

Appendix 4E

Preliminary final report

Incitec Pivot Limited

ABN 42 004 080 264

Financial year ended

(current period)

30 September 2023

Previous financial year ended

(previous corresponding period)

30 September 2022

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial year ended 30 September 2023

\$A mill

Revenues from ordinary activities	down	\$A mill 307.2 (4.9%)	to	6,008.1
Net profit for the financial year attributable to members of Incitec Pivot Limited	down	\$A mill 453.7 (44.8%)	to	560.0
Profit after tax excluding individually material items attributable to members of Incitec Pivot Limited	down	\$A mill 445.0 (43.3%)	to	582.1
Revenues from continuing ordinary activities	down	\$A mill 118.1 (2.1%)	to	5,403.5
Net profit from continuing operations for the period attributable to members of Incitec Pivot Limited	down	\$A mill 371.9 (57.3%)	to	276.7
Profit after tax from continuing operations excluding individually material items attributable to members of Incitec Pivot Limited	down	\$A mill 372.7 (56.3%)	to	289.3

	Amount per security	Franked amount
Dividends	cents	per security
		cents
Current Period		
Interim dividend	10.0	6.0
Final dividend	5.0	–
Previous corresponding period		
Interim dividend	10.0	10.0
Final dividend	17.0	17.0

Record date for determining entitlements to the final dividend: 5 December 2023

Payment date of final dividend: 19 December 2023

The Dividend Reinvestment Plan remains suspended until further notice and will not be in operation for the 2023 final dividend.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$1.60	\$1.55

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 45 to 85.

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:

<i>Current period</i>		<i>Previous corresponding period</i>	
Interim dividend		Interim dividend	
Ordinary	4.0	Ordinary	nil
Final dividend		Final dividend	
Ordinary	5.0	Ordinary	nil

Contents

Directors' Report	3
Auditor's Independence Declaration	44
Financial Report	45
Audit Report	86

Annual General Meeting

The Annual General Meeting will be held as follows:

Location	Melbourne Convention and Exhibition Centre The Clarendon Auditorium (Level 1) 2 Clarendon Street South Wharf VIC 3006
Date	20 December 2023
Time	11.30am AEDT
Approximate date the 2023 Annual Report will be available	20 November 2023

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.

For further information, please contact:

Investor Relations

Geoff McMurray
T: 03 8695 4553
M: 0418 312 773
E: geoff.mcmurray@incitecpivot.com.au

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 2023 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.

During the financial year, the following changes to the composition of the Board of Directors occurred:

- » Mr M Carroll was appointed as a director on 6 March 2023
- » Mr J Ho was appointed as a director on 6 March 2023
- » Ms J Johns ceased as Managing Director & CEO on 6 June 2023.

In addition, Brian Kruger ceased as Chairman and Non-executive Director, and Gregory Robinson was appointed as Chairman, on 11 November 2023.

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:

Director – Current ⁽²⁾⁽³⁾⁽⁴⁾	Board		Audit and Risk Management Committee		Remuneration Committee		Nominations Committee		Health, Safety, Environment and Community Committee		Additional Meetings ⁽¹⁾	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B Kruger ⁽⁵⁾	9	9	–	5	–	6	2	2	4	4	16	16
G Biltz ⁽⁶⁾	9	9	–	4	–	1	–	1	4	4	14	13
B Brook ⁽⁷⁾	9	9	5	5	6	6	2	2	–	1	16	15
T Dwyer ⁽⁸⁾	9	9	5	5	6	5	–	2	–	3	14	14
X Liu ⁽⁹⁾	9	9	5	5	–	6	–	2	4	4	14	13
G Robinson	9	9	5	5	6	6	2	2	–	4	14	14
M Carroll ⁽¹⁰⁾	5	5	–	3	–	4	–	2	3	3	8	7
J Ho ⁽¹¹⁾	5	3	–	1	–	2	–	1	–	–	8	8
Former:												
J Johns ⁽¹²⁾	6	6	–	3	–	3	–	–	3	3	14	14

● Chairman ● Member

(1) 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.

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

(3) 'Attended' indicates the number of meetings attended by a director. A director is deemed to have attended a meeting if they were present for more than half of the duration of the meeting.

(4) In addition to the Board and Committee meetings held during the year, directors attended site visits at Phosphate Hill, Mt Isa, Geelong SSP, Werribee Laboratory, Salt Lake City, Lehi and St Helens.

(5) Mr Kruger ceased as Chairman and Non-executive Director on 11 November 2023.

(6) Mr Biltz was an apology for an additional Board meeting that was convened at short notice.

(7) Mr Brook was an apology for an additional Board meeting that was convened at short notice.

(8) Ms Dwyer was an apology for a Remuneration Committee meeting due to a pre-existing commitment.

(9) Dr Liu was an apology for an additional Board meeting that was convened at short notice.

(10) Mr Carroll was appointed as a director on 6 March 2023 and as a member of the Health, Safety, Environment and Community Committee with effect from 1 April 2023. Mr Carroll was an apology for an additional Board meeting that was convened at short notice.

(11) Mr Ho was appointed as a director on 6 March 2023.

(12) Ms Johns ceased as Managing Director & CEO and as a member of the Health, Safety, Environment and Community Committee on 6 June 2023.

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), FGI, 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 2022 Annual Report:

Dividend type	Dividend per share	Total amount \$mill	Franked percentage	Date of payment
Paid during the financial year				
2022 final dividend	17.0 cents	330.2	100% franked	21 Dec 2022
2023 interim dividend	10.0 cents	194.2	60% franked	4 Jul 2023
To be paid after end of the financial year				
2023 final dividend	5.0 cents	97.1	0% franked	19 Dec 2023

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

On 13 November 2023, IPL announced a final dividend of 5.0 cents per share unfranked, to be paid on 19 December 2023. The record date for entitlement to this dividend is 5 December 2023. The total dividend payment will be \$97.1m.

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 2023 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, US, 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 environmental risk assessments identifying controls for our significant risks and improvements plans.

In certain jurisdictions, the Group holds licences for some of its operations and activities from the relevant environmental regulator. The Group Environmental Licence Compliance Procedure requires sites with permits or licences to set up actions to maintain compliance, the completion of which are tracked monthly at Business Unit and Group levels. The Group also 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 US.

Environmental performance has maintained last year's improvement with zero Significant Environmental Incidents reported in the 2023 financial year. Improved performance was evident in lower consequence environmental events, in particular those categorised as actual consequence 4. This is predominantly due to site management's focus on environmental incidents as well as Gibson Island management's ongoing engagement with the regulator, improved management of potentially contaminated stormwater and operating in compliance with three Environmental Protection Orders during FY23.

In Australia, two incidents at Phosphate Hill (one in 2022 and one in 2023) led to two Penalty Infringement Notices (PIN) being issued by the Queensland Department of Environment and Science (DES) during the 2023 financial year, amounting to a total of AU\$28,750. These incidents involved losses of containment from pipe networks to ground or to surface water.

These incidents are repeat incidents of a similar nature and as a result several additional corrective actions have been implemented, including increased frequency of decant water network inspections, improved quality of permit to work activities and face to face environmental compliance training for team leaders.

At Gibson Island, the obligations and associated milestones under the two Environmental Protection Orders (EPOs) issued in 2021 relating to stormwater release quality and groundwater contamination were consistently met during the year and have both been completed. A new EPO was issued in June 2023 covering both groundwater and surface water actions up to mid-2024. This order enforces commitments made by the operations to carry out further environmental studies, improve infrastructure, systems and materials handling to significantly reduce the risk of unacceptable releases to the environment. To avoid further regulatory action by the DES, Gibson Island management has entered into an Enforceable Undertaking (EU) arrangement with the Department. The commitments made under the EU include improvement actions identified in the current EPO as well as broader community focused funding (A\$180,000) of university research and local catchment management activities.

In the US, implementation of the regulatory commitments associated with the US Consent Decree in force at St Helens (Oregon) has been completed with the USEPA granting a termination of the Consent Decree in April 2023. The Consent Decree related to Carthage and Louisiana (Missouri) continued in line with the required milestone timings. The remaining tasks for Louisiana have been completed and one remaining requirement is in progress for Carthage. Once this remaining requirement has been met (expected during FY24), compliance with existing permits and regulations takes effect and continues for 3 years before a request for termination of the Consent Decree can be submitted.

Following a 2019 Notice of Potential Violation from the USEPA for our Cheyenne facility, agreement was reached in FY23 on breaches of the Clean Air Act (CAA) and the Emergency Planning and Community Right to Know Act (EPCRA). Under the CAA a fine of US\$394,906 and an Administrative Order on Consent (AOC) was agreed for process safety and mechanical integrity violations. The requirements of the AOC are expected to be completed by end December 2023 when the fine becomes due. In addition, a fine of US\$20,352 was received for failing to provide a written follow up as required under the EPCRA after having provided immediate notification of two ammonia releases in 2019.

Two other fines were received in the US with a US\$20,000 fine from the Federal Railroad Administration for release of ammonium nitrate liquid during transportation (Cheyenne, Wyoming) and a US\$4,788 fine for the release of reverse osmosis water without a permit in place (Biwabik, Minnesota).

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 was appointed as the Company's lead audit partner commencing for the 2019 financial year.

IPL has worked with Deloitte Touche Tohmatsu to transition Mr Richards and on-board his successor, Ms Suzana Vlahovic, during the 2023 financial year. Ms Vlahovic will be IPL's lead audit partner for the 2024 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 Interim 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 \$186.2k during the year ended 30 September 2023 (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 44 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 IPL.



Greg Robinson
Chairman

13 November 2023

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 5,800 plus dedicated employees, the Company adds value to its customers through leading technology solutions, innovation, world class services focused on the needs of its customers and manufacturing reliability. 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 world's 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.

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 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, Canada and Chile; 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, where it is the market leader.

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. On 20 March 2023, IPL entered into an agreement for the sale of the Waggaman plant to CF Industries Holdings, Inc. for a total value of US\$1.675bn. The sale remains subject to US anti-trust regulatory clearance and the completion of other customary closing conditions.

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).

The Titanobel business, which was acquired in FY22, 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. Much of this activity is conducted through Southern Cross Fertilisers Pte. Ltd., a Singapore based subsidiary.

The Fertilisers business manufactures the following fertilisers at two locations:

- » Phosphate Hill: Di/mono-ammonium phosphate (DAP/MAP);
- » Geelong: Single Super Phosphate (SSP).

In January 2023, IPL ceased production of ammonia at its Gibson Island plant. IPL continues to investigate alternative purposes for the site, including the potential production of green ammonia.

Group Summary

IPL Group	Year ended 30 September		
	FY23 A\$m	FY22 A\$m	Change A\$m
Reported Revenue and Earnings			
Revenue	6,008.1	6,315.3	(307.2)
EBITDA ex IMIs	1,215.4	1,857.7	(642.3)
EBIT ex IMIs	879.8	1,485.2	(605.4)
NPAT ex IMIs	582.1	1,027.1	(445.0)
IMIs after tax	(22.1)	(13.4)	(8.7)
Group NPAT	560.0	1,013.7	(453.7)
Return On Invested Capital⁽¹⁾			
Including Goodwill	7.5%	13.8%	
Excluding Goodwill	11.3%	20.9%	
Shareholder Returns			
Cents Per Share			
Earnings per share ex IMIs	30.0	52.9	
Total Dividend	15.0	27.0	
Credit Metrics			
	30-Sep-23	30-Sep-22	
Net debt ⁽²⁾	(1,415.0)	(1,036.2)	
Net Debt incl TWC facilities / EBITDA ⁽³⁾	1.4x	0.7x	
Net debt / EBITDA ⁽⁴⁾	1.2x	0.5x	
Interest Cover ⁽⁵⁾	9.9x	20.3x	

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

IPL reported NPAT (excl. IMIs) of \$582m, a decrease of 43% compared to \$1,027m in the pcp. Refer to the FY23 Business Review section for an analysis of business performance.

Individually Material Items (IMIs)

NPAT for FY23 includes \$22m (FY22 \$13m) of after-tax IMIs relating to:

- » costs incurred to optimally position IPF for standalone operation, whether this be in preparation for sale, demerger or as a separately managed business within the IPL Group (\$13m); and,
- » costs incurred to effect the sale of the WALA operations, including advisory fees, legal, accounting and tax advice (\$9m).

Capital Management

Earnings per share (EPS) ex IMIs of 30.0 cents per share decreased by 22.9 cents per share compared to FY22 EPS of 52.9 cents.

A final dividend of 5 cents per share (unfranked) has been announced. When combined with the FY23 interim dividend of 10 cents per share, this represents a 50% payout ratio of NPAT (excl. IMIs) on a full year basis.

Due to IPL being in the possession of market sensitive information relating to asset sale transactions, the Company was unable to commence the previously announced on-market share buyback of up to \$400 million.

IPL remains committed to executing the \$400m on-market buyback and aims to get the program underway as soon as it has the next permissible trading window.

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.

Should the sale of the Waggaman facility complete successfully, IPL would seek to return an additional \$1bn to shareholders via a combination of a \$500m pro-rata capital return and an additional \$500m on-market share buyback. It is expected that a portion of the proposed pro-rata capital return would be in the form of an unfranked dividend. Final confirmation of the size of the dividend component remains subject to confirmation by the Australian Tax Office.

These additional returns of capital, if they are to occur, would require shareholder approval. IPL intends to include resolutions in the notice of meeting for the upcoming Annual General Meeting scheduled for 20 December 2023 requesting approval to undertake these proposed returns of capital should the sale of Waggaman successfully complete.

These capital returns are in line with IPL's Capital Allocation Framework which aims to enhance 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.

Net Debt

Net debt increased by \$379m to \$1,415m at 30 September 2023 (pcp: \$1,036m) and Net Debt/EBITDA ex IMIs increased to 1.2x (pcp: 0.5x). Net debt increased during the year mainly as a result of investments in sustenance (including turnarounds) and minor growth projects (\$470m) and dividends paid to shareholders (\$524m) offsetting \$701m 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⁽⁶⁾ (TRIFR) for the rolling twelve-month period ended 30 September 2023 was 0.91, largely in line with the 0.92⁽⁷⁾ at 30 September 2022. There were 14 Process Safety Incidents⁽⁸⁾ recorded in FY23 (pcp:25). The Company maintained its strong environmental safety record with FY23 being the third year in a row without a Significant Environmental Incident⁽⁹⁾.

(1) Return in invested capital, calculated as 12 month rolling Net Operating Profit After Tax, excluding individually material items/13 month rolling average operating fixed assets, intangible assets, operating net working capital, and assets classified as held-for-sale.

(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 incl TWC facilities (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation. Net debt for this ratio has been adjusted to include the usage of trade working capital facilities.

(4) Net debt (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation.

(5) Interest Cover = 12 month rolling EBITDA ex IMIs/net interest expense before accounting adjustments.

(6) 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.

(7) FY22 TRIFR has been restated due to the reclassification of two injuries.

(8) Tier 1 and Tier 2 Process Safety Incidents as defined by the Center for Chemical Process Safety.

(9) Significant Environmental Incidents as assessed against IPL's internal risk matrix with actual consequences of 5 or higher on a 6-level scale.

Financial Performance

Income Statement	Year ended 30 September		
	FY23 A\$m	FY22 A\$m	Change %
Revenue			
Business Revenue			
DNA	2,380.8	2,532.9	(6)
DNAP	1,500.6	1,200.4	25
Fertilisers APAC	2,203.4	2,647.8	(17)
Eliminations	(76.7)	(65.8)	(17)
Group Revenue	6,008.1	6,315.3	(5)
EBIT			
Business EBIT ex IMLs			
DNA	587.8	759.3	(23)
DNAP	188.3	162.5	16
Fertilisers APAC	153.2	613.7	(75)
Eliminations	0.6	0.8	(25)
Corporate	(50.1)	(51.1)	2
Group EBIT ex IMLs	879.8	1,485.2	(41)
EBIT margin	14.6 %	23.5 %	
NPAT			
Underlying interest expense ⁽¹⁾	(143.0)	(101.4)	(41)
Non-cash unwinding liabilities	(5.7)	(5.8)	2
Net borrowing costs	(148.7)	(107.2)	(39)
Tax expense ex IMLs	(149.2)	(350.8)	57
Minority interest	0.2	(0.1)	nm*
NPAT excluding IMLs	582.1	1,027.1	(43)
IMIs after tax	(22.1)	(13.4)	(65)
Group NPAT	560.0	1,013.7	(45)

Note: The Group Summary is inclusive of the contribution from the Waggaman operations which have been presented as discontinued operations in the full year financial report. Refer to page 14 of this report for a summary of the contribution from the Waggaman operations.

* nm = not meaningful

FY23 Business Review

The Group reported FY23 Earnings Before Interest and Tax excluding IMLs (EBIT) of \$880m, a decrease of \$605m (mostly commodity price driven) compared to pcp. Earnings in the Dyno Nobel Explosives businesses grew strongly in the second half, benefiting from customer price increases, higher margin technology uptake and improved cost control. Volumes in the Fertiliser Distribution business recovered well from a weather impacted first half with margins also improving. Major movements for the year were as follows:

Gibson Island Closure: As previously disclosed, the Gibson Island plant ceased manufacturing activities in January 2023 and no further manufacturing activity is expected from this asset in its current state. As a result of very high commodity prices in the prior year (FY22) the year on year movement in earnings from the closure of the plant is \$144m.

Depreciation – WALA sale: Per the market announcement in March 2023, IPL reached an agreement for the sale of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (Waggaman). For accounting purposes, the Waggaman assets were classified as Held-for-sale at the end of November 2022. As such, depreciation on the asset base ceased at this point, resulting in a depreciation benefit of \$56m compared to the pcp.

Commodity Prices & Foreign Exchange: The majority of the \$612m impact on earnings from movements in commodity prices and foreign exchange movements related to the Fertiliser business and Waggaman ammonia facility. DAP, Urea and Ammonia prices all fell significantly during the year with falls between 27% and 34% compared to pcp. The positive translation impact on the DNA earnings driven by a lower AUD:USD exchange rate during the year was \$44m.

Americas Explosives: The \$10m improvement in earnings was the result of customer and technology growth in the higher margin Q&C and Metals markets, which was partially offset by reduced demand in the coal sector. Cost management initiatives and customer price increases more than offset increased costs from above average inflation. The full benefit of these initiatives is expected to realise in FY24. The improved customer mix, increased customer uptake of technology and services and cost management initiatives contributed to significant margin expansion in the second half with margins improving to 12.8% in 2H compared to 10.6% in 1H.

Asia Pacific Explosives: Dyno Nobel's premium technology suite, particularly electronic detonators and Differential Energy emulsions, generated a \$13m earnings improvement compared to the pcp. The positive customer response to Dyno Nobel's premium technology was clearly demonstrated by the 5-year renewal of Dyno's contract with FMG which includes a unique technology alliance. Positive customer re-contracting outcomes and favourable market conditions in Turkey and Indonesia contributed a further \$15m to the FY23 result. The Titanobel acquisition continues to deliver against the acquisition business case with an additional \$6m contribution from this business compared to the pcp.

Asia Pacific Fertilisers: Despite a slow first half, domestic fertiliser sales volumes increased 9% year on year as strong demand in the second half was driven by lower fertiliser prices and favourable farming conditions. However, earnings in the Distribution business were down \$6m compared to the pcp. The rapidly falling price of fertilisers during the year adversely impacted EBIT margin per tonne as product was being sold into a declining market. The recovery in sales volumes seen in the second half has provided good momentum going into FY24.

Phosphate Hill

Cost of Gas: As was the case for a large portion of FY22, Phosphate Hill's contracted gas supply was disrupted throughout the year due to the underperformance of a third-party provider. As a result, gas was purchased through optimising across short term contract arrangements and spot purchases. The incremental cost of these purchases, when compared to the pcp was \$38m bringing the total FY23 impact to \$79m which is at the lower end of the range previously announced (FY22 included an incremental gas cost of \$41m). IPL expects that shortfall gas will be required in FY24, with the cost expected to be approximately \$45m lower than the cost in FY23.

Reliability: Phosphate Hill AP production for FY23 was impacted by a number of unplanned outages during the year (refer to Manufacturing Reliability section below for overall EBIT impact). This includes an incident within the ammonia plant's pressure swing adsorption unit during the final weeks of FY23. As a result, planned maintenance work originally scheduled for FY24 was brought forward to be conducted with the repair works from the September 2023 incident. The plant is expected to return to full production rates at the end of November with FY24 production estimated to be between 810kmt and 840kmt. Similar to when we resolved the Waggaman reliability issues, a taskforce has been established at Phosphate Hill which will be focused on ensuring the plant meets these expectations and returns to safe and reliable operations.

(1) Underlying interest expense represents total borrowing costs less non-cash discount unwind on the Group's long-term liabilities.

Turnarounds: Year on year manufacturing performance includes a production benefit (\$74m) due to the prior year including the planned turnaround at Phosphate Hill. Planned Turnarounds were completed during FY23 at the St Helens, Oregon plant, the Louisiana, Missouri facility and Cheyenne, Wyoming with a combined earnings impact of \$17m. There are no major turnarounds planned in FY24. However, planned maintenance is scheduled at Phosphate Hill for 1H24 to conduct required maintenance activities that will benefit longer term reliability.

Manufacturing Reliability: Manufacturing reliability improvements were largely driven by an excellent operating performance by the Waggaman facility (\$91m), partially offset by manufacturing interruptions at Phosphate Hill (\$47m). Moranbah achieved record annual production in FY23 which underpinned a strong DNAP result. Several improvement actions will be implemented in FY24 to further improve overall reliability on all IPL plants, including implementing a taskforce at Phosphate Hill.

Financial Position

Balance Sheet A\$m	Year ended 30 September		
	30 Sep 2023	30 Sep 2022	Change A\$m
Assets			
TWC – Fertilisers APAC	69.8	104.6	(34.8)
TWC – Dyno Nobel	503.9	511.3	(7.4)
Group TWC	573.7	615.9	(42.2)
Net PP&E	3,191.4	4,246.9	(1,055.5)
Lease assets	209.3	221.0	(11.7)
Intangible assets	2,394.4	3,281.4	(887.0)
Net Assets classified as held for sale	2,207.3	–	2,207.3
Net other assets	197.1	144.6	52.5
Total Assets	8,773.2	8,509.8	263.4
Liabilities			
Environmental & restructure liabilities	(154.7)	(248.7)	94.0
Tax liabilities	(542.1)	(689.3)	147.2
Lease liabilities	(234.7)	(245.9)	11.2
Net debt	(1,415.0)	(1,036.2)	(378.8)
Total Liabilities	(2,346.5)	(2,220.1)	(126.4)
Net Assets	6,426.7	6,289.7	137.0
Equity	6,426.7	6,289.7	137.0
Key Performance Indicators			
Net Tangible Assets per Share	1.60	1.55	
Fertilisers APAC – Ave TWC % Rev ⁽¹⁾	20.8%	17.2%	
Dyno Nobel – Ave TWC % Rev ⁽¹⁾	18.9%	16.0%	
Group – Ave TWC % Rev ⁽¹⁾	19.6%	16.5%	
ROIC (including Goodwill)	7.5%	13.8%	
ROIC (excluding Goodwill)	11.3%	20.9%	
Credit Metrics			
Net debt ⁽²⁾	(1,415.0)	(1,036.2)	
Net debt incl TWC facilities / EBITDA ⁽³⁾	1.4x	0.7x	
Net debt / EBITDA ⁽⁴⁾	1.2x	0.5x	
Interest Cover ⁽⁵⁾	9.9x	20.3x	

(1) Average TWC as % of revenue = 13-month average trade working capital/12 months rolling revenue. FY23 metrics include trade working capital balances classified as held-for-sale. FY22 metrics have been restated due to a reclassification of Precious Metals from PPE to Inventory in March 2022.

(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 incl TWC facilities (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation. Net debt for this ratio has been adjusted to include the usage of trade working capital facilities.

(4) Net debt (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation.

(5) Interest Cover = 12 month rolling EBITDA ex IMIs/net interest expense before accounting adjustments.

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

Assets

Trade Working Capital (TWC): Net decrease of \$42m. The movement was mainly due to lower commodity prices in both the Fertilisers and Dyno Nobel businesses, partially offset by international business growth.

The Dyno Nobel business average trade working capital (excluding the impact of financing facilities) as a percentage of sales increased from 16.0% in FY22 to 18.9% in FY23 largely driven by international business growth and elevated commodity prices in FY22 resulting in a temporarily lower ratio in the prior year with higher revenue balances in the AG&IC business and Waggaman operations compared to inventory balances. The FY23 working capital to revenue ratio in the Dyno Nobel business is more aligned to FY21 levels with international business growth being offset by working capital initiatives.

The Fertilisers business average trade working capital (excluding the impact of financing facilities) as a percentage of sales increased from 16.5% in FY22 to 19.6% in FY23 largely driven by the Gibson Island closure (circa 1.2% percentage point change); the impact of selling high-cost product into a falling commodity price market and lower export revenue in FY23 driven by lower commodity prices.

Several initiatives are underway to continue to optimise trade working capital metrics during FY24.

Net Property, Plant & Equipment (PP&E): Decrease of \$1,056m. Mainly driven by the reclassification of WALA assets to held-for-sale of \$1,247m and depreciation of \$263m. This was partially offset by sustenance and turnaround capital expenditure of \$302m and growth, sustainability and strategic capital spend of \$193m.

Intangible Assets: Decrease of \$887m. Mainly driven by the reclassification of WALA intangibles to held-for-sale of \$881m (primarily goodwill allocated to the WALA operations). Amortisation charges for the year were mostly offset by minor additions.

Net other assets: Increase of \$53m. Mainly due to a reduction in short-term and long-term incentive accruals (\$23m), an increase in equity accounted investments given improved profitability (\$23m) and a reduction in capital creditors (\$8m).

Liabilities

Environmental & restructure liabilities: Decrease of \$94m. Mainly driven by spend against provisions for the year of \$76m, associated with the cessation of manufacturing at Gibson Island.

Net Debt: Increase of \$379m. Mainly due to payments related to sustenance, turnaround and strategic sustenance capital expenditure (\$359m), growth and sustainability capital (\$136m), lease liability payments (\$51m) and dividends paid during the year (\$524m). This was partially offset by operating cash inflows of \$701m for the year and proceeds from sales of surplus assets. Further details of movements in Net Debt are provided in the Cashflow section of this report.

Net Debt A\$m	Maturity Month/Year	Facility Amount	Drawn Amount	Undrawn Amount
Syndicated Term Loan	10/24	801.2	–	801.2
EMTN / Regulation S notes	02/26	111.3	111.3	–
Medium Term Notes	03/26	431.3	431.3	–
EMTN / Regulation S Notes	08/27	475.6	475.6	–
US Private Placement Notes	10/28	389.0	389.0	–
US Private Placement Notes	10/30	389.0	389.0	–
Total Debt		2,597.4	1,796.2	801.2
Fair value and other adjustments			(106.3)	
Loans to JVs, associates/other short term facilities			41.8	
Cash and cash equivalents			(399.4)	
Fair value of hedges			82.7	
Net debt			1,415.0	
Net debt / EBITDA⁽¹⁾			1.2x	

Financial Indebtedness A\$m	30 Sep 2023	30 Sep 2022	Change A\$m
Net debt ⁽²⁾	1,415	1,036	379
Lease Liabilities	235	246	(11)
Trade working capital financing facilities	266	268	(2)
Total Financial Indebtedness	1,916	1,550	366

Financial indebtedness increased by \$366m as explained in the cashflow section of this report.

Credit Metrics

Net Debt/EBITDA⁽²⁾: The ratio of 1.2x increased by 0.7x compared with the pcp. The increase is primarily a result of lower earnings in FY23 with EBITDA decreasing 35% over the pcp.

Interest Cover: Decreased to 9.9x (pcp: 20.3x).

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 \$801m of available undrawn committed debt facilities at 30 September 2023.

The average tenor of the Group's debt facilities at 30 September 2023 is 3.4 years (September 2022: 4.2 years). No committed debt facilities are due to mature until October 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 2023, receivables totaling \$118m (30 September 2022: \$95m) 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 2023 was \$148m (30 September 2022: \$173m).

Capital Allocation – Capital Expenditure

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, strategic, sustainability and minor growth) and second order capital (major growth where the total project is expected to cost greater than \$5m).

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

IPL Group	Year ended 30 September		
	FY23 A\$m	FY22 A\$m	Change A\$m
Capital Expenditure			
DNA	103.6	100.4	3.2
DNAP	39.8	19.5	20.3
Fertilisers	58.2	46.6	11.6
Sustenance	201.6	166.5	35.1
DNA	97.9	20.5	77.4
DNAP	–	5.3	(5.3)
Fertilisers	2.1	87.1	(85.0)
Turnaround	100.0	112.9	(12.9)
DNA	27.8	17.9	9.9
DNAP	3.2	–	3.2
Fertilisers	26.0	17.7	8.3
Strategic Sustenance	57.0	35.6	21.4
DNA	19.7	22.9	(3.2)
DNAP	5.6	4.9	0.7
Fertilisers	25.2	–	25.2
Sustainability	50.5	27.8	22.7
DNA	39.0	28.7	10.3
DNAP	31.0	33.3	(2.3)
Fertilisers	16.0	29.2	(13.2)
1st and 2nd Order Growth	86.0	91.2	(5.2)
Total	495.1	434.0	61.1

The FY23 sustenance spend was within the guidance previously provided of \$180m to \$220m and is used to ensure reliable operations at our manufacturing and distribution facilities in line with long term asset plans. The turnaround spend in FY23 mainly relates to LOMO, St Helens and Cheyenne.

Strategic one-off spend largely includes upgrades of Gibson Island distribution assets, the relocation of a research and development facility in the DNA business and Phosphate Hill mine life investment.

Subject to currency fluctuations, sustenance spend in FY24 is expected to be in the range of \$180m to \$200m. Turnaround spend is expected to be approximately \$50m to \$60m with spending on sustainability targeted to be between \$20m to \$30m. These amounts don't include Waggaman spend post 1 December 2023 (considering the potential sale of the assets) and one-off strategic sustenance expenditure on Phosphate Hill mine life and Gibson Island distribution assets in order to return volumes to historical market share levels.

Sustenance spend is influenced by asset management plans and strategies. IPL is focussed on improving capital effectiveness and efficiency to ensure we deliver asset reliability and optimal returns.

(1) Net debt incl TWC facilities (adjusted for average exchange rate for the year)/EBITDA ratio is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation. Net debt for this ratio has been adjusted to include the usage of trade working capital facilities.

(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.

Cash Flow

Cash Flow	Year ended 30 September		
	FY23 A\$m	FY22 A\$m	Change A\$m
Operating Cash Flow			
EBITDA ex IMIs	1,215.4	1,857.7	(642.3)
Net Interest paid	(125.4)	(83.4)	(42.0)
Net income tax paid	(313.9)	(117.0)	(196.9)
TWC movement (excl FX movements)	20.1	(397.9)	418.0
Profit from JVs and associates	(61.4)	(43.4)	(18.0)
Dividends received from JVs	37.7	7.9	29.8
Environmental and site clean-up	(53.8)	(6.4)	(47.4)
Restructuring costs	(22.3)	(13.7)	(8.6)
Other Non-TWC	4.4	(110.5)	114.9
Operating Cash Flow	700.8	1,093.3	(392.5)
Investing Cash Flow			
Minor growth capital	(86.0)	(91.2)	5.2
Sustenance and strategic capital	(358.6)	(315.0)	(43.6)
Sustainability capital	(50.5)	(27.8)	(22.7)
Payments – Central Petroleum Joint operation	–	(3.4)	3.4
Proceeds from asset sales	13.3	5.7	7.6
Acquisition of subsidiaries & non-controlling interests	–	(143.9)	143.9
Receipts / (Payments) relating to derivatives	–	0.9	(0.9)
Investing Cash Flow	(481.8)	(574.7)	92.9
Financing Cash Flow			
Dividends paid to members of IPL	(524.4)	(355.4)	(169.0)
Lease liability payments	(50.5)	(42.9)	(7.6)
Purchase of IPL shares for employees	–	(9.0)	9.0
Realised market value gain / (loss) on derivatives	–	(3.9)	3.9
Non-cash gain on translation of foreign currency Net Debt	(17.5)	(106.6)	89.1
Non-cash movement in Net Debt	(5.4)	(32.8)	27.3
Financing Cash Flow	(597.8)	(550.6)	(47.3)
Change to Net Debt	(378.8)	(32.0)	(346.9)
Opening balance Net Debt	(1,036.2)	(1,004.2)	(32.0)
Closing balance Net Debt	(1,415.0)	(1,036.2)	(378.9)

Operating Cash Flow

Operating cash flows of \$701m decreased by \$392m compared to the pcp. Significant movements included:

EBITDA: Decreased by \$642m primarily driven by net unfavourable realised commodity price and A\$:US\$ exchange rate movements (\$612m); the cessation of manufacturing at Gibson Island (\$144m) and the impact of the Phosphate Hill gas supply disruption (\$38m). This was partially offset by the recovery from turnarounds that occurred in FY22 compared to FY23 (\$74m) and growth in the Explosives businesses (\$45m).

Net Interest Paid: Increased by \$42m, principally as a result of higher interest rates, and lower exchange rates which were partially offset by lower average borrowings.

TWC Movement: Improved \$418m compared to the pcp largely as a result of lower commodity prices compared to FY22.

Dividends received from JVs: Increased by \$30m largely due to the timing of payment of dividends by joint ventures and growth in earnings from joint ventures.

Environmental and site clean-up: Relates largely to payments against the Gibson Island closure provision.

Other Non-TWC: Improved by \$115m compared to the pcp. FY22 Non-TWC included the WALA insurance proceeds receivable of \$35m which was paid in FY23 (representing a \$70m year on year differential). The remaining favourable movement was largely due to the timing of the receipt of gas security deposits.

Investing Cash Flow

Net investing cash outflows of \$482m decreased \$93m as compared to the pcp. Significant movements included:

Sustenance capital: Higher sustenance spend is mainly driven by spend on key strategic one-off projects; incremental spend in the Titanobel business given a full year of ownership and the DNAP MPU upgrade program during the year.

Sustainability capital: Sustainability spend in FY23 primarily reflects spend progressing decarbonisation projects at WALA and the Moranbah abatement project.

Acquisition of subsidiaries and non-controlling interests: FY22 outflow represents the acquisition of Titanobel (\$124m) and Yara Nipro (\$20m).

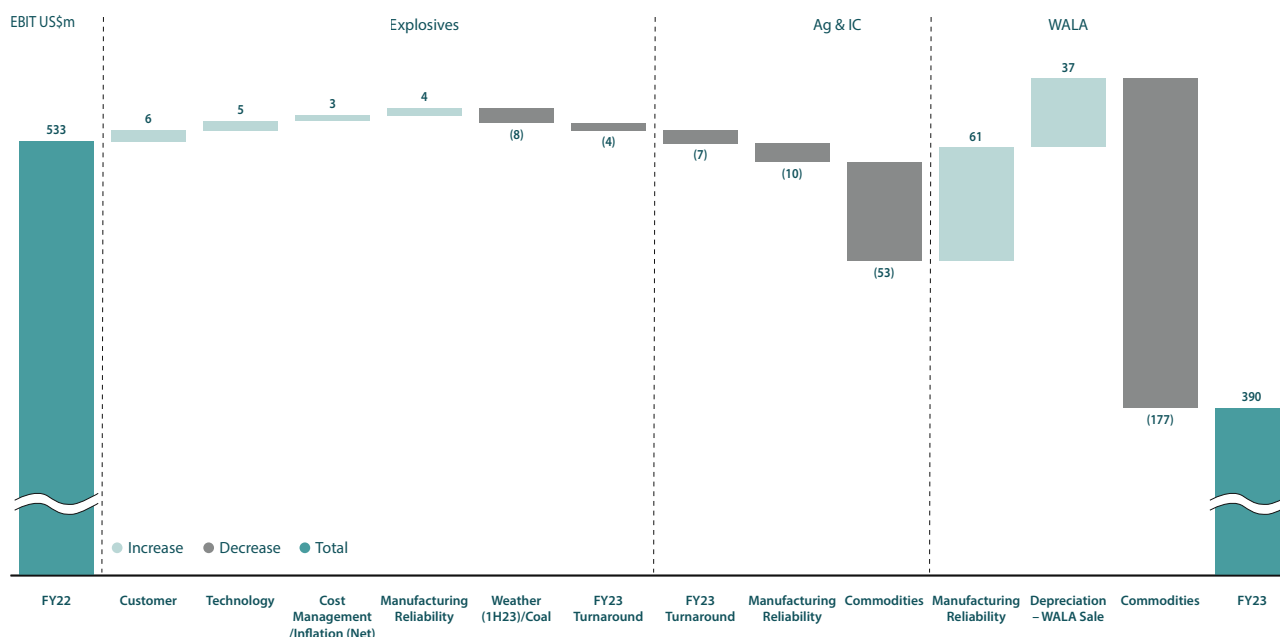
Financing Cash Flow

Net financing cash outflow of \$598m was \$47m higher compared with the pcp. Significant movements included:

Dividends paid to members of IPL: Higher dividend of \$524m in line with increased earnings in the second half of FY22.

Foreign Exchange on Net Debt: The non-cash increase of \$18m reflects the impact from translating US dollar denominated debt at a lower exchange rate.

Dyno Nobel Americas



Dyno Nobel Americas	Year ended 30 September		
	FY23 US\$m	FY22 US\$m	Change %
Explosives	999.0	956.7	4
Waggaman	403.1	560.9	(28)
Ag & IC	181.1	279.4	(35)
Total Revenue	1,583.2	1,797.0	(12)
Explosives	117.1	110.3	6
Waggaman	264.0	343.8	(23)
Ag & IC	8.9	78.7	(89)
EBIT	390.0	532.8	(27)
<i>EBIT margin</i>			
Explosives	11.7%	11.5%	
Waggaman	65.5%	61.3%	
Ag & IC	4.9%	28.2%	
A\$m			
Revenue	2,380.8	2,532.9	(6)
EBIT	587.8	759.3	(23)
Notes			
Average realised A\$/US\$ exchange rate	0.66	0.70	
Urea (FOB NOLA) Index Price (US\$/mt)	439	713	

Dyno Nobel Americas FY23 earnings of US\$390m decreased US\$143m, or 27%, compared to the pcp. Outlined below are the major earnings movements during the year for each business segment.

Explosives

Business Performance

Explosives earnings for FY23 of US\$117m was US\$7m higher than the pcp principally due to the following:

EBIT Margins: EBIT margins (as a percentage of revenue) grew marginally during the year despite weather impacts and coal demand impacts. Margins grew materially in the back half of the year with 2H margins being 12.8%, up from 10.6% in 1H. When measured on an EBIT per tonne basis, margins grew 8% in the year primarily due to a change in the sales mix away from coal and into Metals and Q&C. This second half margin expansion is creating earnings momentum into FY24.

Customer Growth: US\$6m growth comes from increased demand in the higher margin Q&C and Metals markets. The 9% volume growth in Q&C in the prior year carried forward into FY23 with a further 4% growth. Metals volumes were up 2% on pcp with the largest increases in the Chilean and Canadian operations.

Technology: Incremental earnings of US\$5m came from higher sales of Dyno's premium technology products, primarily specialised emulsions in Q&C and Metals markets.

Cost Management / Inflation: The net result of pricing increases and cost management initiatives (including the cost of implementation) and the negative impacts of inflationary forces had a favourable earnings impact of US\$3m. Full realisation of cost saving initiatives is expected in FY24.

Weather / Coal demand: Weather impacts in the first half impacted earnings by US\$4m. Declines in natural gas prices led to a reduction in end market coal demand (volumes down 5%) causing a further earnings impact of US\$4m.

Manufacturing: Turnarounds at the Cheyenne, WY. and Louisiana, MO, plants during the year impacted earnings by US\$4m. Excluding turnarounds, manufacturing performance improved year on year, contributing an earnings benefit of US\$4m.

Market Summary

Quarry & Construction

43% of Explosives revenue was generated from the Quarry & Construction sector in FY23 (42% pcp). DNA's market leading position was maintained during the period, primarily through DNA's joint venture partners and independent distributors.

Base & Precious Metals

37% of Explosives revenue was generated from the Base & Precious Metals sector in FY23 (36% pcp). Volumes increased by 2% during the year with revenues (in dollar terms) up approximately 7% compared to the pcp. The largest increases in volumes came from operations in Chile and Eastern Canada, with some of those gains offset by decreased volumes in the US Iron Range which was impacted by severe weather in the first half and the idling of a key mine as previously noted.

Coal

20% of Explosives revenue was generated from the Coal sector in FY23 (22% pcp). Volumes were down 5% versus the pcp as lower natural gas prices incentivised the power sector to switch to gas-generated power.

Agriculture & Industrial Chemicals (Ag & IC)

Business Performance

Ag & IC FY23 earnings of US\$9m was US\$70m lower than the pcp, primarily due to the following:

Turnaround: A turnaround at the St. Helens Urea plant in the first half reduced earnings by US\$4m. The major turnaround at Cheyenne in the second half resulted in a further US\$3m negative impact on earnings.

Manufacturing Reliability: The US\$10m earnings decline related to manufacturing reliability was the result of minor production issues at Cheyenne (prior to its major turnaround) combined with the previously reported equipment failure at St. Helens in the first half (US\$8m).

Commodity Prices: Unfavourable movements in Urea and UAN pricing reduced earnings by US\$53m versus the pcp.

Waggaman Operations

	Year ended 30 September		
WAGGAMAN	FY23	FY22	Change %
Thousand metric tonne			
Ammonia manufactured at Waggaman	822.5	700.6	17
Ammonia sold	829.6	745.9	11
US\$m			
External Revenue	403.1	560.9	(28)
Internal Revenue	53.5	67.9	(21)
Total Revenue	456.6	628.8	(27)
EBIT	264.0	343.8	(23)
<i>EBIT margin</i>	65.5 %	61.3 %	
Notes			
Ammonia Realised Price (US\$/mt) ⁽¹⁾	550	843	
Realised Gas Cost (US\$/mmbtu) (delivered)	3.66	6.86	
Ammonia Tampa Index Price (US\$/mt) ⁽¹⁾	653	1,049	
Index Gas Cost (US\$/mmbtu) ⁽²⁾	3.58	6.54	
Gas efficiency (mmbtu/mt)	34	35	

Business Performance

Waggaman earnings of US\$264m, decreased US\$80m compared to the pcp due to the following:

Manufacturing Reliability: Production at the Waggaman plant exceeded nameplate capacity for the year with production of 823kmt. This was approximately 122kmt higher than the prior year which had been impacted by an incident in the first half of that year. The additional production resulted in higher earnings of US\$61m.

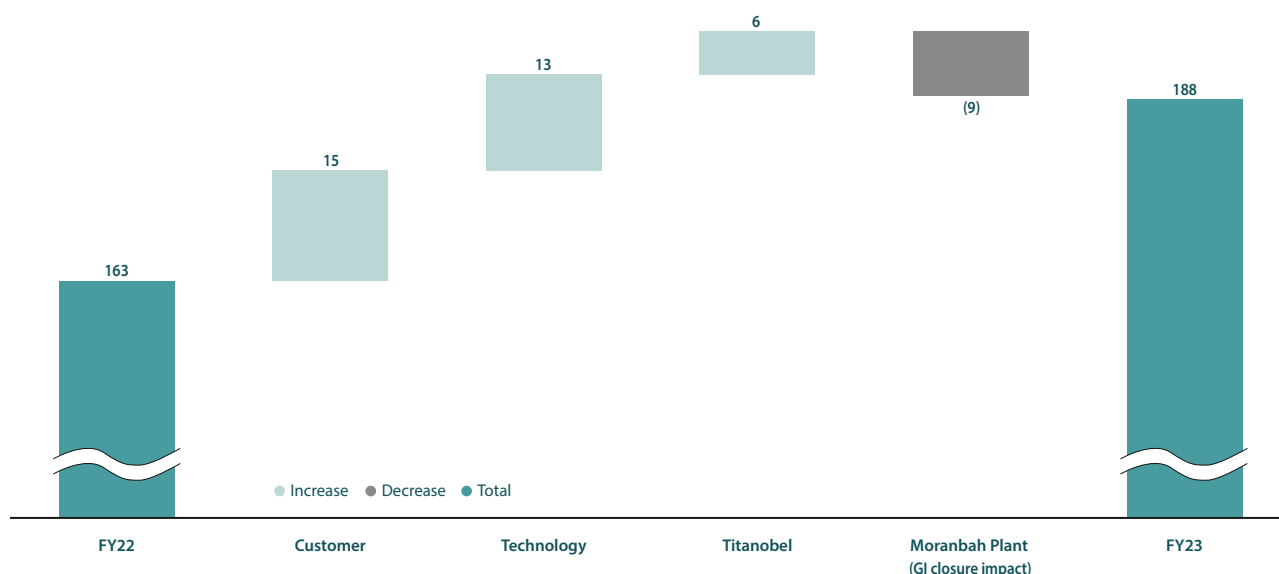
Depreciation – WALA sale: Per the market announcement in March 2023, IPL reached an agreement for the sale of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (Waggaman). For accounting purposes, the Waggaman assets were classified as Held-for-sale at the end of November 2022. As such, depreciation on the asset base ceased at this point, resulting in a depreciation benefit of US\$37m compared to the pcp.

(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

EBIT A\$m



DYNO NOBEL ASIA PACIFIC	Year ended 30 September		
	FY23	FY22	Change %
Thousand metric tonne			
Ammonium Nitrate – manufactured at Moranbah	372.1	370.9	0
Ammonium Nitrate sold	756.9	720.0	5
A\$m			
Australian Coal	556.4	499.2	11
Base & Precious Metals	550.4	489.5	12
International	393.8	211.7	86
Total Revenue	1,500.6	1,200.4	25
EBIT	188.3	162.5	16
<i>EBIT margin</i>	<i>12.5%</i>	<i>13.5%</i>	

Business Performance

Dyno Nobel Asia Pacific FY23 earnings of \$188m, increased \$25m compared to the pcp. due to the following:

Customer Growth: \$15m growth on the pcp, mostly driven by positive customer re-contracting outcomes in Australia and capitalising on favourable market conditions in Indonesia and Turkey. Recontracting is ahead of schedule with pricing discipline maintained.

Technology Growth: \$13m growth on the pcp, driven by strong electronics and Differential Energy emulsion volumes.

Titanobel: \$6m growth on the pcp, mostly driven by annualisation benefit with a full year of earnings in FY23. Business integration and synergy realisation progressing in line with the acquisition plan.

Moranbah Plant: Production was 1kmt higher than pcp. with the impact of the closure of Gibson Island being offset by increased plant reliability and gas efficiencies. The \$9m earnings impact is largely driven by higher manufacturing cost due to the closure of Gibson Island.

The EBIT margin decline versus pcp is due to the proportional increase in earnings of the lower margin Titanobel business, included for a full year for the first time.

Market Summary

Australian Coal

37% 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 remained relatively flat compared to the pcp. Metallurgical Coal volumes recovered in the second half of the year after a weather impacted first half.

Base & Precious Metals

37% 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 increased 4% compared to the pcp as a result of the increased adoption of Differential Energy emulsion.

International

26% of Dyno Nobel Asia Pacific revenue was generated internationally in Indonesia, Turkey, Papua New Guinea and France.

Volumes increased by 32% compared to the pcp, mainly driven by the annualisation of the acquisition of the Titanobel business, and stronger volumes in the Indonesia business.

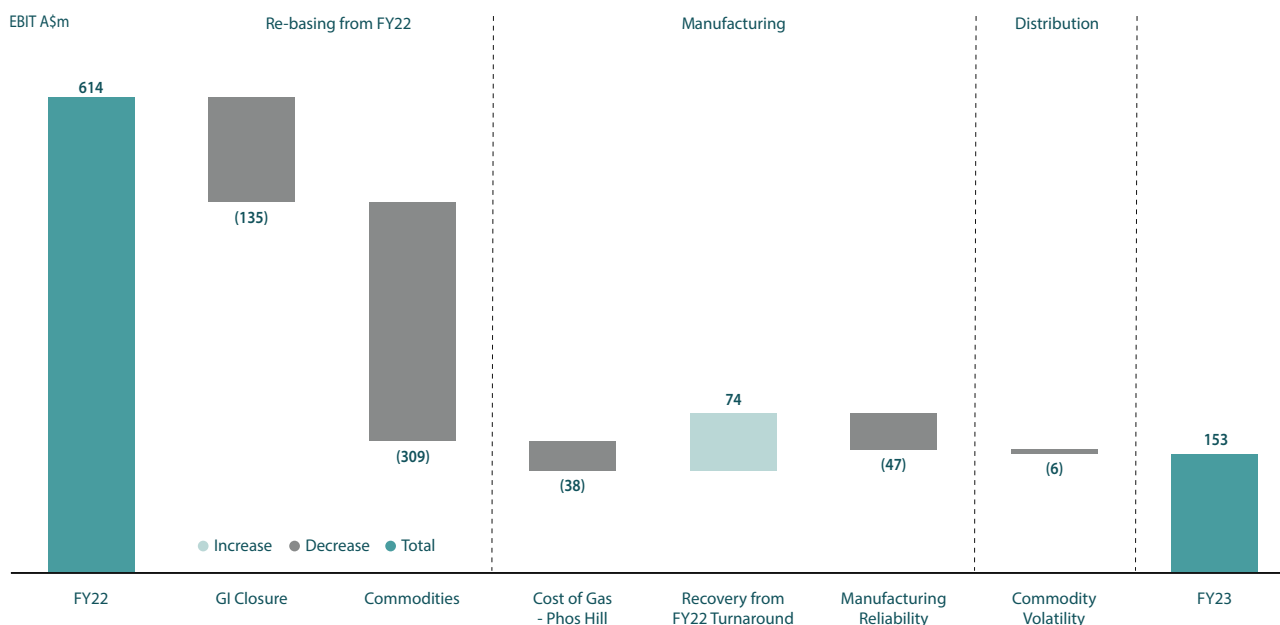
Titanobel

Following the business acquisition In May 2022, the primary focus for 2023 has been on successfully integrating Titanobel into the Group. The growth trajectory of the business remains consistent with the acquisition plan and several synergy opportunities have been identified.

Manufacturing

A record-breaking volume year for Moranbah, producing 372k mt of ammonium nitrate during the year despite the Gibson Island closure. Ammonia Plant reliability improved to 96% following a strong second half performance.

Fertilisers Asia Pacific



	Year ended 30 September		
	FY23	FY22	Change %
Fertilisers Asia Pacific			
Thousand metric tonne			
Phosphate Hill production (ammonium phosphates)	864.4	735.9	17
Gibson Island production (urea equivalent)	138.9	404.5	(66)
A\$m			
Manufacturing	648.8	991.3	(35)
Distribution	1,554.6	1,656.5	(6)
Fertilisers APAC Revenue	2,203.4	2,647.8	(17)
Manufacturing	107.5	563.1	(81)
Distribution	45.7	50.6	(10)
Fertilisers APAC EBIT	153.2	613.7	(75)
<i>EBIT margin</i>	7.0 %	23.2 %	
<i>EBIT margin</i>			
<i>Manufacturing</i>	16.6%	56.8%	
<i>Distribution</i>	2.9%	3.1%	
Notes			
Fertilisers APAC			
Realised A\$/US\$ Exchange Rate ⁽¹⁾	0.72	0.72	
Total Fertilisers APAC volumes sold (k mt)	2,703.7	2,575.9	
Domestic Fertilisers APAC volumes sold (k mt)	2,035.8	1,868.7	
Phosphate Hill			
Realised AP Price (US\$/mt)	591	851	
Phosphate Hill production sold (k mt)	825	747	
Realised AP Freight Margin (US\$/mt)	5.1	14.1	
Realised Cost per Tonne of AP (A\$/mt)*	723	705	
Gibson Island			
Realised Urea Price (US\$/mt)	519	710	
Gibson Island production sold subject to urea price movement (k mt)	183	336	

* Weighted Average of AP including port costs.

Business Performance

Fertilisers Asia Pacific earnings of \$153m was 75% lower than the pcp. Major movements for the year were due to the following:

Gibson Island Closure: As previously disclosed, the Gibson Island plant ceased manufacturing activities in January 2023. The resulting decrease in production resulted in a year on year decrease in earnings of approximately \$135m.

Commodity Prices: \$309m net decrease, primarily driven by lower DAP prices.

Phosphate Hill

Cost of Gas: Gas supply disruptions at Phosphate Hill increased FY23 gas costs by \$38m compared with the prior year (FY22 included increased gas costs of ~A\$41m as a result of gas supply disruptions) bringing the total FY23 impact to \$79m which is at the lower end of the previously announced range. IPL expects that shortfall gas will be required in FY24, with the cost expected to be approximately \$45m lower than the cost in FY23.

Reliability: Manufacturing reliability was impacted by manufacturing interruptions at Phosphate Hill (\$47m). IPL has implemented a Taskforce at Phosphate Hill to address and implement recommendations to improve reliability.

Year on year manufacturing performance includes a production benefit (\$74m) due to the prior year including the planned turnaround at Phosphate Hill.

Volumes and Margins: Distribution volumes increased in the second half, primarily due to higher demand led by lower fertiliser pricing and favourable farming conditions. Distribution EBIT margin per tonne was impacted by a falling commodity price market in FY23. The focus for FY24 is on accretive market share growth.

Market Summary

Total Fertilisers Asia Pacific domestic sales volumes of 2,036k metric tonnes (mt) was 9% higher than FY22 sales of 1,869k mt. Volume growth reflects the strong trading conditions in the second half of FY23.

Global fertiliser prices retracted from unprecedented levels in the prior year. Realised Ammonium Phosphate (AP) prices declined by 31% and realised Urea prices were down 27% over the pcp.

(1) This rate is after allowing for the impact of hedging and is therefore different to the average spot rate for the year.

Manufacturing

Manufacturing performance in the Fertilisers Asia Pacific business in FY23 was as follows:

Phosphate Hill

AP production increased to 864k mt, up 17% on pcp. The higher production reflects the recovery from the planned turnaround in the prior year, partially offset by unplanned outages in FY23.

Ammonium Phosphate cost per tonne increased marginally in FY23 largely due to higher gas costs, partially offset by a reduction in the cost of sulphur.

Outlook and Sensitivities

IPL does not generally provide profit guidance, primarily due to the earnings variability resulting from commodity price 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 Asia Pacific

- » Positive market conditions expected to remain in Australia including firm, short-term demand outlook for coal and iron ore, and a tightening AN market.
- » Customer recontracting is progressing well in Australia with some key contracts executed during FY23 (e.g. FMG) and the remainder of the customer book to be renewed or to expire in FY24 and 1H FY25. Recontracting is expected to support the base DNAP business to return to peak earnings by 1H FY25 with further upside expected from the delivery of the Titanobel business case.
- » Moranbah production forecast expected to be approximately 330kmt in FY24 compared to 372kmt in FY23 largely due to the closure of Gibson Island resulting in a reduction of available Ammonia (~\$11m impact) and the N2O abatement project scheduled for 1HFY24 (~\$5m impact).
- » Continuation of Titanobel earnings growth, consistent with the acquisition business case and synergy realisation opportunities.
- » Technology growth expected through the expansion of premium Differential Energy emulsion and continued uptake of premium electronic detonator technology.
- » The first half / second half earnings split is again expected to be weighted towards the second half (historic split of circa 45%/55%).

Dyno Nobel Americas

Explosives

- » Within the context of a highly competitive market, the base Explosives business (excluding any impact from the WALA offtake agreement) expects mid to high single digit earnings growth. The following factors contribute to this outcome:
 - » The full flow through of price increases, underlying market growth (net of coal decline) and technology driven market share gains is expected to generate year on year earnings improvements in the base explosives business.
 - » Expected higher AN production, principally resulting from not having any planned turnaround activities in FY24.
 - » Depreciation expense will be approximately US\$12m higher in FY24, mainly as a result of the capital expenditure associated with the Cheyenne, WY turnaround in FY23.
 - » The first half / second half earnings split for FY24 is expected to be in line with prior years at approximately 45% / 55%.

AG&IC

- » Agriculture & Industrial Chemicals earnings (excluding any impact from the WALA offtake agreement) are expected to be largely in line with FY23 with expected positive manufacturing impacts being offset by lower UAN and Urea prices. Commodity prices are subject to market volatility and could result in a different outcome.

WALA

- » The WALA sale remains contingent on US anti-trust regulatory clearance. A decision of the regulator is expected before the end of the 2023 calendar year.
- » Apart from a potential outage of up to 4 weeks to allow the installation of a replacement cooler the Waggaman plant is expected to produce at nameplate capacity in FY24. The operational earnings of Waggaman remain subject to movements in ammonia and natural gas prices.
- » Tampa Discount – Until the sale of the Waggaman facility is completed, third party ammonia sales from the plant will continue to be sold under the existing contracts. The average discount to Tampa for third party sales is expected to be between 8% and 10%. When factoring in "internal" sales, which are not priced based off the Tampa benchmark, the overall discount is expected to be between 12% and 15% in FY24.

WALA offtake agreement

- » Following the completion of the sale of the Waggaman facility, an asset representing the value of the 25-year ammonia offtake agreement will be recognised on the day of the sale. The value of this asset is currently estimated to be approximately US\$300m. This asset will be amortised via a non-cash charge to the P&L annually, partially offsetting the uplift in margin which is expected to be captured in the Explosives and AG&IC result.
- » The manufacturing margin associated with the sale of 150k short tonnes of ammonia to LOMO will transfer to the DNA Explosives business (estimated annual benefit of ~\$8m, net of amortisation) and the benefit of an additional 50k short tonnes of ammonia is expected to be captured in the AG&IC business (estimated annual benefit of ~\$6m, net of amortisation), replacing previous purchased tonnes at Cheyenne (this is subject to the volumes manufactured). This margin remains subject to movements in ammonia and natural gas prices.
Refer to slide 35 of IPL's FY23 Investor Presentation for further information on the P&L impact of the WALA offtake agreement.

Fertilisers Asia Pacific

- » Fertiliser's earnings will continue to be dependent on global fertiliser prices, the A\$:US\$ exchange rate and weather conditions.
- » Distribution is forecasting value accretive market share gains for FY24.
- » With the Australian Bureau of Meteorology (BOM) recently announcing that "Oceanic indicators firmly exhibit an El Niño state", expectations are for reduced spring rainfall in Eastern Australia. This may lead to lower demand for fertiliser in this region and potentially impact the overall market size.
- » Phosphate Hill production was impacted by interruptions that occurred in late FY23 and carried forward into October 2023. The FY24 production range for Phosphate Hill is forecasted between 810k mt to 840k mt principally as a result of planned maintenance activities in 1H24 required to conduct repairs and other work to increase site reliability over the period and into the future. Depreciation is expected to increase by approximately \$5m as a result of reliability capital investment.

- » As a result of the planned outages, production at Phosphate Hill in FY24 is expected to be lower in the first half with approximately 35% to 40% of the full year production forecast to be delivered during this period.
- » Phosphate Hill gas – during the three months to the end of September 2023, Phosphate Hill used a mix of supply sources including; gas supplied under the current contract from Power and Water Corporation (PWC), and shortfall gas from Northern Territory and East Coast suppliers. The diversity in gas supply ensured Phosphate Hill production was not affected by the reduction of contracted gas supply from PWC. The price of these shortfall gas volumes is expected to be approximately \$45m lower than the cost incurred in FY23 (which was \$79m). A further update will be provided at half year.
- » Production of fertilisers at Gibson Island ceased in early January 2023. Earnings from Gibson Island manufacturing in FY23 was approximately \$20m.

Group

Corporate: Corporate costs are expected to be approximately \$42m in FY24.

Borrowing Costs: Net borrowing costs for FY24 will be impacted by the timing of potential proceeds from the sale of the Waggaman facility and/or the sale of the Fertilisers business. Borrowing costs will also be impacted by the size and timing of any returns of capital to shareholders. Based on an assumption that the WALA sale completes in December 2023 and that \$1.4bn of capital returns take place across FY24 and FY25, interest expense in FY24 is forecast to be \$115m.

Taxation: IPL's effective tax rate for FY24, excluding IMI's and assuming the sale of the Waggaman ammonia facility completes during the year, is expected to be between 12% and 17%. The lower range compared to FY23 is largely due to the potential sale of Waggaman which results in permanent difference deductions (for example JV income) representing a higher portion of profits compared to FY23. The tax rate range is highly sensitive to earnings mix movements across jurisdictions.

Hedging: Approximately 85% of the FY24 US\$ linked fertilisers sales remain unhedged, with 15% hedged at 73 cents with full participation down to 60 cents.

Sensitivities

The table provides sensitivities to key earnings drivers and should be read in conjunction with the footnotes found below.

Commodity	Proxy Index	EBIT Sensitivities
WALA		
Ammonia ⁽¹⁾	CFR Tampa	+ / - US\$10/mt = +/-US\$6.0m
Natural Gas ⁽²⁾	Henry Hub	+ / - US\$0.10/mmbtu = +/- US\$2.0m
FX EBIT Translation ⁽³⁾		+ / - A\$/US\$0.01 = +/- A\$6.0m
Americas excluding WALA		
Urea ⁽⁴⁾	FOB NOLA	+ / - US\$10/mt = +/-US\$1.8m
FX EBIT Translation ⁽⁵⁾		+ / - A\$/US\$0.01 = +/- A\$2.8m
Asia Pacific		
AP ⁽⁶⁾	FOB China/Saudi	+ / - US\$10/mt = +/-A\$13.1m
FX EBIT Transactional ⁽⁶⁾		+ / - A\$/US\$0.01 = +/-A\$11.6m

(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. The sensitivity is based on IPL retaining WALA for all of FY24. The sensitivity will change should the Waggaman sale complete prior to 30 September 2024.

(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 and internal sales volumes of 140k mt. and gas efficiency of 34 mmbtu/tonne of ammonia (the efficiency achieved in FY23). The sensitivity is based on IPL retaining WALA for all of FY24. The sensitivity will change should the Waggaman sale complete prior to 30 September 2024.

(3) Based on actual FY23 Dyno Nobel Americas EBIT of US\$264m and an average foreign exchange rate of A\$/US\$ 0.66.

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

(5) Based on actual FY23 Dyno Nobel Americas (excluding WALA) EBIT of US\$126.1m and an average foreign exchange rate of A\$/US\$ 0.66.

(6) Based on actual FY23 Phosphate Hill production of 864k mt; average FY23 realised AP price of US\$591; and an average foreign exchange rate of A\$/US\$ 0.66.

Sustainability

IPL's commitment to operating sustainably is driven by the Company's values which are core to the way it does business. IPL's strategy is to deliver sustainable growth and shareholder returns while proactively managing those issues most material to the long-term sustainability of its business.

Issues considered material to the sustainability of the Company are included in its 2023 Annual Report, 2023 Corporate Governance Statement, 2023 Climate Change Report, and 2023 Sustainability Report.

IPL is committed to respecting human rights and addressing modern slavery risks in its operations and supply chains and will release its fourth annual Modern Slavery Statement in February 2024. This Statement sets out the actions taken in FY23 as well as future management plans.

Sustainability Performance Benchmarking

IPL has been included in the S&P Global CSA (formerly the Dow Jones Sustainability Index -DJSI) since 2010. Selection for the index is made each year following a review of IPL's sustainability reporting as well as a comprehensive Corporate Sustainability Assessment questionnaire. IPL's performance is benchmarked against peers in the global Chemicals sector.

During 2023, IPL was again selected for inclusion in S&P Global Sustainability Yearbook 2023 after ranking in the top 15 per cent of industry peers and achieving a S&P Global Environmental, Social, and Governance (ESG) score within 30 per cent of the industry's top performing companies.

S&P Global DJSI Corporate Sustainability Assessment

Calendar Year	2022	2021	2020	2019	2018	2017
DJSI Dimension						
Economic	70	78	81	78	72	71
Environmental	61	72	69	71	73	64
Social	63	69	65	58	60	57
Total for IPL	65	73	72	69	69	65
Chemicals sector average	23	26	30	36	47	44

The Company is also a member of the FTSE4Good Index, completes the CDP Climate Change and Water Security reports each year and the EcoVadis questionnaire biennially, and is rated by MSCI, Moody's VE Connect, Sustainalytics, CGI Glass Lewis and the CSR Hub.

During 2023, IPL was admitted to the Bloomberg Gender-Equality Index (GEI) for the fifth consecutive year. The GEI is a modified market capitalization-weighted index that aims to track the performance of public companies committed to transparency in gender-data reporting. The reference index measures gender equality across five pillars: female leadership & talent pipeline, equal pay & gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-women brand.

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. 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.

Risk Categories	Description and potential consequences	Treatment strategies employed by IPL
Macroeconomic Factors	Geopolitical uncertainty borne out of current economic and 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.	<ul style="list-style-type: none"> » IPL monitors long term trends in the mining and fertiliser sectors through industry forecasts of commodities demand. » In the mining sector 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. » In the fertiliser sector analysis of customer demand, climate and seasonal forecasts and supply chain reliability inform strategy development and product offerings. » Continuous review of country specific risks helps proactive management of potential exposures.
Strategy	Continuing consolidation in the explosives industry could lead to heightened competition and pricing pressures. 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 execution of IPL's strategy to separate its fertilisers and explosive business is contingent on a number of external factors, including receiving relevant approvals, that could delay the execution of this strategic initiative and disrupt the normal business operations.	<ul style="list-style-type: none"> » 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 has implemented business separation governance processes designed to minimise cost and disruption to normal operations and meet market expectations of the proposed structural separation process.
Climate Change	The global energy transition presents strategic risks and opportunities for IPL. These may include a rapid transition away from fossil fuels, which could significantly decrease demand for thermal coal, and a shift to new technologies, such as renewable hydrogen. The impact of carbon emissions, and governments' policies and actions to limit them, may also have an impact on IPL's operations and supply chains. In addition, there are physical risks associated with climate change which could impact on IPL's operations, supply chains and customers. A detailed discussion of the risks and opportunities identified through IPL's assessment of both physical and transitional risks can be found in IPL's 2023 Climate Change Report. ⁽¹⁾	<ul style="list-style-type: none"> » IPL is progressing a number of decarbonisation projects across its manufacturing sites, including the initial engineering and design study into industrial-scale production of green ammonia at Gibson Island. Significant site decommissioning works have been completed and the project team is continuing to manage the decommissioning of natural gas-based manufacturing and potential transition to green ammonia, with a final investment decision expected before the end of the 2023 calendar year. » Through engagement with an expert third party in 2021, a comprehensive assessment of the physical and transitional risks and opportunities associated with climate change was completed for IPL using four future climate-related scenarios. The scenarios used and the identified risks and opportunities, along with management strategies for each, are included in IPL's 2023 Climate Change Report.
Health, Safety, Environment, Community	IPL is exposed to operational risks associated with the manufacture, transportation and storage of hazardous and inherently dangerous products and materials. IPL, its customers and suppliers, are required to comply with various environmental laws and regulations and have specific operating licences in place. Failure to abide by the laws and/or licensing conditions may have a detrimental effect on IPL's operations and financial performance.	<ul style="list-style-type: none"> » A comprehensive Health, Safety, Environment and Community (HSEC) management system is in place. » HSEC risk identification, mitigation and management strategies are consistently employed 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 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.

(1) Refer to IPL's Climate Change Policy (available on IPL's website) for further details. 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.

Risk Categories	Description and potential consequences	Treatment strategies employed by IPL
Compliance	<p>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 risk. Failure to abide by these laws and regulatory provisions may adversely impact its business, financial condition and operations.</p> <p>IPL is also exposed to potential regulatory actions, legal claims or other disputes in the course of its business and in connection with its operations.</p>	<ul style="list-style-type: none"> » Corporate functions are in place 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 business processes to monitor and manage the compliance requirements for ethical procurement, including modern slavery. » 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's whistleblower hotline allows employees and third parties to anonymously notify the Company of any suspected fraudulent, illegal or unethical activity.
People	<p>IPL operates 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 financial performance.</p> <p>Changes in employment and workplace relations laws across several jurisdictions within which IPL operates is increasing the coverage of collective agreements, placing upward pressure on remuneration and creating the need for new methods of workplace engagement. There is a possibility of increased industrial action as a result of these changes.</p>	<ul style="list-style-type: none"> » Critical roles are identified and policies implemented to help ensure that appropriate succession and retention plans are in place for those roles. » Employee remuneration and benefits are actively monitored and benchmarked to ensure competitive offerings to attract and retain staff. » Active monitoring is in place to ensure compliance with employment laws and industrial instruments. » IPL has capable leaders who engage directly with their teams, experienced internal employee relations specialists, and constructive relationships with relevant trade unions.
Manufacturing	<p>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 operations and materially affect financial performance.</p> <p>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.</p> <p>Sulphuric acid is a major raw material required to produce ammonium phosphates. Sulphuric acid supply into Phosphate Hill could be negatively impacted, should the Mt Isa Mines copper smelter close.</p> <p>Failure to access suitable ore reserves, due to a lack of resource verification or resulting from cultural heritage considerations, may result in a shortening of Phosphate Hill's operational life.</p>	<ul style="list-style-type: none"> » The Group continues to implement its Operations Risk Management (ORM) Program designed to effectively manage process safety risks. » The Group has implemented global engineering standards and processes to prevent reliability related events. » IPL undertakes business continuity planning and disaster preparedness across all sites. » Insurance is obtained to ensure the appropriate coverage is in place with regard to damage to the Group's plants, property and related business interruption costs. » Medium term gas contracts are in place for the Australian manufacturing sites. The contracts have various tenures and pricing mechanisms. IPL sources replacement gas, when required, from a mix of third-party sources and explores new gas supply arrangements as part of ongoing operations. » A life of mine project is currently underway at Phosphate Hill. Discussions with traditional owners in relation to access to potential mine areas are also ongoing. » Glencore recently confirmed operation of the smelter to 2030 pending capital approvals and we are continuing to work on alternative sources to mitigate the loss of sulphuric acid due to potential closure or reduced production.
Customer	<p>IPL has strong relationships with key customers 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.</p>	<ul style="list-style-type: none"> » 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.
Supply Chain	<p>Disruption to the timeliness 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 materials 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.</p>	<ul style="list-style-type: none"> » 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. » More detail on management strategies to mitigate the impacts of future extreme weather events on IPL's supply chains are described in IPL's 2023 Climate Change Report.

Risk Categories	Description and potential consequences	Treatment strategies employed by IPL
Commodity Price	<p>The pricing of internationally traded commodities is based on international benchmarks and is affected by global supply and demand forces. 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.</p> <p>Weaker hard and soft commodity prices could have an adverse impact on customers' demand, impacting volume and market prices.</p>	<ul style="list-style-type: none"> » 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 customer supply contracts.
Demand	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> » Diversification across explosives and fertilisers markets, including across numerous geographically diverse locations and through exposure to, and diversity across, varied market segments, helps manage exposures. » 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	<p>Foreign exchange movements against the Australian dollar, movements in interest rates and imposition or removal of tariffs may materially affect IPL's financial performance.</p> <p>Changes in tax legislation or compliance requirements in the jurisdictions in which IPL operates may result in additional compliance costs and/or increased risk of regulatory action.</p>	<ul style="list-style-type: none"> » 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	<p>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.</p>	<ul style="list-style-type: none"> » 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	<p>Loss or exposure of sensitive data relating to IPL or its internal or external stakeholders may result in a negative impact to reputation or competitive advantage, and potential breach of regulatory compliance obligations.</p> <p>IPL may be the target of cyber-attacks which could result in commercial, financial, health and safety, environmental, community or reputational impacts.</p>	<ul style="list-style-type: none"> » 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.

Intentionally blank

Introduction from the Chairman of the Remuneration Committee

Dear Shareholders,

On behalf of IPL's Remuneration Committee and the Board, I am pleased to present the Remuneration Report for 2023 which sets out the remuneration information for the 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 2023 in review

Health, Safety & Environment (HSE) outcomes for the year were mixed. TRIFR⁽¹⁾ plateaued compared to the previous financial year but the severity of injuries recorded decreased. There was a significant improvement in Process Safety with a 44% reduction of Tier 1 and Tier 2 incidents compared to FY22. We have been able to sustain our excellent environmental performance with Zero Significant Environmental Incidents. Zero Harm key activities were implemented aligned with pursuing year-on-year improvement in our Zero Harm Ambition.

Climate change initiatives delivered strong results with significant progress made on the Gibson Island Green Ammonia Project, in partnership with Fortescue Future Industries (FFI), the tertiary nitrous oxide (N₂O) abatement at the nitric acid plants at our Moranbah, Queensland and Louisiana, Missouri (LOMO) ammonium nitrate manufacturing facilities, and Carbon Capture and Storage (CCS) at our Waggaman, Louisiana (WALA) ammonia plant.

The 2023 financial year was characterised by a resilient earnings performance from the Dyno Nobel businesses and mixed manufacturing reliability. Overall Group financial performance was impacted by unplanned plant outage and gas supply interruptions at Phosphate Hill and the impact of a lower commodity price cycle across the Fertilisers business.

Executive changes in FY23

During financial year 2023, Ms Jeanne Johns stepped down from the role of Managing Director & Chief Executive Officer (MD&CEO) and ceased to be KMP on 6 June 2023.

We thank Jeanne for her significant contribution to the Company. The Board is undertaking a comprehensive search process for a permanent MD&CEO.

Mr Paul Victor, Chief Financial Officer, was appointed as Interim CEO, effective 6 June 2023. Paul received a higher duties allowance equivalent to 40% of his fixed annual remuneration and an increase to his target STI opportunity (equivalent to 100% of his fixed remuneration) on a pro-rated basis for the period he was Interim CEO during financial year 2023.

Fixed remuneration in FY23

The former MD&CEO received a fixed remuneration increase of 3.9% effective 1 January 2023, the first increase since January 2019 (refer section 2.2). No other Executive KMP received a fixed remuneration increase during financial year 2023.

Short-term incentive outcomes in FY23

The Interim CEO achieved an STI outcome of 41.8% of maximum and the average Executive KMP STI outcome was 35.8% of maximum.

Overall STI outcomes reflect target HSE performance, Headline Group NPAT at below threshold in financial year 2023 and adjusted NPAT being achieved between threshold and target.

Strong financial performance in the DNAP business resulted in an Adjusted EBIT outcome of between target and stretch performance for the President, DNAP. The DNA and IPF businesses did not reach threshold Adjusted EBIT levels.

Progress on Climate Change (Sustainability) measures and positive performance against strategic initiatives including agreeing the proposed WALA sale resulted in outcomes ranging between target and stretch for these measures.

Section 2.1 outlines additional information on the Company's financial year 2023 performance and resulting STI outcomes are provided in section 2.3 of this report.

Long-term incentive

The three metrics for the LTI 2020/23 plan are Relative TSR, Return on Invested Capital and Long-Term Value Metrics. The non-TSR performance conditions are commented on in section 2.5 of this report. The Relative TSR will be tested following IPL's full year results in November 2023 and the final vesting outcome will be commented on in the 2024 Remuneration Report. We anticipate an overall level of vesting between 65% to 88.5%.

For the LTI 2019/22 plan where the testing of performance period for the Relative TSR condition occurred in November 2022, 78.34% of performance rights vested (refer to section 2.4 of this report).

FY24 remuneration framework

During financial year 2023, the Board undertook a comprehensive review of the Executive Remuneration Framework. This review was undertaken to determine whether the existing framework remains appropriate to best support the execution of our strategies, to increase shareholder value, retain and motivate our key talent and ensure alignment with our other key stakeholders.

With key business transactions due for completion in financial year 2024 and the anticipated appointment of a permanent MD&CEO to drive a transformation of future business performance, the Board determined that changes to the existing remuneration framework to support this business transformation will be aligned to the appointment of a new MD&CEO. The Board will consult with shareholders and details of the remuneration package for the new permanent MD&CEO will be provided at the relevant time.

The Board has determined to provide a fixed remuneration increase in FY24 to existing KMPs of 3.2% together with making changes to the financial year 2024 STI program. These changes include reducing the number of scorecard measures within the STI scorecard and increasing the weighting to adjusted financial performance measures which are better controlled by each KMP. In addition, a moderator will also be applied to the Strategic Objectives component of the STI which can vary the overall outcome for Strategic Objectives based on each KMP's performance in leading a safe, inclusive and high performing team. Further detail on these changes are outlined in section 5 of this report.

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 Injury Frequency Rate.

Remuneration report

Contents

1. Introduction	25
2. Remuneration Outcomes in 2023 Financial Year & Link to the 2023 Financial Year Performance	27
2.1 Analysis of relationship between the Company's performance, shareholder wealth and remuneration.....	27
2.2 2023 Fixed annual remuneration.....	27
2.3 2023 STI outcomes.....	28
2.4 LTI 2019/22 outcomes.....	30
2.5 LTI 2020/23 outcomes.....	31
2.6 Executive Movements.....	32
3. Executive Remuneration & Governance	33
3.1 Executive remuneration overview.....	33
3.2 Executive remuneration strategy.....	33
3.3 Executive remuneration governance.....	33
4. 2023 Executive Remuneration Framework	34
4.1 Overview.....	34
4.2 Fixed annual remuneration.....	34
4.3 Short-term incentive.....	34
4.4 Long-term incentive.....	36
4.5 LTI performance conditions.....	37
4.6 Executive service agreement terms.....	38
4.7 Performance related remuneration.....	39
4.8 Further details of Executive remuneration.....	40
5. Overview of Remuneration Changes for the 2024 Financial Year	41
6. Non-executive Director Remuneration	42
7. Shareholdings in IPL	43
8. Other KMP Disclosures	43

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 2023. 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 2023 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 former MD&CEO and certain direct reports during the 2023 financial year. Refer to Table 1 below for all individuals comprising IPL's KMP for the 2023 financial year. All KMP held their positions for the entirety of the 2023 financial year, unless noted otherwise.

Table 1 – Individuals forming IPL's KMP for the 2023 reporting period

Non-executive Directors	
Current	
Mr Brian Kruger ⁽¹⁾	Chairman and Independent, Non-executive Director
Mr George Biltz	Independent, Non-executive Director
Mr Bruce Brook	Independent, Non-executive Director
Mr Michael Carroll ⁽²⁾	Independent, Non-executive Director
Ms Tonia Dwyer	Independent, Non-executive Director
Mr John Ho ⁽³⁾	Non-Independent, Non-executive Director
Dr Xiaoling Liu	Independent, Non-executive Director
Mr Gregory Robinson	Independent, Non-executive Director
Executives	
Current	
Mr Paul Victor	Interim Chief Executive Officer
Mr Greg Hayne	President, Dyno Nobel Asia Pacific
Dr Braden Lusk	President, Dyno Nobel Americas
Former	
Ms Jeanne Johns ⁽⁴⁾	Managing Director & Chief Executive Officer

(1) Mr Kruger ceased to be a Non-executive Director with effect from 11 November 2023.

(2) Mr Carroll commenced as an Independent, Non-executive Director with effect from 6 March 2023.

(3) Mr Ho commenced as a Non-Independent, Non-executive Director with effect from 6 March 2023.

(4) Ms Johns ceased as a KMP on 6 June 2023. From that date, Mr Victor was appointed as Interim CEO. Ms Liza Somers was appointed as Interim CFO from 6 June 2023.

A summary of the Company's approach to Executive remuneration for the 2023 financial year, including performance conditions and their link to the overall remuneration strategy is set out below:

	Performance Conditions	Remuneration Strategy/Performance Link
<p>Fixed Annual Remuneration <i>Salary and other benefits (including statutory superannuation). Refer section 4.2 for more details</i></p>	<p>Considerations</p> <ul style="list-style-type: none"> » Scope of individual's role » Individual's level of knowledge, skills and expertise » Company and individual performance » Market benchmarking 	<p>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.</p>
<p>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</p>	<p>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.</p>	<p>To align with the Company's commitment to "Zero Harm for Everyone, Everywhere".</p>
	<p>Safety measures (generally 10% of STI award)</p> <ul style="list-style-type: none"> » Safety performance balanced scorecard across the dimensions of behavioural safety and process safety management comprising input and output measures. 	<p>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.</p>
	<p>Net Profit After Tax (NPAT) 'gate' Requires achievement of a designated Group NPAT as determined by the Board.</p> <ul style="list-style-type: none"> » 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. 	<p>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.</p>
	<p>Financial measures Generally a maximum of 70% of STI award, incorporating both Group metrics and relevant to an Executive's area of influence. Refer section 4.3 for more details.</p>	<p>To ensure robust alignment of Group performance and 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.</p>
	<p>Sustainability (Climate change) measures (generally 10% of STI award)</p> <ul style="list-style-type: none"> » Climate change measures targeted at an Executive's area of influence » Greenhouse gas reduction targets 	<p>Performance conditions are designed to align with the overall climate change 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.</p>
	<p>Strategic objectives Generally, a maximum of 20% of STI award aligned to personal strategic objectives. Examples include:</p> <ul style="list-style-type: none"> » Portfolio review and growth initiatives » Input to the delivery of key strategic projects » Product innovation 	<p>Key strategic and growth objectives targeted at delivering ongoing benefit to the Company.</p>
<p>Long Term Incentive Three-year incentive opportunity delivered through performance rights. Refer section 4.4 and 4.5 for more details</p>	<p>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.</p>	<p>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 average ROIC performance, long-term value metrics aligned to strategic priorities as well as progress on sustainability initiatives, and not market factors alone.</p>

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 2023 Financial Year & Link to the 2023 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

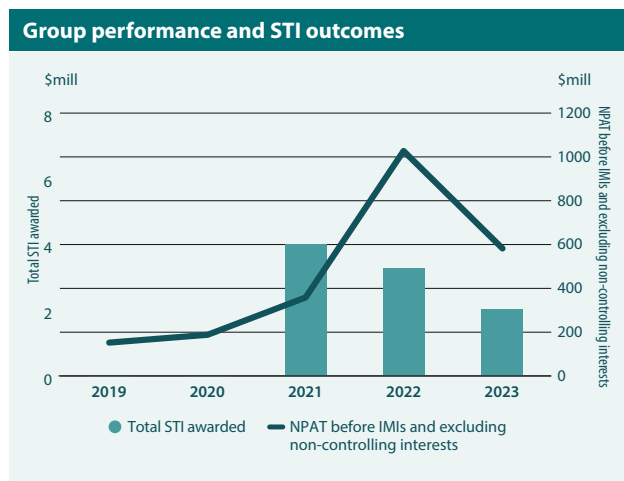
	2019	2020	2021	2022	2023
NPAT before IMIs and excluding non-controlling interests (\$m)	152.4	188.2	358.6	1,027.1	582.1
EPS before IMIs (cents)	9.5	10.9	18.5	52.9	30.0
Dividends per share (DPS) paid in the financial year (cents)	7.5	3.4	1.0	18.3	27.0
DPS declared in respect of the financial year (cents)	4.7	–	9.3	27.0	15.0
Share price (\$) (Financial Year End) ⁽¹⁾	3.39	2.03	2.94	3.51	3.14
TSR (%) over 3 years ⁽²⁾	30	(37)	(25)	24	–
ROIC (%)	3.3	3.6	5.8	13.8	7.5
On-market share buyback (\$m)	(89.7)	–	–	–	–
Equity Raising (net of cost) (\$m)	–	645.5	–	–	–

(1) Share Price as at the end of the 2018 financial year was \$3.98.

(2) TSR is calculated in accordance with the rules of the 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 the LTI 2019/22, LTI 2020/23 the VWAP performance period is over the 5 business days immediately following the day that IPL's annual results are released in November. The TSR for LTI 2020/23 was not known at the time of printing and will be disclosed in next year's report.

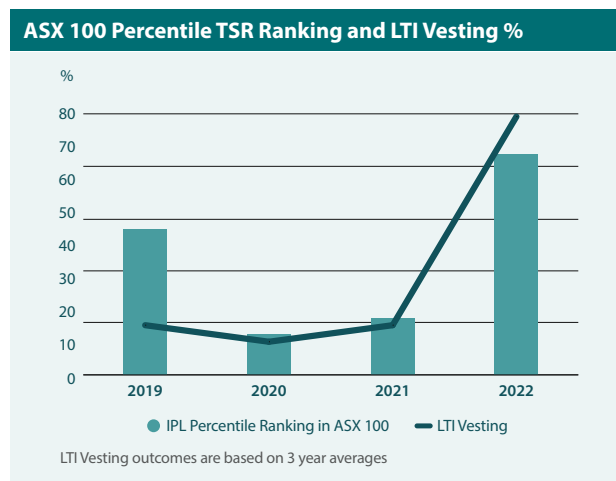
Relationship between the Company's performance and Executive KMP STI outcomes

The below graph shows the relationship between the Company's performance and STI awards for Executive KMP in respect of the year. For the 2023 financial year, Group NPAT (before IMIs and excluding non-controlling interests) decreased by 43.3% to \$582m reflecting the downturn in commodity prices. The financial gate for the STI opened as outlined in section 4.3 of this report, resulting in Executives earning on average, 35.8% of Maximum 2023 STI awards.



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 2019/22 that vested in the 2023 financial year delivered 78.34% of total opportunity available for that plan. The LTI 2020/23 outcomes will be outlined in next year's report (refer to footnote (2) under Table 2 above).



2.2 2023 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 20 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 \$7.7 billion at 31 March 2022, which covered all ASX companies with market capitalisation of \$3.85 billion to \$14 billion as at 31 March 2022.

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

Following a salary review, the fixed remuneration of the former MD&CEO, Ms Johns, was increased by 3.9% in January 2023, the first increase since January 2019. No other KMP received a fixed remuneration increase during financial year 2023.

Mr Victor was appointed Interim CEO, effective 6 June 2023. Mr Victor received a higher duties allowance equivalent to 40% of his fixed annual remuneration (\$360,000) on a pro-rated basis for the period he was Interim CEO during financial year 2023.

2.3 2023 STI outcomes

The following table outlines detailed STI outcomes for the Interim CEO. The measures outlined in the table reflect the objectives set for Mr Victor in his role as CFO. Following his appointment as Interim CEO, in assessing Mr Victor's overall STI outcome the Board took into consideration his performance against these objectives and also his contribution to the STI objectives set for the former MD&CEO. On appointment as Interim CEO on 6 June 2023, Mr Victor's target STI opportunity was increased to 100% of his fixed remuneration (including the higher duties allowance) and maximum STI opportunity to 150% of his fixed remuneration (including the higher duties allowance) until the end of financial year 2023. The overall STI outcome for Mr Victor reflects his STI opportunities as both CFO and Interim CEO calculated on a pro-rated basis. Outcomes have been determined on the basis that both the Zero Harm Gate and the STI Financial Gate of \$490.5m NPAT was met. Refer to section 4.3 for detail on the STI Financial Gate.

Measure	Weighting (at Target)	Objective (at Target)	Performance Outcome			Performance against Objective	Weighted Outcome	Commentary
			Threshold	Target	Stretch			
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%	TRIFR has plateaued in FY23, however there was significant improvement in High Severity Incidents and Process Safety Management. There was also no significant Environmental Incidents for the third year running. Zero Harm key activities were implemented aligned with pursuing year-on-year improvement in our Zero Harm Ambition.
Headline Financial								
Group Headline NPAT ⁽¹⁾	30%	\$818m (excluding individually significant items).				\$581.9m	0%	The threshold objective for this measure was not met.
Adjusted Financial								
Group Adjusted NPAT ⁽¹⁾	20%	\$818m (excluding individually significant items)				\$734.8m	6.6%	An outcome between threshold and target was achieved.
Project Initiatives⁽²⁾								
Completion of key projects	6.8%	Progress demerger of the fertiliser and explosives businesses and other strategic initiatives.				Projects achieved target result	6.8%	With the proposed demerger being deferred part way through the financial year, the outcome reflects key contributions to the formal sales process for the Fertiliser business and other strategic projects.
Manufacturing Reliability⁽²⁾								
Output Tonnes	3.2%	WALA (50%) Phos Hill (50%)				Achieved between threshold and target result	2.4%	WALA achieved a stretch outcome, Phos Hill achieved below threshold.
Sustainability (Climate change)								
Delivery of various Climate change related projects	10%	Develop and implement investment criteria for ESG decisions. Embed effective capital allocation framework in line with ESG objectives.				Projects achieved between target and stretch result	15%	ESG criteria have been approved and incorporated into the financial analysis of capital projects, including carbon price. Capital allocation criteria approved and applied for all sustainability projects. In assessing the overall outcome the Board also considered Mr Victor's contribution to the achievement of key milestones on operating emission reduction projects in the STI objectives of the former MD&CEO. This includes CCS at Waggaman, Louisiana ammonia plant and the tertiary nitrous oxide (N ₂ O) abatement projects at LOMO and Moranbah ammonium nitrate manufacturing facilities.
Individual Objectives								
Strategic objectives ⁽³⁾	20%	Progress Waggaman strategic option review. Improvements in operational efficiency of Finance function, including improvement in longer-term capital planning. Develop investors' strategy, managing sustainable Trade Working Capital (TWC) balances.				Projects achieved between target and stretch result	31.9%	WALA sale has been agreed with a prospective purchaser and remains subject to regulatory approval. An investors' strategy has been developed and presented to the Board. Underlying TWC has been mostly in line with budget targets. In addition, when assessing Mr Victor's achievement against the Strategic objectives, the Board also took into consideration his leadership and engagement with the organisation since his appointment as Interim CEO, engagement with key stakeholders and measures to improve organisational culture.
Overall STI Outcome							72.7%	41.8%
							% of Target Opportunity Awarded	
							% of Maximum Opportunity Awarded	

● 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.

(2) Weighting represents the pro-rated period during the year in which the measure was assessed, reflecting Mr Victor's roles as both CFO and Interim CEO.

(3) The overall outcome for Strategic objectives reflects the different maximum STI opportunities that were available to Mr Victor during the year as CFO and Interim CEO.

Individual STI outcomes for the former MD&CEO are summarised below:

Measure	Weighting (at Target)	Performance Outcome			Weighted Outcome	Result % Target / % Max	Commentary
		Threshold	Target	Stretch			
Health, Safety & Environment (HSE)	10%				10%		
Group Headline NPAT	30%				0%		
Group Adjusted NPAT	20%				6.6%	39.1% (Target)	HSE was delivered at target, Headline NPAT was below threshold and Adjusted NPAT was between threshold and target. Ms Johns' financial year 2023 STI outcome reflects her performance as MD&CEO for the period from 1 October 2022 to 6 June 2023 and also took into account her role in the successful transition of responsibilities to Mr Victor as Interim CEO.
Manufacturing Reliability	10%				7.5%	26.1% (Max)	
Project Initiatives	10%				0%		
Sustainability (Climate change)	10%				10%		
Individual Strategic Objectives	10%				5%		

Individual STI outcomes for other Executive KMP are summarised below:

Executive KMP	Objectives	Weighting (at Target)	Performance Outcome			Weighted Outcome	Result % Target / % Max	Commentary
			Threshold	Target	Stretch			
G Hayne	Health, Safety & Environment (HSE)	10%				10%		A stretch outcome was delivered against Manufacturing Reliability, reflecting record ammonium nitrate production levels at the Moranbah plant. Adjusted EBIT delivered a result between target and stretch reflecting the strong earnings performance of the Dyno Nobel Asia Pacific business. Individual strategic objectives were delivered on target. Progress has been made against individual climate change objectives and delivered a threshold outcome.
	Group Headline NPAT	30%				0%		
	Business Unit Adjusted EBIT	30%				42.8%	85.2% (Target)	
	Manufacturing Reliability	10%				20%	42.6% (Max)	
	Sustainability (Climate change)	10%				2%		
	Individual Strategic Objectives	10%				10.4%		
B Lusk	Health, Safety & Environment (HSE)	10%				10%		Dr Lusk delivered outstanding outcomes against his individual climate change metrics, achieving a stretch outcome. Strong reliability performance at the Waggaman plant contributed to an above target outcome for Manufacturing reliability across the portfolio. Adjusted EBIT delivered a result that was below threshold.
	Group Headline NPAT	30%				0%		
	Business Unit Adjusted EBIT	20%				0%	65% (Target)	
	Manufacturing Reliability	15%				20%	32.5% (Max)	
	Sustainability (Climate change)	10%				20%		
	Individual Strategic Objectives	15%				15%		

● Stretch ● Between Target & Stretch ● Target ○ Between Threshold & Target ● Threshold ● Below Threshold

Table 3 – Short-term incentives awarded for the year ended 30 September 2023

Details of the vesting profile of the STI payments awarded for the year ended 30 September 2023 as remuneration to each Executive are set out below:

	Short-term incentive for the year ended 30 September 2023				
	Cash STI \$000	Minimum share holding allocation ^(A) \$000	Included in remuneration \$000	% earned of maximum opportunity	% forfeited of maximum opportunity
Executives – Current					
P Victor⁽¹⁾	420	140	560	42	58
G Hayne	393	–	393	43	57
B Lusk⁽²⁾	291	97	388	33	67
Executives – Former					
J Johns⁽³⁾	666	–	666	26	74

(A) Under the terms of the 2023 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) Mr Victor was appointed Interim CEO, effective 6 June 2023. Mr Victor received an increase to his target STI opportunity (equivalent to 100% of his fixed annual remuneration) on a pro-rated basis for the period he was Interim CEO during financial year 2023. Deferral of Mr Victor's STI will be at 25% of the total STI paid.
- (2) Dr Lusk's STI payment was converted from US\$ to A\$ at the year-end rate of 30 September 2023, being \$1.5561.
- (3) Ms Johns ceased as a KMP on 6 June 2023. Ms Johns remained eligible to receive a payment under the financial year 2023 STI plan based on the Board's assessment of Ms Johns' performance during financial year 2023. The Board has determined that no part of Ms Johns' financial year 2023 STI will be subject to further deferral.

2.4 LTI 2019/22 outcomes

The performance period for the LTI 2019/22 ended on 30 September 2022. 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 ended five days following the Company's full year results in November 2022. In the 2022 Remuneration Report, the Relative TSR component of the LTI 2019/22 was not known at the time and we expected vesting to be around 60% to 80%. Following testing against all performance conditions, the Board determined that 78.34% of the performance rights granted under the plan vested (with the remaining 21.66% lapsing). This is in line with the estimated vesting outlined to shareholders in the 2022 Remuneration Report. Details in relation to each of the performance conditions are set out below.

Relative TSR Condition – 40% of award

In relation to the Relative TSR Condition, the Company's relative TSR performance over the period achieved 66.67% percentile performance of the comparator group of S&P/ASX 100 companies. Accordingly, 83.34% of the performance rights granted subject to the Relative TSR Condition vested.

Long-Term Value Metrics Condition – 30% of award

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. Commentary on the performance against the scorecard is set out in the following table.

Long-Term Value Metric Condition	Objectives	Performance Outcome			Commentary
		Threshold	Target	Stretch	
Manufacturing Excellence	Improvement in the average Reliability across IPL's key manufacturing plants against the historical baseline average (85%).	●	●	→	Overall outcome of 87% was achieved. Moranbah achieved manufacturing reliability rates above stretch throughout financial year 2022. Waggaman and Cheyenne delivered reliability rates above threshold and Phosphate Hill performed below threshold due to an unplanned outage in the 2H FY22.
	Reduction in the unit cost of electronic detonators and harness assemblies, for products manufactured by the IPL Group.	←	○	→	Measure required a cost reduction of between US\$1.25 (threshold) and US\$2.50 (stretch) against a baseline weighted average cost. The outcome was US\$1.50 which equated to an outcome between threshold and target.
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 2019 baseline of above \$45 million, which was achieved.
	Net Promoter Score: improvement in NPS over the initial baseline.	←	●	→	All businesses remained within the target NPS range, with DNAP improving at the top end, resulting in an overall target outcome.
	Key Customer Retention: the retention of IPL's top 10 customers by size and/or strategic importance, whilst not sacrificing margin above forward outlook.	←	●	→	All major customers were retained with the upgrade of technology and addition of new business to selected key customers. Overall target outcome.
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










Absolute ROIC Condition – 30% of award

In relation to the Absolute ROIC Condition, the Company's ROIC Performance over the period achieved stretch performance of 13%. Accordingly, 100% of the performance rights granted subject to the Absolute ROIC Condition vested.

2.5 LTI 2020/23 outcomes

The performance period for the Absolute ROIC and Long-Term Value Metrics conditions of the LTI 2020/23 ended on 30 September 2023. The performance period for the Relative TSR condition will end after the disclosure of the Company's full year results in November 2023 and therefore after the date of this report.

In relation to the conditions that can be reported for the LTI 2020/23 to date, 40% allocated to Absolute ROIC will vest in full as the Company's ROIC Performance over the period achieved stretch performance of 7.5%. The Board determined 42.5% of the 20% allocated to Long-Term Value Metrics will vest. Commentary on the performance against the Long-Term Value Metric Condition is set out in the following table.

Long-Term Value Metric Condition	Objectives	Performance Outcome			Commentary
		Threshold	Target	Stretch	
Manufacturing Excellence	Improvement in the average Reliability across IPL's major ammonia manufacturing plants against the historical baseline average (85%).				The threshold level of reliability performance of 90% weighted average was not met with the overall outcome of 89.3% achieved. Moranbah and Waggaman achieved manufacturing reliability rates above stretch throughout financial year 2023. Cheyenne and Phosphate Hill delivered reliability below threshold.
Customer, Practical Technology & Innovation	Margin from Technologies: margin expansion from sales of certain technologies.				The stretch target for this metric was 6% compound annual growth rate (CAGR) over the 2020 baseline fully absorbed margin per metric tonne for DNA and DNAP. An outcome of 5.15% CAGR was attained which was between target and stretch.
	Key Customer Retention: the retention of IPL's top 10 customers by size and/or strategic importance, whilst not sacrificing margin above forward outlook.				All major customers were retained with growth in gross margin across the Group compared to the 2020 baseline resulting in a target outcome.
Vesting for this component (%)		42.5%			Having regard to the outcomes in relation to the input and output measures, the Board determined that 42.5% of the performance goals were delivered against the balanced scorecard.

● Stretch ● Between Target & Stretch ○ Target ○ Between Threshold & Target ● Threshold ● Below Threshold

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

Total vesting of the LTI 2020/23 is therefore currently expected to be in the range of 65% - 88.5% 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 2024 Remuneration Report.

Table 4 – Face value of equity granted to Executive KMP during FY23

The table below presents the equity granted at face value to Executive KMP during financial year 2023.

	Equity granted in the year ended 30 September 2023				Totals \$000
	LTI 2022/25 ^(A) \$000	FY22 STI Deferred Shares ^(B) \$000	Other \$000		
Executive KMP – Current					
P Victor	720	–	–		720
G Hayne	616	36	–		652
B Lusk	701	161	–		862
Executives – Former					
J Johns⁽¹⁾	2,556	–	–		2,556

(A) Due to vest in November 2025 subject to satisfaction of performance conditions. VWAP at allocation (November 16th - 22nd 2022 inc.) was \$3.9339.

(B) STI deferred shares awarded are subject to a maximum deferral period of 15 years from the STI offer date. VWAP at allocation (November 16th - 22nd 2022 inc.) was \$3.9339.

(1) Represents the value of Performance Rights granted to Ms Johns under the 2022/25 LTI. Following cessation of employment Ms Johns will retain a pro-rated number of Rights calculated up to her cessation date (39.8% of total number of Rights retained).

Table 5 – Actual pay

The table below provides a summary of actual remuneration paid to the Executives in the 2023 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 2023 financial year. The STI shown in the table below relates to the STI awarded in the 2022 financial year and paid in the 2023 financial year. STI awarded in relation to the 2023 financial year will be paid during the 2024 financial year.

Executive remuneration details prepared in accordance with statutory requirements and the Accounting Standards are presented in Table 9 of this report.

		Salary & Fees	Short term incentive & other bonuses ^(A)	Other short-term benefits ^(B)	Superannuation / Pension benefits	Other long-term benefits ^(C)	Termination benefits	Total
	Year	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Executive KMP – Current								
P Victor⁽¹⁾	2023	984	161	170	32	–	–	1,347
Interim Chief Executive Officer	2022	256	–	27	–	–	–	283
G Hayne⁽²⁾	2023	898	644	1	26	463	–	2,032
President, Dyno Nobel Asia Pacific	2022	766	534	2	24	62	–	1,388
B Lusk⁽³⁾	2023	973	643	30	24	176	–	1,846
President, Dyno Nobel Americas	2022	902	576	30	21	16	–	1,545
Executives – Former								
J Johns⁽⁴⁾	2023	1,139	1,574	59	–	2,127	51	4,950
Managing Director & CEO	2022	1,640	1,279	40	–	298	–	3,257
S Titze⁽⁵⁾	2023	–	410	–	–	–	360	770
President, Incitec Pivot Fertilisers	2022	559	468	2	20	58	–	1,107
N Stratford⁽⁶⁾	2023	–	–	–	–	–	–	–
Chief Financial Officer	2022	113	648	2	–	282	143	1,188
T Wall⁽⁷⁾	2023	–	–	–	–	–	–	–
President, Global Manufacturing	2022	–	469	–	–	–	–	469
Total Executives	2023	3,994	3,432	260	82	2,766	411	10,945
	2022	4,236	3,974	103	65	716	143	9,237

(A) Disclosure for Mr Victor represents the value of the first tranche of rights granted to Mr Victor on commencement of employment as outlined in Table 7.

(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) Remuneration for Mr Victor reflects his remuneration as Chief Financial Officer from the period 1 October 2022 to 5 June 2023. Mr Victor commenced as Interim CEO from 6 June 2023 and from that date, Mr Victor received a higher duties allowance equivalent to 40% of his fixed annual remuneration. Other short-term benefits for Mr Victor represent the value of a travel allowance and the costs of visa application fees paid on Mr Victor's behalf by the Company.

(2) Mr Hayne acted as Interim President, Incitec Pivot Fertilisers in addition to his current role from 1 July 2022 to 31 December 2022. Mr Hayne received a one-off payment of 40% of his fixed annual remuneration (pro-rated for 6 months) in January 2023 to recognise the additional responsibilities undertaken during this period.

(3) Dr Lusk's 2022 financial year comparative amounts have been corrected to reclassify the company matching 401(k) contribution from Salary & Fees to Pension benefits.

(4) Ms Johns ceased as a KMP on 6 June 2023. Disclosures for the 2023 financial year are up until that date, with the exception of the STI which represents a full financial year and the repatriation costs incurred after Ms Johns ceased as a KMP as part of the termination arrangements.

(5) Mr Titze ceased as a KMP on 27 July 2022. Termination benefits for Mr Titze in the 2023 financial year include all contractual entitlements.

(6) Mr Stratford ceased as a KMP on 14 November 2021. Termination benefits for Mr Stratford in the 2022 financial year include all contractual entitlements.

(7) Mr Wall ceased as a KMP on 16 July 2021 and the disclosures for the 2022 financial year represent payment of the 2021 financial year short-term incentive plan.

2.6 Executive Movements

Ms Jeanne Johns remuneration

Ms Johns stepped down as MD&CEO on 6 June 2023 and will cease employment with IPL on 31 December 2023.

In line with her separation agreement and her contractual arrangements (as disclosed in section 4.6 of the Remuneration Report), the following treatment will apply:

- » Ms Johns will receive her fixed annual remuneration for the period 6 June 2023 to 31 December 2023. Following cessation of her employment Ms Johns will receive a payment equal to the balance of 12 months fixed remuneration (severance) less the amount of fixed annual remuneration paid in the period 6 June 2023 to 31 December 2023;
- » Ms Johns remained entitled to a full financial year 2023 STI with a maximum opportunity of \$2,556,000, of which she was awarded \$666,264 (26.1% of her maximum STI). The financial year 2023 STI will be paid wholly in cash;
- » Ms Johns will retain her full LTI 2020/23 award scheduled to vest in November 2023; and pro-rated entitlement to the LTI 2021/24 and LTI 2022/25 awards which will remain subject to their original performance conditions;
- » Ms Johns is not eligible for a financial year 2024 STI or LTI 2023/26; and
- » Ms Johns will be subject to a non-compete agreement until 30 June 2024.

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 annual 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 20 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, 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 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 an important constituent 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 executives for outcomes at both the Group and business unit level that create sustained value for shareholders;
- » require behaviours aligned to Company values, culture and code of conduct;
- » drive strong alignment with shareholder interests;
- » majority of executive remuneration to be 'at risk' and subject to demanding financial and non-financial performance objectives;
- » be globally competitive to attract and retain the talent;
- » reward individual high performance and encourage a one team culture; and
- » ensure the remuneration framework is equitable, transparent, simple to understand, communicate and implement.

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 2023 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).

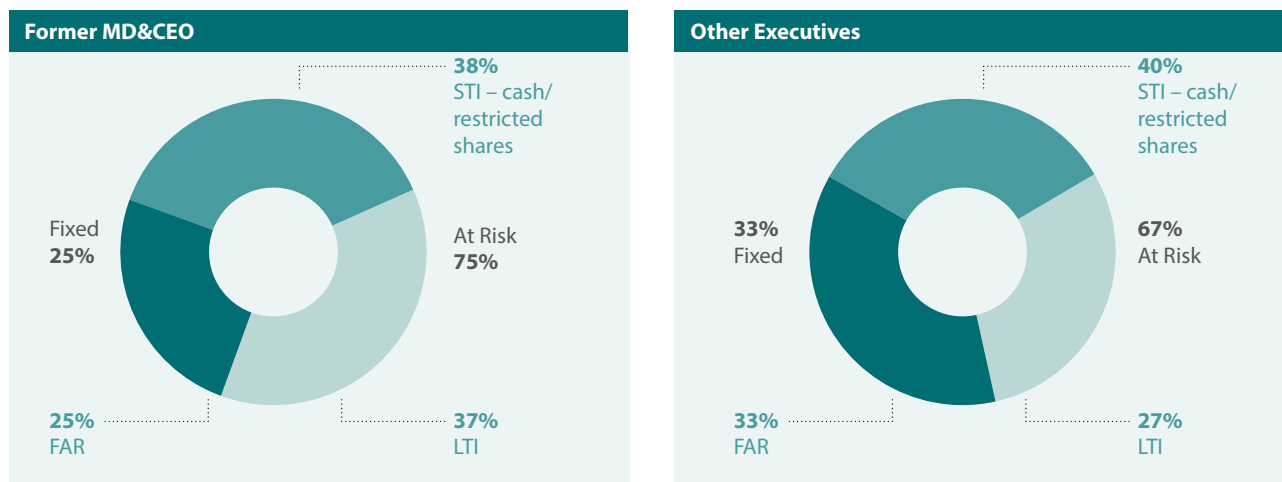
Further information in relation to the Board and the Remuneration Committee can be found in IPL's Corporate Governance Statement available on IPL's website.

4. 2023 Executive Remuneration Framework

4.1 Overview

The charts below set out the theoretical breakdown of the Executives’ total remuneration package for the 2023 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 2023 financial year (2023 STI):

What was the performance period?	The performance period for the 2023 STI was the financial year from 1 October 2022 to 30 September 2023.
Who was eligible for the STI?	All Executives (including the former MD&CEO) participated in the 2023 STI.
What was the target and maximum STI opportunity?	Target STI opportunity was 100% of FAR for the former MD&CEO, and 60% of FAR for all other Executives. Maximum STI opportunity (for stretch outcomes) was 150% of FAR for the former 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 2023 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 (Climate change) measures	Climate change related measures targeted at an Executive's area of influence.	Performance conditions are designed to align with the overall climate change 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 portfolio review and growth initiatives, product innovation and input to the delivery of key strategic projects.	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 2023 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 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 2023 were:

Table 6 – Weighting of Executive STI performance measures

	Financial			Non-financial/ Business/Strategic			
	Group NPAT	Group Adjusted NPAT	Business Unit Adjusted EBIT	Manufacturing Reliability	Safety	Sustainability	Strategic Outcomes ^(A)
Executives – Current							
P Victor ^{*(1)} Interim Chief Executive Officer	30%	20%			10%	10%	30%
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%
Executives – Former							
J Johns ^{*(2)} Managing Director & CEO	30%	20%		10%	10%	10%	20%

*Group role **Business Unit role

(A) Includes objectives for the Interim CEO and former MD&CEO, relating to the planned demerger of the explosives and fertiliser businesses.

(1) Mr Victor began acting as Interim CEO from 6 June 2023. His target STI opportunity increased to 100% of his fixed annual remuneration and higher duties allowance (on a pro-rata basis) during the period he was appointed Interim CEO.

(2) Ms Johns ceased as a KMP on 6 June 2023.

Is there an STI deferral component?

A mandatory 25% STI deferral (50% for the former MD&CEO) continues until an Executive's MSR is achieved. The MSR is 50% of FAR for Executives (100% for the former 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 2023 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 2023 financial year?	<p>The LTI Plan granted during the 2023 financial year was the:</p> <ul style="list-style-type: none"> » Long-Term Incentive Performance Rights Plan for 2022/25 (LTI 2022/25). <p>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.</p>																							
What is the purpose of the LTI?	<p>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.</p>																							
What is the process for determining eligibility?	<p>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.</p>																							
What is the maximum LTI opportunity under the LTI Plans?	<p>The maximum LTI opportunities under each LTI Plan are:</p> <ul style="list-style-type: none"> » for the former 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?	<p>For the LTI 2022/25 the number of performance rights issued to a participant was based 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 23 November 2022. Each issuance was determined by dividing the dollar value of the relevant participant's LTI opportunity by these outcomes.</p>																							
What are the performance conditions, performance periods and status of current LTI Plans?	<table border="1"> <thead> <tr> <th>LTI Plan</th> <th>Performance Conditions</th> <th>Weighting of Performance Condition</th> <th>Performance Period</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td rowspan="5">LTI 2022/25</td> <td>Relative TSR Condition</td> <td>40%</td> <td rowspan="2">November 2022 to November 2025 (Relative TSR Condition only)</td> <td rowspan="5">Testing to occur after completion of performance period</td> </tr> <tr> <td>Long-Term Value Metrics Condition</td> <td>15%</td> </tr> <tr> <td>Average ROIC Condition</td> <td>35%</td> <td rowspan="3">1 October 2022 to 30 September 2025 (other conditions)</td> </tr> <tr> <td>Sustainability Condition</td> <td>10%</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	LTI Plan	Performance Conditions	Weighting of Performance Condition	Performance Period	Status	LTI 2022/25	Relative TSR Condition	40%	November 2022 to November 2025 (Relative TSR Condition only)	Testing to occur after completion of performance period	Long-Term Value Metrics Condition	15%	Average ROIC Condition	35%	1 October 2022 to 30 September 2025 (other conditions)	Sustainability Condition	10%						
LTI Plan	Performance Conditions	Weighting of Performance Condition	Performance Period	Status																				
LTI 2022/25	Relative TSR Condition	40%	November 2022 to November 2025 (Relative TSR Condition only)	Testing to occur after completion of performance period																				
	Long-Term Value Metrics Condition	15%																						
	Average ROIC Condition	35%	1 October 2022 to 30 September 2025 (other conditions)																					
	Sustainability Condition	10%																						
When are the performance conditions measured?	<p>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.</p>																							
What happens if a participant leaves the Company?	<p>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.</p>																							
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?	<p>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:</p> <ul style="list-style-type: none"> » 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?	<p>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.</p>																							

4.5 LTI performance conditions

Details of the performance conditions for the LTI 2022/25 are set out below.

Relative TSR Condition (40%)

The Relative 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: Leading Technology Solutions; and Profitable Growth. Both of these strategic drivers has a direct impact on financial outcomes.

The table below summarises the Long-Term Value Metrics components for the LTI 2022/25:

Long Term Value Metrics Condition	Rationale	Scorecard	
		Measurement criteria	Performance goals
Leading Technology Solutions	By focusing on differentiated products and services and innovations to meet the challenges of customers, this metric aims to incentivise participating executives to assure sustainable earnings and maximise shareholder return.	Margin from technologies.	Margin growth enabled by technology sales.
Profitable Growth	Focuses on opportunities that include capitalising on our core capabilities.	Execution of strategy to grow recurring earnings.	Fertilisers: Increase in distribution business EBITDA above FY22 baseline Dyno Nobel: EBITDA growth in Explosives business above FY22 baseline

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 2022/25 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 2019/22, these details are set out in section 2.4. For the LTI 2020/23, these details are set out in section 2.5. For the LTI 2022/25, the relevant details will be set out in the 2026 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.

Average ROIC Condition (35%)

The Return on Invested Capital (ROIC) condition for LTI 2022/25 has been updated from being calculated via a point-to-point methodology, to being calculated via a three-year average over the performance period. This adjustment will accommodate intra-year movements in ROIC aligned with the impacts of commodity price volatility.

ROIC has been selected as it is a key determinant of efficient use of the capital entrusted to management by shareholders. It also reflects all of the levers to create 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 Average ROIC Condition for the LTI 2022/25, and the percentage of performance rights that will vest based on satisfaction of this condition:

Average ROIC Targets	% of performance rights subject to the Average ROIC Condition that will vest
Less than 10%	Nil
At or above 10% but less than 12%	Pro rata from 50% on a straight-line basis
12% or greater	100%

The average ROIC range of 10% to 12% has been selected as it reflects the Board's expectations considering IPL's long-term strategy and current market cycle. The targets have also been determined in the context of the goodwill recognised on the Company's balance sheet for the acquisition of Dyno Nobel in 2008.

Sustainability Condition (10%)

The Sustainability Condition will measure the Company's organisational performance against the Climate Change Management strategy, progress towards IPL's 2030 absolute GHG reduction targets, and its development of a scope 3 GHG emissions reduction strategy. Key successes during this 3-year period will be driven by demonstrating material progress on implementation of the Moranbah N₂O tertiary abatement project, the Waggaman Carbon Capture and Sequestration (CCS) MoU/project, the Louisiana, Missouri N₂O abatement project, and Gibson Island Green Ammonia Project in partnership with Fortescue Future Industries (FFI). 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
P Victor	26 weeks	26 weeks
G Hayne ⁽¹⁾	26 weeks	52 weeks
B Lusk	26 weeks	26 weeks
Former Executives	Notice period provided by the Executive	Notice period provided by the Company
J Johns ⁽²⁾	52 weeks	52 weeks

(1) 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).

(2) 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).

4.7 Performance related remuneration

Table 7 – Details of performance rights granted and vested in the year ended 30 September 2023 and the vesting profile of performance rights granted as remuneration

Details of performance rights vested and forfeited set out in the table below relate to the performance rights granted under the LTI 2019/22 (refer to section 2.4 of this Report) and medium term incentive rewards previously granted to Mr Victor.

The performance period for the Relative TSR condition in the LTI 2020/23 plan is November 2023, therefore only non-TSR performance conditions attached to the LTI 2020/23 can be commented on in this year's report (refer to section 2.5 of this Report), with detailed reporting on the LTI 2019/22 tranche included under section 2.4.

Key Management Personnel	Grant date	Granted during 2023 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							
P Victor⁽¹⁾							
Medium-term incentive rewards							
Performance period: 1 July 2022 to 30 June 2023	1 July 2022	–	161	100	–	2023	–
Performance period: 1 July 2022 to 30 June 2024	1 July 2022	–	–	–	–	2024	130
Long-term incentive rewards							
LTI 2022/25	23 November 2022	447	–	–	–	2025	447
G Hayne							
Long-term incentive rewards							
LTI 2019/22	13 January 2020	–	463	78	22	2022	–
LTI 2020/23	14 December 2020	–	–	–	–	2023	520
LTI 2021/24	17 January 2022	–	–	–	–	2024	455
LTI 2022/25	23 November 2022	382	–	–	–	2025	382
B Lusk							
Long-term incentive rewards							
LTI 2020/23	14 December 2020	–	–	–	–	2023	593
LTI 2021/24	17 January 2022	–	–	–	–	2024	491
LTI 2022/25	23 November 2022	435	–	–	–	2025	435
Executives – Former							
J Johns⁽²⁾							
Long-term incentive rewards							
LTI 2019/22	13 January 2020	–	2,127	78	22	2022	–
LTI 2020/23	14 January 2021	–	–	–	–	2023	2,386
LTI 2021/24	17 January 2022	–	–	–	27	2024	1,327
LTI 2022/25	23 November 2022	1,585	–	–	60	2025	630

(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 9. This amount is allocated to the remuneration of each Executive over the vesting period (that is, in the 2023, 2024 and 2025 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. The first tranche of performance rights vested on 1 July 2023 and the shares received at vesting remain subject to a disposal restriction in line with IPL's Minimum Shareholding Requirement, up to a maximum of 15 years from the grant date of the performance rights. The second tranche will vest upon achievement of the performance hurdle on 1 July 2024.

(2) Ms Johns ceased as a KMP on 6 June 2023. Ms Johns' balance of rights represents the performance rights pro-rated according to her exit date of 31 December 2023.

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 8 – 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:

Key Management Personnel	Number of Rights				
	Opening balance	Granted as compensation ^(A)	Vested ^(B)	Forfeited ^(C)	Closing balance
Executives – Current					
P Victor					
Medium-term incentive rewards	86,946	183,024	(43,473)	–	226,497
G Hayne					
Long-term incentive rewards	599,498	156,587	(123,492)	(34,145)	598,448
B Lusk					
Long-term incentive rewards	492,357	178,288	–	–	670,645
Executives – Former					
J Johns⁽¹⁾					
Long-term incentive rewards	2,639,246	649,736	(566,778)	(750,542)	1,971,662

(A) For the 2023 financial year, this represents the rights granted to Executives during the reporting period under the LTI 2022/25. The grant of rights under the LTI 2022/25 to Ms Johns was approved by shareholders at the Company's 2022 Annual General Meeting.

(B) For the 2023 financial year, this represents the number of rights vested during the reporting period under medium-term incentive rewards and the LTI 2019/22. Each right entitles the participating Executive to acquire a fully paid ordinary share in IPL for zero consideration.

(C) For the 2023 financial year, for Mr Hayne this represents rights that were forfeited by Executives during the period under the LTI 2019/22. For Ms Johns this represents rights that were forfeited under the LTI 2019/22 and the rights forfeited under the LTI 2021/24 and LTI 2022/25 pro-rated to her exit date of 31 December 2023.

(1) Ms Johns ceased as a KMP on 6 June 2023. Ms Johns' balance of rights represents the performance rights pro-rated to her exit date of 31 December 2023. Under the LTI 2020/23, 1,164,111 performance rights are retained. Under the LTI 2021/24, 549,198 performance rights are retained. Under the LTI 2022/25, 258,353 performance rights are retained. Rights vest only on determination of performance at the end of the relevant performance periods.

4.8 Further details of Executive remuneration

Table 9 – Executive remuneration

Details of the remuneration for each Executive for the year ended 30 September 2023 in accordance with Accounting Standards are set out below:

	Year	Short-term benefits			Post employment benefit	Other long term benefits ^(B)	Termination benefits	Share-based payments			
		Salary & Fees	Short term incentive & other bonuses	Other short term benefits ^(A)	Superannuation /Pension benefits	Current period expense ^(C)	Prior periods expense write-back ^(C)	Total share-based payments	Total		
										Accounting values	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Executive KMP – Current											
P Victor⁽¹⁾	2023	984	560	170	26	6	–	253	–	253	1,999
Interim Chief Executive Officer	2022	256	–	27	6	1	–	51	–	51	341
G Hayne	2023	898	393	1	26	15	–	333	(134)	199	1,532
President, Dyno Nobel Asia Pacific	2022	766	644	2	24	56	–	452	(62)	390	1,882
B Lusk⁽²⁾	2023	973	388	30	24	–	–	374	(68)	306	1,721
President, Dyno Nobel Americas	2022	902	643	30	21	–	–	361	–	361	1,957
Executives – Former											
J Johns⁽³⁾	2023	1,139	666	59	–	37	922	1,172	(508)	664	3,487
Managing Director & CEO	2022	1,640	1,574	40	–	32	–	1,986	(298)	1,688	4,974
S Titze⁽⁴⁾	2023	–	–	–	–	–	–	135	(86)	49	49
President, Incitec Pivot Fertilisers	2022	559	410	2	20	11	360	372	(58)	314	1,676
N Stratford⁽⁵⁾	2023	–	–	–	–	–	–	–	–	–	–
Chief Financial Officer	2022	113	–	2	–	2	143	–	(667)	(667)	(407)
Total Executives	2023	3,994	2,007	260	76	58	922	2,267	(796)	1,471	8,788
	2022	4,236	3,271	103	71	102	503	3,222	(1,085)	2,137	10,423

(A) Other short-term benefits include medical insurance benefits, travel allowances and other allowances, where applicable.

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

(C) 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 9 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 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
LTI 2022/25 – TSR	\$1.48
LTI 2022/25 – Long-Term Value Metrics	\$3.08
LTI 2022/25 – Average ROIC	\$3.08
LTI 2022/25 – Sustainability	\$3.08

- (1) Mr Victor commenced as Interim CEO from 6 June 2023 and from that date, Mr Victor received a higher duties allowance equivalent to 40% of his fixed annual remuneration.
- (2) Fixed remuneration payments for Dr Lusk were converted from US\$ to A\$ at the average rate for 1 October 2022 to 30 September 2023, being \$1.5014. Dr Lusk's FY2022 comparative amounts have been corrected to reclassify the company matching 401(k) contribution from Salary & Fees to Pension benefits.
- (3) Ms Johns ceased being MD&CEO on 6 June 2023. Disclosure for the 2023 year is from 1 October 2022 to 6 June 2023. Termination benefits accrued for Ms Johns in the 2023 financial year include a separation payment of \$871,364 in accordance with her contract of employment.
- (4) 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.
- (5) 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. Overview of Remuneration Changes for the 2024 Financial Year

The Board has undertaken a review of the objectives of the Executive Remuneration Framework to ensure the existing framework remains appropriate to best support the execution of our strategies to increase shareholder value, retains and motivates our key talent and ensures alignment with our other key stakeholders.

With key business transactions due for completion in financial year 2024 and the anticipated appointment of a permanent MD&CEO, to drive a transformation of business performance, the Board determined that changes to the existing remuneration framework will be aligned to the appointment of a new MD&CEO. The Board will consult with shareholders and details of the remuneration package for the new permanent MD&CEO will be provided at the relevant time.

Full details of the remuneration arrangements applicable to financial year 2024 will be disclosed in the 2024 Remuneration Report.

Fixed annual remuneration

A fixed annual remuneration increase of 3.2% for the Interim CEO and other KMP has been approved for financial year 2024, effective 1 January 2024. This will be the first fixed annual remuneration increase for Mr Victor since his appointment on 1 July 2022 and for Mr Hayne and Dr Lusk since 1 July 2021.

Short-Term Incentive

The proposed weightings of Executives' STI performance measures have been updated to ensure a focus on business performance and greater alignment with an Executives' area of control in financial year 2024. This has resulted in an overall increase in financial metrics for the Interim CEO from 50% in financial year 2023 to 60% in financial year 2024 and reduction in project initiatives.

The updated financial year 2024 STI weightings for each Executive KMP are outlined below:

	Financial			Non-Financial/Business/Strategic		
	Group NPAT	Group Adjusted NPAT	Business Unit Adjusted EBIT	Safety	Climate Change ⁽¹⁾	Strategic Outcomes ⁽²⁾
P Victor						
Interim Chief Executive Officer	20%	40%		10%	10%	20%
G Hayne						
President, Dyno Nobel Asia Pacific	20%		40%	10%	10%	20%
B Lusk						
President, Dyno Nobel Americas	20%		40%	10%	10%	20%

(1) Formerly referred to as Sustainability. Climate Change is considered a more appropriate overall categorisation of applicable STI measures.

(2) Strategic Objectives outcome will be moderated by an assessment of performance in leading a safe, inclusive, high-performance culture.

In addition:

- » The NPAT gateway performance in the STI will be adjusted to align with the achievement of the Group NPAT threshold. If this gate is not achieved, all non-safety components of the STI will be subject to Board discretion.
- » A moderator will be applied to the Strategic Objectives within the financial year 2024 STI scorecard based on an assessment of each KMP's performance in leading a safe, inclusive, and high performance culture. This moderator can adjust the assessed outcome of the Strategic Objectives measure up or down by up to 50% but no higher than the maximum outcome for the Strategic Objectives measure.

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 2023 financial year, as outlined in the 2022 Remuneration Report, there was a minor uplift in fees paid to the Chairperson and Members of the Remuneration Committee (effective 1 October 2022). Fees paid to Non-executive Directors amounted to \$1,820,000 which was within the \$2,000,000 maximum aggregate fee pool approved by shareholders at the 2008 Annual General Meeting. For the 2024 financial year, the Board has determined that there will be no increase in Non-executive Director fees.

The table below sets out the Board and Committee fees that will be effective as at 1 October 2023:

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
	Health, Safety, Environment and Community Committee	
	Chairperson	\$35,400
	Members	\$17,700
	Nominations Committee	
	Chairperson	N/A
	Members	\$8,250

Table 10 – Non-executive Directors' remuneration

Details of the Non-executive Directors' remuneration for the financial year ended 30 September 2023 are set out in the following table:

	Year	Board and Committee Fees	Cash allowances and other short-term benefits ^(A)	Post-employment benefits	Other long term benefits	Total
		Fees \$000	\$000	Superannuation benefits \$000	\$000	
Non-executive Directors – Current						
B Kruger, Chairman⁽¹⁾	2023	508	–	25	–	533
	2022	510	–	23	–	533
G Biltz	2023	195	20	–	–	215
	2022	195	10	–	–	205
B Brook	2023	241	–	12	–	253
	2022	239	–	12	–	251
M Carroll⁽²⁾	2023	100	–	11	–	111
T Dwyer	2023	200	–	21	–	221
	2022	199	–	20	–	219
J Ho⁽³⁾	2023	–	–	–	–	–
X Liu	2023	237	–	–	–	237
	2022	237	–	–	–	237
G Robinson	2023	226	–	24	–	250
	2022	222	–	23	–	245
Total Non-executive Directors	2023	1,707	20	93	–	1,820
	2022	1,602	10	78	–	1,690

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

(1) Mr Kruger ceased to be a Non-executive Director with effect from 11 November 2023.

(2) Mr Carroll was appointed as an Independent, Non-executive Director with effect from 6 March 2023. The disclosures for the 2023 financial year do not represent a full financial year.

(3) Mr Ho was appointed as a Non-Independent, Non-executive Director with effect from 6 March 2023. Mr Ho is the founder and Chief Industrialist Investor of Janchor Partners, which has indirectly (through Janchor Partners' investment funds) a 10.3% interest in IPL (including a relevant interest of 8.9% in IPL's voting shares and an economic interest through cash settled equity derivatives in a further 1.4%). Mr Ho has elected to waive his entitlement to the receipt of Non-executive Director fees from IPL.

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 11 – Movements in rights in the Company

IPL's Non-executive Director Fee Sacrifice Plan (the Plan) commenced in 2019. The next tranche of rights is scheduled to vest in November 2023. 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	14,438	30,924	(28,979)	–	16,383
G Biltz	–	–	–	–	–
B Brook	4,812	10,308	(9,659)	–	5,461
M Carroll	–	–	–	–	–
T Dwyer	9,625	15,155	(19,319)	–	5,461
J Ho	–	–	–	–	–
X Liu	–	–	–	–	–
G Robinson	–	10,307	(4,846)	–	5,461

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

(B) For the 2023 financial year, this represents the number of rights vested during the reporting period under the Plan.

Table 12 – 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	Closing balance ^(B)
Non-executive Directors – Current				
B Kruger⁽¹⁾	171,272	28,979	–	200,251
G Biltz	100,000	–	–	100,000
B Brook	79,198	9,659	–	88,857
M Carroll⁽²⁾	58,758	–	–	58,758
T Dwyer	7,000	19,319	–	26,319
J Ho⁽³⁾	173,065,979	–	–	173,065,979
X Liu	77,612	–	–	77,612
G Robinson	67,020	4,846	–	71,886
Executives – Current				
P Victor	–	43,473	–	43,473
G Hayne	95,209	132,725	–	227,934
B Lusk	43,888	40,875	–	84,763
Executives – Former				
J Johns⁽⁴⁾	911,930	566,778	–	1,478,708

(A) Includes fully paid ordinary shares and shares acquired under IPL's incentive plans. Details of these plans are set out in note 19, Share-based payments.

(B) 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 Kruger ceased to be a Non-executive director with effect from 11 November 2023.

(2) Mr Carroll commenced as an Independent Non-executive Director from 6 March 2023.

(3) Mr Ho commenced as a Non-Independent, Non-executive Director with effect from 6 March 2023. Mr Ho is the founder and Chief Industrialist Investor of Janchor Partners, which has indirectly (through Janchor Partners' investment funds) a 10.3% interest in IPL (including a relevant interest of 8.9% in IPL's voting shares and an economic interest through cash settled equity derivatives in a further 1.4%).

(4) Ms Johns ceased as a KMP on 6 June 2023.

8. Other KMP Disclosures

Loans to KMP

In the year ended 30 September 2023, there were no loans to key management personnel and their related parties (2022: nil).

Other KMP transactions

In the year ended 30 September 2023, there were no transactions entered into during the year with key management personnel (including their related parties).

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

13 November 2023

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 2023, 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



A T Richards
Partner
Chartered Accountants

Financial report

Contents

Introduction.....	46
Content and Structure of the Financial Report.....	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	47
Consolidated Statement of Financial Position.....	48
Consolidated Statement of Cash Flows.....	49
Consolidated Statement of Changes in Equity.....	50
Notes to the Consolidated Financial Statements.....	51
Directors' Declaration on the Consolidated Financial Statements set out on pages 46 to 84.....	85
Independent Auditor's Report.....	86

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 2023.

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 2023 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 2023

	Notes	2023 \$mill	2022 \$mill
Continuing operations			
Revenue	(2)	5,403.5	5,521.6
Financial and other income	(2)	67.5	50.3
Share of profit of equity accounted investments	(15)	61.4	43.4
Operating expenses			
Changes in inventories of finished goods and work in progress		(155.7)	289.4
Raw materials and consumables used and finished goods purchased for resale		(2,773.3)	(3,024.9)
Employee expenses		(889.4)	(766.5)
Depreciation and amortisation	(2)	(324.7)	(310.8)
Financial expenses	(2)	(156.4)	(107.8)
Purchased services		(258.7)	(220.8)
Repairs and maintenance		(214.2)	(190.0)
Outgoing freight		(331.7)	(313.3)
Lease expenses		(34.0)	(25.6)
Asset impairment write-downs		(4.9)	(4.5)
Other expenses		(72.0)	(75.0)
Profit before income tax		317.4	865.5
Income tax expense	(3)	(40.9)	(216.8)
Profit for the year from continuing operations		276.5	648.7
Discontinued operations			
Profit for the year from discontinued operations	(14)	283.3	365.1
Profit for the year		559.8	1,013.8
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit plans	(21)	(1.7)	17.2
Income tax relating to items that will not be reclassified subsequently to profit or loss		0.3	(4.9)
		(1.4)	12.3
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on cash flow hedges	(18)	16.2	(39.1)
Cash flow hedge loss transferred to profit or loss	(18)	62.1	20.1
Exchange differences on translating foreign operations		54.1	344.1
Net loss on hedge of net investment	(18)	(9.7)	(70.3)
Income tax relating to items that may be reclassified subsequently to profit or loss		(22.6)	1.5
		100.1	256.3
Other comprehensive income for the year, net of income tax		98.7	268.6
Total comprehensive income for the year		658.5	1,282.4
Profit attributable to:			
Members of Incitec Pivot Limited from continuing operations		276.7	648.6
Members of Incitec Pivot Limited from discontinued operations		283.3	365.1
Non-controlling interest		(0.2)	0.1
Profit for the year		559.8	1,013.8
Total comprehensive income attributable to:			
Members of Incitec Pivot Limited from continuing operations		355.6	722.1
Members of Incitec Pivot Limited from discontinued operations ⁽ⁱ⁾		303.1	560.2
Non-controlling interest		(0.2)	0.1
Total comprehensive income for the year		658.5	1,282.4
Earnings per share			
Basic (cents per share)	(5)	28.8	52.2
Diluted (cents per share)	(5)	28.8	52.1
Earnings per share from continuing operations			
Basic (cents per share)	(5)	14.2	33.4
Diluted (cents per share)	(5)	14.2	33.3

(i) The total comprehensive income attributable to members of Incitec Pivot Limited from discontinued operations includes the impact of exchange differences on translating Waggaman operations during the period.

Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	2023 \$mill	2022 \$mill
Current assets			
Cash and cash equivalents	(8)	399.4	763.5
Trade and other receivables	(4)	570.1	756.6
Inventories	(4)	817.4	993.6
Other assets		80.2	111.4
Other financial assets	(18)	5.6	29.2
Current tax asset		117.6	-
Assets classified as held for sale	(14)	2,262.9	-
Total current assets		4,253.2	2,654.3
Non-current assets			
Trade and other receivables	(4)	27.8	28.7
Other assets		43.4	35.9
Other financial assets	(18)	11.3	8.1
Equity accounted investments	(15)	404.8	379.4
Property, plant and equipment	(9)	3,191.4	4,246.9
Right-of-use lease assets	(10)	209.3	221.0
Intangible assets	(11)	2,394.4	3,281.4
Deferred tax assets	(3)	9.7	8.0
Total non-current assets		6,292.1	8,209.4
Total assets		10,545.3	10,863.7
Current liabilities			
Trade and other payables	(4)	1,059.3	1,393.4
Lease liabilities	(10)	41.3	42.1
Interest bearing liabilities	(8)	21.1	21.1
Other financial liabilities	(18)	9.7	57.6
Provisions	(17)	108.8	166.7
Current tax liabilities		11.6	144.4
Liabilities directly associated with assets classified as held for sale	(14)	55.6	-
Total current liabilities		1,307.4	1,825.3
Non-current liabilities			
Trade and other payables	(4)	10.8	23.0
Lease liabilities	(10)	193.4	203.8
Interest bearing liabilities	(8)	1,710.6	1,690.9
Other financial liabilities	(18)	87.1	95.0
Provisions	(17)	132.7	170.6
Deferred tax liabilities	(3)	657.8	552.9
Retirement benefit obligation	(21)	18.8	12.5
Total non-current liabilities		2,811.2	2,748.7
Total liabilities		4,118.6	4,574.0
Net assets		6,426.7	6,289.7
Equity			
Issued capital	(7)	3,806.2	3,806.2
Reserves		144.7	41.7
Retained earnings		2,475.9	2,441.7
Non-controlling interest		(0.1)	0.1
Total equity		6,426.7	6,289.7

Consolidated Statement of Cash Flows

For the year ended 30 September 2023

	Notes	2023 \$mill	2022 \$mill
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Profit after tax for the year		559.8	1,013.8
<i>Adjusted for non-cash items</i>			
Net finance cost		148.7	107.2
Depreciation and amortisation	(2)	335.6	372.5
Write-down of property, plant and equipment	(9)	4.9	4.5
Share of profit of equity accounted investments	(15)	(61.4)	(43.4)
Net (gain)/loss on sale of property, plant and equipment	(2)	(11.5)	0.8
Non-cash share-based payment transactions	(19)	2.9	3.1
Income tax expense	(3)	140.5	345.0
<i>Changes in assets and liabilities</i>			
Decrease/(Increase) in receivables and other operating assets		178.6	(254.9)
Decrease/(Increase) in inventories		169.4	(323.8)
Increase/(Decrease) in payables, provisions and other operating liabilities		(365.1)	61.0
		1,102.4	1,285.8
Adjusted for cash items			
Dividends received	(15)	37.7	7.9
Interest received		8.5	1.6
Interest paid		(133.9)	(85.0)
Income tax paid		(313.9)	(117.0)
Net cash flows from operating activities		700.8	1,093.3
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(495.1)	(434.0)
Proceeds from sale of property, plant and equipment		13.3	5.7
Payments for acquisition of subsidiaries, non-controlling interest and equity investments		–	(143.9)
Payments towards investment in joint arrangement		–	(3.4)
Receipts from settlement of net investment hedge derivatives		–	0.9
Net cash flows from investing activities		(481.8)	(574.7)
Cash flows from financing activities			
Repayment of borrowings	(8)	(9.7)	(5.4)
Proceeds from borrowings	(8)	–	3.4
Dividends paid to members of Incitec Pivot Limited	(6)	(524.4)	(355.4)
Lease liability payments		(50.5)	(42.9)
Realised market value loss on derivatives		–	(3.9)
Purchased shares for IPL employees		–	(9.0)
Net cash flows from financing activities		(584.6)	(413.2)
Net (decrease)/increase in cash and cash equivalents held		(365.6)	105.4
Cash and cash equivalents at the beginning of the year		763.5	651.8
Effect of exchange rate fluctuations on cash and cash equivalents held		1.5	6.3
Cash and cash equivalents at the end of the year	(8)	399.4	763.5

The above Consolidated Statement of Cash Flows includes cash flows from both continuing and discontinued operations. Refer to note 14 for the cash flows relating to discontinued operations.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2023

	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 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
Balance at 1 October 2022		3,806.2	(76.4)	23.4	114.4	(19.7)	2,441.7	0.1	6,289.7
Profit for the year		–	–	–	–	–	560.0	(0.2)	559.8
Total other comprehensive income for the year		–	54.5	–	45.6	–	(1.4)	–	98.7
Dividends paid	(6)	–	–	–	–	–	(524.4)	–	(524.4)
Share-based payment transactions	(19)	–	–	2.9	–	–	–	–	2.9
Balance at 30 September 2023		3,806.2	(21.9)	26.3	160.0	(19.7)	2,475.9	(0.1)	6,426.7

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. Refer to note 14 for other comprehensive income relating to the assets classified as held for sale.

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 16 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 2023

Basis of preparation	52
Financial performance	
1 Segment report	53
2 Revenue and expenses	55
3 Taxation	56
4 Trade and other receivables and payables	58
Shareholder returns	
5 Earnings per share	59
6 Dividends	59
Capital structure	
7 Capital management	60
8 Net debt	61
Capital investment	
9 Property, plant and equipment	63
10 Leases	64
11 Intangibles	65
12 Impairment of goodwill and non-current assets	66
13 Commitments	68
14 Discontinued operations	68
15 Equity accounted investments	69
16 Investments in subsidiaries, joint arrangements and associates	70
Risk management	
17 Provisions and contingencies	72
18 Financial risk management	73
Other	
19 Share-based payments	81
20 Key management personnel disclosures	81
21 Retirement benefit obligation	82
22 Deed of cross guarantee	83
23 Parent entity disclosure	83
24 Auditor's remuneration	84
25 Events subsequent to reporting date	84

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.

As a result of the Waggaman sale agreement, the assets and liabilities directly attributable to Waggaman have been reclassified to held-for-sale and the earnings presented as attributable to discontinued operations. Refer to note 14 of the financial statements for the earnings, cash flow and statement of financial position of the Waggaman operations. Where applicable, comparative disclosures have been reclassified for consistency with the current period.

The consolidated financial statements were authorised for issue by the directors on 13 November 2023.

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 16.

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 16.

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.

Structural Separation

On 12 July 2023, IPL confirmed that it had received a number of approaches for the potential acquisition of its Fertilisers business. Discussions are progressing.

IPL will keep the market informed of any material developments as, and when, required.

There has been no impact on the financial statements for FY2023 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 2023 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

Group eliminations/Corporate

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

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

Reportable segments – financial information

30 September 2023	Notes	Asia Pacific				Americas			Total Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill
		Fertilisers APAC \$mill	DNAP \$mill	APAC Elim \$mill	Total \$mill	DNA \$mill	Group Elim \$mill	Corporate ⁽ⁱ⁾ \$mill			
Revenue from external customers	(2)	2,203.4	1,500.6	(22.2)	3,681.8	1,776.2	(54.5)	–	5,403.5	604.6	6,008.1
Share of profits of equity accounted investments	(15)	–	15.5	–	15.5	45.9	–	–	61.4	–	61.4
EBITDA ⁽ⁱⁱ⁾		255.3	289.1	–	544.4	307.4	0.1	(43.9)	808.0	407.4	1,215.4
Depreciation and amortisation	(2)	(102.1)	(100.8)	–	(202.9)	(116.1)	0.5	(6.2)	(324.7)	(10.9)	(335.6)
EBIT ⁽ⁱⁱⁱ⁾		153.2	188.3	–	341.5	191.3	0.6	(50.1)	483.3	396.5	879.8
Net interest expense											(148.7)
Income tax expense (excluding IMIs)											(149.2)
Profit after tax ^(iv)											581.9
Non-controlling interest											0.2
Individually material items (net of tax)	(2)										(22.1)
Profit attributable to members of IPL											560.0
Segment assets		1,756.8	2,856.3	–	4,613.1	3,047.6	–	612.0	8,272.7	2,262.9	10,535.6
Segment liabilities		(678.3)	(355.1)	–	(1,033.4)	(726.1)	–	(1,634.5)	(3,394.0)	(66.8)	(3,460.8)
Net segment assets ^(v)		1,078.5	2,501.2	–	3,579.7	2,321.5	–	(1,022.5)	4,878.7	2,196.1	7,074.8
Deferred tax balances	(3)										(648.1)
Net assets											6,426.7

(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 2023

30 September 2022	Notes	Asia Pacific				Americas		Corporate ⁽ⁱ⁾ \$mill	Total Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill
		Fertilisers APAC \$mill	DNAP \$mill	APAC Elim \$mill	Total \$mill	DNA \$mill	Group Elim \$mill				
Revenue from external customers	(2)	2,647.8	1,200.4	(27.8)	3,820.4	1,739.2	(38.0)	–	5,521.6	793.7	6,315.3
Share of profits of equity accounted investments	(15)	–	15.1	–	15.1	28.3	–	–	43.4	–	43.4
EBITDA ⁽ⁱⁱ⁾		709.0	251.0	–	960.0	383.8	0.4	(42.5)	1,301.7	556.0	1,857.7
Depreciation and amortisation	(2)	(95.3)	(88.5)	–	(183.8)	(118.8)	0.4	(8.6)	(310.8)	(61.7)	(372.5)
EBIT ⁽ⁱⁱⁱ⁾		613.7	162.5	–	776.2	265.0	0.8	(51.1)	990.9	494.3	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	3,705.4	–	848.9	9,433.2	1,422.5	10,855.7
Segment liabilities		(1,122.2)	(326.5)	–	(1,448.7)	(913.2)	–	(1,633.3)	(3,995.2)	(25.9)	(4,021.1)
Net segment assets ^(v)		878.5	2,551.7	–	3,430.2	2,792.2	–	(784.4)	5,438.0	1,396.6	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.

Geographical information – secondary reporting segments

The Group operates in two principal countries being Australia and the USA.

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 2023	Australia \$mill	USA \$mill	Other/Elim \$mill	Continuing Operations \$mill	Discontinued Operations (USA) \$mill	Consolidated \$mill
Revenue from external customers	3,345.8	1,388.6	669.1	5,403.5	604.6	6,008.1
30 September 2022						
Revenue from external customers	3,639.0	1,405.3	477.3	5,521.6	793.7	6,315.3

30 September 2023	Australia \$mill	USA ⁽¹⁾ \$mill	Other/Elim \$mill	Consolidated \$mill
Non-current assets other than financial assets and deferred tax assets	3,542.0	2,279.0	450.1	6,271.1
Trade and other receivables	261.6	151.2	185.1	597.9
30 September 2022				
Non-current assets other than financial assets and deferred tax assets	3,544.2	4,277.8	371.3	8,193.3
Trade and other receivables	378.2	255.6	151.5	785.3

- (1) The Waggaman non-current assets and trade and other receivables were transferred to held for sale in November 2022. Refer to note 14 for further disclosure on discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Revenue and expenses

	Notes	2023 \$mill	2022 \$mill
Revenue			
External sales from continuing operations		5,403.5	5,521.6
External sales from discontinued operations		604.6	793.7
Total revenue		6,008.1	6,315.3
Financial income			
Interest income		8.5	1.6
Other income			
Royalty income and management fees	(15)	37.0	31.0
Net (loss)/gain on sale of property, plant and equipment		11.5	(0.8)
Government grant income		7.4	15.1
Other income from continuing operations		3.1	3.4
Total financial and other income from continuing operations		67.5	50.3
Other income from discontinued operations ⁽¹⁾		0.2	99.0

(1) Other income in 2022 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	2023 \$mill	2022 \$mill
Depreciation and amortisation continuing operations			
Depreciation			
property, plant and equipment	(9)	251.8	242.7
leases	(10)	52.4	44.6
Amortisation	(11)	20.5	23.5
Total depreciation and amortisation		324.7	310.8
Depreciation and amortisation discontinued operations			
Depreciation			
property, plant and equipment	(9)	10.7	60.5
leases	(10)	0.1	0.4
Amortisation	(11)	0.1	0.8
Total depreciation and amortisation	(14)	10.9	61.7
Assets impairment write downs			
property, plant and equipment	(9)	4.9	4.5
Total assets impairment write downs		4.9	4.5
Amounts set aside to provide for:			
impairment losses on trade and other receivables	(4)	3.6	0.7
inventory losses and obsolescence	(4)	4.1	4.6
employee entitlements	(17)	6.9	9.3
environmental liabilities		5.5	0.1
legal and other provisions	(17)	2.5	18.5
restructuring and rationalisation costs	(17)	4.5	8.7
Research and development expense		30.6	25.7
Defined contribution superannuation expense		38.4	35.8
Defined benefit superannuation expense	(21)	7.1	3.0
Financial expenses			
Interest on lease liabilities	(10)	6.1	5.0
Unwinding of discount on provisions	(17)	5.2	5.2
Net interest expense on defined benefit obligation	(21)	1.0	1.1
Interest expenses on financial liabilities		144.1	96.5
Total financial expenses continuing operations		156.4	107.8
Interest on lease liabilities	(10)	0.3	0.3
Unwinding of discount on provisions	(16)	0.5	0.6
Interest expenses on financial liabilities		-	0.1
Financial expenses discontinued operations		0.8	1.0

Individually material items

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

	Gross \$mill	Tax \$mill	Net \$mill
30 September 2023			
Fertilisers separation costs ⁽¹⁾	18.0	(5.4)	12.6
WALA sale transaction costs ⁽²⁾	12.8	(3.3)	9.5
Total individually material items	30.8	(8.7)	22.1
30 September 2022			
Fertilisers separation costs ⁽¹⁾	9.2	(2.8)	6.4
Gibson Island manufacturing plant closure ⁽³⁾			
- Closure costs	10.0	(3.0)	7.0
Total individually material items	19.2	(5.8)	13.4

(1) Separation costs, primarily advisor fees and IT transition costs, were incurred to optimally position IPF for standalone operation, whether this be in preparation for sale, demerger or as a separately managed business within the IPL Group.

(2) Costs incurred to effect the sale of the WALA operations. These costs include advisory fees, legal, accounting and tax advice incurred during 2023. If clearance is provided by the Federal Trade Commission and the sale completes in 2024 the resultant gain or loss on sale will also be disclosed as an individually material item.

(3) The Gibson Island closure provision was increased by \$10m in 2022 following a detailed review. The increase was primarily a result of contractor rate escalations since the provision was recognised.

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.
- » 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 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 \$6.2m (2022: \$48.0m) 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 in the statement of financial position 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 2023

3. Taxation

Income tax expense for the year

	2023			2022		
	Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill	Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill
Current tax expense						
Current year	(39.3)	103.1	63.8	26.0	139.4	165.4
Adjustments in respect of prior years	–	–	–	(1.6)	–	(1.6)
	(39.3)	103.1	63.8	24.4	139.4	163.8
Deferred tax expense						
Current year	80.2	(3.5)	76.7	192.4	(11.2)	181.2
Total income tax expense	40.9	99.6	140.5	216.8	128.2	345.0

Income tax reconciliation to prima facie tax payable

	2023			2022		
	Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill	Continuing Operations \$mill	Discontinued Operations \$mill	Consolidated Group \$mill
Profit before income tax	317.4	382.9	700.3	865.5	493.3	1,358.8
Tax at the Australian tax rate of 30% (2022: 30%)	95.2	114.9	210.1	259.6	148.0	407.6
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:						
Joint venture income	(14.3)	–	(14.3)	(10.9)	–	(10.9)
Sundry items	(17.0)	–	(14.5)	(15.8)	–	(15.8)
Difference in overseas tax rates	(23.0)	(15.3)	(40.8)	(14.5)	(19.8)	(34.3)
Adjustments in respect of prior years	–	–	–	(1.6)	–	(1.6)
Total income tax expense	40.9	99.6	140.5	216.8	128.2	345.0

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 a debit of \$22.3m for the year ended 30 September 2023 (2022: debit of \$3.4m).

Net deferred tax assets/(liabilities)

Deferred tax balances comprise temporary differences attributable to the following:

	2023 \$mill	2022 \$mill
Employee entitlements provision	19.1	19.5
Retirement benefit obligations	4.2	2.8
Provisions and accruals	74.3	112.3
Lease liabilities	64.7	66.3
Tax losses	29.2	0.6
Property, plant and equipment	(671.2)	(616.4)
Right-of-use lease assets	(61.0)	(60.3)
Intangible assets	(93.1)	(91.6)
Joint venture income	(17.5)	(15.5)
Financial instruments	(0.1)	38.7
Other	3.3	(1.3)
Net deferred tax liabilities	(648.1)	(544.9)

Presented in the Consolidated Statement of Financial Position as follows:

	2023 \$mill	2022 \$mill
Deferred tax assets	9.7	8.0
Deferred tax liabilities	(657.8)	(552.9)
Net deferred tax liabilities	(648.1)	(544.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Movements in net deferred tax liabilities

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

	2023 \$mill	2022 \$mill
Opening balance at 1 October	(544.9)	(328.2)
(Debited)/credited to the profit or loss	(76.7)	(181.2)
Charged to equity	(22.3)	(3.4)
Foreign exchange movements	(4.2)	(33.1)
Adjustments in respect of prior years	-	1.0
Closing balance at 30 September	(648.1)	(544.9)

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.

As at 30 September 2023, the Group is in a current tax asset position which represents expected refunds in relation to current and prior year tax returns.

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.

The Group has and will continue to apply the temporary exception in AASB 112 Income Taxes not to recognise or disclose information about deferred tax assets and liabilities that could arise from OECD Pillar Two model rules.

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 2023

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 2023	Trade \$mill	Other \$mill	Total \$mill
Inventories	817.4	–	817.4
Receivables	538.4	59.5	597.9
Payables	(782.1)	(288.0)	(1,070.1)
	573.7	(228.5)	345.2

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

Inventories by category:

	2023 \$mill	2022 \$mill
Raw materials and stores	246.0	251.8
Work-in-progress	94.9	117.3
Finished goods	495.9	641.6
Provisions	(19.4)	(17.1)
Total inventories balance	817.4	993.6

Provision movement:

30 September 2023	Trade receivables \$mill	Inventories \$mill
Carrying amount at 1 October 2022	(16.0)	(17.1)
Provisions made during the year	(3.6)	(4.1)
Provisions written back during the year	1.6	1.8
Amounts written off against provisions	0.7	–
Foreign exchange rate movements	0.6	–
Carrying amount at 30 September 2023	(16.7)	(19.4)

Receivables ageing and credit loss provision

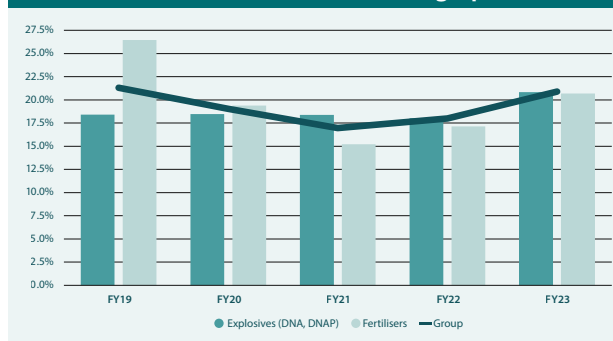
Included in the following table is an age analysis of the Group's trade receivables, along with credit loss provisions against these balances at 30 September:

30 September 2023	Gross \$mill	Credit loss provision \$mill	Net \$mill
Current	518.1	(2.3)	515.8
30–90 days	21.4	(2.2)	19.2
Over 90 days	15.6	(12.2)	3.4
Total	555.1	(16.7)	538.4

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

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 from continuing operations



* 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 warehouse.

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 2023, receivables totalling \$117.9m (2022: \$94.9m) 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 2023, the balance of the supply chain finance program was \$148.3m (2022: \$173.1m). 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 2023, 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 2023

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

	2023 \$mill	2022 \$mill
Earnings used in the calculation of earnings per share attributable to ordinary shareholders		
Profit from continuing operations attributable to ordinary shareholders	276.7	648.6
Profit from discontinued operations attributable to ordinary shareholders	283.3	365.1
Individually material items after tax	22.1	13.4
Profit attributable to ordinary shareholders	582.1	1,027.1
	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	1,946,428,912	1,946,332,645
	2023 Cents per share	2022 Cents per share
Basic earnings per share		
Continuing operations including individually material items	14.2	33.4
Discontinued operations	14.6	18.8
Total basic earnings per share	28.8	52.2
Diluted earnings per share		
Continuing operations including individually material items	14.2	33.3
Discontinued operations	14.6	18.8
Total diluted earnings per share	28.8	52.1
Excluding individually material items		
Basic earnings per share	30.0	52.9
Diluted earnings per share	29.9	52.8

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:

	2023 \$mill	2022 \$mill
Ordinary shares		
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
Final dividend of 17.0 cents per share, fully franked, paid 21 December 2022	330.2	–
Interim dividend of 10.0 cents per share, 60 percent franked, paid 4 July 2023	194.2	–
Total ordinary share dividends	524.4	355.4

Since the end of the financial year, the directors have determined to pay a final dividend of 5.0 cents per share, unfranked, to be paid on 19 December 2023. The record date for entitlement to this dividend is 5 December 2023. The total dividend payment will be \$97.1m.

The financial effect of this dividend has not been recognised in the 2023 Consolidated Financial Statements and will be recognised in subsequent Financial Reports.

The dividend reflects a payout ratio of approximately 50 percent of net profit after tax (before individually material items).

Franking credits

Franking credits available to shareholders of the Company were \$3.9m (2022: \$7.3m).

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	2023	2022
Net debt/EBITDA (times) ⁽¹⁾	equal or less than 1.5	1.2	0.5
Interest cover (times)	equal or more than 6.0	9.9	20.3

(1) Consistent with IPL debt covenants, net debt does not include trade working capital facilities.

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 2023, 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 2023 amounted to \$3,806.2m (1,942,225,029 ordinary shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	2023 \$mill	2022 \$mill
Interest bearing liabilities		1,731.7	1,712.0
Cash and cash equivalents		(399.4)	(763.5)
Fair value of derivatives	(18)	82.7	87.7
Net debt		1,415.0	1,036.2

At 30 September 2023, the Group's Net debt/EBITDA before individually material items was 1.2 times (2022: 0.5 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:

	2023 \$mill	2022 \$mill
Current		
Loans from joint ventures	21.1	21.1
	21.1	21.1
Non-current		
Other non-current loans	20.7	28.0
Fixed interest rate bonds	1,689.9	1,662.9
	1,710.6	1,690.9
Total interest bearing liabilities	1,731.7	1,712.0

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

30 September 2023	1 October 2022 \$mill	Cash flow Repayments of borrowings \$mill	Non-cash changes		30 September 2023 \$mill
			Foreign exchange movement \$mill	Funding costs & fair value adjustments \$mill	
Current					
Loans from joint ventures	21.1	(0.2)	0.2	-	21.1
Non-current					
Other loans	28.0	(9.5)	2.2	-	20.7
Fixed interest rate bonds	1,662.9	-	16.9	10.1	1,689.9
Total liabilities from financing activities	1,712.0	(9.7)	19.3	10.1	1,731.7
Derivatives held to hedge interest bearing liabilities	87.7	-	(1.6)	(3.4)	82.7
Debt after hedging	1,799.7	(9.7)	17.7	6.7	1,814.4

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 had an initial maturity of April 2024 which was extended in September 2023 to October 2024.

Tenor of interest bearing liabilities

The Group's average tenor of its drawn interest bearing liabilities at 30 September 2023 is 4.4 years (2022: 5.4 years) and the average tenor of its total debt facilities is 3.4 years (2022: 4.2 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

30 September 2022	Cash flow			Non-cash changes				30 September 2022 \$mill
	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	
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

Interest rate profile

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

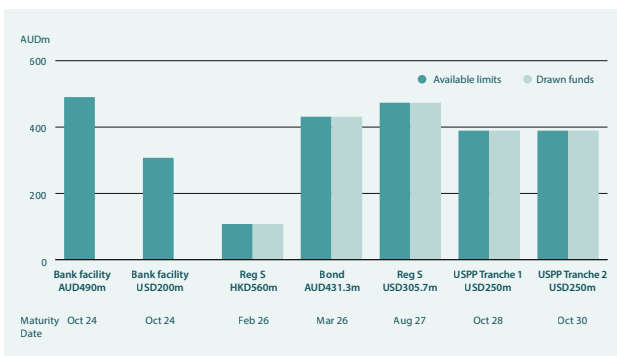
	2023 \$mill	2022 \$mill
Fixed interest rate financial instruments	894.1	936.8
Variable interest rate financial instruments	837.6	775.2
	1,731.7	1,712.0

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 2023:

The Group has undrawn financing facilities of \$801.2m (2022: \$797.3m) at 30 September 2023.



Cash and cash equivalents

Cash and cash equivalents at 30 September 2023 were \$399.4m (2022: \$763.5m) and consisted of cash at bank of \$209.5m (2022: \$264.5m) and short term investments of \$189.9m (2022: \$499.0m).

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.

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 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
Year ended 30 September 2023					
Opening net book amount		722.5	3,126.4	398.0	4,246.9
Adjustment due to change in discount rates ⁽¹⁾		(22.1)	(1.8)	–	(23.9)
Additions		0.7	24.6	467.5	492.8
Reclassification to held for sale ⁽²⁾		(120.9)	(1,050.6)	(75.1)	(1,246.6)
Disposals		(1.8)	–	–	(1.8)
Depreciation	(2)	(31.2)	(231.3)	–	(262.5)
Impairment of assets	(2)	–	(4.9)	–	(4.9)
Reclassification from work in progress		49.4	379.5	(428.9)	–
Foreign exchange movement		3.4	(22.0)	10.0	(8.6)
Closing net book amount		600.0	2,219.9	371.5	3,191.4
At 30 September 2023					
Cost		1,034.0	4,429.4	371.5	5,834.9
Accumulated depreciation		(434.0)	(2,209.5)	–	(2,643.5)
Net book amount		600.0	2,219.9	371.5	3,191.4

(1) Movement in site retirement obligation assets is driven by changes in long-term Government bond rates. The net present value of these assets are adjusted at each reporting period to reflect current rates.

(2) The Waggaman property, plant and equipment was transferred to held for sale at November 2022 at an exchange rate of 0.6684. Refer to note 14 for further disclosure on discontinued operations.

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 2023

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 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
Year ended 30 September 2023				
Opening net book amount		154.4	66.6	221.0
Additions		12.9	37.4	50.3
Reclassification to held for sale		-	(9.9)	(9.9)
Disposals		(1.4)	(0.3)	(1.7)
Depreciation	(2)	(21.7)	(30.8)	(52.5)
Foreign exchange movement		0.7	1.4	2.1
Closing net book amount		144.9	64.4	209.3
At 30 September 2023				
Cost		204.7	137.5	342.2
Accumulated depreciation		(59.8)	(73.1)	(132.9)
Net book amount		144.9	64.4	209.3

Lease liabilities

	2023 \$mill	2022 \$mill
Opening carrying amount at 1 October	245.9	242.5
Additions	50.3	28.2
Disposals	(3.0)	(1.2)
Reclassification to held for sale	(9.9)	-
Payments made during the year	(56.9)	(48.2)
Subsidiaries acquired	-	12.5
Interest unwind	6.4	5.3
Foreign exchange movement	1.9	6.8
Carrying amount at 30 September	234.7	245.9
Current	41.3	42.1
Non-current	193.4	203.8

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	2023 \$mill	2022 \$mill
Depreciation	(2)	52.5	45.0
Interest	(2)	6.4	5.3
Total		58.9	50.3

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 2023

11. Intangibles

	Notes	Software \$mill	Goodwill \$mill	Patents, trademarks & customer contracts \$mill	Brand names \$mill	Total \$mill
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
Year ended 30 September 2023						
Opening net book amount		43.5	2,873.0	35.6	329.3	3,281.4
Additions		17.7	–	–	–	17.7
Reclassification to held for sale ⁽¹⁾		(1.5)	(879.1)	–	–	(880.6)
Amortisation	(2)	(7.9)	–	(12.7)	–	(20.6)
Foreign exchange movement		0.2	(8.7)	1.3	3.7	(3.5)
Closing net book amount		52.0	1,985.2	24.2	333.0	2,394.4
At 30 September 2023						
Cost		119.7	1,985.2	342.8	333.0	2,780.7
Accumulated amortisation		(67.7)	–	(318.6)	–	(386.3)
Net book amount		52.0	1,985.2	24.2	333.0	2,394.4

(1) The Waggaman intangibles were transferred to held for sale at November 2022 at an exchange rate of 0.6684. Refer to note 14 for further disclosure on discontinued operations.

Allocation of indefinite life intangible assets

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

30 September 2023	Goodwill \$mill	Brand names \$mill	Total \$mill	30 September 2022	Goodwill \$mill	Brand names \$mill	Total \$mill
Fertilisers APAC	195.9	–	195.9	Fertilisers APAC	196.3	–	196.3
Titanobel	73.4	–	73.4	Titanobel	68.0	–	68.0
Dyno Nobel Asia Pacific (DNAP)	908.5	40.3	948.8	Dyno Nobel Asia Pacific (DNAP)	908.5	40.3	948.8
Dyno Nobel Americas (DNA)	807.4	292.7	1,100.1	Dyno Nobel Americas (DNA)	1,700.2	289.0	1,989.2
	1,985.2	333.0	2,318.2		2,873.0	329.3	3,202.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL INVESTMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 continuing operations and Titanobel exceeded their carrying amounts. The Group has assessed the discontinued WALA operations for impairment by comparing the assets held for sale carrying amount against the proceeds expected from the sale. No impairment was noted.

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)	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
DAP ⁽¹⁾	451 to 668	467 to 786	688	560
AUD:USD ⁽²⁾	0.70 to 0.72	0.71 to 0.74	0.72	0.73

(1) Di-Ammonium Phosphate price (FOB China/Saudi – USD per tonne).
(2) 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 \$8.50 and \$9.51 per gigajoule.

Fertiliser prices and foreign exchange rates 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 (2022: 9%), 8.5% for the DNA and DNAP CGUs (2022: 8.5%) and 9% for the Titanobel CGU (2022: 9%). 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% (2022: 2.5%) for all CGUs. Sensitivity analyses on the discount and growth rates, considering the current volatile market conditions, are provided below.

Climate Related Risks

IPL considers climate change and other sustainability risks when determining the recoverable amount of each CGU. The Group has greenhouse gas emission reduction targets for its manufacturing facilities which are disclosed in the annual Sustainability Report. 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.

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

For both DNAP and Fertilisers APAC, the estimated impact of the Safeguard Mechanism (SGM) 2.0 policy was included in the recoverable amount assessment of each CGU. Refer below, for further information on SGM estimates and assumptions.

Safeguard Mechanism (SGM)

For the Fertilisers CGU, the Phosphate Hill facility is in scope. A cost to comply with the SGM has been included in cash flow forecasts supporting the carrying value of Fertilisers net assets. This cost reflects the assumed cost of purchasing Australian Carbon Credit Units to offset emissions above the baseline set by the SGM. In forecasting this cost, assumptions have been developed with respect to future emissions, future production levels, the market value of carbon credits and baseline decline rates (including an assessment of Phosphate Hill as a Trade Exposed facility).

For the DNAP CGU, the Moranbah manufacturing facility is in scope of the SGM given the plant's historical level of emissions. The Moranbah N2O abatement project which has been approved for installation in 2024 is anticipated to reduce emissions to a level below the baseline in the near term. As the baseline of the facility declines, this benefit will reduce. This outlook has been factored into cash flow forecasts for the DNAP CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL INVESTMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023.

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	(200.6)	(303.6)	(69.9)
Impairment charge	-	(73.7)	-

	Post-tax discount rate	Terminal value growth rate
	+0.5%	-1.0%
DNA continuing operations	US\$mill	US\$mill
Change in recoverable amount	(207.6)	(314.8)
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	(118.4)	(525.0)	(179.9)	(641.7)	(74.1)
Impairment charge ⁽¹⁾	-	(142.7)	-	(259.4)	-

	Post-tax discount rate	Terminal value growth rate
	+0.5%	-1.0%
Titanobel	EUR €mill	EUR €mill
Change in recoverable amount	(14.0)	(21.1)
Impairment charge	-	-

(1) The carrying value of net assets subject to impairment assessment for the Fertilisers CGU of \$1.25b, excludes trade working capital facilities of \$171m (liability) which are managed at the Group level. The Fertilisers CGU recoverable amount is based on a value-in-use methodology which may be higher than the value realised through the ongoing sale process.

Impairment of other property, plant and equipment

During the year ended 30 September 2023 other property, plant and equipment was impaired by \$4.9m (2022: \$4.5m) as a result of the Group's fixed asset verification procedures.

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 2023, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL INVESTMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. Commitments

Capital expenditure commitments

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

	2023 \$mill	2022 \$mill
No later than one year	78.5	102.3
	78.5	102.3

Other commitments

In May 2023, IPL entered into a long-term gas supply agreement with Queensland Pacific Metals (QPM) commencing in April 2026 upon expiry of the existing gas supply agreement. As part of the arrangement, Dyno Nobel will provide initial development funding facility of up to \$80m. This facility will be used to accelerate development of the Moranbah gas pipeline by funding the capital costs of new infill production wells.

It is anticipated that approximately \$40m of the funding will be provided during the 2024 financial year, with the remainder to be provided in the 2025 financial year. Dyno Nobel will recognise the cash outflow as a prepayment which will be amortised over the duration of the gas supply agreement with QPM.

14. Discontinued operations

In March 2023, the Group announced that it had reached an agreement for the sale of its ammonia manufacturing facility located in Waggaman, Louisiana, USA (WALA) to CF Industries Holdings Inc (CF) for a total value of US\$1.675bn.

IPL also announced that it had secured a 25-year ammonia supply agreement with CF for up to 200,000 short tonnes of ammonia per annum to support the Dyno Nobel Americas (DNA) explosives business. The ammonia supply agreement secures ammonia at producer cost for the DNA business. The original value allocated to the ammonia supply agreement was US\$425m which will be offset from the cash proceeds of the sale agreement for Waggaman resulting in expected net cash proceeds (after transaction costs, purchase price adjustments and tax) of approximately US\$850m. For accounting purposes, the off-take agreement will be valued based on the outlook for ammonia prices at the time of recognising the asset. Based on the current ammonia and gas price outlook, the value of the offtake agreement for accounting purposes is estimated to be approximately US\$300m.

As a result of the agreement, IPL retains access to 25% of the equivalent WALA volumes and associated financial and strategic benefits. The profit margin on the 200,000 short tonnes previously reported as part of the WALA result will transfer to the DNA Explosives and AG&IC businesses. The divestment remains subject to US anti-trust regulatory clearance. The results of Waggaman and the detail of the operating assets and liabilities held for sale are presented below:

	2023 \$mill	2022 \$mill
Profit for the year from discontinued operations		
Revenue	604.6	793.7
Financial and other income ⁽²⁾	0.2	99.0
Depreciation and amortisation ⁽³⁾	(10.9)	(61.7)
Expenses	(211.0)	(337.7)
Profit before income tax	382.9	493.3
Income tax	(99.6)	(128.2)
Profit for the year from discontinued operations	283.3	365.1

(1) This means that the pricing under the offtake agreement is linked to gas based pricing at a level commensurate with Waggaman's cost of production.

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

(3) Depreciation and amortisation for 2023 represents the two months ended November 2022 at which point the assets were reclassified to held for sale. 2022 represents a full year of depreciation and amortisation.

	2023 \$mill	2022 \$mill
Cash flows from/(used in) discontinued operations		
Net cash flows from operating activities	373.3	417.1
Net cash from investing activities	(56.6)	(26.8)
Net cash from financing activities	(0.5)	(0.3)
Total cash flows from discontinued operations	316.2	390.0

The cumulative foreign currency translation reserve gain attributable to the Waggaman assets classified as held for sale is \$302.3m at the end of September 2023. This balance will be released to the consolidated statement of profit or loss and other comprehensive income upon completion of the sale along with future foreign currency translation reserve movements prior to completion date.

	2023 \$mill
Assets held for sale	
Trade and other receivables	24.0
Inventories	7.4
Property, plant and equipment	1,296.5
Right-of-use asset	10.3
Intangible assets ⁽¹⁾	915.8
Other assets	8.9
Total assets held for sale	2,262.9

(1) As the Waggaman assets contributed to the future cashflows of the DNA CGU, which includes goodwill, a relative share of that goodwill has been reallocated to the assets held for sale and will be included as part of the gain or loss on sale if the sale is approved.

	2023 \$mill
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	33.6
Lease liabilities	10.4
Provisions	11.6
Total liabilities directly associated with assets classified as held for sale	55.6

A discontinued operation represents a separate major line of operations within the Group where the cash flows can be clearly identified and there is a plan to dispose. Classification as a discontinued operation occurs at the earlier of disposal date or when the operation meets the criteria to be classified as held for sale. In the case of the Waggaman operations, the re-classification was made in November 2022 when the assets and liabilities met the definition as held for sale.

The comparative income statement and statement of comprehensive income has been presented as if the operation had been discontinued from the start of the comparative year.

Once classified as held for sale, the disposal group is measured at the lower of carrying amount and fair value less costs to sell and intangible assets and property, plant and equipment are no longer amortised or depreciated.

15. 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 16) at 30 September 2023 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

	2023 \$mill	2022 \$mill
Carrying amount at 1 October	379.4	324.8
Share of net profit	61.4	43.4
Share in joint ventures acquired during the year	–	2.5
Dividends received	(37.7)	(7.9)
Foreign exchange movement	1.7	16.6
Carrying amount at 30 September	404.8	379.4
Carrying amount of investments in:		
Joint ventures	298.9	286.2
Associates	105.9	93.2
Carrying amount of investments in joint ventures and associates	404.8	379.4

Transactions between subsidiaries of the Group and joint ventures and associates

	2023 \$mill	2022 \$mill
Sales of goods/services	495.6	453.9
Purchase of goods/services	(75.1)	(70.7)
Management fees/royalties	37.0	31.0
Interest income/(expense)	1.2	(0.4)
Dividend income	37.7	7.9

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

Outstanding balances arising from transactions with joint ventures and associates

	2023 \$mill	2022 \$mill
Amounts owing to related parties	9.4	3.2
Amounts owing from related parties	85.7	63.5
Loans with joint ventures and associates		
Loans from joint ventures and associates	21.1	21.1

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

16. 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%
Incitec Pivot Fertilisers Limited ⁽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%
Incitec Pivot Queensland Gas Pty Ltd	100%
Easy Liquids Pty Ltd ⁽²⁾	100%
Australian Bio Fert Pty Ltd	64%
OZBIOFERT Pty Ltd	64%
Incorporated in USA	
Dyno Nobel US Investments	100%
Dyno Nobel Management LLC	100%
Dyno Nobel 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%
Dyno Nobel 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	
Dyno Nobel Holdings Europe SA	100%
Incorporated in France	
Dyno Nobel Holdings France Sas	100%
Explinvest SASU ⁽²⁾	100%
Titanobel SASU ⁽²⁾	100%
Société Civile Immobilière des Champs Chanaux ⁽²⁾	100%
C.E.M.E SARL ⁽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%
Titanobel-NPGM Equipment SAS ⁽²⁾	51%
Incorporated in South Africa	
Titanobel Southern Africa (Pty) Limited ⁽²⁾	100%
Enviro Blasting Services (Pty) Limited ⁽²⁾	74%
Incorporated in New Caledonia	
Nord-Sud Dynamitage-Sofiter SARL ⁽²⁾	51%
Incorporated in Benin	
Titanobel Benin SASU ⁽²⁾	100%
Incorporated in Cameroon	
Titanobel Cameroun SASU ⁽²⁾	100%
Incorporated in Senegal	
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL INVESTMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	
Newcomat SARL ⁽¹⁾	10%
Incorporated in New Caledonia	
Katiramona Explosifs SAS ⁽¹⁾	50%
Incorporated in Mongolia	
Titanobel Mongolia LLC ⁽¹⁾	49%
Nitrosibir Mongolia LLC ⁽¹⁾	49%
Incorporated in Nigeria	
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	
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.

17. Provisions and contingencies

Provisions at 30 September 2023 are analysed as follows:

30 September 2023	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 2022	65.0	86.8	39.2	122.6	23.7	337.3
Adjustment due to change in discount rates	–	–	–	(23.9)	–	(23.9)
Provisions made during the year	6.9	4.5	7.0	–	2.5	20.9
Provisions written back during the year	(0.6)	–	–	–	–	(0.6)
Payments made during the year	(10.7)	(70.4)	(5.7)	(0.1)	(0.9)	(87.8)
Reclassification to held for sale	–	–	–	(11.0)	–	(11.0)
Interest unwind	0.7	–	0.3	4.7	–	5.7
Foreign exchange movement	–	(0.3)	(0.3)	1.3	0.2	0.9
Carrying amount at 30 September 2023	61.3	20.6	40.5	93.6	25.5	241.5
Current	58.7	20.4	19.8	3.8	6.1	108.8
Non-current	2.6	0.2	20.7	89.8	19.4	132.7

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 which 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.

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 16) 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 2023 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.
- » In May 2023, IPL announced entry into a new long-term gas supply agreement for the Moranbah ammonium nitrate plant with wholly owned subsidiaries of Queensland Pacific Metals Ltd (QPM). IPL have provided QPM with a corporate guarantee until February 2025 to guarantee performance of contracts relating to operations of the Moranbah gas project. The value of the guarantee reduces on a monthly basis until the obligations of QPM have been satisfied.

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 2023

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 2023	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	1,731.7	21.1	976.4	734.2
Interest payments	325.7	57.0	220.7	48.0
Trade and other payables	1,070.1	1,059.3	10.8	–
Lease liabilities	224.9	42.0	95.0	87.9
Bank guarantees	89.1	71.0	17.8	0.3
Total non-derivative cash outflows	3,441.5	1,250.4	1,320.7	870.4
Derivative financial (assets)/liabilities				
Forward exchange contracts ⁽²⁾	(4.1)	(4.1)	–	–
Cross currency interest rate swaps ⁽²⁾	(10.7)	–	(10.7)	–
Interest rate swaps	102.9	36.4	66.3	0.2
Commodity swaps	0.5	0.5	–	–
Net derivative cash outflows/(inflows)	88.6	32.8	55.6	0.2

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	–	–
Cross currency interest rate swaps ⁽²⁾	(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

(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.

(2) The forward exchange contracts and cross currency interest rate swaps asset positions have been added for completeness and there is no material liability positions associated with these instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK MANAGEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

The Group adopted a new hedging philosophy in 2023, whereby hedging is only considered in the context of preventing an unacceptable balance sheet event such as potential for unacceptable impacts on the Group's credit ratings and/or the possibility for debt covenant breaches. Any hedging performed in these circumstances would be executed using instruments that allow as much participation in favourable movements while limiting downside risk to an acceptable level. An exception to this principle is related to foreign exchange exposures on specific or bespoke transactions where managing the exposure is important for margin management.

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.

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:

	2023 USD mill	2022 USD mill
Transactional exposures		
Trade and other receivables	46.1	1.1
Trade and other payables	(136.6)	(276.0)
Gross exposure (before hedging)	(90.5)	(274.9)
Hedge of transactional exposures		
<i>Trade and other receivables</i>		
Forward exchange contracts	(45.3)	-
<i>Trade and other payables</i>		
Forward exchange contracts	133.7	269.3
Total hedge contract values	88.4	269.3
Net exposure (after hedging)	(2.1)	(5.6)
	2023 USD mill	2022 USD mill
Hedge of forecast sales and purchases		
Forward exchange contracts	(36.1)	(350.0)
Foreign exchange options	(60.0)	(240.0)
Total hedge contract values	(96.1)	(590.0)
	2023 USD mill	2022 USD mill
Translational exposures		
Net investment in foreign operations	2,219.8	2,293.7
Gross exposure (before hedging)	2,219.8	2,293.7
Hedge of translational exposures		
Interest bearing liabilities	(500.0)	(500.0)
Total hedge contract values	(500.0)	(500.0)
Net exposure (after hedging)	1,719.8	1,793.7

Foreign exchange options	Net contract amounts mill 2023	Strike ⁽¹⁾ 2023	Net contract amounts mill 2022	Strike ⁽¹⁾ 2022
<i>Contracts maturing within 1 year</i>				
Bought AUD Call	USD 60	0.73	USD 240	0.75
Sold AUD Put	USD 60	0.60	USD 240	0.62

(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:

	2023 AUD:USD	2022 AUD:USD
30 September foreign exchange rate	0.6427	0.6508
Average foreign exchange rate for the year	0.6661	0.7127

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 2023	- 1c AUD:USD AUD mill 2023	+ 1c AUD:USD AUD mill 2022	- 1c AUD:USD AUD mill 2022
Foreign exchange sensitivity – (net of hedging)				
Trade and other receivables and payables – (profit or loss)	(0.2)	0.2	0.1	(0.1)
Hedge of forecast transactions – (equity)	0.9	(0.9)	8.1	(8.4)
Investments in foreign operations – (equity)	(41.0)	42.3	(41.7)	43.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK MANAGEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023	- 1c AUD:USD AUD mill 2023	+ 1c AUD:USD AUD mill 2022	- 1c AUD:USD AUD mill 2022
USD Fertiliser sales from Australian plants	(12.9)	13.3	(17.0)	17.5
North American USD earnings	(8.7)	8.9	(10.3)	10.6

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/SOFR ⁽¹⁾	Average pay/(rec) fixed rate BBSW	Average pay/(rec) fixed rate HIBOR	Duration (years)	Net contract amounts mill
2023					
Less than 1 year	-	(0.25%)	-	1.0	AUD 181
1 to 5 years	(0.71%)	-	-	3.8	USD 200
1 to 5 years	-	-	(4.13%)	2.4	HKD 560
Later than 5 years	(2.02%)	-	-	5.1	USD 200
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

(1) SOFR replaced LIBOR as the USD benchmark rate in 2023.

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 2023	- 1% AUD mill 2023	+ 1% AUD mill 2022	- 1% AUD mill 2022
LIBOR/SOFR ⁽¹⁾	(6.4)	6.4	(5.6)	5.6
BBSW	(2.8)	2.8	(2.8)	2.8

(1) SOFR replaced LIBOR as the USD benchmark rate in 2023.

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 2023

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⁾ 2023	Price/Strike USD ⁽²⁾ 2023	Total volume (MMBTU) ⁽¹⁾ 2022	Price/Strike USD ⁽²⁾ 2022
<i>Contracts maturing within 1 year</i>				
Natural gas swaps fixed payer	480,000	3.80	-	-
<i>Contracts maturing between 1 and 5 years</i>				
Natural gas swaps fixed payer	80,000	3.80	-	-

(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 2023	-US 10c per 1 MMBTU AUD mill 2023	+US 10c per 1 MMBTU AUD mill 2022	-US 10c per 1 MMBTU AUD mill 2022
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 2023	-US 10c per 1 MMBTU AUD mill 2023	+US 10c per 1 MMBTU AUD mill 2022	-US 10c per 1 MMBTU AUD mill 2022
Henry Hub USD	(3.8)	3.8	(2.7)	2.7

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
2023		
Granular Urea (FOB Middle East) ⁽¹⁾	2.4	(2.4)
DAP/MAP (FOB China/Saudi)	12.4	(12.4)
Urea (FOB NOLA)	1.9	(1.9)
Ammonia (FOB Tampa) ⁽²⁾	10.4	(10.4)
2022		
Granular Urea (FOB Middle East) ⁽¹⁾	3.4	(3.4)
DAP/MAP (FOB China/Saudi)	10.5	(10.5)
Urea (FOB NOLA)	2.4	(2.4)
Ammonia (FOB Tampa) ⁽²⁾	7.9	(7.9)

(1) The Group's price sensitivity to Granular Urea (FOB Middle East) is expected to be nil from 2024 due to the Gibson Island manufacturing closure in 2023.

(2) The price sensitivity to Ammonia (FOB Tampa) relates to the Waggaman operations, which have been disclosed as discontinued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK MANAGEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Included in the table below are details of the Group's derivative instruments at 30 September 2023, classified by hedge accounting type and market risk category:

30 September 2023	Note	Balance at 30 September 2023				During the period	
		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 ^(1,4) \$mill
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
		5.5	(1.5)	–	(0.6)	2.8	–
		–	(0.8)	–	(0.8)	5.9	–
		–	–	–	0.7	11.8	45.5
Commodity price risk on forecast purchases							
		0.1	(0.5)	–	(0.5)	(0.6)	–
		–	–	–	0.2	(3.4)	3.4
Interest rate risk on highly probable debt							
		–	–	–	–	(12.4)	–
		–	–	–	(26.9)	12.1	13.2
Total cash flow hedges		5.6	(2.8)	–	(27.9)	16.2	62.1
Net investment hedges							
Foreign exchange risk on foreign operation							
		–	–	–	(131.0)	(9.7)	–
		–	–	–	(531.7)	–	–
Total net investment hedges		–	–	–	(662.7)	(9.7)	–
Fair value hedges							
Foreign exchange risk on HKD borrowings							
		11.3	–	(10.7)	–	–	–
Interest rate risk on fixed USD, HKD and AUD bonds ⁽³⁾							
		–	(94.0)	98.4	–	–	–
		–	–	2.7	–	–	–
Total fair value hedges	(8)	11.3	(94.0)	90.4	–	–	–
Equity instruments		–	–	–	(17.0)	–	–
Total net		16.9	(96.8)	90.4	(707.6)	6.5	62.1

(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. Gains or losses on net investment hedges offset the gains or losses on translation of foreign owned subsidiaries into AUD. A portion of the discontinued net investment hedges will be released to the profit or loss upon completion of the sale of Waggaman.

(3) Interest rate swap contracts effectively convert USD400m, 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 2023, 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 2023

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				During the period	
		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 ^(1,4) \$mill
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
		16.3	(22.5)	–	(3.4)	(12.1)	–
		–	(6.7)	–	(6.7)	5.8	–
		–	–	–	–	4.8	–
		–	–	–	(56.6)	(52.6)	3.9
Commodity price risk on forecast purchases							
		–	–	–	0.1	7.0	–
		–	–	–	0.2	4.4	–
Interest rate risk on highly probable debt							
		12.9	(27.6)	–	12.4	3.6	–
		–	–	–	–	(0.1)	–
		–	–	–	(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							
		–	–	–	–	25.0	–
		–	–	–	(121.3)	(71.9)	–
		–	–	–	(531.7)	(23.4)	–
Total net investment hedges		–	–	–	(653.0)	(70.3)	–
Fair value hedges							
Foreign exchange risk on HKD borrowings							
		8.1	–	(9.0)	–	–	–
Interest rate risk on fixed USD, HKD and AUD bonds ⁽³⁾							
		–	(95.8)	102.6	–	–	–
		–	–	6.2	–	–	–
Total fair value hedges		(8)	(95.8)	99.8	–	–	–
Equity instruments		–	–	–	(17.0)	–	–
Total net		37.3	(152.6)	99.8	(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. Gains or losses on net investment hedges offset the gains or losses on translation of foreign owned subsidiaries into AUD.

(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 2023

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:

	2023 \$mill	2022 \$mill
Trade and other receivables	597.9	785.3
Cash and cash equivalents	399.4	763.5
Derivative assets	16.9	37.3
	1,014.2	1,586.1

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 2023, the amount netted in other financial assets and other financial liabilities is nil (2022: \$79.8m).

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).

2023	Level 1 \$mill	Level 2 \$mill	Level 3 \$mill
Derivative financial assets	-	16.9	-
Derivative financial liabilities	-	(96.8)	-

2022	Level 1 \$mill	Level 2 \$mill	Level 3 \$mill
Derivative financial assets	-	37.3	-
Derivative financial liabilities	-	(152.6)	-

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 \$1,731.7m (2022: \$1,712.0m) – refer to note 8. The fair value of the interest bearing financial liabilities at 30 September 2023 was \$1,693.3m (2022: \$1,655.0m) and was based on the level 2 valuation methodology.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK MANAGEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2020/23, 2021/24 and 2022/25 LTIs, the performance conditions comprise relative total shareholder return, the delivery of certain long term value metrics and return on invested capital. Additionally, the 2021/24 and 2022/25 LTIs include sustainability conditions.

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:

	2023 \$mill	2022 \$mill
Accounting value of performance rights issued under the LTI and STI performance plans	2.9	3.1

	2023 Number	2022 Number
Number of performance rights outstanding under the LTI and STI performance plans	5,302,195	5,887,136

Details of the movements in LTI and STI performance rights are disclosed in the Remuneration Report for key management personnel.

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

	2023 \$000	2022 \$000
Short-term employee benefits	7,988	9,222
Post-employment benefits	169	149
Other long-term benefits	58	102
Termination benefits	922	503
Share-based payments	1,471	2,137
	10,608	12,113

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 2023, there were no loans to key management personnel and their related parties (2022: nil).

Other key management personnel transactions

In the year ended 30 September 2023, there were no transactions entered into during the year with key management personnel (including their related parties).

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

	2023 \$mill	2022 \$mill
Present value of obligations	78.0	249.9
Fair value of plan assets	(59.2)	(237.4)
Net defined benefit obligation	18.8	12.5

Maturity profile of the defined benefit obligation

The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2023 \$mill	2022 \$mill
Within next 10 years	61.6	198.2
Within 10 to 20 years	54.8	113.8
In excess of 20 years	42.4	39.7

Return on plan assets for the year ended 30 September

	2023 \$mill	2022 \$mill
Actual return on plan assets	12.7	(43.7)

Composition of plan assets at 30 September

	2023	2022
The percentage invested in each asset class:		
Equities	40%	11%
Fixed interest securities	32%	79%
Property	18%	4%
Other	10%	6%

Movements in plan assets/liabilities

Amounts recognised in Other Comprehensive Income

	Notes	2023 \$mill	2022 \$mill
Gains arising from changes in actuarial assumptions		(4.9)	67.4
Return on plan assets (less than)/ greater than discount rate		3.2	(50.2)
Total profit recognised in other comprehensive income		(1.7)	17.2
Amounts recognised in Profit or Loss			
Net interest expense	(2)	(1.0)	(1.1)
Defined benefit superannuation expense	(2)	(7.1)	(3.0)

Key assumptions and sensitivities

Principal actuarial assumptions

	2023	2022
Discount rate (gross of tax)	5.3% - 9.4%	5.0% - 7.7%
Future salary increases	3.5% - 5.0%	3.5% - 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 2023 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	(7.0)	8.4
Rate of salary increase	1.0	(0.8)

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 2023

22. Deed of cross guarantee

Entities that are party to a Deed of Cross Guarantee are included in note 16. 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

	2023 \$mill	2022 \$mill
Profit before income tax ⁽¹⁾	79.5	870.4
Income tax expense	(29.0)	(164.8)
Profit for the year	50.5	705.6
Retained profits at 1 October	1,926.1	1,569.7
Profit for the year	50.5	705.6
Other movements in retained earnings	1.3	6.2
Dividend paid	(524.4)	(355.4)
Retained profits at 30 September	1,453.5	1,926.1

(1) The 2022 profit before income tax includes dividend income from subsidiaries of \$257.8m.

Statement of Financial Position

	2023 \$mill	2022 \$mill
Current assets		
Cash and cash equivalents	197.4	548.2
Trade and other receivables	453.7	470.7
Inventories	480.4	671.7
Other assets	25.3	23.0
Other financial assets	5.6	23.6
Current tax assets	90.7	-
Total current assets	1,253.1	1,737.2
Non-current assets		
Other financial assets	5,249.4	5,221.2
Property, plant and equipment	2,185.4	2,165.6
Right-of-use lease assets	104.3	111.3
Intangible assets	251.6	249.7
Deferred tax assets	175.4	235.6
Total non-current assets	7,966.1	7,983.4
Total assets	9,219.2	9,720.6
Current liabilities		
Trade and other payables	897.5	1,097.3
Lease liabilities	16.4	18.5
Other financial liabilities	9.3	57.7
Provisions	84.2	148.9
Current tax liabilities	-	118.9
Total current liabilities	1,007.4	1,441.3
Non-current liabilities		
Trade and other payables	895.7	574.0
Lease liabilities	111.0	115.6
Interest bearing liabilities	1,261.3	1,242.5
Other financial liabilities	87.1	95.0
Provisions	86.1	97.0
Deferred tax liabilities	405.2	388.2
Retirement benefit obligation	0.9	2.3
Total non-current liabilities	2,847.3	2,514.6
Total liabilities	3,854.7	3,955.9
Net assets	5,364.5	5,764.7
Equity		
Issued capital	3,806.2	3,806.2
Reserves	104.8	32.4
Retained earnings	1,453.5	1,926.1
Total equity	5,364.5	5,764.7

23. Parent entity disclosure

Throughout the financial year ended 30 September 2023 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	2023 \$mill	2022 \$mill
Profit/(loss) for the year ⁽¹⁾	(139.8)	962.8
Other comprehensive income/(loss)	63.4	(20.9)
Total comprehensive income for the year	(76.4)	941.9

(1) The 2022 profit for the year includes dividend income from subsidiaries of \$1,233.1m.

Statement of Financial Position

	2023 \$mill	2022 \$mill
Current assets	673.8	1,214.7
Total assets	8,777.3	9,219.5
Current liabilities	576.8	1,110.0
Total liabilities	4,445.2	4,317.6
Net assets	4,332.1	4,901.9
Share capital	3,806.2	3,806.2
Reserves	(6.4)	(99.5)
Retained earnings	532.3	1,195.2
Total equity	4,332.1	4,901.9

Parent entity contingencies and commitments

Contingent liabilities of Incitec Pivot Limited are disclosed in note 17.

Capital expenditure – commitments	2023 \$mill	2022 \$mill
Contracted but not yet provided for and payable:		
Within one year	4.7	7.6

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.

24. Auditor's remuneration

	2023 \$000	2022 \$000
Deloitte and related network firms		
Audit or review of financial reports		
Group	1,410.2	1,422.5
Subsidiaries and joint operations	650.2	579.9
	2,060.4	2,002.4
Other assurance and agreed-upon procedures under other legislation or contractual arrangements not required to be provided by the auditor	111.2	649.3
Other services:		
Other consulting services	75.0	80.9
Total remuneration	2,246.6	2,732.6
Non-Deloitte audit firms		
Audit services	3.5	2.6
Total remuneration of non-Deloitte audit firms	3.5	2.6

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

On 13 November 2023, IPL announced a final dividend of 5.0 cents per share, unfranked, to be paid on 19 December 2023. The record date for entitlement to this dividend is 5 December 2023. The total dividend payment will be \$97.1m.

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 45 to 84

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 45 to 84, 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 2023 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 52; 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 16 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 Interim Chief Executive Officer and the Interim Chief Financial Officer as required by section 295A of the Corporations Act 2001 for the financial year ended 30 September 2023.



Greg Robinson
Chairman

Melbourne, 13 November 2023

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and 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 2023 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
<p>Carrying value of goodwill and non-current assets</p> <p><i>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.</i></p> <p>As at 30 September 2023, excluding assets classified as held for sale, the Group held goodwill of \$1,985.2 million, intangible assets of \$409.2 million and property, plant and equipment of \$3,191.4 million, which is allocated to the Group's cash generating units (CGUs).</p> <p>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.</p> <p>The Group's Fertilisers APAC ('Fertilisers') model is highly sensitive to changes in terminal value assumptions, including natural gas prices, commodity prices, foreign exchange rates, growth rate and discount rate.</p> <p>The Group's Dyno Nobel Asia Pacific ('DNAP') model is highly sensitive to changes in terminal value assumptions, including natural gas prices, growth rate and discount rate.</p> <p>Forecast assumptions used in assessing the recoverable amount incorporate management's estimates of the potential impacts of climate change through sustainability projects, de-carbonisation initiatives and consideration of the estimated impact of the Safeguard Mechanism 2.0, which are subject to judgement.</p> <p>Given the sensitivities of the terminal value assumptions in the DNAP and Fertilisers models, we consider this to be a Key Audit Matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Understanding the relevant controls and process that management has undertaken to assess the recoverable amounts • In conjunction with our valuation specialists: <ul style="list-style-type: none"> ◦ Evaluating the appropriateness of the models used by management to calculate the value-in-use of the CGUs. ◦ Assessing and challenging the key inputs to the DNAP and Fertilisers models and terminal values by: <ul style="list-style-type: none"> ▪ 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, including the Safeguard Mechanism 2.0, where applicable; ▪ Corroborating the key non-market based assumptions, including cash flows from sustainability projects, the Safeguard Mechanism 2.0 and other Board approved climate and de-carbonation 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. <p>We have also assessed the adequacy of the disclosures included in Notes 9,11 and 12 in the financial statements.</p>

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, 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.

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 23 to 43 of the Director's Report for the year ended 30 September 2023.


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

Responsibilities

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


DELOITTE TOUCHE TOHMATSU


A T Richards
Partner
Chartered Accountants
Melbourne, 13 November 2023


Terry Ludeman
Partner
Chartered Accountants
Melbourne, 13 November 2023