4
Net investment hedges							
Foreign exchange risk on foreign operation							
Cross currency interest rate swaps		–	(1.5)	–	(25.0)	(98.3)	–
Forward exchange contracts		–	–	–	–	(90.5)	–
Interest bearing liabilities		–	–	–	(49.4)	(49.4)	–
Discontinued hedge [2]		–	–	–	(508.3)	263.5	–
Total net investment hedges		–	(1.5)	–	(582.7)	25.3	–
Fair value hedges							
Foreign exchange risk on HKD borrowings							
Cross currency interest rate swaps		0.1	–	–	–	–	–
Interest rate risk on fixed USD, HKD and AUD bonds [3]							
Interest rate swaps		23.7	(10.7)	(7.8)	–	–	–
Cross currency interest rate swaps		–	(0.3)	–	–	–	–
Discontinued hedge		–	–	2.9	–	–	–
Total fair value hedges	(8)	23.8	(11.0)	(4.9)	–	–	–
Held for trading [4]							
Cross currency interest rate swaps		0.3	–	–	–	–	–
Total held for trading		0.3	–	–	–	–	–
Equity instruments		3.0	–	–	(17.0)	–	–
Total net		89.0	(93.5)	(4.9)	(686.9)	4.5	22.4

(1) Gains or losses recognised in the reserves will be reclassified to the same line item in the profit or loss as the underlying hedged item when the underlying forecast transaction occurs.

(2) Gains or losses on discontinued hedges that were in cash flow hedge or net investment hedge relationships remain in the reserves until the underlying transactions occur or upon disposal of the underlying net investment. Any changes in the market value of the discontinued hedges are recognised in the profit or loss from discontinuation.

(3) Interest rate swap contracts effectively convert USD500m, AUD181m and HKD560m of the Group's fixed interest rate borrowings to floating interest rates. The fair value hedge adjustment of a hedged item where the hedging instrument is discontinued remains in the carrying amount of the hedged item and is amortised to the profit or loss over the life of the hedged item.

(4) Derivatives which are classified as held for trading are in economic hedge relationships that do not qualify for hedge accounting. These hedges are effective economic hedges or offsetting hedges based on contractual amounts and cash flows over the life of the underlying item.

(5) At 30 September 2021, there were no gains/losses that were transferred from reserves to profit or loss in relation to ineffective hedges.

Credit risk: The risk of financial loss to the Group as a result of customers or counterparties to financial assets failing to meet their contractual obligations.

Source of risk

The Group is exposed to counterparty credit risk from trade and other receivables and financial instrument contracts that are outstanding at the reporting date.

Risk mitigation

The Group minimises the credit risk associated with trade and other receivables balances by undertaking transactions with a large number of customers in various countries.

The creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies. Credit limits are established and monitored for each customer, and these limits represent the highest level of exposure that a customer can reach. Trade credit insurance is purchased when required.

The Group mitigates credit risk from financial instrument contracts by only entering into transactions with counterparties that have sound credit ratings and, where applicable, with whom the Group has a signed netting agreement. Given their high credit ratings, the Group does not expect any counterparty to fail to meet its obligations.

Credit risk exposure

The Group's maximum exposure to credit risk at 30 September is the carrying amount, net of any provision for impairment, of the financial assets as detailed in the table below:

	2022 $mill	2021 $mill
Trade and other receivables	**785.3**	517.0
Cash and cash equivalents	**763.5**	651.8
Derivative assets	**37.3**	86.0
	1,586.1	1,254.8

Financial assets and financial liabilities that are subject to enforceable master netting arrangements and are intended to be settled on a net basis are offset in the Statement of Financial Position. At 30 September 2022, the amount netted in other financial assets and other financial liabilities is $79.8m (2021: nil).

Fair value

Fair value of the Group's financial assets and liabilities is calculated using a variety of techniques depending on the type of financial instrument as follows:

» The fair value of financial assets and financial liabilities traded in active markets (such as equity securities and fixed interest rate bonds) is the quoted market price at the reporting date.

» The fair value of financial assets and financial liabilities not traded in active markets is calculated using discounted cash flows. Future cash flows are calculated based on observable forward interest rates and foreign exchange rates.

» The fair value of forward exchange contracts, interest rate swaps, cross currency interest rate swaps, commodity swaps and forward contracts is calculated using discounted cash flows, reflecting the credit risk of various counterparties. Future cash flows are calculated based on the contract rate, observable forward interest rates and foreign exchange rates.

» The fair value of option contracts is calculated using the contract rates and observable market rates at the end of the reporting period, reflecting the credit risk of various counterparties. The valuation technique is consistent with the Black-Scholes methodology and utilises Monte Carlo simulations.

» The fair value of commodity swaps and commodity forward contracts is calculated using their quoted market price, where available. If a quoted market price is not available, then fair value is calculated using discounted cash flows. Future cash flows are estimated based on the difference between the contractual price and the current observable market price, reflecting the credit risk of various counterparties. These future cash flows are then discounted to present value.

» The nominal value less expected credit losses of trade receivables and payables are assumed to approximate their fair values due to their short term maturity.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

» Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

» Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

» Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2022	**Level 1 $mill**	**Level 2 $mill**	**Level 3 $mill**
Derivative financial assets	–	**37.3**	–
Derivative financial liabilities	–	**(152.6)**	–
Investment in Equity Instrument	–	–	–

2021	Level 1 $mill	Level 2 $mill	Level 3 $mill
Derivative financial assets	–	86.0	–
Derivative financial liabilities	–	(93.5)	–
Investment in Equity Instrument	–	–	3.0

Fair value of financial assets and liabilities carried at amortised cost

Cash and cash equivalents, trade and other receivables, and trade and other payables are carried at amortised cost which equals their fair value.

Interest bearing liabilities are carried at amortised cost and have a carrying value of $1,712.0m (2021: $1,668.8m) – refer to note 8. The fair value of the interest bearing financial liabilities at 30 September 2022 was $1,655.0m (2021: $1,763.5m) and was based on the level 2 valuation methodology.

Notes to the Consolidated Financial Statements: Risk management

For the year ended 30 September 2022

Key accounting policies

Foreign currency transactions and balances

The Group presents its accounts in Australian dollars. Foreign currency transactions are translated into Australian dollars using the exchange rates at the date the transaction occurs.

Monetary assets (such as trade receivables) and liabilities (such as trade creditors) denominated in foreign currencies are translated into Australian dollars using the exchange rate at 30 September. Non-monetary items (for example, plant and machinery) that are measured at historical cost in a foreign currency are not re-translated.

Foreign exchange gains and losses relating to transactions are recognised in the profit or loss with the exception of gains and losses arising from cash flow hedges and net investment hedges that are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of the Group's foreign operations are translated at applicable exchange rates at 30 September. Income and expense items are translated at the average exchange rates for the period.

Foreign exchange gains and losses arising on translation are recognised in the foreign currency translation reserve (**FCTR**). If and when the Group disposes of the foreign operation, these gains and losses are transferred from the FCTR to the profit or loss.

Derivatives and hedging

The Group uses contracts known as derivative financial instruments to hedge its financial risk exposures.

On entering into a hedging relationship, the Group formally designates and documents details of the hedge, risk management objective and strategy for entering into the arrangement. The Group applies hedge accounting to hedging relationships that are expected to be highly effective in offsetting changes in fair value, i.e. where the cash flows arising from the hedge instrument closely match the cash flows arising from the hedged item.

Hedge accounting is discontinued when:

» The hedging relationship no longer meets the risk management objective.

» The hedging instrument expires or is sold, terminated or exercised.

» The hedge no longer qualifies for hedge accounting.

Derivatives are measured at fair value. The accounting treatment applied to specific types of hedges is set out below.

Cash flow hedges

Changes in the fair value of effective cash flow hedges are recognised in equity, in the cash flow hedge reserve. To the extent that the hedge is ineffective, changes in fair value are recognised in the profit or loss.

Fair value gains or losses accumulated in the reserve are taken to profit or loss when the hedged item affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in the reserve is transferred to the carrying amount of the asset when the asset is purchased.

Net investment hedges

Hedges of a net investment in a foreign operation are accounted for in a similar way as cash flow hedges. Gains or losses on the effective portion of the hedge are recognised directly in equity (in the FCTR) while any gains or losses relating to the ineffective portion are recognised in the profit or loss.

On disposal of the foreign operation, the cumulative value of gains or losses recognised in the FCTR are transferred to profit or loss.

Fair value hedges

The change in the fair value of the hedging instrument and the change in the hedged item are recognised in the profit or loss.

Hedge ineffectiveness

The Group aims to transact only highly effective hedge relationships, and in most cases the hedging instruments have a 1:1 hedge ratio with the hedged items. However, at times, some hedge ineffectiveness can arise and is recognised in profit or loss in the period in which it occurs. Key sources of hedge ineffectiveness for the Group are as follows:

» Maturity dates of hedging instruments not matching the maturity dates of the hedged items.

» Credit risk inherent within the hedging instrument not matching the movement in the hedged item.

» Interest rates of the Group's financing facilities not matching the interest rates of the hedging instrument.

» Forecast transactions not occurring.

Classification of financial instruments

Financial instruments are classified into the following categories:

» Amortised cost (cash and cash equivalents, interest bearing liabilities and trade and other receivables and payables).

» Fair value through other comprehensive income (listed equity securities).

» Fair value through profit or loss (derivative financial instruments except those that are in a designated hedge relationship).

19. Share-based payments

Incentive Plans

The Long Term Incentive Plans (LTIs) are designed to link reward with the key performance drivers that underpin sustainable growth in shareholder value. With regard to the 2019/22, 2020/23 and 2021/24 LTIs, the performance conditions comprise relative total shareholder return, the delivery of certain long term value metrics, absolute return on invested capital and sustainability conditions for the LTI 2021/24 plan.

Certain Executives have been awarded performance rights under Short Term Incentive Plans (STIs) based on financial, safety and strategic outcomes.

These arrangements support the Company's strategy for retention and motivation of its executives.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 $mill	2021 $mill
Accounting value of performance rights issued under the LTI and STI performance plans	**3.1**	3.2

	2022 Number	2021 Number
Number of performance rights outstanding under the LTI and STI performance plans	**5,887,136**	6,285,054

Details of the movements in LTI and STI performance rights are disclosed in the Remuneration Report.

Key accounting policies

The rights to shares granted to employees under the terms of the plans are measured at fair value. The fair value is recognised as an employee expense over the period that employees become unconditionally entitled to the rights. There is a corresponding increase in equity, which is reflected in the share based payments reserve.

The amount recognised as an expense is adjusted to reflect the actual number of rights taken up, once related service and other non-market conditions are met.

20. Key management personnel disclosures

Key management personnel remuneration

	2022 $000	2021 $000
Short-term employee benefits	**9,249**	10,706
Post-employment benefits	**128**	144
Other long-term benefits	**102**	67
Termination benefits	**503**	183
Share-based payments	**2,137**	2,495
	12,119	13,595

Determination of key management personnel and detailed remuneration disclosures are provided in the Remuneration Report.

Loans to key management personnel

In the year ended 30 September 2022, there were no loans to key management personnel and their related parties (2021: nil).

Other key management personnel transactions

In the year ended 30 September 2022, there were no transactions entered into during the year with key management personnel (including their related parties).

Notes to the Consolidated Financial Statements: Other

For the year ended 30 September 2022

21. Retirement benefit obligation

The Group operates a number of defined benefit plans in the Americas and Asia Pacific to provide benefits for employees and their dependants on retirement, disability or death.

The Group also makes contributions to defined contribution schemes.

Financial position and performance

Net defined benefit obligation at 30 September

	2022 $mill	2021 $mill
Present value of obligations	249.9	307.2
Fair value of plan assets	(237.4)	(277.6)
Net defined benefit obligation	**12.5**	29.6

Maturity profile of the net defined benefit obligation

The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2022 $mill	2021 $mill
Within next 10 years	198.2	200.3
Within 10 to 20 years	113.8	116.4
In excess of 20 years	39.7	43.0

Return on plan assets for the year ended 30 September

	2022 $mill	2021 $mill
Actual return on plan assets	(43.7)	33.9

Composition of plan assets at 30 September

	2022	2021
The percentage invested in each asset class:		
Equities	11%	8%
Fixed interest securities	79%	85%
Property	4%	3%
Other	6%	4%

Movements in plan assets/liabilities

Amounts recognised in Other Comprehensive Income

	Notes	2022 $mill	2021 $mill
Gains arising from changes in actuarial assumptions		67.4	1.9
Return on plan assets (less than)/greater than discount rate		(50.2)	28.9
Total profit recognised in other comprehensive income		17.2	30.8
Amounts recognised in Profit or Loss			
Net interest expense	(2)	(1.1)	(1.8)
Defined benefit superannuation expense	(2)	(3.0)	(2.7)

Key assumptions and sensitivities

Principal actuarial assumptions

	2022	2021
Discount rate (gross of tax)	5.0% - 7.7%	2.3% – 7.7%
Future salary increases	3.5% - 5.0%	2.0% – 5.0%

Sensitivity analysis

The sensitivity analysis is based on a change in a significant actuarial assumption while holding all other assumptions constant. The following table summarises how the defined benefit obligation as at 30 September 2022 would have increased/(decreased) as a result of a change in the respective assumption by 1 percentage point:

	1 percent increase	1 percent decrease
Discount rate	(21.9)	26.0
Rate of salary increase	1.4	1.3

Key accounting policies

All employees of the group are entitled to benefits from the Group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice. The Group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the Group's legal or constructive obligation is limited to these contributions.

The liability or asset recognised in the Consolidated Statement of Financial Position in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Statement of Financial Position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Key estimates and judgments

The present value of the defined benefit obligation at the reporting date is based on expected future payments arising from membership of the fund. This is calculated annually by independent actuaries considering the expected future wage and salary levels of employees, experience of employee departures and employee periods of service.

Expected future payments are discounted using market yields on corporate bonds at the reporting date, which have terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements: Other

For the year ended 30 September 2022

22. Deed of cross guarantee

Entities that are party to a Deed of Cross Guarantee are included in note 15. The Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position for this closed group are shown below:

Statement of Profit or Loss and Other Comprehensive Income

	2022 $mill	2021 $mill
Profit before income tax	870.4	177.5
Income tax (loss)/benefit	(164.8)	5.7
Profit for the year	**705.6**	183.2
Retained profits at 1 October	1,569.7	1,401.4
Profit for the year	705.6	183.2
Other movements in retained earnings	6.2	4.5
Dividend paid	(355.4)	(19.4)
Retained profits at 30 September	**1,926.1**	1,569.7

Statement of Financial Position

	2022 $mill	2021 $mill
Current assets		
Cash and cash equivalents	548.2	566.4
Trade and other receivables	470.7	235.3
Inventories	671.7	385.3
Other assets	23.0	20.3
Other financial assets	23.6	64.6
Total current assets	**1,737.2**	1,271.9
Non-current assets		
Other financial assets	5,221.2	5,045.4
Property, plant and equipment	2,165.6	2,066.0
Right-of-use lease assets	111.3	123.9
Intangible assets	249.7	240.2
Deferred tax assets	235.6	229.7
Total non-current assets	**7,983.4**	7,705.2
Total assets	**9,720.6**	8,977.1
Current liabilities		
Trade and other payables	1,097.3	1,051.0
Lease liabilities	18.5	21.4
Other financial liabilities	57.7	52.9
Provisions	148.9	77.2
Current tax liabilities	118.9	82.4
Total current liabilities	**1,441.3**	1,284.9
Non-current liabilities		
Trade and other payables	574.0	204.2
Lease liabilities	115.6	125.6
Interest bearing liabilities	1,242.5	1,236.4
Other financial liabilities	95.0	46.3
Provisions	97.0	165.4
Deferred tax liabilities	388.2	348.0
Retirement benefit obligation	2.3	17.0
Total non-current liabilities	**2,514.6**	2,142.9
Total liabilities	**3,955.9**	3,427.8
Net assets	**5,764.7**	5,549.3
Equity		
Issued capital	3,806.2	3,806.2
Reserves	32.4	173.4
Retained earnings	1,926.1	1,569.7
Total equity	**5,764.7**	5,549.3

23. Parent entity disclosure

Throughout the financial year ended 30 September 2022 the parent company of the Group was Incitec Pivot Limited.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity is part of a Deed of Cross Guarantee, under which each entity guarantees the debt of the others.

Statement of Profit or Loss and Other Comprehensive Income

Results of the parent entity	2022 $mill	2021 $mill
Profit for the year	962.8	76.5
Other comprehensive income	(20.9)	10.3
Total comprehensive income for the year	**941.9**	86.8

Statement of Financial Position

	2022 $mill	2021 $mill
Current assets	1,214.7	930.2
Total assets	**9,219.5**	8,847.2
Current liabilities	1,110.0	1,003.7
Total liabilities	**4,317.6**	4,531.3
Net assets	**4,901.9**	4,315.9
Share capital	3,806.2	3,806.2
Reserves	(99.5)	(72.4)
Retained earnings	1,195.2	582.1
Total equity	**4,901.9**	4,315.9

Parent entity contingencies and commitments

Contingent liabilities of Incitec Pivot Limited are disclosed in note 17.

Capital expenditure – commitments	2022 $mill	2021 $mill
Contracted but not yet provided for and payable:		
Within one year	7.6	6.5

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group. As a result it is taxed as a single entity. The head entity of the tax consolidated group is Incitec Pivot Limited.

Notes to the Consolidated Financial Statements: **Other**

For the year ended 30 September 2022

24. Auditor's remuneration

	2022 $000	2021 $000
Deloitte and related network firms		
Audit or review of financial reports		
Group	**1,422.5**	1,218.5
Subsidiaries and joint operations	**579.9**	583.8
	2,002.4	1,802.3
Other assurance and agreed-upon procedures under other legislation or contractual arrangements not required to be provided by the auditor	**649.3**	70.4
Other services:		
Other consulting services	**80.9**	–
Total remuneration	**2,732.6**	1,872.7
Non-Deloitte audit firms		
Audit services	**2.6**	8.3
Total remuneration of non-Deloitte audit firms	**2.6**	8.3

From time to time, the auditors provide other services to the Group. These services are subject to strict corporate governance procedures which encompass the selection of service providers and the setting of their remuneration. The Audit and Risk Management Committee must approve individual non audit assurance engagements provided by the Group's auditor above a value of $100,000, as well as where the aggregate amount exceeds $250,000 per annum.

25. Events subsequent to reporting date

Capital Management

On 15 November 2022, IPL announced a final dividend of 17 cents per share, 100% franked, to be paid on 21 December 2022. The record date for entitlement to this dividend is 6 December 2022. The total dividend payment will be $330.2m.

On 15 November 2022, IPL also announced that it intends to undertake an on-market share buy back of up to $400m. The proposed share buy back will be conducted in the ordinary course of trading and the exact amount and timing of share purchases will be dependent on regulatory requirements and market conditions.

Strategic review of WALA and implications for structural separation of the Explosives and Fertilisers businesses

On 15 November 2022, IPL announced that it has received a number of unsolicited approaches in relation to a potential acquisition of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (WALA). The Company will undertake a review of the strategic options for WALA in the near-term. Under any scenario, IPL intends to maintain the strategic value of long-term supply of ammonia from WALA into the Dyno Nobel Americas business. An estimate of the financial impact cannot be made at this point.

The strategic review process will have implications for the timing of the proposed structural separation of the Incitec Pivot Fertilisers and Dyno Nobel businesses which was announced on 23 May 2022. It is currently anticipated that the previously communicated target completion date for the separation of early 2023 will likely be extended by 6-12 months, pending the completion of the strategic review process for WALA. There has been no impact on the financial statements for FY2022 in relation to the proposed structural separation other than the costs incurred to date which have been classified as an individually material item and disclosed in the notes to the financial statements.

Other than the matters reported on above, the directors have not become aware of any other significant matter or circumstance that has arisen since the end of the financial year, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Directors' Declaration

on the Consolidated Financial Statements set out on pages 44 to 81

In accordance with a resolution of the directors of Incitec Pivot Limited (the Company), we state that:

1. In the opinion of the directors:

   (a) the consolidated financial statements and notes, set out on pages 44 to 81, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company and the Group as at 30 September 2022 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed on page 50; and

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

2. There are reasonable grounds to believe that the Company and the controlled entities identified in note 15 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3. The directors have been given the declaration by the Chief Executive Officer and the Chief Financial Officer as required by section 295A of the Corporations Act 2001 for the financial year ended 30 September 2022.

Brian Kruger
Chairman

Melbourne, 15 November 2022

Jeanne Johns
Managing Director & CEO

Melbourne, 15 November 2022

Deloitte.

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Independent Auditor's Report to the members of Incitec Pivot Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Incitec Pivot Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company**,** would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Carrying value of goodwill and non-current assets
 	
Refer to Note 9 Property, plant and equipment, Note 11 Intangibles and Note 12 Impairment of goodwill and non-current assets in the financial statements.
 	
As at 30 September 2022, the Group held goodwill of $2,873.0 million, intangible assets of $408.4 million and property, plant and equipment of $4,246.9 million, which is allocated to the Group's cash generating units (CGUs).
 	
The assessment of the recoverable amount is subject to a high level of judgement and is based on management's view of key variables and market conditions. The Group has prepared a value-in-use model to determine the recoverable amount of each CGU.
 	
The Group's Dyno Nobel Asia Pacific ('DNAP') model is highly sensitive to changes in terminal value assumptions, including natural gas prices, commodity prices, terminal value growth rate and discount rate.
 	
Forecast assumptions used in assessing the recoverable amount incorporate management's estimates of the potential impacts of climate change through sustainability projects and de-carbonisation initiatives which are subject to judgement.
 	
Given the sensitivities of the terminal value assumptions in the DNAP model, we consider this to be a Key Audit Matter.
	Our procedures included, but were not limited to:
	• Understanding the relevant controls and process that management has undertaken to assess the recoverable amount
	• In conjunction with our valuation specialists:
	  o Evaluating the appropriateness of the model used by management to calculate the value-in-use of the CGUs.
	  o Assessing and challenging the key inputs to the DNAP model and terminal value by:
	    ▪ Corroborating the key independent market based assumptions built into the terminal value to external analysts' reports, published industry growth rates and industry reports, considering the potential impacts of climate change, where applicable;
	    ▪ Corroborating the key non-market based assumptions, including cash flows from sustainability projects and other Board approved climate and de-carbonisation initiatives, by comparing Board approved forecasts to historical performance to test the accuracy of management's forecasts;
	    ▪ Agreeing contracted volumes and pricing assumptions in the model to the Board approved forecasts;
	    ▪ Comparing the discount rates applied to the terminal value with an independently developed rate; and
	    ▪ Performing a range of sensitivity analysis on the key assumptions in the terminal value including discount rates, natural gas prices, commodity prices and foreign exchange rates used in the cash flow forecasts.
	
	We have also assessed the adequacy of the disclosures included in the Notes 9, 11 and 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of the auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): About Us company information, Performance and Outlook, Sustainability, Corporate Governance and additional securities exchange information, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed,

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we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 41 of the Director's Report for the year ended 30 September 2022.

In our opinion, the Remuneration Report of the Incitec Pivot Limited, for the year ended 30 September 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

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A T Richards	Terry Ludeman
Partner	Partner
Chartered Accountants	Chartered Accountants
Melbourne, 15 November 2022	Melbourne, 15 November 2022