RIDLEY
LEADING ANIMAL NUTRITION

ASX Announcement

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12 May 2025

ACQUISITION OF INCITEC PIVOT FERTILISERS DISTRIBUTION BUSINESS AND ASSOCIATED $125 MILLION EQUITY RAISE

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Announcement highlights

- Ridley Corporation Limited (**ASX:RIC** or **Ridley** or the **Company**) has entered into binding arrangements to acquire Dyno Nobel Limited's (**Dyno Nobel**) fertiliser distribution business (**IPF Distribution)** for $300 million[1] with put/call options to subsequently acquire its Geelong North Shore property for $75 million (**Acquisition**).
- Excluded from the Acquisition is the Phosphate Hill fertiliser manufacturing operations and the closure and remediation costs associated with the Gibson Island and Geelong manufacturing operations.
- Ridley has also secured supply from the holder of the contract with Perdaman Chemicals and Fertilisers (**Perdaman**) (Dyno Nobel or another party) of at least 700k tonnes per annum of urea post-commissioning of the Perdaman urea plant (expected by 2028) on favourable terms relative to its current supply arrangements.
- IPF Distribution is Australia's #1 distributor of fertilisers, with the Acquisition leveraging the existing Ridley skillset across commodity risk management and logistics whilst building on key relationships with existing customers.
- IPF Distribution establishes a new growth pillar for Ridley, reinforcing its position as a leading diversified Australian agricultural services company.
- Ridley Management see an opportunity to enhance the existing market position of IPF Distribution with focus and investment.
- The Acquisition is expected to be c. 25%+[1] EPS accretive in FY26 on a pro-forma basis including run-rate synergies (c. 18%+ pre synergies).
- The Acquisition is intended to be funded with a combination of new debt facilities, a $125 million equity raising via a fully underwritten 1 for 7.43, $90 million pro rata accelerated, non-renounceable entitlement offer (**Entitlement Offer**) and a fully underwritten $35 million institutional placement (**Placement**) (together, with the Entitlement Offer, the **Capital Raising**) and the issue of $50 million of vendor notes (**Vendor Notes**) to Dyno Nobel.

[1] Pro forma reflects 12-months of earnings contribution. Excludes any earnings contribution from ongoing supply from Phosphate Hill (potential to close on completion of Dyno Nobel strategic review, not earlier than September 2026) or Perdaman urea supply (expected to commence by 2028). Includes distribution payable under the Vendor Notes.

- AGR Agricultural Investments LLC (**AGR**), the largest shareholder of Ridley with a 19.4% interest, has expressed its support for the Acquisition and has committed to take up its full entitlement under the Entitlement Offer.

- Proposed funding mix results in a pro-forma leverage of 1.3x at 30 June 25 (excluding the Vendor Notes which are structured as equity).

Transaction overview

Ridley has entered into a binding arrangement to acquire 100% of the IPF Distribution business from Dyno Nobel for A$300 million[2]. The Acquisition value is stated on a cash free, debt free basis and is reflective of an average level of working capital.

Excluded from the Acquisition are Dyno Nobel's fertiliser manufacturing operations at Phosphate Hill and the obligations for the closure and remediation of the Gibson Island and Geelong properties. These are all to remain with Dyno Nobel.

Whilst Ridley is not acquiring Dyno Nobel's contract with Perdaman in relation to the supply of 2.2 million tonnes per annum of urea, it has secured contracted supply from the holder of this contract (Dyno Nobel or other) of at least 700k tonnes per annum of urea from the Perdaman urea plant post-commissioning (expected by 2028) on favourable terms relative to its current supply arrangements.

Concurrently, Ridley has agreed a lease for the Geelong North Shore property and put and call options under which it will acquire the entire property for $75 million at the later of two years from completion, or the completion of the closure of manufacturing operations and associated remediation activities on this site by Dyno Nobel. The cost of this option is expected to be offset by the land valuation of the property, which will provide a range of commercial options for Ridley.

The Acquisition is subject to limited conditions, including:

- the completion of the required Dyno Nobel internal restructuring of the IPF Distribution business assets into entities to be acquired by Ridley to effect the Acquisition;

- entry into an offtake agreement in relation to urea supply from Perdaman (expected to commence by 2028 post commissioning);

- no material adverse change to IPF Distribution between signing and completion; and

- the transfer to Dyno Nobel of the Geelong freehold properties, together with a nominal lease back and the entry into the put and call options.

Completion expected by third quarter 2025 and no later than 30 November 2025, subject to satisfaction of the conditions precedent.

[2] The purchase price is subject to typical adjustment mechanisms relating to working capital and debt and debt-like items at completion (other than those stated above).

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Commenting on the Acquisition, Ridley Chairman Mick McMahon said:

"The proposed acquisition represents a unique opportunity to add Australia's number one distributor of fertilisers to Ridley's market leading positions in the provision of animal nutrition products and services.

The opportunity arises following Ridley's strong financial performance over recent years and represents a further opportunity to invest in the continued growth of Australian agriculture.

The Ridley and Incitec Pivot brands and distribution networks share a rich heritage at the heart of Australian agriculture and our regional communities, and the proposed combination will only strengthen this for the benefit of our customers, communities, employees and investors".

Ridley Managing Director and Chief Executive Officer, Quinton Hildebrand, commented:

"This strategic acquisition positions Ridley as a leading diversified Australian agricultural services business and establishes a fourth pillar for growth.

We see significant opportunity for the Incitec Pivot business by bringing focus, investment and leveraging complementary capabilities across the combined entity."

Overview of IPF Distribution

IPF Distribution is Australia's #1 distributor of fertilisers with c. 46% market share on the East Coast. It distributed c. 2.2 million tonnes of product for the 12 months ended 30 September 2024 across its markets.

The competitive advantage of IPF Distribution is derived by:

1. **Leading industry scale with 46% East Coast market share**

   IPF Distribution is estimated to have c. 2.4x the market share and c.1.6x the distribution centre volume of its nearest competitor. This scale provides advantages along the supply chain, improving its offering to customers.

2. **Strategically located distribution footprint**

   IPF Distribution has a network of 13 primary distribution centres strategically located in key customer catchments with access to critical import infrastructure. These are supported by 7 regional service centres and 3 Easy Liquid distribution sites.

3. **Diversified product range, geographic and end market exposure**

   IPF Distribution supplies a diverse range of products such as urea, MAP/DAP, Granulock and industry-leading blends to a range of industries across the East Coast of Australia. There is no reliance on a single State nor end market, with volumes balanced across Victoria (36%), Queensland (25%), South Australia (17%) and NSW (16%).

4. **Focus on value-added products and service offerings**

   IPF Distribution offers customers innovative and exclusive products for a variety of solutions. This is supplemented by its Nutrient Advantage and Precision Ag service offerings, with Nutrient Advantage providing continuous nutritional analytical services for farmers for over 60 years.

5. **Established supply chain providing security of supply**

   IPF Distribution has strong trading and in port capabilities which are supported by deep and long-standing relationships with key suppliers globally.

6. **Highly strategic access to urea supply from Perdaman by 2028**

   The Perdaman urea plant, which is being constructed in North West Western Australia by Perdaman Chemicals and Fertilisers, is due for commissioning by 2028. Supply from this facility carries a number of strategic benefits, including a shorter shipping voyage. Ridley has secured contracted supply of at least 700k tonnes per annum on favourable terms relative to its current sourcing.

7. **Industry leading capability**

   IPF Distribution is supported by a well-resourced and experienced team with industry leading capabilities.

For the FY24 period, total volumes distributed were 2.2 million tonnes and the business generated EBITDA of $86 million.

Transitioning business model – Phosphate Hill and Geelong

Dyno Nobel's fertiliser manufacturing operations at Phosphate Hill, which are excluded from the Acquisition, are currently a source of supply for MAP/DAP and Granulock to the business (only part of IPF Distribution's requirements).

Post Acquisition, Ridley will have access to ongoing supply from Phosphate Hill via an offtake agreement, however, the operations are subject to a strategic review, which is primarily focused on finding a qualified third party buyer.

- If the strategic review was to result in closure, this is not expected to occur prior to September 2026.
- In these circumstances, Management is confident in the ability to source the required product in global markets, noting that there would be an impact on earnings (i.e. estimated at up to $8 million) from lost commission on global sales and higher freight.

The manufacturing operations at Geelong, which currently supplies IPF Distribution's SSP requirements, is also in the process of being closed with closure expected to be completed by December 2025. The financial impact of this change is not expected to be material.

Strategic rationale

The acquisition of IPF Distribution delivers a number of strategic benefits:

1. **Complementary distribution footprint with shared competencies and customers**

   Strong fit with Ridley core competencies across commodity risk management and logistics whilst building on key relationships with existing customers.

2. **Establishes a new growth pillar with scale and the #1 market position**

   Enhances Ridley's position as one of Australia's leading diversified agricultural services company with scale and leading market positions across each of its verticals.

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3. **Broadens and further diversifies the Ridley portfolio**

   IPF products serve a broad range of use cases, complementing Ridley's existing offering.

4. **Transformational opportunity to enhance IPF Distribution's market position with focus and investment**

   Post separation from Dyno Nobel, an opportunity to bring further focus without the distraction of a long standing divestment process

5. **Compelling financial returns**

   Synergies estimated at $7 million per annum, primarily from the consolidation of back office and support costs. These are expected to be realised over a 2 year period.

   The Acquisition value implies 5.0x FY24 EBITDA, inclusive of run-rate synergies of $7 million and after deducting the earnings contribution of ongoing supply from Phosphate Hill which could potentially close on the completion of Dyno Nobel's strategic review.

   The Acquisition is expected to be c. 25%+ EPS accretive in FY26 on a pro-forma basis reflecting a twelve month earnings contribution, inclusive of run-rate synergies and exclusive of the earnings impact of ongoing supply from Phosphate Hill (potential to close on completion of Dyno Nobel strategic review, not earlier than September 2026). Adjusted to include distributions payable under the Vendor Notes. Pre-synergies, EPS accretion is c. 18%+ on the same basis.

Outlook

Ridley's outlook is unchanged since the most recent market update.

As noted in its announcement to the market on 16 April 2025, trading conditions for Ridley are being impacted by lower selling prices in the Ingredient Recovery business, particularly with avian influenza related export market restrictions on poultry meals and oils, and a one-off impact of lower packaged product sales volume related to the recent weather events in Queensland.

Future capital allocation

Ridley intends to continue its existing capital allocation framework targeting a 50 – 70% dividend payout ratio, and maintain a progressive approach to dividends[3].

Acquisition funding

The consideration payable at Completion in connection with the Acquisition and associated transaction costs is intended to be funded by a combination of debt, equity and Ridley's issuance of $50 million of Vendor Notes to Dyno Nobel, the details of which are set out below:

- Ridley has agreed a new $350 million revolving debt facility with ANZ and Westpac, replacing its existing $150 million facility. The new facility has three and five year maturities and all other terms are favourable to Ridley's existing facility.
- Ridley has also received binding commitments for a $300 million working capital facility, albeit other structures

[3] Given the timing of the issue of shares as part of this transaction, there may be a temporary shift above the upper end of the range in FY25.

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to optimise working capital continue to be assessed. This will be finalised between signing and completion.

- Ridley has today announced a fully underwritten equity raising comprising a $90 million Entitlement Offer and a $35 million Placement (each of which are defined below, and are together, the **Capital Raising**)
- AGR Agricultural Investments LLC (AGR), the largest shareholder of Ridley with a 19.4% interest, has expressed its support for the Acquisition and has committed to take up its full entitlement under the Entitlement Offer.
- Ridley will also issue $50 million of Vendor Notes to Dyno Nobel on the following terms:
    - Perpetual term;
    - 9% p.a. gross distribution rate (inclusive of franking credits);
    - Redeemable at any time from issue by Ridley, step-up in distribution rate and holder conversion rights (at Offer Price) enlivened if remains outstanding post the third anniversary; and
    - Dividend stopper triggered to the extent any distributions are unpaid and/or the Vendor Notes remains outstanding beyond the third anniversary.

It is expected that the Vendor Notes will be treated as equity for accounting purposes.

The proposed funding structure results in pro forma leverage of 1.3x as at 30 June 2025 (excluding the Vendor Notes).

Capital Raising

Ridley is undertaking an underwritten Capital Raising to fund the Acquisition (including transaction costs). Ridley will be undertaking a Capital Raising at an offer price of $2.12 (**Offer Price**) per share to raise approximately $125 million and will issue approximately 59.0 million new fully paid ordinary shares in Ridley (**New Shares**) (equivalent to approximately 18.7% of existing Ridley ordinary share on issue). The Capital Raising is fully underwritten by UBS Securities Australia Limited (**Lead Manager)**.[4]

The Capital Raising comprises a:

- Fully underwritten 1 for 7.43 pro-rata accelerated non-renounceable entitlement offer to raise approximately $90 million, comprising:
    - an accelerated institutional component comprising an offer to eligible institutional shareholders to accept all or part of their entitlement to New Shares (**Institutional Entitlement Offer**);
    - a retail component involving an offer to eligible retail shareholders (**Retail Entitlement Offer**),

    (the **Entitlement Offer)**[5]; and
- An institutional placement of approximately $35 million (**Placement)**.

[4] A summary of the material terms of the Underwriting Agreement are contained in the Investor Presentation issued on the date of this announcement.

[5] Further details of the Retail Entitlement Offer will be provided in a separate announcement following completion of the Institutional Entitlement Offer.

All New Shares offered under the Placement and Entitlement Offer will be issued at the Offer Price, representing a:

- 9.0% discount to Ridley's last close price of $2.33 (as at Friday, 9 May 2025); and
- 7.7% discount to the Theoretical Ex-Rights Price (**TERP**)[6] of $2.30.

Each New Share issued under the Capital Raising will rank equally with existing shares on issue. Ridley will apply for quotation of the New Shares on the ASX.

Placement

The Placement of New Shares is underwritten and will be offered to sophisticated and professional investors at the Offer Price.

The Placement is expected to result in the issue of approximately 16.5 million New Shares, representing approximately 5.2% of Ridley's ordinary shares on issue.

The Placement is being conducted today, Monday, 12 May 2025, with Ridley shares to remain in a trading halt pending completion of the Capital Raising. Trading in Ridley shares is expected to recommence on Tuesday, 13 May 2025.

The New Shares issued under the Placement are expected to settle on Wednesday, 21 May 2025 and be issued and commence trading on the ASX on Thursday, 22 May 2025.

Entitlement Offer

The Entitlement Offer includes an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**).

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Eligible shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Ridley will be diluted.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place today, Monday, 12 May 2025. Eligible institutional shareholders may opt to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for New Shares in excess of their entitlement, as well as to certain other eligible institutional investors who bid into the Placement being conducted concurrently with the Institutional Entitlement Offer.

[6] Theoretical ex-rights price (**TERP**) includes the New Shares to be issued under the Entitlement Offer and the Placement. TERP is the theoretical price at which Ridley shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to Ridley's last close as at Friday, 9 May 2025 of $2.33. TERP is a theoretical calculation only and the actual price at which Ridley shares will trade immediately after the ex- date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

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Ridley shares will remain in a trading halt pending completion of the Institutional Entitlement Offer and Placement.

Retail Entitlement Offer

Eligible retail shareholders registered as a shareholder of Ridley in Australia and New Zealand as at 7.00pm (Melbourne Time) on Wednesday, 14 May 2025 will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 19 May 2025 and is expected to close at 5.00pm (Melbourne Time) on Friday, 30 May 2025. Eligible Retail Shareholders will be sent an information booklet (**Retail Entitlement Offer Booklet**) including a personalised entitlement and acceptance form on Monday, 19 May 2025. The Retail Entitlement Offer Booklet will provide the details of how to participate in the Retail Entitlement Offer.

Please note that shareholders outside Australia or New Zealand or who are in the United States or acting for the account or benefit of a person in the United States (among other criteria) are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Entitlement Offer Booklet.

A copy of the Retail Entitlement Offer Booklet will also be lodged with the ASX on Monday, 19 May 2025.

Timetable

Event	Date
Announcement of Acquisition, Capital Raising and trading halt	Monday, 12 May 2025
Institutional Entitlement Offer and Placement closes	Tuesday, 13 May 2025
Announcement of results of Institutional Entitlement Offer and Placement	Tuesday, 13 May 2025
Trading halt lifted and Ridley shares recommence trading on an "ex-entitlement" basis	Tuesday, 13 May 2025
Record date under the Entitlement Offer (7.00pm Melbourne time)	Wednesday, 14 May 2025
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Monday, 19 May 2025
Settlement of New Shares issued under the Institutional Entitlement Offer and the Placement	Wednesday, 21 May 2025
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Thursday, 22 May 2025
Retail Entitlement Offer closes (5.00pm Melbourne time)	Friday, 30 May 2025
Announcement of results of the Retail Entitlement Offer	Wednesday, 4 June 2025
Settlement of Retail Entitlement Offer	Thursday, 5 June 2025
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 6 June 2025
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 10 June 2025
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Wednesday, 11 June 2025

All dates and times are indicative and subject to change without notice. Ridley reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

Further information

Ridley has been professionally supported in this transaction by its advisers – UBS Securities Australia Limited (financial), HWL Ebsworth (legal), Kearney (commercial) and Aurecon (remediation & technical).

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Further details of the Acquisition and the Capital Raising are set out in the Investor Presentation also provided to ASX today. The Investor Presentation contains important information including key risks with respect to the Acquisition and the Capital Raising and foreign selling restrictions with respect to the Capital Raising.

Conference call

Ridley will host an investor and analyst webcast and conference call commencing at 10:30am AEST on Monday, 12 May 2025.

Conference call registration: https://s1.c-conf.com/diamondpass/10047242-zl1q8i.html

Webcast registration: https://webcast.openbriefing.com/ric-mu-2025/

For further information please contact:

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This ASX announcement was approved and authorised for release by the Ridley Board of Directors.

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Forward-looking statements and forecasts

This announcement may contain “forward-looking” statements including statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters, including statements regarding Ridley’s intent, belief or current expectations with respect to its business operations, market conditions, results of operations, financial conditions, and risk management practices. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “anticipated”, “expected”, “aim”, “predict”, “projections”, "should", "plans", “guidance”, “forecast”, “estimates”, “could”, “may”, “target”, “consider”, “will” and other similar expressions. Forward-looking statements include, but are not limited to, statements about the completion of the Acquisition, statements about the future performance of Ridley and the target of the Acquisition, statements about Ridley’s plans, future developments and strategy and statements about the outcome and effects of the Capital Raising and the use of proceeds.

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Forward-looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Many of these risks are not in the control of Ridley. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. You should not place undue reliance on forward-looking statements and neither Ridley nor any of its directors, employees, advisers or agents assume any obligation to update such information.

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